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DIFFERENTIATION STRATEGIES AND CUSTOMER LOYALTY IN INVESCO ASSURANCE COMPANY LIMITED KENYA, NAIROBI

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ABSTRACT

The study's general objective was to establish the connection between the differentiation strategy and loyalty of customers in Invesco assurance Co. Ltd in Nairobi. The study utilized the descriptive research design. The target population was 500 Matatu owners and operators who are clients of the Invesco Assurance within Nairobi City County plying Thika Road, Eastlands and Rongai routes. Proportionate stratified sampling technique was employed. The sample size was 150 customers drawn from the target population. Semi-structured questionnaire was administered to improve the response rate. Quantitative data was analyzed for both descriptive and inferential. The analysis was done using a multiple regression analysis and from the results a unit increase in the use of product differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .887 times. The customer loyalty was improved significantly based on the p value of .000. From the regression results, a unit improvement in the application of the image differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .705 times. The improvement in customer loyalty was significant since the p value was .000. From the outcomes in regression analysis, a unit improvement in the application of the brand differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .279 times. Given that the p value was .013 the improvement in customer loyalty was significant. The study recommended that the company should continue enhancing its product research and develop new products, new packaging of services and improve on products functionalities to remain competitive. To further enhance customer loyalty, the company should focus more on promoting its image through the use of social media platforms to complement its marketing through the mainstream media. The study finally recommended that the company should enhance brand name selection of its products to further make them more appealing to the customers. Further studies need to be done on the effect of differentiation strategies on customer loyalty among all the insurance companies to get a conclusive position on how differentiation strategies can enhance business performance.

***Key Words:** Product differentiation, Assurance Companies, Image Differentiation, Brand Differentiation*

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INTRODUCTION

The success of a company is greatly premised on its capacity to maintain customer loyalty (Kaisa, 2012). Customer loyalty is contingent on the experience that customers get by using the company's products or services. When customers have the best experience in the use of the services of the company, there is a high likelihood of these customers becoming loyal and with it comes many benefits including customer retention, and customer referrals. With social media and the ease of rating companies, customer loyalty is more important than ever.

According to Josia (2014), the need for customer retention and loyalty has been brought about by a constantly increasing competition and advanced technologies which have led to increased customer awareness. Consequently, this has necessitated the use of strategies that can help the companies to maintain its customers. From the previous studies, by averting migration or potential migration of customers by five percent to rival companies, the company has the potential to improve its profitability by up to sixty percent (Grembler, 2016). For this reason, there has been a paradigm shift from focus on winning new customers to maintaining existing customers.

Barney and Hesterley (2006) explain that differentiation encompasses offering product or service perceived as exceptional within an industry. Differentiation strategy is premised on various dimensions which include the brand image, innovation, product quality and the firm reputation. According to Allen & Helms (2006), the success of a differentiation strategy must be premised on features that are not easy for rival firms to replicate. Differentiation helps a firm in building a solid customer loyalty through the offering of distinct products or services thus helping them to perform better than competitors. Atikiya, Mukulu and Kihoro (2015) assets that the distinctiveness of a product or service is contingent on the ability of a firm to come up with product innovations that will make the product distinct while addressing the needs of the customers better than its competitors. The differentiation strategies that the study focused on are the product differentiation, service differentiation, image differentiation and brand differentiation.

An accelerating change in the manner in which business is carried out is driven by high expectations of customers, innovation and newcomers fighting to take market share from existing insurers (KenyaRe, 2017). The industry's accelerated expansion and profitability were interfered with in 2017, albeit guarded optimism for improvement in conditions in years ahead. According to Insurance Regulatory Authority report in 2016, Insurance industry in Kenya exhibited a positive growth course. Whereas life insurance business expanded by 18% (11.4percent in real terms), the expansion in general insurance business was 10% (3.6percent in real terms). This trend in performance is well comparable to the global trends in general and life insurance business which in real terms grew by 2.5percent and 3.7percent respectively. The insurance penetration exhibited a declining trend from 2.9% in 2015 to 2.7% in 2016. This trend could be credited to higher growth in nominal GDP of 14.3percentin comparison to nominal growth in gross direct underwritten premium of 13% (IRA, 2017).

Invesco assurance company Ltd. was placed under the statutory management in February, 2008 and after strong streamlining emerged from statutory management in 2010. Licensed to engage in all areas of the general insurance, it has its head office in Nairobi with a total of 24 branches countrywide. The company is owned by the Matatu Owners Association through the Public Transport Investment Ltd. Presently over 90 % of its yearly revenue is derived from the public service vehicle sector implying that its major customer base lies in the PSV sector (Invesco Assurance, 2018). The insurance company is currently focusing its efforts in other lines of business with an aim of improving its customer base. To realize this objective, the company is focusing its resources towards the

SACCO and the SMEs while improving on its technologies.

Statement of the Problem

The Kenyan insurance industry has very unique challenges that need to be effectively managed to ensure that customer loyalty and retention is maintained. To most insurance companies, customer loyalty is very paramount for the reason that any loss of a key customer can lead to devastating effects as the key customers walk away with huge premiums (Oketch, 2014). Most insurance companies in Kenya are finding it difficult to maintain the loyalty of its customers with customers mostly complaining that the services that they pay for doesn't give them value for their money (Gould, 2015). With slight differentiation between product offerings, it is enormously difficult for insurance companies to retain customers; this often results in increased costs and low loyalty levels. It is estimated that as at 2009 only 6.8 percent of the Kenyan population has purchased life insurance cover with over 90 percent not having purchased the cover (Financial access survey, 2010). This raises concerns on the customer loyalty and retention policies that are used by the Kenyan insurance companies.

A report by KenyaRe, (2017) indicated that insurance penetration exhibited a declining trend from 2.9% in 2015 to 2.7% in 2016. This trend could be credited to higher growth in nominal GDP of 14.3percent compared to nominal growth in gross direct premium of 13% (IRA, 2017). The growth in the insurance sector in Kenya has been marred by low market penetration with the data from the National financial access survey (2017) indicating that majority of Kenyans do not have the insurance cover compared to South Africa, whose growth was 13 percent.

While studies have been carried out on customer loyalty in insurance companies, much has not been done on the strategies that the insurance companies use in maintaining customer loyalty. A study by Pierre, Tracey and Dagger (2010) focused on role of service differentiation on business relationships among European financial firms. The major gap from the study was that it evaluated the nexus between differentiation and business relationships whereas the current study will examine the differentiation and customer loyalty. Another study by Kalu, Anywanwu and Oluchuku (2014) examined how brand extensions affect the marketing performance. Unlike the present study that will aim at establishing the link between branding and customer loyalty, this study focused on market performance. Anduku, Aboga and Otola (2015) focused on relationship between image strategies and performance of sugar firms. The dependent variable examined was performance unlike the current examination that will examine customer loyalty as a dependent variable. To fill the research gaps and address the problem of customer loyalty in the insurance sector, this analysis focal point is effect of differentiation strategy on the customer loyalty in Invesco Assurance Company in Kenya.

Objectives of the study

The study's general objective was to find out the effect of differentiation strategy on the customer loyalty of Invesco assurance Company Ltd in Nairobi. The specific objectives were;

- To establish the effect of product differentiation strategy on the loyalty of customers in Invesco assurance company Limited in Kenya.
- To find out the effect of image differentiation strategy on customer loyalty in Invesco assurance company Limited in Kenya.
- To evaluate the effect of brand differentiation strategy on customer loyalty in Invesco assurance company Limited in Kenya.

LITERATURE REVIEW

Theoretical Review

Discrete Choice Theory of Product Differentiation

This concept was advanced by Anderson (1992). As stated by the theory, the choice of consumers is informed by the differentiation of a product on the basis of quality, color, design, packaging and style. In the current study, the loyalty of the consumers towards the insurance products is determined by the features aforementioned thus this study exhibited the critical nature of product differentiation in the understanding of the choices of the consumers which ultimately determines the customer loyalty to the products and the firm.

The advantage that arises from the theory is due to the fact that it presents an important framework through which an organization can take advantage of the combination or the blend between the markets and the choice of the consumers. A balance between the two can enable a company to build a strong customer loyalty. This theory thus provided useful insights into this study as it seeks to ascertain the relation between product and service differentiation and customer loyalty. The application of this preposition to the study arises from the theory's attempt to explain how product differentiation can affect the choice of consumers which ultimately determines the customer base and customer loyalty.

Resource Based View (RBV) theory

This is technique that was developed by Pensrose (1959) with an aim of providing an insight into how an organization can harness on its resources to gain competitive advantage. It analyzes the how a business competitiveness from four perspectives; the creation of competitive benefits, sustenance of the competitive benefits, mechanism for isolation and economic rents. The RBV is a blueprint of making decisions that is used to identify resources that can strategically give a firm an advantage in terms of competition (Barney & Hesterly, 2010).

In differentiating its products resources are very significant. In the development of new products and improving on the product features, resources are needed. The resources should not be those resources that competitors have to avoid imitation of products. The essence of product differentiation is to make the products distinct and appealing to the customers more than that of the competitors. This theory informed the study in identifying how products differentiation influence the customer loyalty. The idea being, that with the available resources, a company can differentiate its services and image through CSR and ultimately enhance customer loyalty.

Burnett Model

This technique was developed by Burnett (1971). The model looks at branding from four perspectives that is; brand image, source, differences and functions. The brand image perspective analyzes how people feel about the brand and whether they like it. The source perspective looks at the company in terms of what it stands for and its aims regarding a brand. The differences perspective focus on the brand from the standpoint of how better and how different is the brand from that of the competitors. The functions perspective seeks to answer the question of what the brand is, what it is for and what it does.

To promote customer loyalty, one of the tools that the firms use is differentiating its brand through proper positioning in the market. In the insurance sector, brand differentiation is significant due to the number of competitors each endeavouring to control the market. The relevance of this model to the current study is that it offers an exegesis into how brand image can influence the perception of the customers which ultimately affects the customer base since this determines whether the customers will go for the product or not. Therefore, the model was useful to the current study as it aimed at ascertaining the relationship between brand differentiation and customer loyalty.

Porter's Generic Competitive Strategy

This model was proposed by Porter (I985). The firm's position in a given industry is a determinant of whether it's profits are higher or lower than the industry average. The foremost goal of a firm is in the long run to exceed average profitability coupled with consistent competitive gain. Among the strategies brought forth by Porter is the cost leadership which underscores how cost may be used to gain a competitive advantage. Cost-leadership strategies are appropriate to big firms as it offers an edge in its fight against competitors with brands that may not have the desired size and strength to bring down prices to lowest points.

Differentiation strategies are targeted at value-oriented and quality oriented customers with best offers and having top brand equity. This model was useful to the study as it seeks to examine how the brand and image strategies can help in improving customer loyalty and ultimately performance. The idea under the Porters model is that by differentiating its products, firm can curve out a niche for itself in the market and this requires a continuous focus on the quality and features.

Empirical Review

Atikiya, Mukulu, and Kihoro, (2015) investigated on the impact of differentiation strategy within the context of a manufacturing company. The differentiation strategy was anchored on development of new product and product innovation. Performance was operationalized using profitability as an indicator. In determining the influence of differentiation on performance, the researchers carried out a correlation and regression analysis. The results from the research exhibited a positive relationship between the differentiation strategies and performance of manufacturing firms. The study is different from the current study as it established a connection between differentiation and customer loyalty as opposed to differentiation and performance which this study emphasized on. Besides, the current study was premised on the Invesco assurance which is classified under financial institutions.

King'oo, (2015) in his study centered on the level of implementation of differentiation strategies and their result on the market share of businesses that deal in tea export Kenya. The differentiation strategies were measured using product features, certification, customer incentives and operating procedures. In analyzing the data, descriptive and inferential statistics were utilized and the outcome presented. The outcomes from the analysis disclosed that product features were the most embraced differentiation strategy with the least being certification. Thus improved product features led to increased market share among tea export companies. While this study was helpful to the current study, the industry under focus was the agricultural industry whose context is different from that of the Insurance industry. Secondly, the dependent variable employed was market share thus the findings cannot be depended upon to make conclusions to the current study that sought to identify the impact of differentiation strategy on customer loyalty.

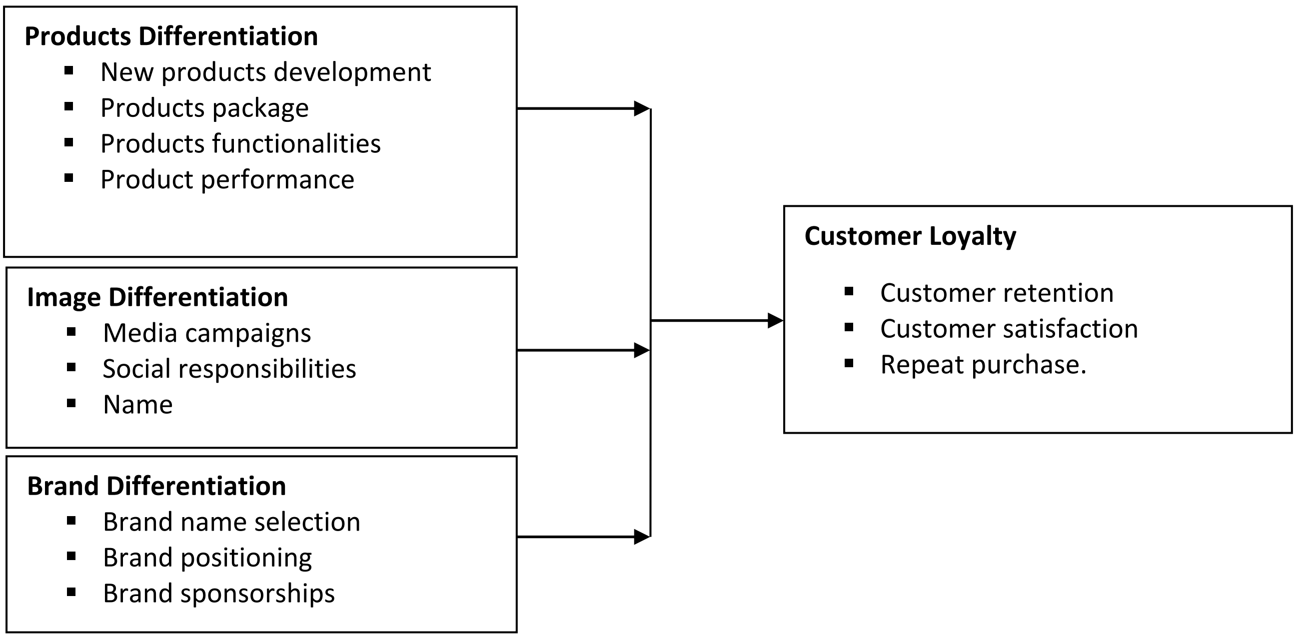
Musau, (2012). The usefulness of positioning strategies on customer loyalty in Atlas Copco Eastern Africa limited. The positioning strategies were operationalized using the image strategies and service quality. The image strategies identified were corporate social responsibilities and public relations. Customer loyalty was measured based on customer retention. Data was analyzed employing regression analysis. The outcome from the study found a positive link between the image strategy and loyalty. Contextually however it will not be appropriate to make generalization on the Invesco assurance based on the findings from a firm in a different industry. This study examined the relationship between the image differentiation and customer loyalty within the context of the insurance industry.

Richard and Zhang (2012) in their study sought to determine the relationship between corporate image, and commitment in New Zealand`s travel industry. Partial least squares were used in testing the relationship between corporate image and commitment in the travel industry. The outcomes suggest that in New Zealand, corporate image had a positive significant impact on customer commitment and customer satisfaction meaning that an improved corporate image helps in building customer commitment. The contextual bias from the study cannot be relied upon to make generalizations and inferences within the insurance sector hence the current study sought to fill the research gap by examining the effect of image differentiation on the customer loyalty within Invesco assurance.

Kalu, Anywawu and Oluchuku (2014) evaluated the nexus between of brand expansion and market performance. The market performance indicators analyzed are; sales volumes, sales growth and profitability. It was noted that there has been a loss of loyal customers to competitors since the 1990s due to the firms' inability to meet the constantly changing customers' preferences. This had resulted in loss of numerous brands. The analysis showed that brand expansion can lead to considerable expansion in sales volume. The study concludes that brand perception can help a firm to improve market performance. Nonetheless, it only analysed the soft drinks' industry while the current study focused on the insurance sector.

Kariuki, (2015) endeavored to provide an insight into the impact of brand image on customer contentment in main supermarkets in Nairobi County. A regression analysis was carried out in assessing the association between the brand image and customer satisfaction. The key finding from the study was that the supermarkets brand image helped to boost perceptions that clientèle have about the products as well as the view that the brand is more responsive to customer needs than other brands. It also enhances the perception that the brand offers solution to consumer's expectations, brings a fine customers' impressions, helps consumers in fitting to social group and enhances others perceptions to consumers. Consequently, this increases customer contentment. The study however fails to establish a direct link between a firm`s image and the loyalty of its customers since customer satisfaction is different from customer loyalty. Secondly the study is narrowed down to retail industry whose mode of operation is dissimilar to the insurance companies which falls within the purview of financial institutions.

Conceptual Framework



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher (2022)

METHODOLOGY

This study was premised on the descriptive study design which as described by Collins (2002), encompasses fact finding and making enquiry of various types by discussing affairs as it currently exists. The target populace was the Matatu owners who are clients of the Invesco Assurance within Nairobi City County. The target population was 500 matatu owners and operators within these routes. The study used proportionate stratified random sampling. This was utilized for the reason that the respondents in the various routes are anticipated to possess answers that were sought for. The sample size distribution which is 150 Matatu Owners and operators which is 30 percent of the target population. The central data gathering tool was the questionnaires. Semi-structured questionnaires help in collection of the primary data. The test for reliability and validity was carried out prior to data collection and analysis. A Cronbach's alpha was utilized to determine if the instrument used is reliable. The data collected by the use of the questionnaires was analyzed using SPSS version 20.

FINDINGS

Descriptive Statistics

Descriptive Statistics on Product Differentiation strategies

The participants were asked to offer responses on various statements on differentiation strategies in relation to customer loyalty and the responses are as depicted in Table 1:

Table 1: Descriptive Statistics on Product Differentiation Strategies

Statement	N	Mean	Std. Deviation
The Products and services that the Invesco insurance company offers are continuously improved through additional and unique features	123	3.7820	.60083
We prefer the insurance firm because it makes a continuous effort to develop new products that are beneficial to our PSV business	123	4.0016	.67616
The packaging of the products that the insurance firm makes their products appealing to us as customers therefore we are loyal to the insurance firm	123	3.9066	.62400
The insurance services offered are customized to suit the individual needs of the customers	123	3.2098	.70129
The functionalities and features of the insurance products offered to us by Invesco insurance meets and exceed our expectations	123	4.2836	.59243
Our loyalty to the insurance company is because they differentiate their products to adequately address our needs	123	4.6016	.68827
Average Scores	**123**	**3.9642**	**0.6472**

Source: Research Data (2023).

From the findings in Table 1: the respondents were asked to indicate the extent to which they agree that the Products and services that the Invesco insurance company offers are continuously improved through additional and unique features to which majority agreed since the mean was 3.7820 and standard deviation (SD) of .60083. The SD of .60083 is below 1 which is an indicator that there were less variations in terms of the responses given. As observed by King'oo (2015) product features requires continuous improvements in order to be more appealing to the customers.

The study's respondents were also asked if they preferred the insurance firm because it makes a continuous effort to develop new products that are beneficial to our PSV business. From the result in Table1: it is apparent that a majority of the respondents agreed that INVESCO insurance firm make continuous improvements hence making their services more appealing to them. The mean obtained was 4.0016 and SD of .67616. A study by Atikiya, Mukulu, and Kihoro, (2015) established that new product development is a very significant component of product differentiation and firms need to harness on it.

The respondents were also asked if the packaging of the products by the insurance firm makes their products appealing to them as customers therefore making them loyal to the insurance firm. From the outcome presented in Table 1: the mean obtained was 3.9066 while the SD was .62400. From these results it is comprehensible that majority of the respondents agreed that packaging as used by the insurance firm has been appealing hence making them more loyal. The SD of .62400 is an indicator that there were less variations in the responses given since it is below 1. As observed under the Discreet Choice theory by Anderson (1992), packaging of products helps in promoting customer loyalty.

Additionally, the respondents were asked whether the insurance services are customized to suit the individual needs of the customers to which majority of the participants were neutral as shown by the mean of 3.2098. The mean is closer to 3 which under the Likert scale indicate neutrality of most respondents. Therefore, it can be inferred that the insurance firm offers standard products to all its clients. The SD of .70129 is also below 1, an indicator that there were less variations in terms of the responses. The Discreet Choice theory by Anderson (1992) also expounds on the need towards tailoring products to suit the needs of the customers to make them more loyal.

Further the respondents were asked to indicate the extent to which they agreed that the functionalities and features of the insurance products offered to us by Invesco insurance meets and exceed our expectations. From the findings in Table 1: the mean is 4.2836 and SD is .59243. The SD indicates that the responses given were not largely varied since it is below 1. The mean indicates that majority of the respondents agreed that their expectations were being met based on the functionalities and features provided by the insurance company. A study by Wangui and Njue (2018) established that differentiation strategies should consider the functionalities and features that meet the customer expectations. Indeed, even Porters Generic Model advocates for product augmentation.

Finally, most respondents agreed that their loyalty to the services offered by Invesco Assurance was as a result of differentiation of their services to the extent of addressing their needs. This is indicated by the mean of 4.6016 and SD of .68827. This in essence implies that product differentiation has an influence on customer loyalty. This is consistent with the findings from most studies. For instance, Kaari and Bichanga, (2017) established that differentiation strategies make a firm to be more competitive hence making customers more contented.

Descriptive Statistics on Image Differentiation strategies

The participants were asked to give responses on various statements on image differentiation strategies in relation to customer loyalty and the responses are as depicted in Table 2:

Table 2: Descriptive Statistics on Image Differentiation Strategies

Statement	N	Mean	Std. Deviation
There are lots of value propositions in the PSV insurance products offered by Invesco making it distinct from its competitors	123	3.5410	.65741
The personnel of the Invesco insurance are very competent, courteous and customer friendly hence our preference for its products.	123	4.3689	.61926
The Invesco insurance has been able to engage its customers effectively through the social media while effectively addressing the customer complaints.	123	2.8590	.59122
Our preference for the Invesco Insurance company services is due to the existing partnerships between us and the insurance company to do social responsibilities.	123	3.5164	.67093
Our loyalty to the products of Invesco Insurance is due to better understanding of the products due to its regular media campaigns.	123	4.1508	.61795
As customers we are attracted to the services from Invesco insurance based on its properly designed logo and name in the market	123	4.4754	.68289
The digitization of the services has offered a lot of convenience to customers compared to its competitors	123	4.0656	.57478
Average Scores	**123**	**3.8539**	**0.6306**

Source: Research Data (2023)

The findings in Table 2: show that there are lots of value propositions in the PSV insurance products offered by Invesco making it distinct from its competitors as shown by the mean of 3.5410 and SD of .65741. The SD of .65741 is below 1 and this indicates that there were less variations in terms of the responses given. The Burnett Model (1971) acknowledges the role of image as a differentiation strategy. The respondents were asked to indicate if they agreed that the personnel of the Invesco insurance are very competent, courteous and customer friendly hence our preference for its products. From the responses most respondents agreed that the personnel are competent, courteous and customer friendly as shown by the mean of 4.3689 and SD of .61926. Personnel helps in shaping the public relations and as Musau (2012) in his study established, public relations have an influence on customer loyalty.

From the result in Table 2: it is plain that while the insurance company has been able to maintain customer loyalty it has not been able to engage its customers effectively through the social media while effectively addressing the customer complaints. This is indicated by the mean of 2.8590 and SD of .59122. There is an increasing use of the social media by companies in engaging its customers.

Based on the findings in Table 2: majority of the respondents agreed that their preference for the Invesco Insurance company services is due to the existing partnerships between matatu owners and the insurance company to do social responsibilities. This is indicated by the mean of 3.5164 and SD of .67093. Musau (2012) established that the use of corporate social responsibilities has an influence on customer loyalty by helping in promoting customer retention.

Majority of the respondents also attributed their loyalty to the services and products of Invesco Assurance to better understanding of the products through regular media campaigns. This is shown by the mean of 4.1508 and SD of .61795. The SD is an indicator that the responses given did not have much variation. Kaisa (2012) opines that the features of a product or a service should be easily understandable to the customers in terms of the benefits and advantages of using the product.

It also apparent based on the mean of 4.4754 and SD of .68289 that (Matatu Owners) were attracted to the services from Invesco Insurance based on its properly designed logo and name in the market. Indeed, as confirmed by the respondents the insurance company is well known in the PSV sector. An assessment by Anduk, Abuga and Otora (2015) on brading strategies used by Kenyan sugar manufacturing companies showed that brand name had a significant effect on their performance.

Finally, the respondents agreed that digitalization of services had offered a lot of convenience to customers compared to its competitors hence making them more loyal to the insurance firm's services. This is evidenced by the mean of 4.0656 and SD of .57478.

The average mean score of 3.8539 and SD of .6306 indicate that image differentiation is instrumental in building customer loyalty in INVESCO Assurance. Burnet Model (1971) describes brand image as very significant in building customer loyalty and being competitive. A study by Mottee and Ahmad (2017) on the effect of Marketing Strategy on loyalty of customer among the firms in UAE, found that brand image is significant in influencing customer loyalty.

Descriptive Statistics on Brand Differentiation strategies

The respondents were asked to give responses on various statements on brand differentiation strategies in relation to customer loyalty and the responses are as depicted in Table 3:

Table 3: Descriptive Statistics on Brand Differentiation Strategies

Statement	N	Mean	Std. Deviation
Our preference for Invesco Insurance services is guided by the selected names of its brands in the market	123	3.6672	.63225
The Company has improved its brand by taking into considerations the needs of each niche in the market	123	4.0607	.68110
The insurance company constantly consults and get ideas from us as customers on our perception towards brand leading to strong mutual relationships	123	4.1656	.64267
Our preference for Invesco Assurance is due to its positioning of brands in the market in comparison to competitors	123	3.9246	.67067
Our loyalty to the Invesco Insurance company is due to their participatory approach in brand sponsorships.	123	2.5984	.62536
The Invesco insurance company has a unique point of purchase experience hence our loyalty to the services of the company.	123	3.9230	.60750
We are loyal to Invesco Assurance because of its brand differentiation strategies	123	4.2459	.70782
Average Scores	**123**	**3.7979**	**0.6525**

Source: Research Data (2023).

The findings in Table 3: indicate that the respondents preferred the products of INVESCO insurance is guided by the selected names of its brands in the market. This is evidenced by the mean of 3.6672 and SD of .63225. A study by Anduk, Abuga and Otora (2015) on branding strategies used by Kenyan sugar manufacturing companies showed that brand name had a significant effect on their performance.

The second statement required the respondents to state the extent to which they agreed that the company had improved its branding by taking into consideration the niche of its market to which majority agreed based on the mean of 4.0607 and SD of .68110. Chege (2014) observed that brand positioning helps in making a company competitive by improving the loyalty of the customers.

From the findings in Table 3: majority of the respondents agreed that the insurance company constantly consults and get ideas from them as customers on their perception towards brand leading to strong mutual relationships. This is indicated by the mean of 4.1656 and SD of .64267. A survey by Kalu, Anywawu and Oluchuku (2014) evaluated the nexus between of brand expansion and market performance and found that brand perception can help in improving the market performance.

Further based on the results in Table 3: most respondents agreed that their preference for Invesco Assurance was due to its positioning of brands in the market in comparison to competitors. This is indicated by the mean of 3.9426 and SD of .67067. As Chege (2014) established, brand positioning is a critical endeavour in building the loyalty of the customer and ultimately improving the performance of an organisation.

Nevertheless, most respondents disagreed that their loyalty to the Invesco Insurance company was due to their participatory approach in brand sponsorships as shown by the mean of 2.5984 and standard deviation of .62536. This could be a pointer that there were minimal brand sponsorships hence most of the matatu owners were not aware of it. From the results in Table 3: it also became apparent that Invesco insurance company has a unique point of purchase experience hence the loyalty to the services of the company. The mean obtained was 3.9230 while the SD was .60750.

Finally, the respondents agreed that they were loyal to the insurance firm due to its brand differentiation strategies. This is shown by the mean of 4.2459 and SD of .70782. Based on the average mean score of 3.7979 and average SD of .6525, it is apparent that brand differentiation strategies have a significant effect on the customer loyalty. This is in line with the findings from other studies. A study by Veljkovic and Kalčanin (2016) found that brand differentiation has significantly positive effect on business performance by way of enhancing customer loyalty.

Inferential Statistics

Correlation Matrix

Correlation was done using the Pearson's correlation and results are presented in Table 4:

Table 4: Correlation Matrix

		Customer loyalty	Product differentiation	Image differentiation	Brand differentiation
Customer loyalty	Pearson Correlation	1			
	Sig. (2-tailed)				
Product differentiation	Pearson Correlation	.517**	1		
	Sig. (2-tailed)	.000			
Image differentiation	Pearson Correlation	.446**	.143	1	
	Sig. (2-tailed)	.000	.117		
Brand differentiation	Pearson Correlation	.393**	-.012	-.119	1
	Sig. (2-tailed)	.000	.892	.190	

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Research Data (2023)

From the findings in Table 4: product differentiation has a positive and significant correlation with customer loyalty as evidenced by coefficient of .517 and probability value of .000. A study by Atikiya, Mukulu, and Kihoro, (2015) established that product differentiation has a significant and positive effect on customer loyalty. King'oo, (2015) also established that product differentiation has significant and positive effect on market share.

From the results, image differentiation also has a significant and positive correlation with customer loyalty based on coefficient of .446 and p-value of .000. A study by Musau (2012) on positioning strategies and customer loyalty established that image strategies help in improving the loyalty of customers. Similar findings were established by Anduku, Abuga and Otola (2015) that image strategies help in improving customer commitment to company's products.

Finally, it is also apparent that brand differentiation is positively and significantly correlated with customer loyalty based on the correlation coefficient of .393 and p value of .000. A study by Kariuki (2015) established that brand differentiation significantly affects customer loyalty. A study by Veljkovic and Kalčanin (2016) also established that brand management has a positive influence on performance.

Analysis of Variance (ANOVA)

The ANOVA is depicted in Table 5:

Table 5: ANOVA

Model		Sum of Squares	df.	Mean Square	F	Sig.
1	Regression	20.257	3	6.752	23.291	.000[b]
	Residual	34.210	120	.290		
	Total	54.467	123			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Brand differentiation, Product differentiation, Image differentiation

Source: Research Data (2022)

Based on the findings in Table 5: the probability value obtained was .000 and this mean that the model utilised was fit for estimation.

Regression Coefficients

The regression coefficient helps in showing the relationship between the independent variable and dependent variable. Table 6: presents the findings.

Table 6: Regression Coefficients

Model		Unstandardised Coefficients B	Unstandardised Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound
1	(Constant)	-3.044	.823		-3.700	.000	-4.674	-1.415
	Product differentiation	.887	.177	.398	5.009	.000	.537	1.238
	Image differentiation	.705	.180	.312	3.907	.000	.347	1.062
	Brand differentiation	.279	.111	.185	2.513	.013	.059	.499

a. Dependent Variable: Customer loyalty

Source: Research Data (2022)

The model below was used in the study;

$$Y = \beta_0 + \beta_1 PD_1 + \beta_2 ID_2 + \beta_3 BD_3 + \sum i$$

Where; *Y* is the dependent (Customer loyalty) determined using customer retention and satisfaction.

β_0 is constant,

B_1, β_2, and $\beta 3$ are coefficients

PD_1, ID_2, and BD_3 are independent variables where:

- PD_1= Product differentiation strategy of Invesco Assurance
- ID_2= Image differentiation strategy of Invesco Assurance
- BD_3 =Brand differentiation strategy of Invesco Assurance
- $\sum i$= the error term

From coefficients in Table 6: the model becomes

$$Y = -3.044 + .887PD_1 + .705ID_2 + .279BD_3 + \sum i$$

The study aimed at answering three questions whose outcome are discussed herein;

Question one: How does product differentiation strategy affect customer loyalty in Invesco assurance company limited, Kenya? From Table 6: results, a unit increase in the use of product differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .887 times. The customer loyalty is improved significantly based on the p value of .000. These findings are similar to past findings. A study by Atikiya, Mukulu, and Kihoro, (2015) established that product differentiation has a significant and positive effect on customer loyalty.

Question two: How does image differentiation strategy affect customer loyalty in Invesco assurance company limited, Kenya? From the outcomes in Table 6: a unit improvement in the application of the image differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .705 times. The improvement in customer loyalty is significant since the p value is .000. Past studies reviewed in the literature came up with similar findings. A study by Musau (2012) on positioning strategies and customer loyalty established that image strategies help in improving the loyalty of customers.

Question three: How does brand differentiation strategy affect customer loyalty in Invesco assurance company limited, Kenya? From the outcomes in Table 6: a unit improvement in the application of the brand differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .279 times. Given that the p value is .013 the improvement in customer loyalty is significant. Similar findings were established in past studies. A study by Kariuki (2015) established that brand differentiation significantly affects customer loyalty.

SUMMARY

The first objective was to ascertain the effect of product differentiation strategy on the loyalty of customers in Invesco assurance company Limited in Kenya. The results from descriptive statistics showed that the average mean score is 3.9642 and SD of .6472 which indicates that product differentiation is significant in enhancing customer loyalty. From the findings from Pearson's correlation, product differentiation has a positive and significant correlation with customer loyalty as shown by the correlation coefficient of .517 and probability value of .000. Based on the results, from regression analysis a unit increase in the use of product differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .887 times. The customer loyalty is improved significantly based on the p value of .000.

The study's second objective focused on finding out the effect of image differentiation strategy on the loyalty of the customers at Invesco assurance company Limited in Kenya. From the results in descriptive statistics the average mean obtained was 3.8539 and SD of .6306 which indicates that image differentiation is significant in enhancing customer loyalty. From correlation results, image differentiation also has a significant and positive correlation with customer loyalty based on the correlation coefficient of .446 and p value of .000. Finally, from the regression results, a unit improvement in the application of the image differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .705 times. The improvement in customer loyalty is significant since the p value is .000.

The third objective was aimed at evaluating the effect of brand differentiation strategy on customer loyalty in Invesco assurance company Limited in Kenya. From the descriptive statistics, based on the average mean score of 3.7979 and average SD of .6525, it is apparent that brand differentiation strategies have a significant effect on the customer loyalty. From the Pearson's correlation test, image differentiation has a significant and positive correlation with customer loyalty based on coefficient of .446 and p-value of .000. From the outcomes in regression analysis, a unit improvement in the application of the brand differentiation strategies holding other variables constant leads to an improvement in customer loyalty by .279 times. Given that the p value is .013 the improvement in customer loyalty is significant.

CONCLUSIONS

The study's first objective aimed to establish the influence of product differentiation strategy on the loyalty of customers in Invesco assurance company Limited in Kenya. The study concludes that product differentiation is significant in enhancing customer loyalty based on the findings from Pearson's correlation and regression analysis.

Using the second objective, the researcher intended to find out the effect of image differentiation strategy on the loyalty of customers in Invesco assurance company Limited in Kenya. The study concludes based on the correlation and regression analysis that image differentiation has a positive and significant influence on customers ' levels of loyalty.

Objective three was intended to evaluate the influence of brand differentiation strategy on the loyalty of customers in Invesco assurance company Limited in Kenya. From the findings from correlation and regression analysis, brand differentiation has a positive and significant effect on customer loyalty in Invesco assurance limited.

RECOMMENDATIONS

From the first objective the study found that product differentiation has a positive and significant effect on customer loyalty. The study recommends that the company should continue enhancing its product research and develop new products, new packaging of services and improve on products functionalities to remain competitive.

The second objective found out that image differentiation has a positive and significant influence on customer loyalty. To further enhance customer loyalty, the company should focus more on promoting its image through the use of social media platforms to complement its marketing through the mainstream media.

Finally, based on the third objective it was established that brand differentiation has a positive and significant effect on customer loyalty in Invesco assurance limited. The study therefore recommends that the company should enhance brand name selection of its products to further make them more appealing to the customers.

Recommendation for further studies

Further studies need to be done on the effect of differentiation strategies on customer loyalty among all the insurance companies to get a conclusive position on how differentiation strategies can enhance business performance.

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