**Effect of Product Diversification on Performance of Insurance Companies in Meru County, Kenya**

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**ABSTRACT**

There are a lot of chances for insurance providers in the market right now, given the level of service delivery and market penetration. This emphasizes the significance of strategies to improve insurance firms' profitability and service performance. Improved service delivery is a top priority for insurance companies if they want to remain competitive and satisfy their customers' growing demands. This study sought to determine the effect of product diversification on the performance of insurance firms in Meru County, Kenya, with a target population of 146 respondents working in the selected insurance firms in Meru County. The study was guided by Michael Porter's Competitive Forces, the Service Quality Model, the Dissonance Theory, and the Marketing Orientation Theory. A descriptive design was used in the investigation, adopting a census method to incorporate all 146 Meru-based employees from insurance companies, including Jubilee, APA, Britam, ICEA Lion group, Pacis, and Kenya Orient Insurance Limited. A systematic questionnaire was used to gather data for the research. To get descriptive and inferential statistics, we used social science statistical tools to examine quantitative data. Data was visually displayed through graphs, tables, and figures.

Introduction

There is a large gap between international norms for service delivery. Competition in the insurance industry is heating up around the world, and consumers are always demanding better service (Gupta & Loulou, 2018). The significance of insurance companies' efficient service delivery has risen to the forefront of global politics. With over 300,000 people employed, a steady stream of foreign investment, consumer demand met, and exports increased, the insurance business is an important cog in the wheel of the British economy. Thanks to the combined efforts of the government and insurance companies over the past 20 years, the United Kingdom is now among the world's leading insurance markets (Mehdizadeh et al., 2019).

U.S. health care prices have increased dramatically, posing a danger to state and federal budgets (Barr, 2023). State and federal budgets are expected to be more burdened by the sector's anticipated future growth in the absence of significant policy shifts. Furthermore, many Americans face additional obstacles while trying to receive health care due to not having health insurance. Nearly half of all Americans, or 46.3 million people, do not have health insurance, according the US Census Bureau. Moreover, due to insurance companies' poor service delivery or the limited coverage of individual plans, even insured families can end up struggling financially in the event of a major health crisis (Barr, 2023).

The 2015 Capgemini World Insurance Report indicated that life insurance penetration in India was extremely low and considered irreparable. At that time, India accounted for 16% of the world's population, but only 1.7% had life insurance coverage (Hooda, 2020). Further reports highlighted that India lagged significantly behind global averages in both insurance penetration and density. Currently, a mere 20 percent of the insurable population aged between 20 and 60 have life insurance coverage. According to Hooda (2020), the average Indian client holds 1.4 life and non-life insurance policies, compared to 5.4 policies per client in developed markets.

From a regional perspective, the insurance industry in Africa is one of the most dynamic and rapidly expanding markets. Among the most prominent service providers in Africa, the insurance industry is well-known for its significant contributions to the continent's improved financial intermediation, increased liquidity, and savings mobilization (Adesoga & Adeniran, 2019). As a result of heightened consciousness, the bulk of African customers are now demanding higher quality services. Customers continue to expect higher-quality services despite the fact that they are aware of other alternatives providing similar services (Alabar etal., 2014). Response and recovery operations in Guinea, Liberia, and Sierra Leone were greatly hindered by insufficient insurance service delivery and the subsequent loss of public faith in healthcare systems. For example, evaluations of the health system in Sierra Leone have shown that there is a lack of infrastructure in health institutions, a weak supply chain for necessary medications, a low capacity for community illness surveillance, and a low density of human resource for health (Keijah, 2022).

Due to their limited size and area of business, insurance firms in Rwanda have been facing significant levels of uncontrolled risk. Because of this, insurance players and the market have set up intense rivalry for Rwanda's already-shrinking market (Kajwang, 2022). Ilesanmi, Afolabi and Adeoya (2023) and Aliu, Oni and Umar (2021) found that the costs of acquiring new clients are six times higher than the costs of retaining existing ones in a number of African states, including Nigeria, Zimbabwe, and Zanzibar. Since service delivery is favorably associated with customer loyalty and retention, the same research have suggested that it directly impacts a firm's profitability. The expenses associated with attracting new customers are much higher than those associated with keeping existing customers happy through the improvement of products and services that customers value highly. Insurers in Africa are under constant pressure to improve customer service in order to keep up with the competition and satisfy their expanding clientele, but so far, this has not occurred (Chinunda, 2013).

Insurance service delivery in Kenya got a higher grade of 3% in 2020 compared to 2.5% in prior years. In contrast, a research including 45 million individuals in South Africa found a larger margin of service delivery of 12.8% (Kenya Economic Report 2020). Only 6.8% of Kenyans actively purchase insurance, while an even more dismal 90% have never even considered it, according to a poll by the Association of Kenya Insurers (2020). The above idea is so important that insurance businesses must differentiate themselves in order to provide the right kind of service to their customers. This difference can take many forms, including product, image, channel, and personnel distinction. When these tactics are in place, it will set in motion a series of events that will allow insurance companies to achieve the highly desired level of service quality and delivery.

There are a lot of chances for insurance businesses in the industry right now, thanks to how service delivery and market penetration are. Because of this, improving service delivery and increasing profits necessitates discovering new ways to get into the market. Mwongela (2022) argues that in today's ever-changing business climate, one of the best ways to safeguard individuals from the financial fallout of a wide range of dangers is to increase the variety of essential insurance policies customers may choose from, including health and education plans.

**Service Delivery**

Service delivery is described by Suki (2013) as the sum of all the service's qualities and characteristics that affect its capacity to meet demands, whether implicit or explicit. Key indicators for service delivery in this study include: response times, customer feedback, market knowledge, experience, assurance of quality service, and responsiveness to client wants. Brown (2013) posits that there are three parts to service delivery: the service environment, the contact persons, and the customer component. Efficiency in providing clients in a more sensible manner is enabled by the sequential activities provided by the three parts when combined.

 Studies on service delivery have shown that different academics have used different metrics to assess performance. Service quality is inversely linked to job satisfaction and preparedness of service encounter staff members, according to a study conducted by Al Khattab (2014) that sought to measure service quality encountered in Jordanian hotels. The study's applicability is questionable to the present investigation due to the fact that it was grounded in the hotel industry's setting, which differs from the insurance sector.

The second study by Makanyeza, Kwandayi, and Ikobe (2013) sought to identify the most common causes of poor service delivery and the most effective methods for improving it. Inadequate stakeholder engagement, lack of openness and responsibility, political manipulation, councillor interference, inadequate monitoring and evaluation criteria, limited staff capacity, incapacity to handle change, and bad human resource policy formulations were identified as the primary causes of subpar service delivery in the study. This study differs from others in that it does not focus on a specific company but rather the public sector.

 The impact of internal client satisfaction on resolution insurance service service delivery was also the focus of Njambi (2013). A decrease in service delivery is largely caused by the prevalence of inadequate inner satisfaction, as pointed out by the author. Although both studies center on service delivery, the former solely addresses service delivery quality. The second issue is that it did not address the factors that contribute to happy customers. In this study's historical backdrop, service delivery was evaluated using metrics like response times, customer feedback, knowledge of market needs, quality assurance, and turnaround times.

 As they pass judgment on the product's quality, service providers are frequently swayed by extra and core services throughout the delivery stage (Farshid & Amir, 2014). This explains why contact personnel are tasked with the sole mandate of giving the right information, since sometimes the experiences and expectations of clients get conflicted here. In the event of service delivery quality judgment, clients would employ tangibility, empathy, assurance, responsiveness and reliability to make the fitting together between their experience and their expectations of the kind of service delivery they should receive (Michael, 2015). The insurance service provider ought to be focused on the right tasks in order to consistently deliver a satisfying experience that would result in an evaluation of high quality. A service provider should understand clientele needs under the operational constraints in which it operates. Insurance firms should focus mostly on quality, and ensure that all the systems are corroborated to support delivery of better services to clients.

 Recent studies done by researchers such as Brown (2013) and Farshid and Amir (2014) reveal that a high pleased client can easily re-purchase and become a loyal customer recommending the product to others. Al Khattab (2014) contends that pleased customers have the potential to inform other prospective clientele about good treatment; further, a five percent upsurge in clientele loyalty can greatly intensify returns by between 30% and 70%. Based on the information by Barney and Hesterly (2013), client satisfaction arising from good client service has become a corporate priority in the current world, and is also very instrumental in the future expansion and success of a firm. The goodness of championing client satisfaction, which acts as the derivative to good service delivery within the insurance industry comprises of elements such as: face-to-face meeting with the increasing demands from clients, sustainability of insurance providers in a rising competitive environmental setup, rigorous contribution to the dynamic advancement of firms which consequently trigger the meeting of gross domestic product goals of the concerned economies as well as enhancing the growing competitiveness. The lack of proper service delivery in Kenyan insurance firms necessitate measures and approaches that ought to be undertaken to curb and mitigate the worsening situation. Differentiation strategy, which has not been perceived and practiced by most firms, comes in handy. Differentiation strategy is a sought-after method that can assist a firm to rise above the normal state or condition, and begin performing better.

Insurers encounter obstacles in their pursuit of providing excellent service, particularly those located outside of major cities. To far, it appears that insurance service providers have been hesitant to use differentiation tactics in an effort to up their game. Numerous studies have examined the tactics used by various insurance companies, with conflicting findings. various studies have focused on expansion, diversification, market orientation, and client retention tactics, but have mostly ignored distinctiveness tactics. There is a dearth of material on differentiation tactics in the insurance industry, particularly in Meru County. Surprisingly, some of the existing literature on the topic originates from countries outside of Kenya and focuses on distinct sectors. Additionally, the writers who have set out to research differentiation techniques have not investigated the ideal variables that will be used in the study—differentiation in product, brand, technology, and risk management.

Several studies have investigated the relationship between differentiation strategies and organizational performance. For example, Warman, Budiyanto and Agustedi (2022) and Kaushal et al. (2022) examined this topic from different angles and industries. The findings varied across the studies. Their results show that cost leadership, differentiation, and a mix of the two are viable and profitable options. Damtew and Muraguri (2021) looked at the influence of industry dynamics on the insurance penetration rate in Nairobi; Njuguna and Kimani (2016) evaluated the financial factors influencing insurance penetration in Nakuru Town, Kenya; and Kamau (2022) examined the effect of marketing strategies on the acquisition of market share by insurance service providers in Kenya. Additionally, there are studies conducted in Kenya that are relevant to this topic. The majority of studies have not looked at how differentiating tactics affect service delivery in businesses, which is evident by analyzing the aforementioned studies as a gap. In addition, while discussing problems in the insurance sector, some studies have failed to include differentiation, despite its importance. Consequently, the purpose of this research was to investigate how Jubilee Insurance Limited of Meru County, Kenya, used differentiation tactics to improve the quality of their service.

**Objective of the study**

The study sought to determine the effect of product differentiation on service delivery in insurance firms in Meru County Kenya.

**LITERATURE REVIEW**

Product Differentiation and Service Delivery

Many scholars have investigated and studied different aspects of product diversification in businesses. Finding out how product diversification techniques affect gaining a competitive edge was the goal of Maina and Wairimu's (2016) research. Paying close attention to EABL, the East African Breweries Ltd. With fourteen managers as the intended sample size. Primary data was collected via a semi-structured questionnaire. Descriptive statistics, primarily the distribution of frequencies, standard deviation, and mean, were used to do the analysis. The majority of the data came from both closed- and open-ended questions due to the qualitative nature of the data. The results of the study proved that EABL differentiated their product processes in a way that matched customer preferences. Style, heft, hue, form, substance, and dimensions were all part of it. There may be differences between the service business and the market segment that this study focused on because of the nature of the products and services involved. Additionally, there is a conceptual and methodological chasm since the previous study was a case study and the present study is a survey.

Another study that aimed to investigate the impact of product differentiation, brand equity, and investments on price was that of Davcik and Sharma (2015). Numerous research approaches and metrics were employed in the study to provide comprehensive insights, including a reasonable financial approach, a real-life customer approach, and an ideal marketing strategy. The research used a two-part methodology; in the first, it used regression analysis to help estimate the price performance of FMCGs. According to the results, brands with the most creative products face little to no competition. In the previous study, the dependent variable was price, while in this one, service delivery is the dependent variable. On top of that, the study variables weren't the same as the ones used now.

Khaled (2017) looked into how a company's success was impacted by its differentiating approach. A total of 33 industrial enterprises in Jordan were surveyed. The results showed that the mentioned firms' performance was unaffected by the differentiation approach. The authors argued that businesses should aim to differentiate their products along multiple dimensions. Since this study only looks at three companies, its results may not be applicable outside of the specific setting of this research due to the fact that they were part of a larger collective effort.

Using MTN Nigeria Limited, Uyo, as a case study, Nseobot et al. (2023) set out to examine how product differentiation tactics affect organizational performance. The research utilized a self-structured questionnaire to gather data from 103 participants, with the sample size determined using Kracjie and Morgan's (1970) technique. Sales growth and customer happiness were further subdivided as components of performance, which was a dependent variable. Product differentiation was the independent variable in this study. It was defined as the presence of distinct product features, design, novelty, and quality. A study design based on surveys was used. Results showed a positive and statistically significant correlation between product quality and the increase in sales for the company. Additionally, there was a positive correlation between product design and sales turnover. The previous study used growth as its dependent variable, but its measurement indicators were different from the ones used in the current study. This finding represents a gap in the research.

The impact of product differentiation on the management of strategy was the subject of research by Nolega, Oloko, and Sakataka (2015). In order to gather a substantial amount of data quickly, the researchers used a descriptive survey approach. A total of 150 agents, stockists, and clients from Trans Nzoia County and the surrounding counties of Bungoma, Uasin Gishu, Elgeyo Marakwet, and West Pokot were surveyed as part of the study that began at Kenya Seed Company (KSC). Product differentiation positively affects market domination, according to the study's results. Customers have faith in KSC products, according to feedback, but not to the extent that one would anticipate from the corporation. Service delivery, the dependent variable on product differentiation, was not taken into consideration in the study.

 **Michael Porter’s Competitive Forces**

In 1979, Michael Porter created the model. strength of the buyer, strength of the seller, danger of supplier-offered alternatives, difficulty of entering the market, and intense competition are the five primary factors reflected in the theory. According to Porter, knowing what factors influence a sector's competition is the first step in developing a winning strategy. Using a variety of different strategy techniques, generic strategies can be efficiently associated to a firm's service delivery, according to Porter. According to Porter, when conditions are really harsh, no business will be able to make a profit (Ukiri, 2013).

All industries, like the insurance sector, are subject to the five forces listed above. Therefore, in order for a firm to stand apart, it needs a unique approach (Hunger & Wheelen, 2015). Focus, differentiation, low-cost, and combination tactics are all part of generic strategies, as Porter shows. Most companies typically classify these tactics as a strategy typology. In recent years, Michael Porter's model has grown in prominence as a useful tool for systematically identifying and evaluating the market's most pressing competitive challenges (Michael, 2015). For example, according to Khaled Mohammad (2017), in order for a business to implement a cost leadership strategy, it needs to target customers who are price sensitive and cost conscious. Introducing the lowest prices in the specified market categories is a simple way to do this. Operating at a lower cost than competitors is essential for achieving profitability and a high return on investment (ROI) while successfully offering the lowest price. This can be achieved and maintained if the firm embraces its unique abilities. These entail the process of having secured suppliers who can provide scarce raw materials, the ability to attain a dominant market share position and attaining a high level of capitalization (Pearce & Robinson, 2011).

Differentiation, in contrast to Porter's five forces, seeks to appeal to a broader audience by means of developing a distinctive offering that can compete on an industry-wide scale (Gupta & Loulou, 2018). Network clients service, dealers, design, brand image, new technology, and other combination aspects are some of the ways in which firms in the business might choose to differentiate themselves. A company can use Porter's five forces analysis to deal with rising product and service prices, fluctuating customer tastes and preferences, and competition threats caused by the added costs of distinctive product features that aim to achieve desired differentiation (Farshid & Amir, 2014).

A company's profitability might be better or worse than average depending on its position in the industry, according to Porter's Model (Choudhuri, 2014). Achieving above-average profitability over the long term is essentially about giving participating enterprises a leg over in the marketplace. According to Porter's Model, there are two main ways in which a company can gain an edge over its competitors: by differentiating itself from the competition or by offering lower prices. Every company has its own set of strengths and limitations. Scope activities that are combined with the major modalities of competitive advantage can help organizations achieve focus, differentiation, and cost leadership strategies. By using these tactics, a company can achieve above-average performance in its industry, which is highly desirable. According to Porter, a company's competitive strategy should coordinate the activities of management and workers in order to maximize the firm's strengths in comparison to its competitors (Ayimey, 2013).

The theory's inertia—its ability to capture the industry as a whole at a single moment in time—is a key point of criticism. This can help with short-term planning, but external influences are changing at a quick pace, thus the knowledge from Porter's five forces is only useful for a limited time. Globalization and fast technical advancement are examples of trends that were less prevalent when Porter developed his model (Farshid & Amir, 2014). Because it provides support for the variable of product differentiation, this model is applicable to the present investigation. This variable takes a page out of Porter's book when it says that a company should use the substitution threat force to their advantage by creating and customizing a product that is truly unique in the market and stands out from the competition. Both of the study's variables might thus be theoretically grounded in this model by Porter.

 SERVQUAL (RATER) Model

Psychologists A. Parasuraman, Valarie Zeithaml, and Leonard L. Berry developed the SERVQUAL study in 1988, which served as the basis for the RATER framework. Respondence, empathy, assurance, tangibility, and reliability are the five pillars upon which the SERVQUAL model rests as a tool for measuring service quality. Berry, Parasuraman, and Zeithaml put out the SERVQUAL model. Service providers and retailers alike would reap the benefits of the SERVQUAL model's original intent (Ukiri, 2013). The view from SERVQUAL extends beyond only providing clients with service. takes on a massive view of service that goes well beyond basic customer service. The establishment of the SERVQUAL model provides service organizations and associated retailers with a well-structured approach to better understand the aspects that impact customer perception (Ong'ong'a, 2014).

To answer questions about their expectations and impressions, key respondents are asked to reflect on SERVQUAL's representation of service quality as the gap between what customers expect and what they actually receive. According to Mohd Suki and Norazah (2013), the SERVQUAL model is a way to gauge attitude, which is connected to satisfaction but distinct from it. It is based on the adoption of a perception of service that differs from the actual service that is received.

A lot of theoretical and practical complaints have been leveled at SERVQUAL, despite its increasing popularity and broad use. Mark (2017) asserts that there is a significant level of intercorrelation between the five dimensions of SERVQUAL, that the number of dimensions that make up service quality is contextualized, that items do not necessarily load onto the factors that one would predict a priori, and that SERVQUAL's five dimensions are not universal. Not only that, but research shows that expectations do in fact evolve with time. Customers' expectations are always evolving as they gain familiarity with a certain brand or category of products. These findings prompt the question of whether or not respondents' expectations might be influenced by their actual service experience (Ong'ong'a, 2014).

From the customer's point of view, the service they receive should be on par with the product's best qualities. The clientele gap can be defined as the disparity between what clients expect and how they actually perceive your business. Atikiya, Elegwa, and Waiganjo (2015) state that advertising, demographics, personality traits, family lifestyle, cultural background, online information availability, and the presence of similar products all contribute to shaping clientele expectation, which is in turn shaped by available resources. The study's insurance service providers rely on the SERVQUAL model to demonstrate the importance of having good customer delivery, which is supported by the dependent variable, service delivery.

**RESEARCH METHODOLOGY**

Research Design

The research strategy adopted in the study was a descriptive one. We chose a descriptive study design because it allowed us to gather a lot of high-quality data. Finding out the where, what, and how of an interest phenomenon was the foundation of descriptive research (Creswell, 2014).

Target population

The target population consists of clearly defined individuals, events, or things that are being studied (Cresswell, 2014). The study’s target population was insurance firms operating in Meru County with special focus on 146 employees drawn from Jubilee Insurance, APA Insurance, Britam Kenya, ICEA lion group-Meru branch, Pacis Insurance Company Ltd and Kenya Orient Insurance Limited branches in Meru. The choice of these firm is informed by their large dominant in Meru County (Apex business page,2023 November, 14). Table 1 shows study’s target population.

Table 1: Target Population Distribution

|  |  |  |
| --- | --- | --- |
| Respondents  | Target Population | Percents |
| Branch managers | 26 | 17.8 |
| Unit supervisors | 49 | 33.6 |
| Underwriter managers | 71 | 48.6 |
| Total  | 146 | 100.0 |

**Source: Human Resource Departments (2024)**

**Sampling Design**

Because the research universe is tiny, Census sampling was used. A census, according to Ragab and Arisha (2018), takes into account information from every member of a group. Campbell et al. (2020) states that when conducting a study, it is important to pick respondents who have the necessary knowledge for the purpose of the investigation. Branch managers, unit managers, and underwriter managers from each insurance business will participate in the study.

FINDINGS **ANALYSIS AND DISCUSSION**

**Response Rate**

To find out how many people actually responded, we looked at the response and non-response rates, which are displayed in the table 2.

Table 2: Response Rate

|  |  |  |
| --- | --- | --- |
| Rate  | Frequency | Percent |
| Response  | 129 | 88.4 |
| Non response  | 17 | 11.6 |
| Total  | 146 | 100 |

The survey's outcomes demonstrated that while the participants' responses were not fully retrieved, they were nevertheless acceptable. This suggested that not all questionnaire responses from respondents were still deemed acceptable. Specifically, 88.4% of the respondents provided their answers, while 11.6% did not participate. According to Cooper and Schindler (2009), the results of the survey are satisfactory and sufficient for further analysis of the responses.

**Product Differentiation and Service Delivery**

The primary goal of the study was to ascertain how product differentiation affected the survival of insurance firms in Meru County, Kenya. As indicated in the table 3, the study's participants indicated whether they agreed or disagreed with image differentiation.

Table 3 Product Differentiation Descriptive Statistics

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   | N | Min | Max | Mean | Std. Deviation |
| Your company products/services are similar to other insurance firms | 129 | 1.00 | 5.00 | 3.05 | 0.739 |
| Your products/services have given your company higher competitive advantage in the insurance industry | 129 | 1.00 | 5.00 | 3.97 | 0.781 |
| Every product in your company designs is easily copied | 129 | 1.00 | 5.00 | 2.92 | 0.884 |
| New product design combined with suitable technology has shielded the company from the threat of new rivals. | 129 | 1.00 | 5.00 | 4.16 | 0.788 |
| Your products/services always survive and last long in the market, even when others companies die out | 129 | 1.00 | 5.00 | 3.18 | 0.909 |
| Users of your products have confessed to you that our firms’ products are unique and have value | 129 | 1.00 | 5.00 | 3.99 | 0.726 |
| Different new product development strategies taken by our firm leads to variations in service delivery | 129 | 1.00 | 5.00 | 2.75 | 0.703 |
| A new product development strategy is an important activity that helps our firm to survive and make continuous improvement | 129 | 1.00 | 5.00 | 3.96 | 0.780 |
| Valid N (listwise) | 129 |  |  |  |  |
| Average score  |  |  |  | 3.98 | 0.798 |

A mean of 3.05 and a standard deviation (Std. Dev) of 0.729 indicate that a sizable portion of respondents had neutral opinions on the claim that their company's goods and services are very similar to those of other insurance companies, as shown in Table. The relatively low standard deviation suggests minimal divergence in the responses when compared to the mean.

With a mean score of 3.97 and a standard deviation of 0.781, which show only minor variance from the mean, respondents also agreed with the concept that their companies' products and services give them a significant competitive edge in the insurance industry. A mean of 2.92 and a standard deviation of 0.834 indicate that respondents were unsure about the claim that every product their company designs is easily copied by rivals.With a mean score of 4.16 and a standard deviation of 0.788, which indicate little variation in responses from the mean, respondents did, however, agree that the creation of new products utilizing cutting-edge technologies has protected them from the threat posed by new competitors.

Many respondents were ambivalent about the assertion that their goods and services continuously outlast those of their competitors, even while those competitors' sales are declining. The standard deviation of 0.909 and the mean score of 3.18 demonstrate this. Additionally, respondents agreed that their products are important and unique, with a mean score of 3.99 and a standard deviation of 0.726.

A mean of 2.75 and a standard deviation of 0.703 indicate that respondents had neutral views about the claim that different new product development tactics used by their companies led to differences in service delivery. Similar to this, a mean score of 3.96 and a standard deviation of 0.780 indicate that many respondents believed that a new product development strategy was essential to their company's survival and ongoing improvement. Overall, this shows that respondents think their products are more reliable and high-quality than the market, as seen by the average mean for the product difference variable of 3.98 and the standard deviation of 0.798. These results clarify that the insurance companies engaged in a reasonable degree of product differentiation. These results are consistent with those of Dirisu, Iyiola, and Ibidunni (2013), who found that a firm's sales growth was positively and significantly correlated with the quality of its products. Additionally, there was a positive correlation between product design and sales turnover.

**Correlation Analysis**

The specifics of the correlation analysis between the study variables are provided in this section. Pearson correlation analysis was performed to determine the level of correlation displayed by the study constructs. Linear regression analysis was used to determine how much the predictor factors affected the dependent variable. The results are shown in the table 9:

Table 4: Correlation Analysis

|  |  |  |
| --- | --- | --- |
|   | Product differentiation  | Service delivery  |
| Product differentiation  | Pearson Correlation | 1 |  |
| Sig. (2-tailed) |   |  |
| N | 129 |  |
| Service delivery  | Pearson Correlation | 0.471 | 1 |
| Sig. (2-tailed) | 0.000 |   |
| N | 129 | 129 |

Product differentiation was positively and significantly connected with the service delivery of the insurance businesses in Meru County (r =0.471, p =0.000), according to the results, which are shown in Table 4. This positive association suggests that service delivery would significantly improve with more product differentiation. According to Maina and Kagiri's (2016) research, product diversification, particularly when done consistently, affected an organization's ability to compete. Additionally, Tuva (2015) discovered a strong correlation between the performance of water bottling enterprises in Mombasa County, Kenya, and product differentiation.

**Regression Analysis**

Analyzing the regression coefficients, model summary, and study of Variance (ANOVA) were all part of the linear regression study. This method sought to ascertain how service delivery, the dependent variable, was affected by the independent variables (price, convenience, brand, and product differentiation).

Table 5: Model Summary

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .863a | 0.727 | 0.705 | 0.49972 |
| a. Predictors: (Constant), Product differentiation  |

Service delivery, the dependent variable, and product differentiation, the independent variable, have a strong positive association, according to the correlation coefficient (R) study. The correlation coefficient, which indicates a strong positive relationship between these variables, is 0.863 based on the values shown in the table. Furthermore, the findings indicate that R2 = 0.727, which indicates that the predictor variable product differentiation account for 72.7% of the service provided by insurance companies in Meru County. Conversely, factors not included in this research account for 27.3% of the service delivery.

Table 6: Analysis of Variance (ANOVA)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 0.849 | 4 | 0.212 | 11.850 | .000b |
| Residual | 30.965 | 124 | 0.250 |   |   |
| Total | 31.814 | 128 |   |   |   |
| a. Dependent Variable: service delivery  |
| b. Predictors: (Constant), Product differentiation |

A significant level of 0.000, below the cutoff of α = 0.05, was indicated by the results. Additionally, the significance of the ANOVA model registered at 0.000, with a F value of 11.850. This implies that differentiation tactics have a big influence on how insurance companies in Meru County provide their services.

Table 7: Coefficient of Regression

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.693 | 0.188 |  | 1.006 | 0.000 |
| Product differentiation  | 0.316 | 0.033 | 0.043 | 0.479 | 0.003 |
| a. Dependent Variable: Service Delivery  |

Table 7 above exposes the outcome of the analysis of coefficient of predictor variables (product differentiation), t and the p values. The relationship of the variables tasted through the multi-regression model was estimated as:

Service Delivery = 1.693 + 0.316Product Differentiation

According to the model, the service delivery of insurance companies in Meru County is anticipated to change by 1.693, provided all other factors remain unchanged. The researcher's goal was to investigate how these insurance companies' service delivery was affected by differentiation methods. The model's results show that, with a coefficient (β1) of 0.316 and a p-value of 0.003, product differentiation has a positive and statistically significant impact on insurance businesses' service delivery. This implies that there is a commensurate improvement in service delivery of 0.316 units when the management of these companies implements an additional enhancement in product differentiation of one unit.

**Conclusion**

Examining how Selected Insurance Firms in Meru County, Kenya, implemented a differentiation approach to improve their service performance was the primary goal of the study. Because of the statistical significance of the results, this study takes into account the impact of product/brand differentiation on the service delivery of selected insurance firms in Meru County, Kenya.

The analysis's results served as the basis for drawing conclusions. Providing better service to customers was a direct result of product differentiation for the insurance company. The strong association led researchers to the conclusion that insurance businesses' service delivery was significantly impacted by product distinctiveness, which includes positive brand image, customer perception of product, and value addition. If they want to be successful, insurance companies' service offering must fully include product distinction.

Brand distinction, the second goal, was also found to significantly impact service delivery. The insurance businesses in Meru County were shown to have a strong impact on service delivery through brand differentiation, which includes positive brand image, known personality brand, and company logo. This conclusion was reached after a crucial and positive link between image differentiation and service delivery. Thus, businesses should work hard to make sure their customers have a good and lasting impression of them. Companies that want to attract customers' attention need to design logos that stand out.

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