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## **BRANDING DEVELOPMENT AT INSURANCE COMPANY**

ROZVOJ ZNAČKY V POJIŠŤOVNĚ

### **MASTER'S THESIS**

DIPLOMOVÁ PRÁCE

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NEWLIN, K. Passion brands: why some brands are just gotta have, drive all night for and tell all your friends about. Amherst, N.Y.: Prometheus Books, 2009. ISBN 1591026873.

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## **ABSTRACT**

The presented diploma thesis is focused on the use of concepts and brand strategy for the development of the brand Pojišťovna České spořitelny a.s, Vienna Insurance Group. Based on the theory of marketing gurus Ko Floor, Kapferer, Keller, and concepts like brand identity and brand prism are used to analyse the brand's current branding strategy. At the same time, competitors and environment analyses are conducted in order to determine the brand's position on the market. On the basis of the results of the analyses, proposals for the development of the brand concept are determined.

## **KEYWORDS**

brand, branding strategy, brand positioning, brand personality, brand communication, brand identity, brand development, competition

## **ABSTRAKT**

Předložená diplomová práce je zaměřená na použití konceptů a strategie značky sloužící k rozvoji značky Pojišťovny České Spořitelny a.s., Vienna Insurance Group. Základem jsou teorie marketingových guru Ko Floora, Kapferera, Kellera a konceptů brand identity a brand prismu které jsou použity k analýze současného stavu brandingů značky. Současně jsou provedeny analýzy konkurentů a prostředí k určení pozice značky na trhu. Na základě výsledků provedených analýz jsou stanoveny návrhy řešení konceptu rozvoje značky.

## **KLÍČOVÁ SLOVA**

značka, strategie značky, pozice značky, osobnost značky, komunikace značky, identita značky, rozvoj značky, konkurence

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Signature of the author

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## INTRODUCTION

The insurance industry is in its nature particularly competitive and complex. The market consists of large international groups, these groups own daughter insurance companies which offer similar portfolio of products. Since the organizations are often international, their products, branding and company culture needs to be adapted to the relevant country of business. Since the company structure of insurance companies is not simple and the competition is high, there is a need for competitive differentiation as well as branding.

Insurance companies are generally grouped with financial institutions as banks, savings banks and finance advisory and consulting companies. With the growing interest of financial planning the number of finance consulting and advisory companies and services is growing. Consequently, the awareness among clients of the importance of life and general (non-life) insurance is rising. Nevertheless, a mass financial literacy edification with the help of branding strategies is still very important and needed.

The term branding was according to Dobni and Zinkhan already in 1990 overused and on the way of losing its power, and they describe it as both a “*concrete and abstract*” term (Dobni et al., 1990). Branding strategies are very popular in modern business but lack a widely agreed framework and definitions, nevertheless there is a possibility to use certain aspects from different frameworks, combine them and fit them to the brand itself (Urde, 2013).

Another interesting approach is using the ‘brand gap’, described as the gap between business strategy and creativity, this term is used by Marty Neumeier. In his book he claims that most authors focus either on strategy or on creativity, but his recommendation is to combine them both (Neumeier, 2005). This approach is used in the case of this thesis theoretical and analytical part. The methodology and goals are described in the following chapter.

Even though life insurance is such an important part of financial planning and can cover various financial events in life, the sales of life insurances have been according to Deloitte declining in the US. According to their research there are four common challenges the industry faces as a whole. The first challenge is the difference between generations; the baby boomer generation was according to Deloitte “*the most reliable client base*” but the current generation is smaller and has different expectations. Evolving expectations are the second challenge, described in this report as accessibility and digital distribution channels requirements are changing. Traditional distribution is losing its effectiveness and finally sales and marketing strategies are too traditional and outdated. (Deloitte, 2015)

The insurance market in the Czech Republic has two large and strong competitors and few small-scale competitors. Among the large companies is Pojišťovna České spořitelny operating solely in the Czech Republic a daughter company of Vienna Insurance Group. This company has the biggest market share, long historical context and is the most well-known insurance company on the Czech market. The product portfolio for insurance includes life insurance called Flexi, which is one of the best products on the Czech market and among life insurance product portfolio.

## **GOALS AND METHODOLOGY**

The company Pojišťovna České spořitelny a.s., part of Vienna Insurance Group operating in the insurance industry is a strong and well-known player in the life insurance field. Its image and brand play a significant role in its success. The author of this thesis focuses on identification and application of branding concepts in order to develop proposal for improvement of the brand of Pojišťovna České spořitelny and show the importance of branding. The main goal of this thesis is to create a proposal for brand development, through the sub goals of theoretical analysis of branding concepts and theories and an analysis of the current branding strategy and brand presentation of the company Pojišťovna České spořitelny.

The following structure and methodologies are used by the author and steps are taken, in order to achieve the main goal of the thesis.

The thesis contains three parts. First, the goal of the theoretical part is to summarize the existing knowledge and literature about brand, branding strategies, brand development and competitiveness, the methodology used is qualitative theoretical analysis and literature review using secondary data. The theoretical part serves as a base for the analytical part.

The analytical part focuses on presenting the brand of the chosen company, a thorough analysis of the current situation and the environment including market, clients and competition is conducted and reviewed using the qualitative secondary analysis and review of secondary data. Data is obtained from available and public resources, which consist of advertisements, articles, interviews, online materials, annual reports, and websites. The goal is to reach an understanding of the current situation to be able to evaluate and propose improvements.

The final part of the proposal is presented using a mixed methodology, using the collected secondary data and the conducted analysis. Findings from the previous sections are summarized in order to present the proposal and reach the main goal of the thesis. The conclusion includes the most important facts, which the author, according to the realized research, reached. Based on these facts evaluation of the achievement of the objectives of the thesis and possibilities for further research are presented.

All resources are referenced based on norms ISO 690 and listed in the chapter - References. Furthermore, comparison methods – competitive maps and positioning are used for the purpose of analysing competitors.

Competitive maps are defined as a “*visualization of the competitive position of firms, brands, products, services or locations*” (Spacey, 2017). The visual representation is usually in a graph, using various variables which are defining factors for purchasing process and final decision of a client. This is often a basic graph of two variables that clients consider when making a purchase.

Daye describes competitive maps as perceptual maps and explains the key reasons for the importance of using visual tools and mapping competition according to chosen criteria. The first reason is the possibility to assess strengths and weaknesses of the brand according to the criteria and the comparison to the competition, secondly competitive advantage and opportunities for improvement can be revealed. Third market opportunities and market gaps can be found, finally the map can show ideal future position and development and the visuals can be also used to present the values and positioning to the clients (Daye, 2009).

The following figure represents a template for competitive map:

Quality, market share, number of branches, image etc.

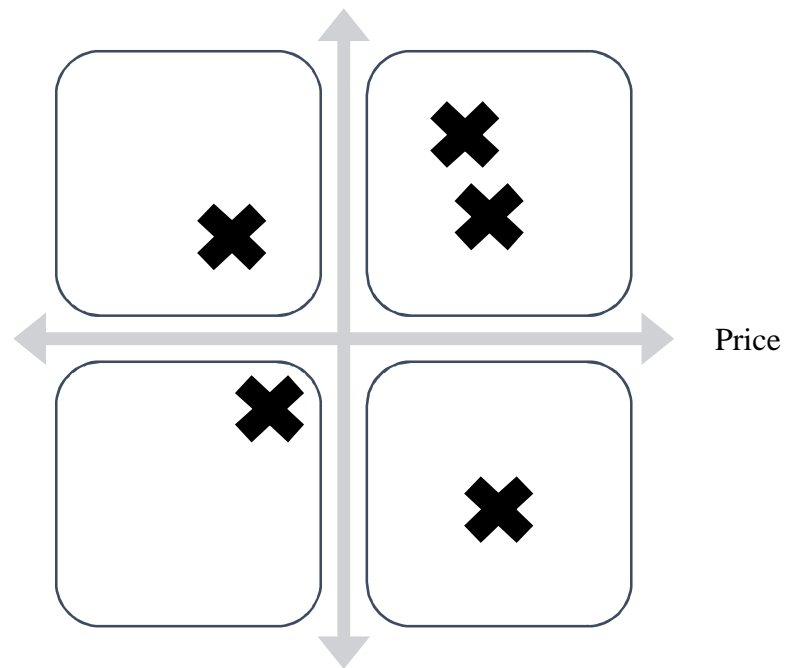


Figure 1 Competitive map template (Source: own based on Kessler, 2010)

# 1 THEORETICAL PART

## 1.1 Brand and Branding

Even though the concept of brand and branding is historically known, the research available on the concept of branding is still highly conceptual with small number of practical researches and applications (Moore et al., 2008). Evidence of branding from history compared with modern research can be used for the development of new applications and definitions more suitable for current business environment.

### 1.1.1 Brand

Even though the meaning of brand and the awareness of the concept is changing, the definition of a brand provided by the American Marketing Association remains simple and remindful of its ingenuous historical meaning. The definition is as follows, brand is *"Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers"* (American Marketing Association, 2018). The focus of this definition is differentiation from competition and physical attributes but as many authors have suggested, the term brand is much more complex and needs to be described in a more inclusive manner, branding includes many aspects and therefore new terms were created. These include brand personality, brand character, personality image and many more, these new terms suggest that brand is not a solely physical description but include emotions, relationship, lifestyle and sense of value. The view of brand can be very subjective and it is therefore necessary to specify the concept of brand more specifically to grasp its complexity. Seth Godin provided a definition of brand value: *"A brand's value is merely the sum total of how much extra people will pay, or how often they choose, the expectations, memories, stories and relationships of one brand over the alternatives."* (2009) This definition shows that by providing the connection of brand and value, the meaning of brand shifts and improves from the concept of an item or service with simply a set of attributes.

The need for brand comes from the overwhelming number of products and services available on the market and the limited number of clients. Brand is a focal point for marketing and most importantly sales. As Ko Floor suggests “*a strong brand can be worth a fortune*” and can describe a product, a service or a whole company (Ko Floor et al., 2011). The term brand is also sometimes used interchangeably with trademark and trade name in the legal practise.

### **1.1.2 Branding**

Branding can be described as a process of creating, implementing, using and improving a brand concept. According to Keller (2007) branding involves creating of associations and product/service awareness which aids clients with their decision-making (Keller et al., 2008). Branding is essentially a way of creating a meaning behind a brand and signals through which potential clients create their own perception of what a brand means to them, what the associations are and the significance of these associations. The signals need to be managed and need to be in line with the business strategy. Branding or creating a brand is an essential step, where all activities need to be followed in order to create a brand based on solid foundations. A desirable outcome is transforming the response of the client to the brand into a relationship. The relationship between product/service and the client has changed with the market saturation and availability, consumers no longer buy what they need, and they buy what they desire.

Branding in the banking and insurance industry plays a significant role, since the client’s choice of bank is affected by its credibility. Primary effort needs to be focused on building a trustworthy and reliable brand. Such a brand can have a competitive advantage even if the price strategy is not focused on being the cheapest option on the market. Building a brand in the insurance sector also heavily depends on a long-term relationship between the company and the client.



### 1.1.3 Branding Strategy

Even though there are discussions and theoretical formulations on brand and branding, the techniques, methods and strategies for the development and measurement have not been standardized. One of these strategies is described by Adamson, it is a simple five step approach to building a brand:

**Establishing brand idea** - the aim is to determine a unique brand idea and present it to costumers.

**Capturing the main idea of the brand** – includes the content, which is presented to the client, it needs to be understandable and easily sharable in its proper form.

**Getting employees engaged in the idea** – those who represent and share the branding idea need to identify with it.

**Considering the brand's name** - formulates a suitable brand name that gives the client a positive first impression.

**Creating other brand signals** - creating signals that present, can define the brand and share the value of the brand.

His main concept is based on the idea that if a company wants a strong brand, it needs to differentiate from competition and be understandable to the clients. Strong and convincing branding lies in defining the main idea of the brand, the meaning and value behind the brand, the conviction and engagement of employees of the brand and physical signals of the brand (Adamson, 2008).

There are many strategies used by marketers and marketing companies but according to Strebinger's research, companies are usually not able to follow one strictly defined strategy, the large variety of kinds of business on the market call for the need to improvise and choose different parts of approaches and create their own hybrid strategy (Strebingen, 2014).

In the following chapter essential components of branding management, branding strategy and some tools are discussed.

## 1.2 Brand organisation

### 1.2.1 McKinsey's 7-s framework

McKinsey's framework was developed by consultants Thomas J. Peters and Robert H. Waterman in 1980s, until this day it is used by marketers and business organisation professionals. This framework presents and describes factors which influence an organization's ability to change and its effectiveness. These factors are divided into soft and hard areas. As described by Jurevicius *"Strategy, structure and systems are hard elements that are much easier to identify and manage when compared to soft elements. On the other hand, soft areas, although harder to manage, are the foundation of the organization and are more likely to create the sustained competitive advantage."* (Jurevicius, 2013)

The reason why McKinsey's 7-s framework is used in this thesis is to be able to view the whole organisation and analyse the factors affecting the branding strategy and decision-making processes and present this information in a structured way.

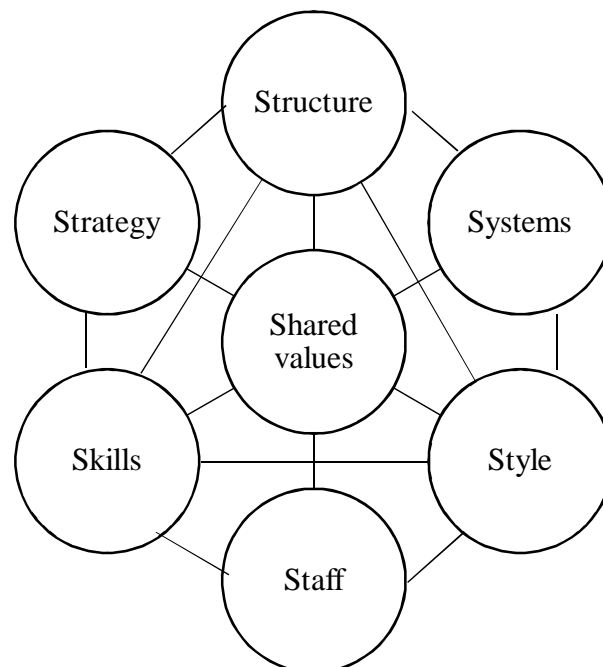


Figure 2 McKinsey 7-s Framework (Source: McKinsey, 2008)

### *Strategy*

Strategy is a clear, long-term plan which aids to reach competitive advantage and is supported by the company's values through vision and mission. It is important to differentiate between the company's needs, for some a short-term strategy may be more advantageous.

### *Structure*

Structure is basically the organisational division into departments or units. According to Jurevicius it is "*one of the most visible and easy to change elements of the framework*" (2013).

### *Systems*

Systems are the daily activities and processes of the company; this category is one of the most important ones to focus on during any changes.

### *Skills*

Skills include expertise, abilities, capabilities and competences of employees. Skills can be also divided into hard skills and soft skills. They can be taught, trained and shared among employees.

### *Staff*

Staff determines the lifecycle of an employee, from on boarding, through training, motivation to rewarding. It also deals with the number of employees, their division and their organisation.

### *Style*

Style represents the management techniques of top-level managers and leaders.

### *Shared values*

Shared values are the foundation of the model; they are the norms and standards of the company. (McKinsey, 2008)

## **1.3 Brand Management**

Most noticeable and well-known branding tools were developed by marketing specialists Ko Floor, Jean-Noël Kapferer and Kevin Lane Keller. Brand management is according to Kapferer a way of dealing with the whole brand, including products, services, values etc. These values are shown through set of signals – name, logo etc. Ko Floor uses the concept of brand identity for the purpose of brand management, following is the description of this concept.

### **1.3.1 Brand Identity**

Brand identity is an essential part of brand management. It is a set of brand associations that need to be strategically built and maintained. Brand identity according to Ko Floor includes brand positioning, personality and communication. These three parts are interconnected and follow each other. Through communication, which is based on brand personality, client is able to recognize the brand's positioning. Communication is making the personality and the positioning visible and available to the clients.

Floor has created a diagram which showcases the three components of brand identity. These components need to work together and be consistent. A strong brand needs to have both practical and emotional aspects and present these aspects accordingly. Brand identity was also defined by Kapferer, presented in the following chapter.

### 1.3.1.1 Brand identity prism

Brand prism is a helpful and powerful tool for visualisation of the brand identity. Defined by Kapferer hexagonal identity prism model is based on six central components: physique, personality, culture, self-image, reflection and relationship. The prism is viewed as simple to understand, constructive, and applicable to various brand identities (Roy, 2014). The model shows the perception of the brand from both the sender, meaning the company or marketer and the recipient, meaning the client (Kapferer, 1995).

Kapferer also suggests that there is a need for a brand to have a ‘flagship’ product; this means a product around which the branding strategy and identity can be built (Kapferer, 2004).

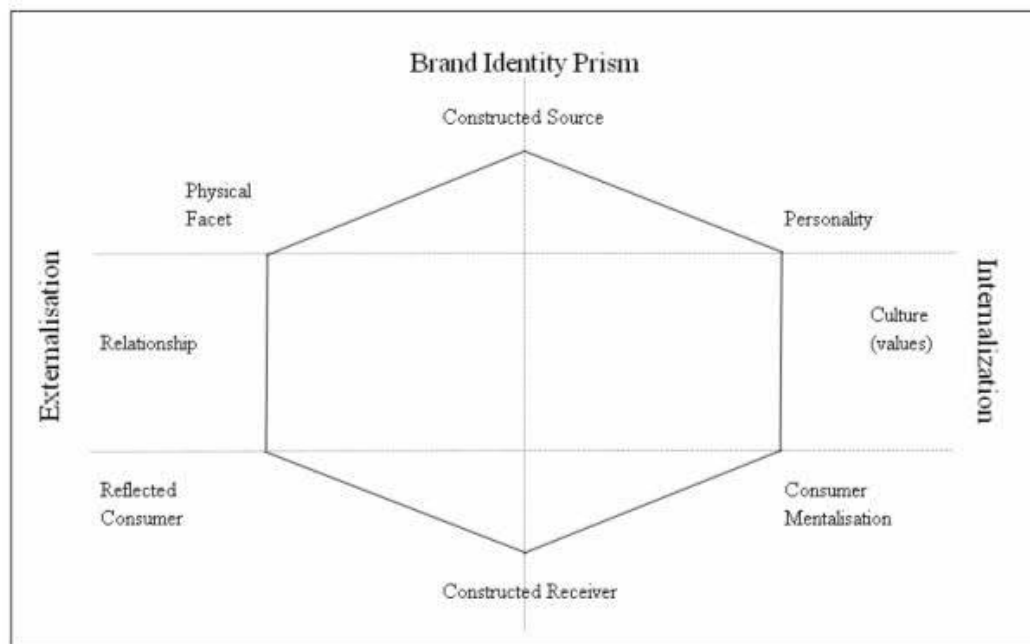


Figure 3 Brand Identity Prism (Source: Kapferer.2004)

### *Physique*

Physique of a brand includes physical aspects of a product, it can be its shape, colour etc. in the case of services, and this means the colours of visual aspect of the marketing and brand. This is the first step when creating a brand, the important questions are: what the product is, what it does and what does it look like. The brand can base this physique on prototype or 'flagship' product as a representative of the qualities of the brand.

### *Personality*

Personality essentially presents the brand in a personified manner, typical way of showing the personality of a brand is by using famous personalities (celebrities, sportsman, and scientists) or using personification of the brand in a commercial. By using a personality, the brand develops a character. An example of this practice can be the commercial for a Czech bank Airbank. This commercial is using visual aspects and personality of two bankers to compare themselves and other banks. Further information and can be found in Appendix IV

### *Culture*

Culture of a brand reflects both product and communication and it plays a crucial part in Kapferer Brand Identity Prism. As tools4monagament.com suggests "*It indicates the philosophy whose values are embodied in the products and services of the brand*" (2018.). It is also important to differentiate between large scale client culture and niche targeting.

### *Relationship*

Relationships and exchanges between clients and employees are essential, especially in the service industry. When a positive relationship between the brand and the client is created, the brand can offer the client more products or services and when dealing with long term positive relationship can affect the decision making more easily and the process may be smoother and faster.

### *Reflection*

Reflection represents who is a typical client or client of a brand and how is he perceived by others. Typical description includes age, gender, level of income and lifestyle. Reflection is affected by communication and culture as the reflection usually corresponds with clients who are targeted the most.

### *Self-image*

Self-image which can be also called consumer “mentalisation” represents the clients own view of their inner relationship with the brand, the attitude, how they feel and see themselves when using the product or service.

Brand identity prism of PČS can be found in chapter 2.6

The following diagram is representing the structure of the retail brand circle created by Floor (2006).

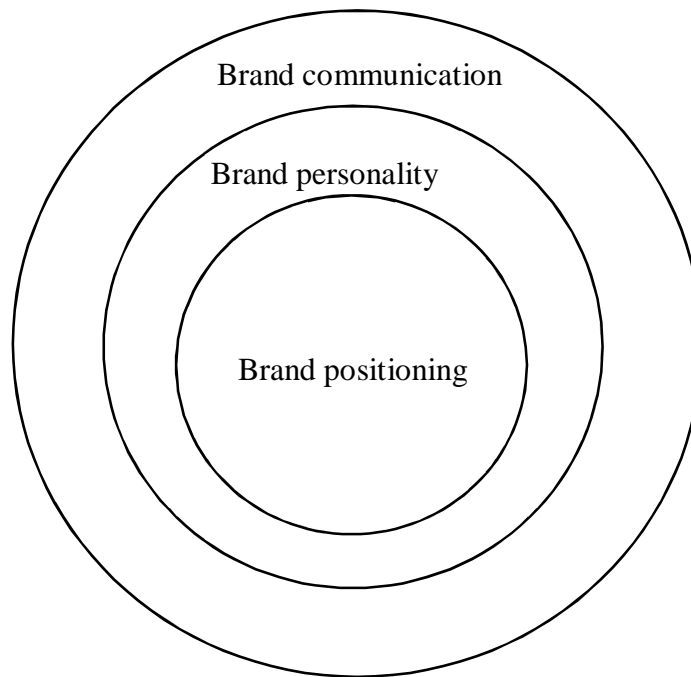


Figure 4 Ko Floor retail brand circle (Source: Ko Floor, 2006)

### **1.3.2 Brand Positioning**

Brand Positioning enables comparison between competitors on the market from the viewpoint of the client. The comparison includes space the company takes up and the relationship the client senses. It is the core element of Ko Floor's brand identity model.

Positioning of a brand can be affected by using price, product portfolio, and presentation of points of business or uniqueness of the offer. Additionally, to the tangible aspects, the clients can view the brand positioning through their own perception of the purchasing experience. Purchasing process is further described in chapter 1.5 Clients. By using both tools the brand can differentiate from the competition and secure its position on the market. It is currently less demanding to assimilate the positioning of the brand to the competition, what is more difficult is the creation of brand personality. Great visual tools for brand positioning are competitive maps, explained in chapter concerning methodology.



### **1.3.3 Brand Personality**

Brand personality is at the forefront of the identity, it is based on emotional benefits for the client and values the company wants to share. This aspect may influence shopping behaviour more than physical characteristics. Two brands may have similar positioning but different personality, personality is the aspect which can ensure the success of a branding strategy.

The base of brand personality is the focus on which emotions the client has during the purchasing process. This means the emotional connection between then client and the brand.

### **1.3.4 Brand Communication**

The main task of brand communication is to gain the attention of a client, create attraction, initiate action and keep the awareness of the brand in the client's memory. Communication is in essence using the content of identity, positioning and personality in order to inform the client about products and attract the client with the value offered by the brand.

Target group of marketing communication include potential clients, current clients and also former clients. The path of the communication is both from the brand to the client and in-between clients. Important aspect of brand communication is its form, according to Floor we can define two forms of communication external and internal.

External communication attracts the clients and can be based on the use of marketing mix, examples of external communication include: advertisement, online marketing, promotional material, personal sales, sponsoring, social media etc. Internal communication according to Floor includes design, place of business and employees.

Both forms of communication are affected by content, visual aspects and subjective perception. Together they need to work in a consistent and cohesive way in order to reach the goal of driving in new potential clients, increasing the value with current clients and maintain relationships.

#### **1.3.4.1 View of the client**

An important part of both Floor's and Kapferer's theory is the view of the brand from the position of the client, so called brand perception. All aspects of a brand – positioning, personality and communication are representing the brand to the client, but the view of the client of the brand may be different than the company intended to be. It is therefore necessary to be able to research and evaluate the brand perception through feedback, surveys, questionnaires and other available tools (Jacobson, 2018.). In Kapferer's brand identity prism internalisation and view of the customer or client plays a significant role. Using this concept can reveal how the brand can appeal to its audience.

## 1.4 Branding in services

Services hold unique characteristics in terms of branding. Companies providing services are more likely to be more long-term and client oriented, and therefore need to adapt their branding accordingly. Companies offering services need to have capability to adapt to the needs of the client during all parts of the client-company relationship.

The difference between products and services in terms of branding is that services are immaterial; they cannot be stored or visualized. Since they are not material and possibly not easily envisioned by the client the need for persuasion and the presentation of its added value is both more difficult and necessary. The client needs other incentives other than the physical aspects of a product in order to decide to purchase a service. The branding of the services needs to present the experience, the quality of the services and as mentioned the added value. As Parker said in a very well-spoken manner *“Products are impersonal physical items that can be evaluated before you buy them. Services, on the other hand, are very personal. Customers don’t just buy a service, they buy an experience. Services don’t even exist until we buy them. There has to be a level of trust or even a “leap of faith” from the customer before they will buy a service (2015).”*

The theories available for the branding of services can be adapted from the methodologies for product branding. The marketing tools remain the same while being adapted to the service the branding is focusing on. The commitment to the client and the long-term relationship need to have a higher focus, at the same time they need to take into account the emotional aspect of the experience.

Many organisations which have encountered branding methodologies understand the importance and have implemented them in their strategy gain a competitive advantage (Keller, 2007).

## **1.6 Defining the competition**

In order to be able to evaluate competition a relevant definition needs to be defined. Individual competitors, by their manifestation on the market, create competition.

From the point of view of entrepreneurial activities, we most often rely on an economic, marketing or legal foundation when analysing a competitive environment. Competitors can be characterized by client base, corporate goals, and product portfolio and used resources (McNulty, 1968).

Factors affecting competition are difficult to detect, mainly because there are interrelations of many variables. An important element when defining competitors is an understanding of whether a company is a competitor because it is in the same industry, or whether it is set of companies in different industries but with a conflict of interests.

Competition can also be defined as rivalry, this means that the goals and timing are the same and the strategies can be completely different, very similar or the same. Most commonly the tools for differentiation from competition are products, services, quality and most importantly price. A newer approach with the rising number of competitors on all markets is branding.

On the other hand, branding can be also used in line with competition, so called co-competitive branding, this concept was described by Pal Chiambaretto and basically means that companies have co-branding agreements and form brand alliances. The use of co-branding has a long history, by sharing a common set of values; companies can gain access to new client bases (Chiambaretto et al, 2016).

Relevant competitors are analysed in detail in the analytical part of the thesis in the chapter 2.3.3.

## 1.7 Customer and customer purchasing process

Customer or client can be described as an individual, a group, organisation etc. Their task is to recognise the brand and decide whether they will participate in the buying process or not. The purchasing/ selective process can be according to various authors divided into different phases.

The phases are most commonly following the following structure:

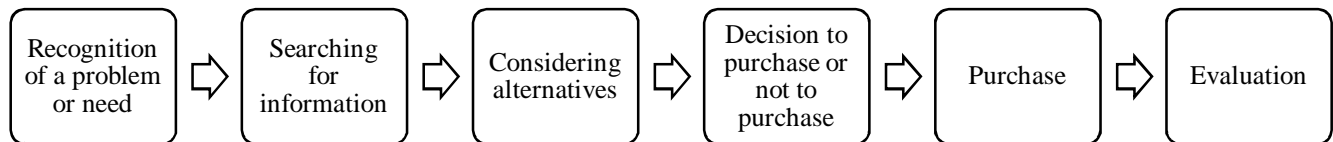


Figure 5 Phases of customer purchasing process (Source: Jones, 2014)

### *Recognition of a problem or need*

The first step of the purchasing process is recognition of a problem or a need by the client. The customers need to come to the conclusion that what they have now or what they are perceived at is different than what they want, the desire for a change. This then creates a ‘problem’ to the customer and an opportunity for the business to recognize the problem or if there is a gap on the market, to create a problem.

The technique for this stage is to work with facts, content marketing and asking relevant and possibly leading questions. The customers can then react to those impulses which are relevant individually to them by giving them attention. Gaining attention of a potential customer is an important goal of any company.

### *Searching for information*

When the problem is recognized the information search process begins. The customer is most likely looking for a solution. Primarily, the customer learns about the brand through marketing campaigns, recommendations and previous experiences. The branding strategy may, to a certain extent, simplify the client's choice. Customers can connect the brand and the product thanks to the branding. Informative branding can reduce the cost of searching and time as the customer already knows about the brand. The whole process can be therefore shorter.

The choice of products or services is conditioned by the type of product or service, by limited time for choosing the product, available budget, and other factors. Each customer has different preferences at each moment, and the response can be different and shopping behaviour may change due to different circumstances. Some customers make routine purchases of necessities, some customers consciously look for products or services to aid them with their current problem.

### *Considering alternatives*

Organisations and customers are shifting their focus to decide whether to make a purchase by assessing a brand more than ever. Very often they use online tools for comparing available offer of products and can also compare the differences in brands of many competitors. To gain real and valuable customers who will become a part of stable base it is important to be aware of their individualism and find out what is important to them. To find out what our customers need it is important to have the base specified according to product specific criteria (age, sex, income, etc.).

The possible branding technique for this stage is described by Jones as keeping the customers on the company's website for the evaluation, providing them with comparison of the competitors. This can according to Jones create a relationship based on trust.

On the other hand, not every consumer is sufficiently sensitive to the differences between brands and there are also clients who are impulsively looking for what others do not normally buy and do not need to or want to consider alternatives.

#### *Decision to purchase or not purchase*

During this stage the customer knows about the available options, and the time arises to purchase or not to purchase one of the options. Consumers, when deciding whether or not to make purchases, may be considering different types of risks, such as risk of functionality, physical risk, financial risk, social risk, psychological risk, time risk, etc. This means that at this stage the company can lose its customer, therefore a strong marketing strategy is necessary for this step of the process. There is a good opportunity to remind the customer of the problem or need they realised they have in the first place. Offering the solution then can sway them towards positive outcome.

If the outcome is negative, there is still chance to gain them in the future, because the previous steps were already done, it is easier for the customer to reach this decision stage.

### *Purchase*

The stage of purchasing itself needs to be simple, straightforward and fast. Even though the previous step resulted in decision to purchase, the customer can still not go through with the process if it is too complicated or takes too much time.

### *Evaluation*

During the whole process the customer creates a relationship with the brand. In the final stage evaluation of the brand behaviour is in place. Even if the purchase went through smoothly, this still does not mean that it will create a long-lasting relationship. Loyalty needs to be earned; therefore staying in touch by thanking them for the purchase and offer of other products is a good strategy (Jones, 2014).



## **1.8 Theoretical Part Summary**

The theoretical concept of this thesis is based on work of several authors. The core frameworks are researches and concepts created by Ko Floor, Kapferer, Keller, Adamson and McKinsey. The reason for the choice of these theories is their flexibility in use, their rising popularity and the possibility to work with them individually as well as together in order to gain a thorough insight into branding strategies and what brand and branding itself entails.

According to Floor the basis of branding strategy is brand identity, in his extensive work he describes the elements, positioning, personality and communication. Even though his 40 years of experience are mainly in retail brands, the use of his concept in marketing and branding of any type of company is very common and useful in any type of company. K. L. Keller is recognized as one of the world's leading experts in brands and branding. According to him branding involves creation of associations and product/service awareness which aids clients with their decision-making (Keller et al., 2007).

Kapferer's brand identity prism allows marketers and branding specialists to visualise and simplify the many elements which make up a brand. Adamson is a sought-after expert in branding and marketing disciplines. He has worked with many international companies and has developed a simple five step approach to building a brand, from his theory we can see that the process does not need to be difficult but all parts need to be taken into account. McKinsey's 7-s framework created already in 1980s and still used by marketers and business organisation professionals presents and describes factors which influence an organization's ability to change. With the knowledge about the ability to change, use of branding concepts and strategies can proceed.

Together the collective theoretical background of these branding experts allows for informed analysis and is crucial for the presentation of the proposal of changes and solutions to aspects which are missing or lacking depth in the branding strategy of PČS. The theories can be well used in the case of service branding and therefore are used in the following chapter.

## **2 ANALYTICAL PART**

### **2.1 Banking Industry and Insurance in Europe**

In order to define the market range, the industry and the Czech insurance market is presented in this chapter.

The Organisation for Economic Co-operation and Development states that “the insurance industry is a key component of the economy by virtue of the amount of premiums it collects, the scale of its investment and, more fundamentally, the essential social and economic role it plays by covering personal and business risks.”(2018).

In appendix I there can be found a figure with national insurance market share in European Union.

#### **2.1.1 Industry analysis – Czech Insurance market**

Already in 2003 Europe took up one third of the world's insurance market, and 62 percent of it is life insurance (Urban, 2003). According to Boldijar the cumulative value of the Czech insurance market amounted to 118.5 billion CZK at the end of 2016, even though the value is high, the life insurance fragment showed a negative trend while the non-life insurance sector has risen by 4.5% (2017).

When comparing the biggest players on the Czech market in the life insurance segment, Česká pojišťovna was the market leader with 18.8 percent market share, followed by the two VIG subsidiaries Kooperativa with 15.5 percent and PČS with 14.3 percent of the market (Boldijar, 2017).

According to PwC the biggest threats in the Czech Republic affecting insurance are, low level interest rates, the volume of new regulation, in particular in the area of client protection (e.g. GDPR), technological changes and the company's ability to adapt and transform (PwC, 2017).

Similarly in a survey done by Willis Towers Watson, an advisory company, the future of the Czech insurance market is described as challenging, the three trends which came from the survey are digitalisation and the impact of new technologies, focus on improving client experience and optimisation of distribution channels. The results of this survey are further used in the solution proposal in chapter five (Willis Towers Watson, 2017).

## **2.2 Background information about PČS**

Pojišťovna České spořitelny, a.s. was established in 1992 under the name Živnostenská pojišťovna. It provided insurance services for new entrepreneurs. It further expanded its services in the form of insurance products to the public, and in 1995 as a first company PČS began to offer insurance for serious illnesses with insurance benefits in the case of an already diagnosed disease. With the entry of a new shareholder in 2000, the largest Austrian life insurance company, Sparkassen Versicherung, a member of the Erste Bank Financial Group, the company gained a mark of credibility and security. Positive changes were reflected in the development of the sale of insurance products. Pojišťovna České spořitelny specializes in the sale of life insurance and selected non-life insurance products offered by Česká spořitelna Financial Group. Another major change occurred in 2008. The company became part of the Vienna Insurance Group and subsequently in 2009 the name of the company was changed to Pojišťovna České spořitelny, a.s., Vienna Insurance Group. (Flexi.cz, 2018)

Currently the three owners are:

- 90 % Vienna Insurance Group AG Wiener Vericherung Gruppe
- 5 % Kooperativa Pojišťovna A.s., Vienna Insurance Group
- 5 % Česká spořitelna a.s., Erste Bank Group (Bureš, 2017)

Pojišťovna České spořitelny specializes in life insurance and is one of the strongest insurers on the Czech market in this area. The company has a long tradition thanks to the stable support of the financial group Erste Group and the office and sales background support of Česká spořitelna a.s. Complex and flexible products, including subsequent client service, are provided by two distribution channels.

Key figures can be found in Appendix II.

### 2.2.1 Brand elements of PČS

The logo of the company includes the full name Pojišťovna České spořitelny and the name of the majority owner Vienna Insurance Group. The name and logo changed in 2009 when during special general meeting of shareholders, it was decided that the name of the company would be changed from Pojišťovna České spořitelny to Pojišťovna České spořitelny, a. s., Vienna Insurance Group. The addition emphasizes the membership of the Austrian insurance group. In the logo a graphical representation of the Erste group was removed and replaced by the name of the Vienna Insurance Group (mesec.cz, 2009).



Figure 6 Pojišťovna České spořitelny old logo (Source: pojistovnacs.cz, 2018)



Figure 7 Pojišťovna České Spořitelny current logo (Source:flexi.cz, 2018)

The company is in its brand representation also and mainly using the logo of its flagship product Flexi insurance.



Figure 8 Flexi logo (flexi.cz, 2018)

### **2.2.2 Products**

The main product is life-insurance. Life insurance protects individuals and their families against the financial consequences of various life situations. The most important coverages are for the risk of death, the risk of permanent invalidity or death by accident. There are two basic types of life insurance – investment life insurance (investment, capital) and risk life insurance.

There are several types of products that PČS offers:

#### *Flexi life insurance*

The flagship product of PČS, the name has been chosen to show the flexibility of the product, Flexi has won an award for best financial product nine times in a row (Bubák, 2014).

The insurance contract can be created from 18 to 70 years of age of a client and the insurance can cover them until 80 years of age (with limited risk coverage).

Investment life insurance is a combination of insurance against the death of the insured with the possibility of investing part of the premium into mutual funds. The saving component of this insurance can be very mobile. The valuation of clients' money depends on the chosen investment strategy (from conservative to aggressive).

The reasons given on the Flexi website why this product is so successful are an easy online report of an insurance event using a simple on-line form which guides the client through the report; it is also possible to input all the necessary documentation electronically, possibility to adjust the insurance contract to the client's current needs including the extent of the insurance, amount of payment and the insured person. Additionally, there are promotional events which can lead to double coverage in case of certain illnesses (Flexi.cz, 2017).

#### *Flexi risk life insurance*

Flexi risk is a new type of life-insurance on the market, it covers only risks, and there is no investment and no savings. The clients who prefer this type of life insurance usually do not want to use it to make reserves; they do not care about tax relief or about employer contribution. The advantages also include insurance that covers different activities including adrenaline sports, again the events can be reported online and there is also a special offer of 26% discount for healthy lifestyle (Flexi.cz, 2018).

#### *Flexi life insurance - Junior*

A product created specifically for insurance of children. The contract can be created from birth to 18 years old, and the contract is valid until the client is 25 years old. At that point the contract expires and a new contract for Flexi insurance can be created. There is a possibility of partial collection of the collected funds from 19 years of child.



### 2.2.3 Brand organisation – McKinsey 7-s Framework

In order to present other relevant aspects of the company, the McKinsey 7-s Framework is used to structure the information.

**Structure** - The organisation has a straightforward and organised structure, it is divided into four divisions and many departments:

Financial division, ICT and risk management division

- Controlling and reporting
- Accounting and asset management
- IT and Risk management

Sales division

- Marketing and PR, digital strategies
- Sales reporting
- Client service
- External partners service

Product division

- Product portfolio
- Processes and methods
- Internal application development

Insurance and services division

- HR department
- claims settlement
- safety and GDPR
- internal control

(Flexi.cz, 2017)

Full organisational structure diagram can be found in Appendix III.

**Strategy** - The strategy of PČS aims at: having the best life insurance on the market, having the most satisfied clients, ensuring quality for the clients so they are happy with even having insurance, having educated clients. The strategic tools are: promotional events, special deals e.g. double pay-out for certain illnesses, media campaigns and bonuses.

**Systems** - The systems and processes in the company are connected and tightly bound to the processes and tools of Česká spořitelna. Daily activities of both internal and external sales staff include meetings with clients and use of internal software and systems. The rest of the employees from other departments of PČS use internal systems, shared calendars, phones, shared systems for development of products etc.

**Style** - Since the company PČS itself is small, the connections between departments are very strong, communication is effective and tasks are worked on together. Cooperation of smaller groups on projects, sharing knowledge, meetings, development of products and advertisement all lead to the goal of having both happy client and employees. The management techniques of top-level managers and leaders heavily rely on remote communication as well as personal contact.

**Staff** - The Company PČS does not take part in the selection process of the sales staff, therefore for this type of employee the most important part is the focus on training, training of new products and changes in products, sales skills, and motivation. There are four special departments which care and support the sales staff and focus on both quality and performance. Training is done from the beginning and continuously, throughout the employment cycle and on all levels, from sales staff to top management.

**Skills** - Skills required and trained in PČS include: sales skills – cross-selling, communication skills, proactivity, product knowledge, insurance conditions, laws and regulations.

**Shared values** - The values of PČS are following: strong focus on client, clients need to know what is happening with their insurance at all times and have the most possible version, high level of communication and cooperation with sellers and among departments, the contracts need to be revised as often as possible – high level of organisation, campaigns, education and training on a high level of importance.

## **2.3 Market range**

### **2.3.1 Brand competition**

In order to define brand competition, brand competition perception needs to be defined. Brand competition is understood as a company providing a fully comparable service or product. Here meaning a comparable life insurance. In this case, focus is put on finding relevant competitors within the Czech life-insurance market. There is quite high number of competitors on the market.

### **2.3.2 Definition of competitors**

Possible relevant competitors conducted from the definition above are following companies/brands. These competitors are listed in the following table.

Table 1 Relevant Competitors (Source: created by the author)

#### **COMPETITORS:**

|                         |
|-------------------------|
| <b>AXA</b>              |
| <b>ALLIANZ</b>          |
| <b>METLIFE</b>          |
| <b>AEGON</b>            |
| <b>ČPP</b>              |
| <b>ČESKÁ POJIŠŤOVNA</b> |
| <b>GENERALI</b>         |
| <b>KOOPERATIVA</b>      |

The competitors of PČS based on the criteria defined in the theoretical part of the thesis are AXA, Allianz, MetLife, Aegon, ČPP, Česká pojišťovna and Generali. Currently, one more competitor is a second daughter company of Vienna Insurance Group called Kooperativa. However, in the year 2019 PČS and Kooperativa will merge. The purpose of the merger is to secure the company's position on the market and balance its focus on both life insurance and general (non-life) insurance, the future of the brand and its components is currently being reviewed and no decisions were made yet (Česká Televize, 2017).

Key characteristics of selected relevant competitors are presented in the following chapter. The selection was based on the key brand strategies and identities differences in order to be able to compare the competitors and to present to possible approaches.

### 2.3.3 Key characteristics of selected competitors

#### *Axa Životní Pojišťovna a.s.*

Axa has been operating on the Czech insurance market since 1995 (until March 2007 under the name of Winterthur Life Insurance Company a.s.). Thanks to their cooperation with other members of the AXA Financial Group, they provide wide portfolio of financial products. AXA has a number of life insurance products and services they offer, these are Kumulativ MAX II, TOP Comfort and Balance. The brand of this insurance company is represented by a logo and a slogan: Redefining standards.

The branding strategy of AXA is since the year 2016 heavily focused on content marketing. Through the cooperation with a website Patalie.cz they are reaching a wide range of readers and potential clients. The articles although leaning towards topic of insurance are covering a wide topic variety. This means that for example an article about travel offers a travel insurance at the end (Mediaguru, 2016). The personality of the brand has certain similarities as the brand of PČS. The communication and marketing are focused on presenting the family and caring aspect of the brand personality. Axa is also active on social media, reaching a younger client base (Axa.cz, 2018).



Figure 9 AXA logo (Source: axa.cz)

## *Allianz*

Allianz pojišťovna, a. s. is a part of Allianz Group. They have been operating in the Czech Republic since 1993 and their philosophy is to provide the widest coverage together with superior client care. The company offers both life and non-life insurance. The main life insurance product is Allianz Život. The company Allianz presents its main branding identity as client-centric.

A campaign reflecting this identity and strategy has been introduced in 2017. The campaign is focusing on the ability of the client to set the product and risk level by them while taking into account the health profile including smoking or weight (marketingsales.tyden.cz, 2017). The campaign was supported by marketing mix of billboards, posters located at the branches and online marketing. The brand identity in terms of communication uses the standard methods used in the industry while differentiating with the content and focus (allianz.cz, 2018).



Figure 10 Allianz logo (Source: allianz.cz)

### ***Aegon Pojišťovna, a.s.***

Aegon is a relatively new insurance company; it was established in 2005 as a specialist for life insurance. It is a part of Aegon N.V. group. Main product/service in the life insurance category is Life insurance Aegon Care. Aegon has very active social media and is present on Facebook, Twitter, LinkedIn and Instagram. The slogan of Aegon is Transform tomorrow.

The brand communication they have chosen is quite different from the other competitors. They have decided to use a representative of their brand by sponsoring Martina Sáblíková a Czech speed skater and Olympic gold medallist. Even though, their approach should be beneficial and very relevant to the Czech market and Czech client, according to news from April 2018 the company did not reach its goals and were not able to succeed among the other competitors (Prokeš, 2018). This information may suggest that choosing a geographically market specific representative and branding strategy does not necessarily mean that the brand will be successful (aegon.cz, 2018).



Figure 11 Aegon Logo (source:aegon.cz)



## **ČPP**

Česká podnikatelská pojišťovna is a universal insurance company offering both life and non-life insurance. It has been operating on the Czech insurance market since 1995. ČPP has a strong position in vehicle insurance but the company also develops in other insurance segments, life and accident insurance, civil property insurance and business insurance. Since 2005, ČPP has been one of the largest European insurance groups, the Vienna Insurance Group.

The branding strategy of ČPP is based on representation of the identity and an image of a universal insurance company. The focus of their current main campaign is not on life insurance, which is part of their portfolio but on non-life insurance called Domex+. The campaign is using a popular Czechoslovak animated series Pat a Mat, created already in 1976 and therefore targeting older generation (Marketingsales, 2018).

The brand of ČPP as suggested by the name in Czech language is focused on entrepreneurs. (CPP.cz, 2018).



Figure 12 ČPP logo (source: cpp.cz)

### *Česká pojišťovna*

The insurance company has 190 years of tradition of providing both life and non-life insurance. Since 1991, they remain on the position of the largest insurer on the Czech insurance market. They provide insurance for individual clients as well as small, medium and large clients in the areas of industrial, business risks and agriculture. The company has sales representatives at 1,500 distribution points. Česká pojišťovna manages more than seven million insurance contracts and its market share in the domestic market is more than twenty percent.

One of the campaigns the company has done was targeting responsible parents, offering and presenting life insurance for kids. The campaign was dedicated to the fact that the best medicine for a child is to be at home with parents, while they do not need to lose money. The campaign was communicated through standard means of communication (Tv commercials, online media and prints) as well as one special reward for potential clients who left their contact information on a dedicated website. The reward was a book of twelve original stories for sick kids written by award winning author (marketingovenoviny.cz, 2016).

The vision of the company is according to their website to actively protect and enhance people's lives and the mission is to be the first choice by delivering relevant and accessible insurance solutions. A big focus is also on community and keeping promises (ceskapojistovna.cz, 2018).



Figure 13 Česká pojišťovna logo (Source: ceskapojistova.cz)

## ***Generali***

The company was founded in 1831 as Imperial Regia Privilegiata Compagnia di Assicurazioni Generali Austro-Italiche in Trieste. Trieste was then part of the Austrian Empire, but still in close contact with the forming Italy. In 1832 the company opened branches in Vienna, Budapest and Prague. In 2008 Generali PPF Holding was established, which owns the Czech brand Generali Pojišťovna a.s. and Česká pojišťovna a.s. Main Products in the life insurance category are Bella Vita, La Vita, Profit Invest II and Swing. (generali.cz, 2018).

In 2013 the company presented its brand by using a campaign with Czech proverbs. Since the company has a long history and tradition the use of historical proverbs seems very fitting and relevant to the brand identity. The company is also focusing on younger generations, by using social media as a complementary distribution channel (marketingsales, 2013). Another campaign focusing on young potential clients was using the unexpected events and experiences young people encounter, Generali wanted to present that the brand is an ideal partner for such cases and likes challenges (generali.cz, 2018).



Figure 14 Generali logo (Source: Generali.cz)

## ***Kooperativa***

Kooperativa is part of the Vienna Insurance Group (VIG). The company has been on the Czech insurance market since 1991. They offer variety of products not only for citizens, but also for businesses, small businesses and large corporations. Their website is also available in English. Their main products are Perspektiva and Na Přání. The slogan of Kooperativa is: For life as it is.

Campaigns of Kooperativa are mainly focusing on non-life insurance; the main idea is to introduce the brand as a modern 21st century insurance company that is an innovator on the market. Using humour and common life situations with which potential clients can identify themselves (mediaguru.cz, 2017). When introducing a new product in the life insurance category the company decided to focus on the idea of inexplicableness of human being. In the form of telling a true story of family life of a client, and the challenge of not wanting to disappoint the closest people in their life. The goal was to get people to think about the situations they are experiencing and to attract an interest in life insurance. The aspect of the brand identity the company used is the familiarity, own experience and personalisation of the client.



Figure 15 Kooperativa logo (koop.cz)

### 2.3.4 Competitive map

Based on the defined relevant competition aspects, criteria for competitive map were chosen. These criteria are number of branches (points of direct contact) and the market share of the company. The first criteria were chosen to represent the focus on direct client communication, the brand identity representation and the size of the operations. The other criteria, market share was chosen to represent the number of clients, the range of services and the amount of revenues which are all included in the market share indicator. The following table contains data used for the mapping of the brands/companies.

|                         | <i>Branches</i> | <i>Market Share</i> |
|-------------------------|-----------------|---------------------|
| <i>Kooperativa</i>      | 300             | 15,4                |
| <i>Česká pojišťovna</i> | 843             | 17,3                |
| <i>PČS</i>              | 517             | 15,6                |
| <i>Generali</i>         | 291             | 7,3                 |
| <i>ČPP</i>              | 100             | <7                  |

Table 2 Competitive map data (Source: Branches – Individual websites, Market share- Česká Asociace Pojišťoven, 2018)

The data has been collected from websites of the individual companies and from a website of Czech Insurance Association (CAP).

The competitive map can clearly show the positioning of PČS among its competitors. The map suggests that the highest market share and number of branches (not including external sellers) belongs to Česká pojišťovna. This company is a very strong competitor of PČS. Then we can see that Kooperativa follows with a high market share number but with significantly lower number of branches.

PČS is located in the upper right corner with a relatively high number of branches and market share. Generali and ČPP are both located on the map in the lower part of the left quadrant, these companies have less branches and a smaller market share. Nevertheless, this does not mean that these competitors are lower or less threatening. Even though their position is lower, there is always a possibility of change of laws, entrance of a new strong insurer or demise of one of the companies with higher score which can shift the map completely.

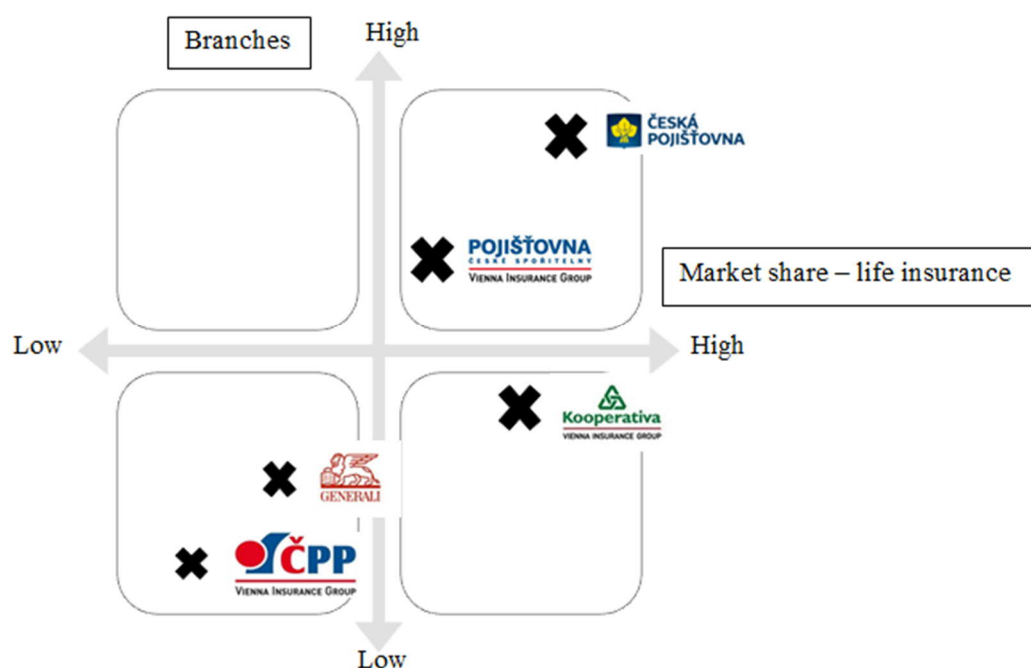


Figure 16 Competitive map I (Source: Branches – Individual websites, Market share- Česká Asociace Pojišťoven, 2018)

### **2.3.5 Summary of relevant competitors**

Relevant competitors, listed above, are relevant, because they either operate in the same industry as PČS meaning life insurance or companies which offer life insurance products in their portfolio. These competitors are serious and possess characteristics that make them successful on the Czech market and well-known among clients.

All of these companies are established on the Czech market and are on the market for a longer period of time. The companies have very similar and good branding strategy. Most of them focus on good web representation with some of them offering online distribution channels. Campaigns are also very similar as they usually focus on promoting a product or special promotional events.

Overall, these chosen competitors are using branding strategy to some extent, trying to attract clients through their branding, TV commercials, websites, special events or special programmes and offered services. Most of the competitors are currently preferring to focus on communication and positioning more than personality and product development.

## **2.4 Client segment of PČS**

In the case of PČS the client base is very wide, potential clients are from the age of 0 to 70 (with contract lasting until 80). There generally are no limitations to nationality or conditions meaning previous or current health issues. Clients are very important for PČS and the strategy uses this importance in both communication and positioning.

Currently PČS provides insurance coverage to around 1, 5 million clients (idnes.cz, 2017). The advantage PČS acquired when using the distribution channels and cooperation with Česká spořitelna is number of their client. Česká spořitelna has had in the first quarter of 2017 more than 4,5 million clients (Pokorný, 2018).

The new product Flexi risk has in March of 2018 already acquired a thousand clients; the product was introduced in November of 2017.



## **2.5 Brand identity**

### **2.5.1 Positioning**

PČS uses branding strategy based on its personality and product portfolio. The differentiating attributes are captured in unique flexibility of services/products. These attributes bring clients with specific requests and with interest in high quality of services. This is emphasized in the brand presentation, communication and perception.

The supporting attribute which supports the positioning of the brand of PČS is possibility of different distribution channels. There is a high demand for online services and/or individual premium services by the clients. The high number of personal contact points with the company and the services offered plays an important supporting role as well.

Competitive attributes are the range of coverage the insurance services offer and the possibility of their modification. There is possibility to make changes during the lifetime of the contract; most companies are not able to change for example the insured person on the contract. Another competitive attribute is the offer of two types of insurance services, both investment life insurance and risk insurance where there is a possibility to utilize tax deductions or employer contributions.

Qualifying factors are the availability of research and development, legal teams, economists and insurance experts, high focus on education of employees and convenience of client- company contact. Price and feels are not easily classifiable as there is not enough possibility to change them, both up and down when compared to competition (Ko Floor, 2006).

### **2.5.2 Brand personality of PČS**

Personality of PČS can be and is very connected to emotions, as life insurance covers and deals with major life events. The connection between the client and the brand is therefore based on emotions. The brand personality matches the target group values and desired approach. The brand personality experienced by the client should reflect the functional positioning attributes of the brand.

The personality of PČS can be presented as a “doctor figure” – offering preventive care, thinking about all important parts of life and possible risks, highly educated and innovative, modern, offering solutions and advice to problems, being able to solve everything quickly and being able to go beyond standard procedures

The personality of the brand is shown through campaigns, the mission of the company and the strategy used. As described further in the Brand identity prism in chapter 4.4, the personality is supported by both the self-image and reflection of the brand. The name Flexi reflects these abilities and characteristics of the personality as well.

### **2.5.3 Communication of PČS**

Since most of the business of PČS is done in person or over the phone, communication is an integral part of the brand. The link between brand communication and brand positioning is the brand personality which needs to be properly represented. Quality of communication and client interaction may have an impact on the brand perception and consequently on the sales.

#### **2.5.3.1 Internal Communication**

Internal communication is reflected in the working environment, in which employees are located, the conditions that the company sets for them, the benefits and nowadays also the personal development of the employees. The working environment also includes the visual aspect of branch offices and the buildings, representation and behaviour of employees and the overall atmosphere at the place of contact.

Currently there are 522 offices all over the Czech Republic where PČS offers its services (Flexi.cz, 2018). Since these offices are located in the buildings of the mother company Česká spořitelna, the investments made are generally larger and visual and modern aspect of the building is taken seriously. In 2018 many branches are being rebuilt, remodelled and modernised in order to appeal to increasingly more demanding clients. The biggest change is in the client-employee interaction which became more personal and private, offering the feeling of exclusivity. The first one was in Prague, second was recently finished in Olomouc and others will follow (Semerádová, 2017). The buildings of Česká spořitelna a.s are usually located at the most available locations in cities and villages; this means that they are located on main squares, in large shopping centres etc.

Internal communication plays an important role in keeping the bank's employees informed about current events throughout the company and around it. It also provides the employees with motivation and possibility for cooperation across departments.

### **2.5.3.2 Distribution channels**

Products of PČS and services are available through two distribution channels. The first distribution channel is the branch network of Česká spořitelna. There are more than 3,200 consultants of Česká spořitelna who are taking care of clients at more than 513 locations in the Czech Republic. These consultants are trained to sell both products of Česká spořitelna and insurance of PČS, they use integrated system and are able to see the whole portfolio of a client and provide a complex service.

The second distribution channel is the external network of financial consultants and advisors. A professional client service is provided by 133 external contractors. The counsellors are flexible to the client, adapting to the time and place of the meeting (Flexi.cz, 2018). A Financial Advisor is a person who provides the client with an expert opinion on addressing their life needs in the area of their private finances, which includes providing advice on managing financial resources, building assets, and investing the funds of private and public entities. The result of a financial advisory service can be either realization or rejection of the offered solution.

Pojišťovna České spořitelny, is also one of the first insurance companies on the Czech market, which launched a mobile application specially made for financial advisers. The application is called PČS assistant. At any time, consultants are able to look at the details of their clients' contracts via a mobile phone or tablet (Bubák, 2014).

### 2.5.3.3 External Communication

#### Website

The website of PČS can be found at [www.flexi.cz](http://www.flexi.cz). It can be seen that the company decided to use the name of its key product as a main theme of the website presentation, the new web was created in 2017 and won first place in the Insurance category in WebTop100 contest. The goal was to create a clear, attractive and user-friendly web solution that can simplify communication between the client and the PČS. The designed has a modern and simple and target-oriented structure, it is also optimized for mobile users (FG Forrest, 2017).

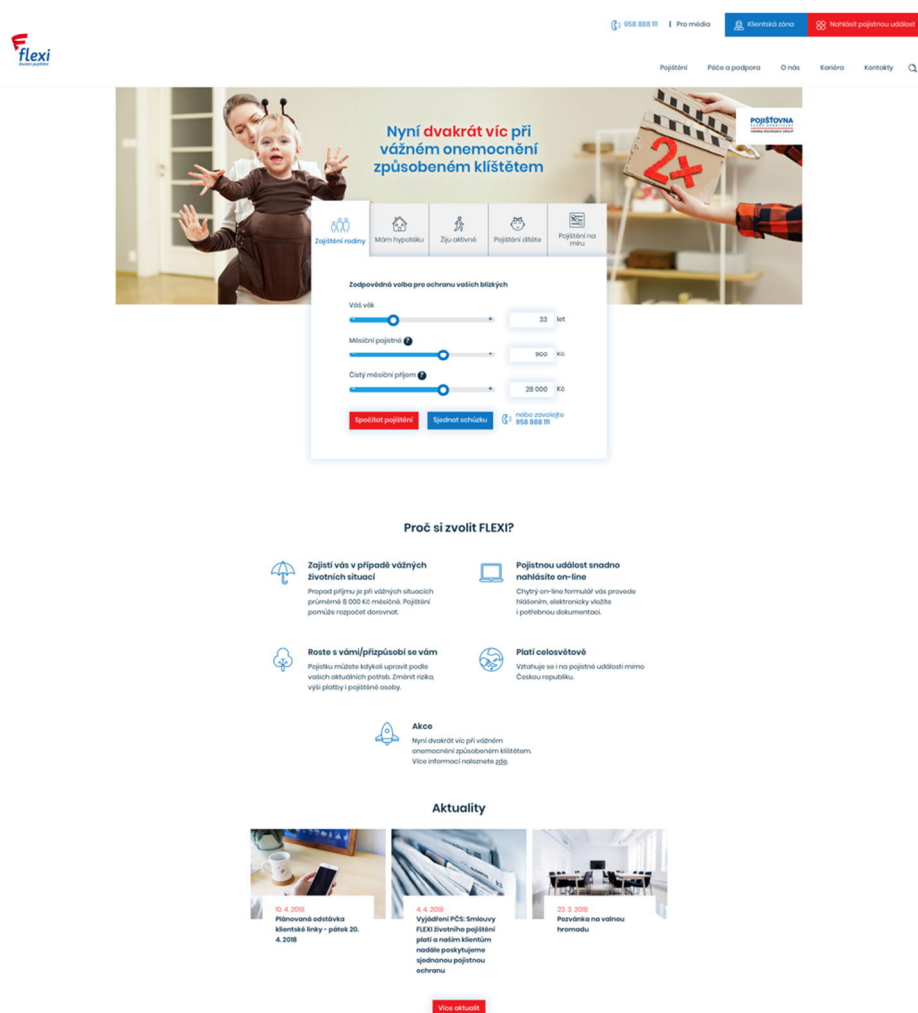
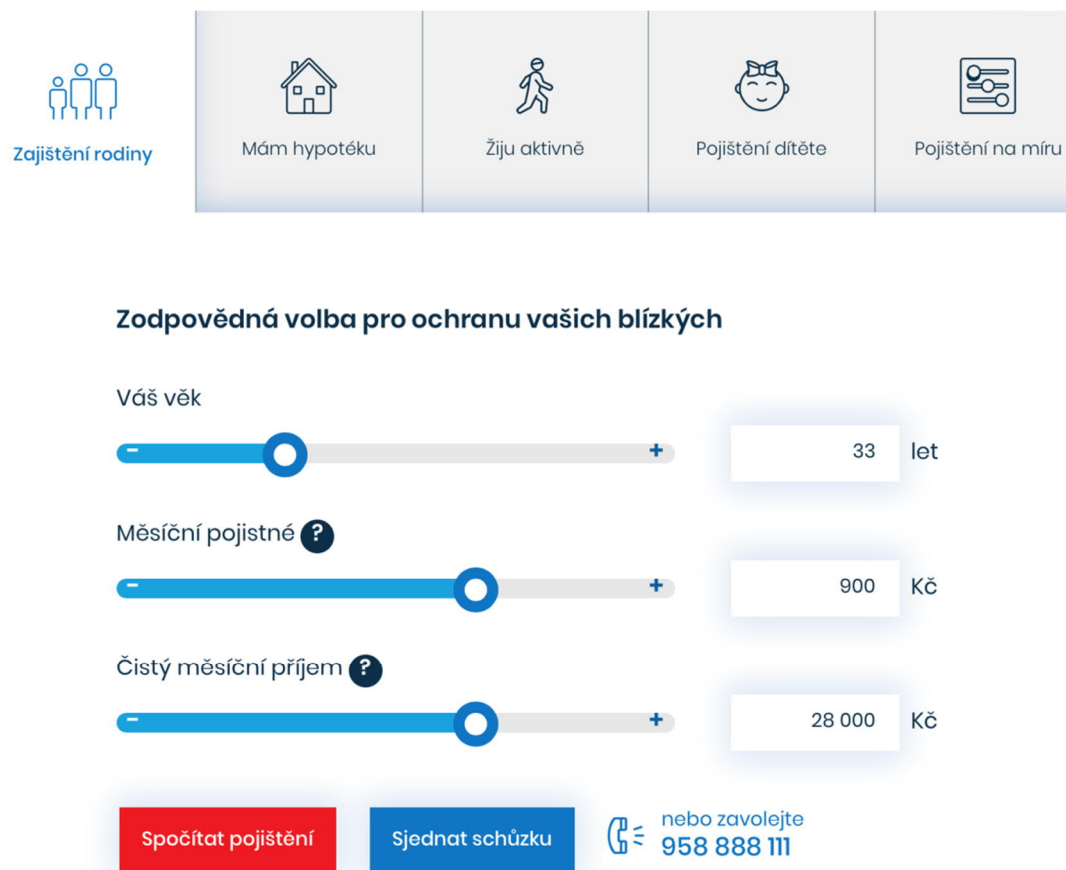


Figure 17 Website [www.flexi.cz](http://www.flexi.cz) (Source: Flexi.cz, 2018)

The landing page of the website is divided into five sections: Securing your family, I have a mortgage; I live actively, Child insurance and tailored insurance. Each of these sections offers an interactive and simple calculator, contact information and news.



The image shows the landing page of the flexi.cz website. At the top, there are five navigation icons: a family (Zajištění rodiny), a house (Mám hypotéku), a person running (Žiju aktivně), a child's face (Pojištění dítěte), and a checklist (Pojištění na míru). Below these is a section titled "Zodpovědná volba pro ochranu vašich blízkých" (Responsible choice for the protection of your loved ones). This section contains a calculator with three sliders: "Váš věk" (Your age) set to 33 let, "Měsíční pojistné" (Monthly premium) set to 900 Kč, and "Čistý měsíční příjem" (Net monthly income) set to 28 000 Kč. At the bottom of the calculator section are two buttons: "Spočítat pojištění" (Calculate insurance) and "Sjednat schůzku" (Book a meeting), followed by a phone icon and the text "nebo zavolejte 958 888 111" (or call 958 888 111).

Figure 18 Website sections and calculator (Source: flexi.cz, 2018)

The website also contains frequently asked questions, system which allows the client to input their number to have a salesman contact them and interactive map of branches. There is also possibility of receiving email newsletter and there are links to social media.

The career page is divided according to location and offers stories from current employees on similar or the same positions which are being offered.

## Social media – Facebook

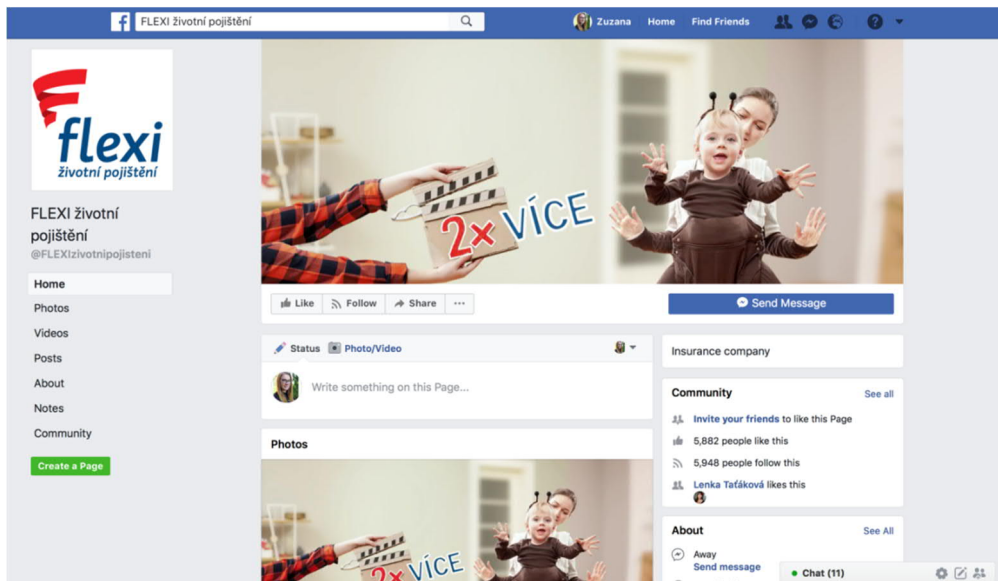


Figure 19 Facebook profile – Flexi (Source: facebook.com, 2018)

## Instagram

The company does not have a profile on Instagram but they do use the advertising tools on the platform.

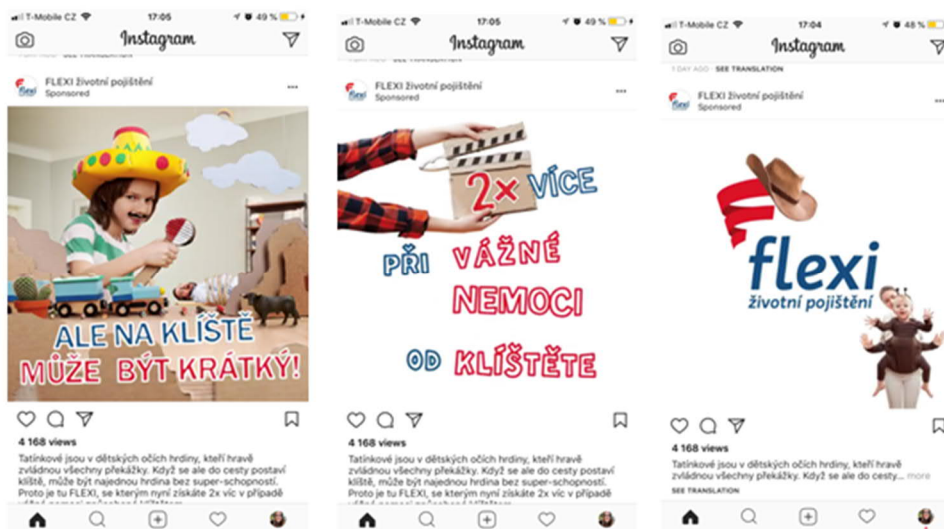


Figure 20 Communication on Instagram (Source: Instagram.com, 2018)

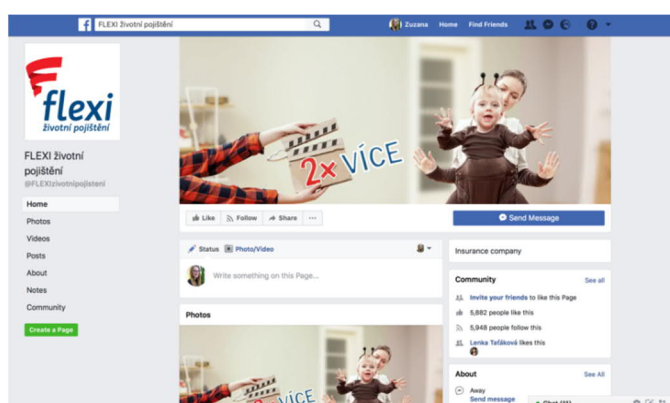
## 2.5.4 Marketing campaigns

The most current campaign currently running on TV, online, on social media and through marketing materials is the campaign for Flexi life insurance. It is the continuation of a previous successful campaign where the main concept is “*Dad is a hero*”, which is based on children’s perception of their parents. The campaign is promoting and communicating an aspect of the flagship product, a benefit which allows for a double pay-out for a serious disease caused by a tick. Its running period is from 3<sup>rd</sup> of April to 27<sup>th</sup> of May.

The TV commercial is in a form of a home video depicting a father “Tátoman” in a fight against “Doctor Mléčňák”, a three-year-old sister, both casted by the boy. The father wins the fight. The commercial ends with the words that in the eyes of children heroes can win against anything, but you should rather get Flexi life insurance, just to be sure. At the end a special promotion is shared by the boy, for the double pay-out in the case of illness caused by a tick.

This concept has been used in the past and was successful, therefore the marketing team decided to use it again (mediaguru.cz, 2018).

The concept and visuals are used on all platforms where PČS is active:





The following figure showcases the style and the story of the TV commercial. The relationship and the connection of the TV commercial and the brand is very strong, the main theme is family, view of children and presenting the special promotional event PČS currently offers. The topic is connected to the flagship product and to the brand identity. They try to show the representation of a caring and involved company. The theme is consistent in all online and offline media representation and communication.

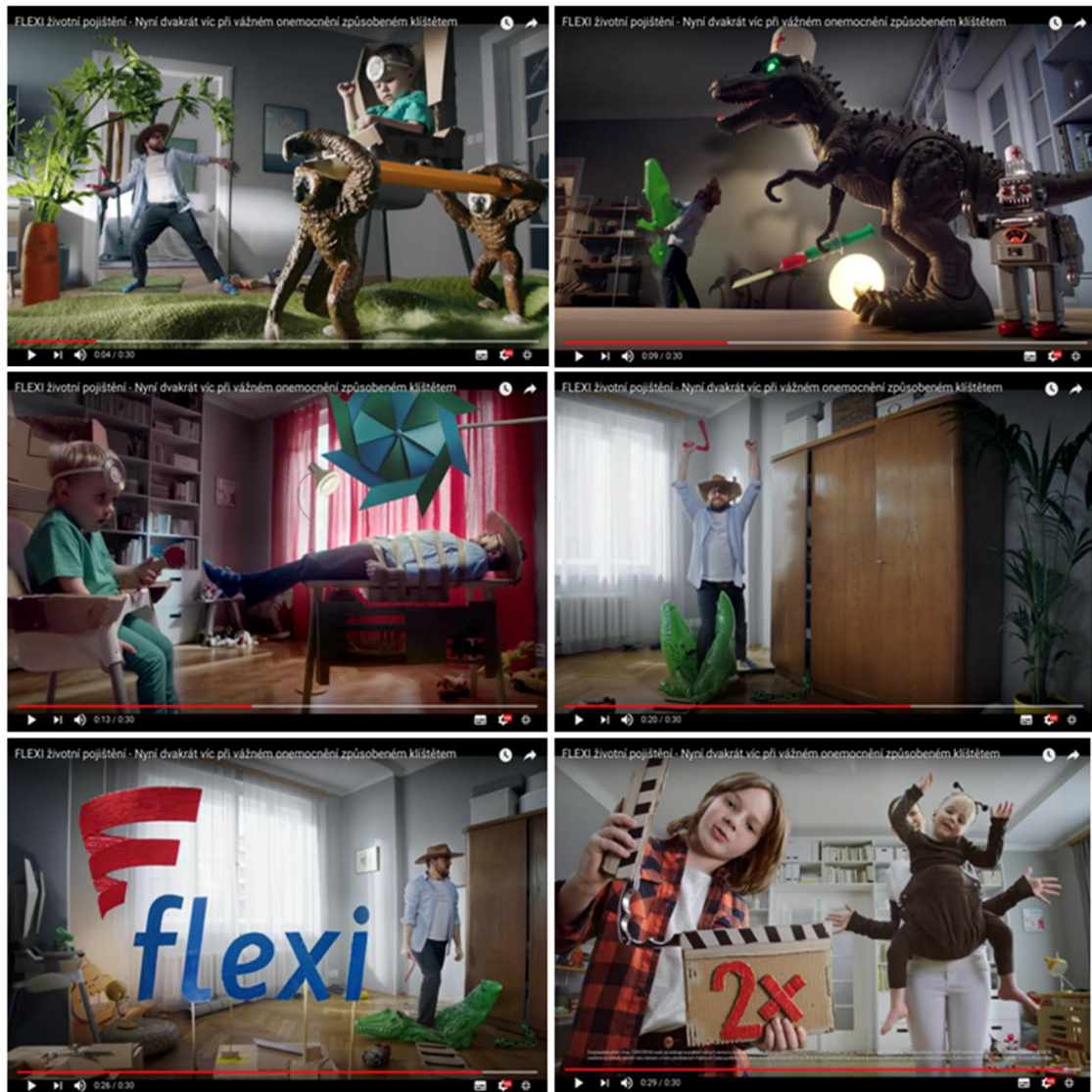


Figure 21 TV commercial - screenshots (Source: youtube.com, 2018)

## 2.6 Brand identity prism of PČS

The following brand prism describes the individual features of the brand PČS.

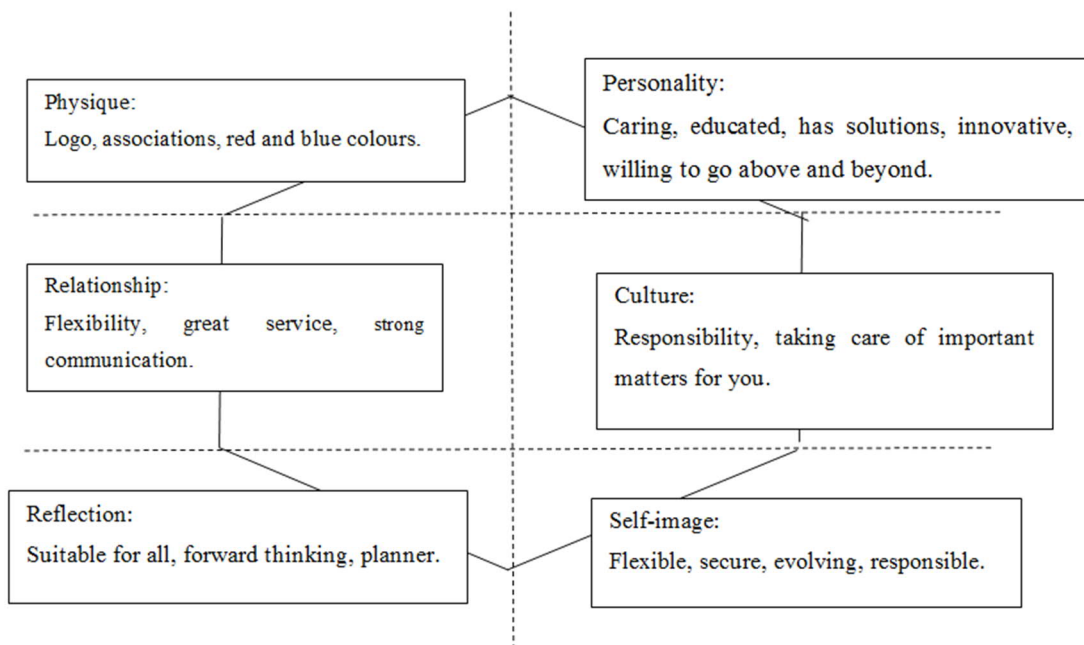


Figure 22 PČS Brand Identity Prism (Source: own elaboration based on Kapferer)

**Physique** - Logo and colour palette is consistent and used during all phases of the client / brand relationship. In campaigns associations are used.



**Personality** - The personality of PČS can be presented as a “doctor figure” – offering preventive care, thinking about all important parts of life and possible risks, highly educated and innovative, modern, offering solutions and advice to problems, being able to solve everything quickly and being able to go beyond standard procedures

**Culture** – Culture represents the responsibility, safety net for important events in life and proactive communication with clients.

**Relationship** – Flexible relationship, offering great service and strong focus on communication, when needed – the service is always there for the client, low amount of paperwork.

**Reflection** - Suitable for all, the client is forward thinking, planning long term, responsible and financially educated.

**Self-image** – Secure, not as scared for their health, family, product and service which they buy is still being improved, connected with services, flexible and great future potential.

## 2.7 ANALYSIS SUMMARY

First in the analytical part the banking industry and Czech insurance market are examined. Following is a brief introduction of the company's history, its distribution channels, products and client base. Then, brand organisation using the McKinsey 7-s framework is analysed. Second, the brand management and identity are described and explained. In the identity positioning, personality and communication is studied.

The identity of Česká spořitelna takes an important place on the Czech insurance market. When compared to its competitors in terms of life insurance market share, it is placed on the second place with 17%. Analytical results show that the company has a strong sense of personality and identity and tries to use it in business communication. Historical context and the support of Mother Company both aid the image and the relationship of the seller and the client.

Overall identity of PČS is based on their flagship product Flexi, the personality and relationship they aim towards and the company culture. What some competitors do offer is online distribution channel, which is in the case of PČS lacking. In order to improve, PČS needs to focus on internal communication and development of branding strategy by using their positioning and personality to create the right communication mix. Brand Identity Prism analysis is a useful tool for deeper analysis and the ability to reach the desired outcome.

In the following part of the analysis current marketing campaign is presented and finally a SWOT analysis is conducted in order to uncover strong and weak points of the company.

In the next chapter solutions and improvements to the brand presentation and management are introduced.

### **3 SOLUTION PROPOSAL**

Solution proposal uses the gained theoretical background and follows the analysis of the current branding situation and competition analysis. Recommendations and ideas for possible changes are presented in a way to improve competitiveness and develop branding strategies using concepts described in the theoretical part.

Floor suggests that an accurate and well-prepared combination of positioning, personality and communication needs to be established in order to create solid brand identity, develop strong brand and increase competitiveness.

For the purpose of developing a proposal brand prism concept was used, the concept suggests that analysing the six aspects: physique, personality, relationship, culture, reflection and self-image can lead to a consistent image and perception of the company by current and potential clients. The image is greatly affected by the attitude of clients towards the brand and their experiences during the purchase process.

The recommendations presented are based on the analysis of the brand, the environment and the theoretical background and expertise of the selected authors.

### **3.1 Limiting factors and environment**

As can be seen from the analysis of the insurance and banking market and from the surveys conducted by PWC and Deloitte that the life insurance industry is threatened by new regulations, technological changes and the company's ability to adapt and transform. These can be viewed as limiting factors which need to be taken into account when creating a branding strategy.

As part of the new strategy, PČS should transform the threats of the environment through its strengths into opportunities in order to gain competitive advantage. Administrative costs related to the implementation of new regulations can be diminished by the mother company, which is not possible in the case of smaller and newer companies.

In the improved strategy, PČS should use its strengths and make the most of the market opportunities. Due to the high share of the market, the company can profit from the growth of its clients' wages as well as the growing financial education.

Another threat, the lack of skilled workers in conjunction with the inability of PČS to contribute to the selection process of the sales-staff of Česká spořitelna needs to be addressed. If there is no possibility to introduce an input into the selection process, the author suggests a stronger focus on training and education of the values of PČS.

## 3.2 Communication

It is recommended by the author to improve internal communication not only visually but also concerning staff and employees, they need to be aware of the vision, mission and brand identity of PČS, it may be more challenging than in other companies as these employees are representing two companies – PČS and Česká spořitelna, but the differences are not as prominent for it to be demanding or time consuming. Since there are regular trainings in place for changes in products, legislation and conditions, as well as sales techniques and communication techniques these trainings can also include strengthening and training of awareness of brand identity. This can have a positive effect not only on the company's staffing needs, but also on the quality of the services provided, the satisfaction of the clients and, last but not least, on the improvement of the company's business results. Overall, the emphasis is set on the recommendations concerning internal communication.

Recommendation for external communication is to increase spending on media campaigns. Even though the campaigns currently running are successful, they are not exactly aligned with the brand identity of the company. The campaigns can use the brand and link it to its long tradition, national sense and personality. The stereotypical client of the PČS brand described in the identity prism needs to be reflected in communication as well.

External communication is also connected to the distribution channels, the changes in technology and increasing use of online communication suggest the possibility to introduce online distribution channel. Even though the company is satisfied with its current distribution channels, the trends are rapidly changing and many clients prefer remote communication and services (Finanční Poradce, 2010).

### **3.3 Financial education**

Another focus should be on the education of clients, PČS has the opportunity to educate the large number of clients of Česká spořitelna and raise the awareness of the usefulness of life insurance and financial planning.

As the OECD suggests there are steps which can be taken in order to improve financial literacy. They suggest certain point to financial institution, these include the fact that they should include financial education into their goodwill and focus mainly on important life aspects such as insurance and savings, they should make sure that clients read and understand information they are given “especially when related to long-term commitments or financial services with potentially significant financial consequences: small print and abstruse documentation should be discouraged.” Additionally, financial education should be clearly distinguished from advice and information in commercials provided by the company with the intention of sales promotion.

The increasing number of advisory companies suggests that their services are wanted and needed. It would be therefore beneficial to consider giving the financial education of potential clients a higher value and possibly dedicating a team towards implementing new campaigns and services.

### **3.4 The product**

The flagship product Flexi is being periodically updated and, as the name suggests, the setup of conditions for individual clients is very flexible. It would be suitable to focus on all parts of the product which are positive and better over competition and build the brand communication on them. Another recommendation is to use the potential of offering products to foreigners residing in the Czech Republic, the number is rising and since the insurance is available, communication and distribution channels in other languages may be advantageous.



### **3.5 Possible future development**

The final and currently debated topic is the possible merger with Kooperativa, this merger may change every aspect of the brand – the name, the identity, also the products, communication and distribution channels. This merger can bring, as seen in the SWOT analysis both opportunities and threats to the company. The future is currently in the hands of those deciding about this merger. Regardless of the result, the branding strategies, the concepts and the theories are applicable in all cases and the recommendations and the analysis can be used in the future, either to develop a new strategy using the gained knowledge or in order to avoid possible mistakes.

### **3.6 Final comment by the author**

The brand identity is considered by the author relevant and fitting to the type of business and type of company PČS is, it can be seen that branding and marketing departments are taken seriously and large amounts of resources are allocated to them. Communication, distribution and the new conditions caused by changing environment are therefore worked on and may follow the recommendations of this thesis in the future.

## 4 Summary

The main goal of this thesis was to analyse the branding strategy and brand presentation of the company Pojišťovna České Spořitelny. Then on the basis of the analysis, the task was to define specific solutions to individual aspects of branding strategy while using and being aware of the environment and the strengths and weaknesses of the company. The proposed solutions are to be used for further development of the company. The main goal has, in mind of the author, been successfully fulfilled.

In the first part of the thesis, the author summarized the theoretical knowledge about brand, branding strategy and strategic analysis. The author also outlined the methodology used in the analytical part of the thesis.

In the second part the author described and analysed the basic characteristics of PČS, its key figures and position on the Czech market, the industry and insurance business results, the company's positioning and most importantly the identity and organisation. The analysis has shown that the insurance market has undergone, over the past decades, a turbulent development linked to the revolution in computing, information technology and globalization. In Europe, the industry has seen growth and a number of mergers and acquisitions in order to reduce costs and provide full financial services. The analysis of selected indicators compared with competitors has shown the rivalry on the market and the need for a solid strategy. The results show that the company operates in a generally stable market with high economic growth. The market is characterized by the increasing number and wealth of the population and at the same time shortage of skilled workers.

In the third part, the author proposed solutions and improvement to the threats and opportunities realised from the analytical and theoretical parts of the thesis. The strategy proposed by the author collects the theoretical background of specialists and prepares a individually design set of recommendations and focus points for further development of the brand.

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## **6 LIST OF ABBREVIATIONS**

PČS – Pojišťovna České Spořitelny

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### Appendix I - OECD National insurance market share – EU

“National insurance market share is defined as a country's national insurance market compared with the OECD insurance market total. It measures the importance of the national insurance market as an index using the OECD insurance market total as base; OECD=100” (OECD.org, 2018).

National insurance market share Total, OECD=100, 2010 – 2016

| Location ▼      | ▼ 2010 | ▼ 2011 | ▼ 2012 | ▼ 2013 | ▼ 2014 | ▼ 2015 | ▼ 2016 |
|-----------------|--------|--------|--------|--------|--------|--------|--------|
| Austria         | ..     | ..     | ..     | 0.515  | 0.506  | 0.436  | 0.411  |
| Belgium         | 0.906  | 0.885  | 0.896  | 0.770  | 0.773  | 0.635  | 0.606  |
| Czech Republic  | 0.189  | 0.190  | 0.168  | 0.164  | 0.154  | 0.128  | 0.120  |
| Denmark         | ..     | 0.734  | 0.700  | 4.636  | 0.749  | 0.661  | 0.668  |
| Estonia         | 0.013  | 0.012  | 0.013  | 0.016  | 0.017  | 0.016  | 0.016  |
| Finland         | 0.269  | 0.219  | 0.200  | 0.268  | 0.285  | 0.246  | 0.199  |
| France          | 6.872  | 6.257  | 5.528  | 5.661  | 5.929  | 5.181  | 6.525  |
| Germany         | 5.572  | 5.535  | 6.470  | 6.851  | 6.831  | 6.053  | 5.870  |
| Greece          | 0.161  | 0.149  | 0.124  | 0.111  | 0.102  | 0.082  | 0.078  |
| Hungary         | 0.094  | 0.088  | 0.072  | 0.074  | 0.072  | 0.062  | 0.063  |
| Ireland         | 1.047  | 0.965  | 0.974  | 0.930  | 1.060  | 1.008  | 1.079  |
| Italy           | 3.927  | 3.398  | 2.954  | 3.308  | 3.901  | 3.425  | 3.016  |
| Latvia          | 0.010  | 0.012  | 0.012  | 0.013  | 0.014  | 0.012  | 0.012  |
| Luxembourg      | 0.635  | 0.415  | 0.538  | 0.507  | 0.584  | 0.439  | 0.404  |
| Netherlands     | 1.212  | 1.270  | 1.096  | 1.050  | 0.980  | 0.772  | ..     |
| Poland          | 0.416  | 0.418  | 0.411  | 0.376  | 0.352  | 0.300  | 0.283  |
| Portugal        | 0.487  | 0.339  | 0.290  | 0.349  | 0.376  | 0.288  | 0.241  |
| Slovak Republic | 0.065  | 0.065  | 0.059  | 0.061  | 0.060  | 0.050  | ..     |
| Slovenia        | 0.067  | 0.066  | 0.060  | 0.058  | 0.056  | 0.049  | 0.048  |
| Spain           | 1.766  | 1.870  | 1.558  | 1.584  | 1.545  | 1.353  | 1.467  |
| Sweden          | 0.593  | 0.608  | 0.527  | 0.559  | 1.007  | 0.832  | 0.780  |
| United Kingdom  | 7.523  | 7.355  | 7.876  | 6.990  | 7.383  | 6.957  | 7.761  |

Figure 23 National Insurance Market Share 2010-2016 (Source: OECD, 2018)



## Appendix II – Key Figures of PČS

| <i>2017</i>                                       | <i>In thousands CZK</i> |
|---|-------------------------|
| <i>Assets</i>                                     | 29,627,707              |
| <i>Equity</i>                                     | 4,060,289               |
| <i>Technical Provisions</i>                       | 23,026,576              |
| <i>Profit (loss) of current accounting period</i> | 1,088,574               |
| <i>Total written premiums</i>                     | 7,498,236               |
| <i>Of this: life insurance</i>                    | 6,898,360               |
| <i>Non-life insurance</i>                         | 186,960                 |
| <i>Total costs of insurance claims</i>            | 4,862,718               |
| <i>Of this: life insurance</i>                    | 4,675,758               |
| <i>Non-life insurance</i>                         | 186,960                 |

Source: Pojišťovna České Spořitelny a.s., 2017

## Appendix III – Organisational structure of PČS

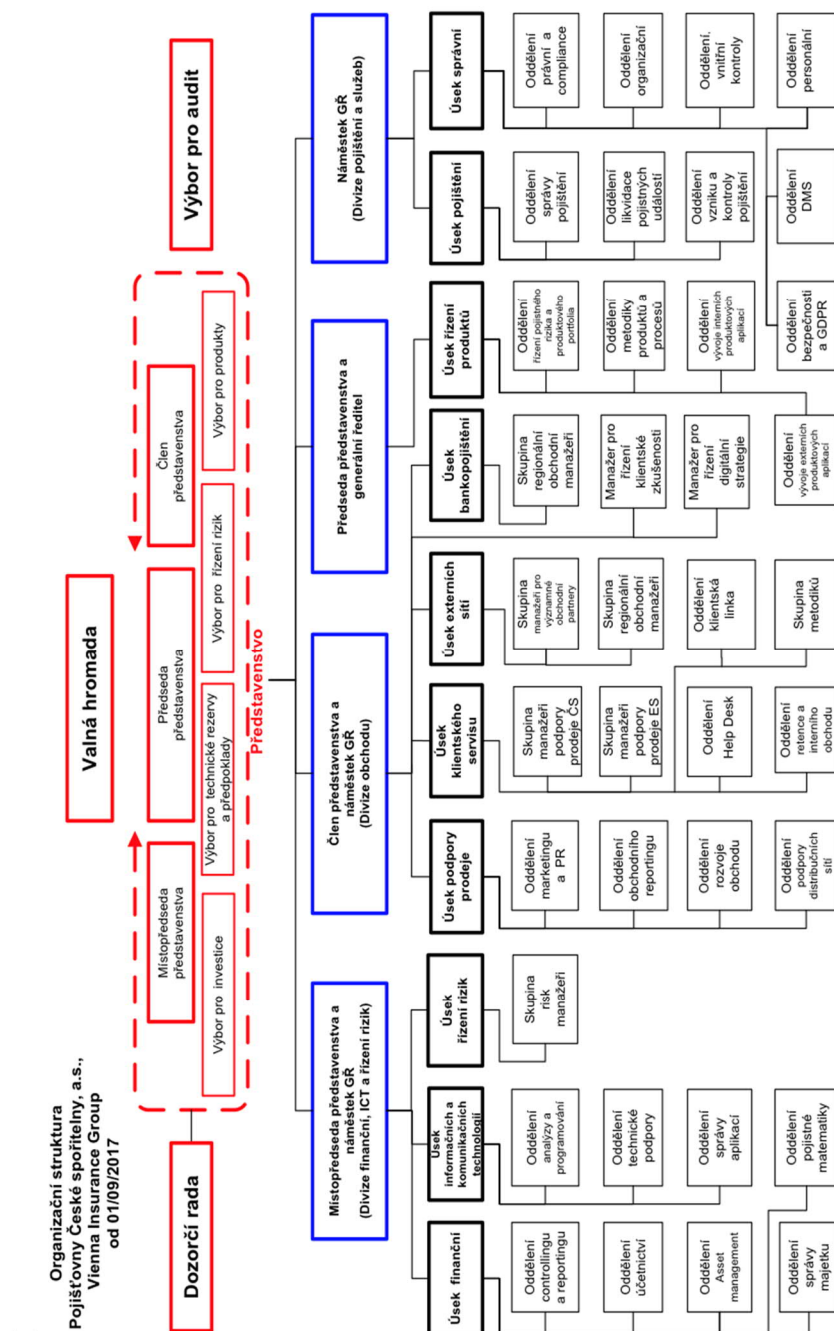


Figure 24 Organisational Structure of PČS (Source: www.flexi.cz, 2018)

#### Appendix IV - AirBank commercial – Kapferer identity prism

Television commercials called 'Two worlds' compare the traditional banking, how it is perceived today and the direction of Air Bank.

In contrast to a traditional banker in a suit who tries to increase the amount of money collected from the client by using ratings, confusing pricelists, extra fees, and confusing conditions for clients, there is a young, sympathetic banker representing Air Bank who condemns these tricks and tries to show new modern ways to potential clients (television viewers) and convince them that banking can be done differently and with the client in mind (marketingsales.tyden.cz, 2014).



Figure 25 AirBank commercial (Source: marketinfo.sales.tyden.cz, 2014)