

# The Insurance Company Branding Challenge

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In an industry environment characterized by commodity pricing, increasingly unprofitable policies, and a saturated market, insurance company executives are under increased pressure, not only to maintain existing client relationships, but also to grasp a bigger piece of their consumers' wallets.

One way insurance companies are tackling the challenge is by attempting to extend their product lines to include a host of financial service offerings and then reinventing their brands to support this extension. In general, however, most are struggling in the face of several obstacles--chief among them the ability to build credibility as financial services providers while meeting customers' expectations of what it means to be a financial services company.

To make headway will require that insurance companies manage their brands as strategic assets. Namely, they must determine how to leverage their brands to achieve their growth objectives in the broader financial services market without diluting their existing brand equity, causing customer confusion and alienating their core customer base.

## **Insurance: A Risky Business?**

The industry's biggest challenge lies in how insurance brands and financial services brands have traditionally positioned themselves. Insurance brands are typically rooted in stability, trust, and protection from risk through a standard set of products.

Financial services brands, however, are based on ensuring long-term financial security through a broad range of inherently risky services and investment options.

Insurance companies such as State Farm ("like a good neighbor") and Allstate ("the good hands people") have historically grounded their brands in being there in a time of crisis, or even protecting against crises.

This positioning gives them the credibility to sell "risk-free" products designed to help customers ensure that their families and assets are protected.

But a branding challenge arises when they extend into products and services that are, by their very nature, risky. This is compounded by the fact that core property and casualty insurance customers may have difficulty reconciling conflicting traditions and messages.

Nevertheless, the insurance industry must extend its stable of offerings if it hopes to gain new customers and remain competitive. The migration into financial services can and should be done through leveraging the heritage and reputation of the industry, and communicating both internally and externally that insurance is merely one part of a consumer's larger financial picture. Those who will be most successful will realize how critical the brand strategy is as an integral part of their underlying business strategy. It will play a crucial role in establishing and extending what insurers both stand for and promise, and, ultimately, it will shape the new image for this industry.

## **Building More Complete Brand Equity**

One of the biggest obstacles insurance companies face in building brand equity that spans both insurance and financial services lies in the preconceived notions about financial services companies. Most consumers equate stock brokerage, financial planning advice and credit products with financial services, but these products are not yet typically offered by most insurers. Thus, successfully transitioning into a financial services company requires insurance companies to redefine their traditional product set in the context of overall financial planning.

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Even without having communicated this clearly, however, many companies are beginning to entice consumers to entrust more of their financial security to them. State Farm Insurance has introduced State Farm Insurance Mutual Funds, a new division housing its financial services product line. Northwestern Mutual has changed its name to Northwestern Financial Network and introduced the tagline, "Helping achieve financial security for you, your family or your business." Prudential Financial has changed its tagline to "helping you grow and protect your wealth."

A name change or a new tagline alone won't suffice, however. The organization's ability to adopt a new mindset, moving from product push to complete financial solutions, will be critical.

### **Entering New Territory**

The quickest way for an insurance company to gain financial services capability and build credibility is through acquisition, with the financial services and insurance brands initially being kept entirely separate or utilizing the insurance brand in an endorser role. Either approach will allow the acquiring company to use the existing credibility of the established financial services brand with halo-like effect, eventually migrating toward one unifying brand. To date, few have chosen this route; most are testing the waters to determine the best course of action.

Achieving credibility is as much an internal as an external challenge. Employees can and should be the business' best ambassadors.

However, insurance agents, for example, aren't generally perceived as being knowledgeable beyond insurance products. It's important that they (and any others who represent the company at any customer touchpoint) have the training they need in order to comfortably take on the advisory role

that is more typical of representatives within the financial services industry.

Without that grounding in this new world of products, the agents, the customer's main point of contact in this industry, won't be able to make a credible sell, and external messaging around a new capability won't come alive in the brand-customer relationship.

### **Gaining New Ground**

The jury is still out on the winners and losers in this challenging environment. Clearly, though, the winners must seek the appropriate balance between messaging around new financial services capabilities and not contradicting the heritage-based associations of their insurance brands. Striking this balance will require understanding customers' perceptual boundaries and their financial services and insurance purchase influence patterns.

Research that drives understanding of what existing and potential customers give your company permission to do, and what they give your company preference to do, will point the way to building a stronger, more complete financial services brand.

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