

# Insurer puts premium on marketing culture

**Ruth Mortimer** visits Zurich insurance in Switzerland to understand how marketing has led the company to success after massive losses



Seven years ago, Zurich insurance was not a healthy brand. The business had become bloated with expansion and posted first-half losses for 2002 of \$2.03bn. The chief executive was axed and in the words of current chief marketing officer Arun Sinha: "It hit the brakes and was on the edge of a precipice."

Now a more athletic Zurich is celebrating a 27th consecutive quarter of profitability. While the recession is taking its toll, it still managed to report annual profits for 2008 of \$5.2bn (£3.5bn). Its turnaround has involved moving from being a traditionally closed financial services company to what Sinha terms a "marketing-led organisation" running a global campaign advertising its wares in 12 languages across 140 countries.

At Zurich's "brand development centre", nestled in the hills of the Swiss capital, visitors can now experience a specially designed room with light-up "brand DNA" intoning the company's values whenever touched. The walls slide back to introduce videos of employees

**Customers just want insurers to deliver. If they can do that, they will have earned the right to start talking about the emotional areas in time. But right now, people want them to be straightforward, fair and get the job done**

*Greg Handrick, Prophet*

talking about everything from their children to strumming guitars. A large screen plays footage from Zurich's internal TV station, Channel Z.

While these are perhaps some of the more overt signs of the change in Zurich's strategy, most of the work has gone on behind the scenes. Last year, the company oversaw a survey of 39,000 consumers to inform the management team just what Zurich should stand for as a brand and how best to operate in future.

"When we were doing the research, Zurich was the seventh largest insurer in the world. Today, we're in the top five in terms of market capitalisation, maybe even top three," claims Sinha. "Our customers and prospects are looking for companies that have some strength. They're not looking for companies that can fail tomorrow."

Even before Sinha arrived, the company had adopted a new business strategy, "The Zurich Way". Under TZW, the company had scaled back its underwriting of risky or less profitable businesses. It wanted to avoid making greedy deals. It created a system of benchmarking processes so that 70% of whatever the company

does is standard globally, while 30% is customised for individual markets and situations.

However, the mass consumer research began after Sinha was poached by chief executive James Schiro in 2007 to install a marketing culture at the brand. While the company's turnaround had already begun when Schiro took over in 2002, "it had been transformed internally but not externally", remembers Sinha.

Professor Merlin Stone, a financial and loyalty expert, says the firm's commitment to changing its whole corporate approach is laudable. He comments: "It is trying harder – perhaps the hardest – and being honest about past mistakes, which is rare."

### Unified strategy

Sally Shire, group brand development director of fellow insurance firm Aviva, says that creating one unified strategy for a global company makes sense. In her case, she has overseen the rollout of the Aviva name, integrating many local brands, such as Norwich Union. She argues: "Without being a single global brand, you are not going to get all the synergies. It makes a huge difference for the company when you all march under the same banner."

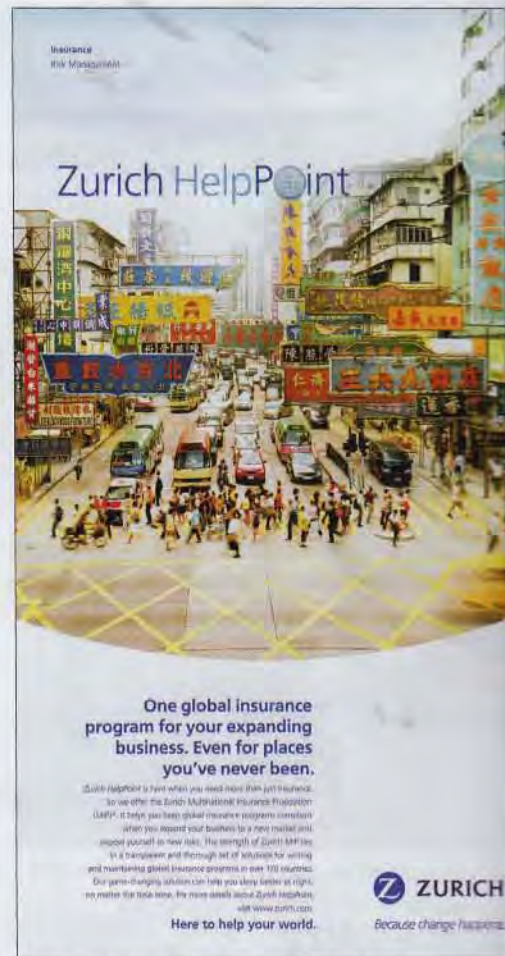
The challenge for Zurich, though, was the ability to communicate this strategy to consumers and potential customers. Sinha spent his first 100 days at the business creating six priorities (see box, page 28) for the next three to four years. While his remit was to tackle marketing, he is keen to emphasise that he saw himself as setting "group strategy" rather than marketing alone.

Sinha obtained board-level backing to restructure the company and put a head of marketing and a head of communications in place within every business department. Most of these senior marketers were imported from outside. Iram Shah, in the group marketing and communications department, was brought in from oil company BP.

But while Zurich was happy to import marketing talent into the company for the most senior roles, Sinha wanted to train up those people within the organisation who had potential.

"We took a list of the top 200-300 talents in the company. It didn't matter what part of the business they were in. Then I picked a handful and said 'come into my group and I'll train you as marketers'," he reveals. "One person was from finance, another from risk engineering. But I believe you can train people in marketing and then take them to the next level."

The criteria for inclusion in the new Zurich marketing group were that candidates had to show leadership skills and have expertise in some area. The type of expertise wasn't an issue but it was important to have some



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## in numbers

170  
Marketing is carried out across 140 countries. It will roll out to 170 this year.

12  
The global ad campaign runs in 12 languages.

53  
There were 53 different TV executions for the first wave of the Zurich HelpPoint campaign, 140 print versions and more than 100 digital campaigns.

60,000  
An internal culture change programme has involved 60,000 employees.



knowledge that could be transferred to the marketing department.

While building this team, Zurich started its research project, run over a six-month period, with consultancy Prophet. "I could not wait to do transformation, then research, then branding, so I said 'we're going to do all six priorities in parallel'," explains Sinha.

### Senior management team

"If Zurich achieves everything that it plans in this area, it will be exceptional and it will be because its senior management team stays together and takes the whole company with it (as it is planning to do)," remarks Stone.

Zurich's research surveyed people in 12 different countries, using everything from one-to-one interviews to focus groups and observation sessions. It asked what they thought of insurance in general, the Zurich brand specifically and quizzed them on what they wanted from an insurance company.

Less than 15% of people say they trust insurance companies, according to Sinha, something he admits came as a shock. As a former Marlboro marketer, he was concerned to discover that people felt more trust for a cigarette brand than the whole insurance category.

The qualitative feedback was even more dismal. Sinha relates how in some parts of the world, people equate insurers to the mafia and believe "they take money from you and then they're gone". People demanded more transparency, saying that they were keen to find out what was not covered in their policies upfront. They complained that they had to fight through 40-50 pages to understand exactly what wasn't covered.

Greg Handrick, associate partner at consultancy Prophet, explains: "Customers just want insurers to deliver. If they can do that, they will have earned the right to start talking about the emotional areas in time. But right now, people want them to be straightforward, fair and get the job done."

### Tangible benefits

Zurich started to simplify its paperwork in response to this insight. While a relatively simple process for the company to put in place, it was clearly important to customers. Sinha explains that it was also vital to make people feel they get something tangible upfront, rather than simply a promise.

"Would you give me £100 right now?" asks Sinha. "I promise to help you anytime you need something. I mean, that is insurance. It's a promise you're offering. But customers want something tangible right away, some reassurance and not just a promise."

"That shouldn't have been a surprise. When I sold Colgate, you got toothpaste. Even in the hi-tech world, you get something. Here, you get nothing beyond this bit of paper and people were having trouble articulating the value of that piece of paper."

To counter this, Zurich has tried to introduce places where it can add extra value to policies. Following a period of severe flooding in the UK, for example, the risk experts monitoring weather patterns were able to predict which regions were likely to be worst hit. They rang policyholders in the area and gave them advice on where they could buy sand or evacuation instructions.

Mark Searles, marketing director at Zurich in the UK, says there is now also an online flood guide, called Fighting Floods, featuring experiences of real consumers who lost everything. "It's tangible evidence for the customer that we can be there when they need us. People don't look at flood websites every day of the week but it can be a point of reference and host useful information and links in one area for when they are needed," he explains.

The business also prides itself on not simply

## strategy

### Arun Sinha's Six Marketing Priorities

1. To create a marketing-focused organisation that understands how marketing can best be used to benefit the bottom line.
2. To become more customer-centric as a business and create products and services backed up by thorough research into what consumers want from insurance.
3. To strengthen the Zurich brand externally.
4. To understand better how the Zurich brand can be used online.
5. To create an effective communications organisation, where people are better in touch with each other both internally and externally.
6. To create marketing talent within the business.

## market view

### Reputation ranking

Ranking 2nd HY08    Ranking 1st HY08    Trend    Company

1	1	▶	Zurich
2	3	▲	Aviva
3	2	▼	Axa
4	4	▶	Generali
		▼	Average
5	5	▶	Allianz
6	6	▶	AIG

Source: FÖC (Forschungsbereich Öffentlichkeit und Gesellschaft)



**Right message:** Zurich aims to change people's belief that insurance firms are untrustworthy

handing over a cheque when people do need to make a claim. Sinha gives an example of an elderly couple who wanted to spend Christmas with their grandchildren in their own home; the company built them a structure at the back of their damaged house to make it possible. And when the UK ran out of fans to dry out flood damage, Zurich imported them from Asia.

**Thoughtful individuals**

But doesn't customising service to this level go against TZW's philosophy of standardised processes across the world? Sinha claims not. He says that in the past such gestures were down to thoughtful individuals, now the processes mean it can be less ad-hoc and more planned.

"One person would say 'I feel really bad about this, so I'll go out of my way to do it'. Now we're saying 'this is not about a nice person; it's about making it a fibre of our company'," he adds.

The process-driven approach is also applied to advertising. Christian Aepli, head of advertising media at Zurich, says his department has entirely changed its focus since the research. Last September, Zurich began running the first ads informed by its research, drawing together the company's services under the banner of "Zurich HelpPoint" through its ad agency Publicis.

Aepli says that every ad he creates at the head office in Switzerland undergoes "syndication". This means that if he is running a campaign in Germany about a certain part of the business, he will check with that department to make sure he is developing the right ad with the right message.

This process, Aepli admits, is time consuming. A recent wave of ads required 53 different TV executions, 140 print campaigns and more than 100 digital versions.

But he insists that making sure the company is marketing the right things requires asking: "Can we back that up from a functional perspective? Also, is that the right thing to say for that audience? Part of my job is to be very well connected to make sure that promise and proof are married up."

By ensuring that people in the company feel that what is being marketed is genuinely what is on offer, it is easier for people to buy into the brand. Sinha says this is important to both the business and corporate strategy. He claims that there was a "big angst" in the organisation where employees worried that marketing promised more than could be delivered.

"We said from today, we will only talk about what we are doing already, not what we might do. That was to build confidence in the ►

**Arun Sinha's guide to marketing in a recession**



"Marketing isn't just about spending. The first thing you hear in some organisations is that the marketing guys are the spenders: 'We make the money; they go and spend it.'

"At times like these, you could take a back seat, let people fight it out and say: 'OK, when things get better, I'll come out.' Wrong. When things are in crisis, it's even more important to come out fighting.

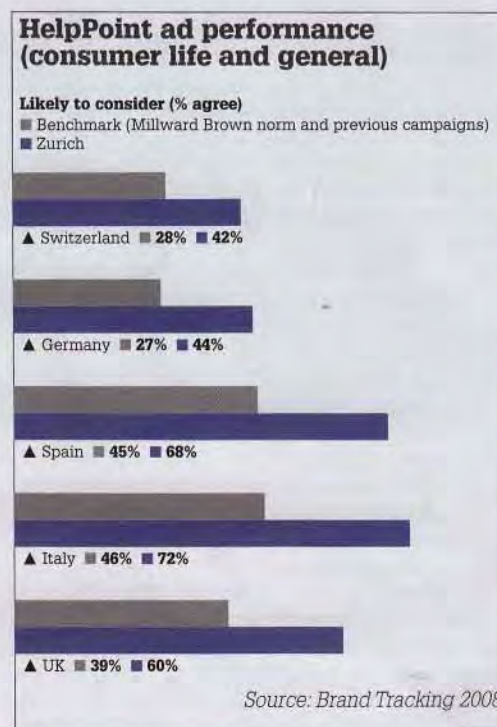
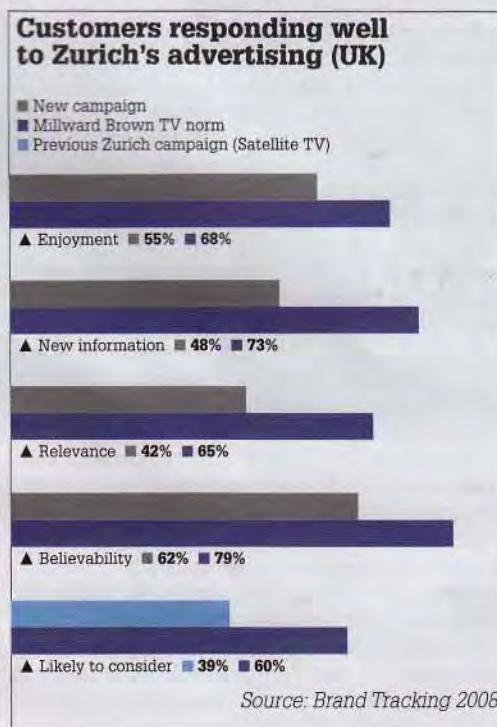
"When you are a change agent, you have to go into territory where it is not easy. You have to make sure you are well aligned with others or you will not succeed. But it does not happen overnight. Your people will have to go through frustrating moments; if I just say: 'this is how it will be' that doesn't mean it will happen. You have to be resilient.

"If you're not out there setting company strategy as a marketer, you're not doing your job right. If you're not influencing company strategy, you're wasting your time. You're relegating the marketing function to the next level down.

"You can use whatever cliché you want – you simply do not have a seat at the table. You absolutely have to step up; if you don't, you'll be termed an advertising guy and moved on."

**I promise to help you anytime you need something. I mean, that is insurance. It's a promise you're offering. But customers want something tangible right away, not just a promise**

Arun Sinha, Zurich



**Pushing ahead:** Zurich says it is winning people's confidence by talking about what they do, not what they might do



“Used to have only myself to worry about. Now I've got a home, a child, a family to look out for as well. I'm glad to know we've got Zurich standing behind us all.”

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## strategy

### Zurich's Four Strategy Cornerstones

*“These are the things that the top 200-500 people are judged on; if you don't do these things, you won't be paid as well. It doesn't matter what economic situation the world is in, if a company maximises these four things, it will do well.” – Arun Sinha*

#### Profitable growth

Zurich must ensure that it grows in all its target markets, both organically and through acquisitions to create excellent distribution.

#### Operational transformation

This is the evolution and strategy behind how the company executes its business goals.

#### Customer centricity

Zurich must put the customer at the heart of all its operations to make sure it correctly understands their needs and can offer the right products and services.

#### People management

Zurich must make sure it matches up the right people with the right skills within the business to develop and retain talented employees.

organisation. So if someone asked ‘can you deliver that?’ they could say ‘we are already delivering it’.”

To aid this process, Zurich employees are also completing an internal branding programme. More than 60% have already completed what it calls an “e-learning tool”. The top 500 executives in the company met in Florida last year and there is an ongoing process of workshops to introduce the idea on a more in-depth scale to staff.

Aviva's Shire confirms that a similar culture change programme has taken place within her company. “It makes sure that the work I am doing is anchored in the business agenda. I don't think what we're doing is seen as a marketing initiative; it is seen as HR in that department or IT in that area. Whoever you talk to, they think it is their initiative. I think that's a good thing.”

At Zurich, once the organisation is fully up to speed with how TZW can be expressed, the future involves moving into more areas where traditionally the insurance firm has held back. At the headquarters, the staff are working on a yet-to-be unveiled online viral with socially responsible overtones.

Sinha plans to “dial up or down” the various elements of his strategy, according to the economic climate and consumer needs. For analysts, he will spend the next few months communicating how the company is being managed overall. For customers, he will talk less

about operational excellence or saving costs because this doesn't sit well with potential buyers.

Despite a recession meaning that consumers may be inclined to cut back on their insurance policies, Zurich seems committed to rolling out its culture change programme to all 170 countries it operates in. The company has seen a large decrease in its income in the past year but remains profitable at a time when other financial businesses are reporting substantial losses.

#### Media deflation

Aviva's Shire is also convinced that this is the time for businesses such as her own and Zurich to keep up the marketing momentum, rather than scale back their plans. “It's good we started this journey when we did,” she admits. “One of the plus points is that we had already started driving efficiencies and economies, which is good. And we're doing the communication part now, when media deflation is on our side. So I suppose that's a little bit of luck for us, which is not something you can say often in this economy.”

Drawing attention to how much work Zurich has done in streamlining its operations already, Sinha says he relishes a challenge. He likens the process so far to being put on a Weightwatchers-style diet. Simply keeping up marketing disciplines and avoiding greedy deals isn't good enough; for Sinha, the end goal is to come out of the recession “in better shape”. ●