

Marketing analysis for the allianz group



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Allianz Group is a bigger company which providing insurance and financial services. Besides that, Allianz SE which is holding company of international group located in Munich. Allianz was found in Berlin. Germany in 1980 (Allianz, 2010)

Allianz Group, with 152, 000 employees in the worldwide, which has over 75million customers in around 70 countries. In the insurance market, Allianz is the market leader in the Germany and has strong international presence(Allianz, 2010).

Allianz was a historical company which has more than 100 years. Even Germany defeat in the World War I but Allianz was slowly ventured outside Germany to European markets (Allianz, 2010)

At the national socialist Nazi Germany in the era after 1993, Allianz fit in with the guidelines. After World War II, Allianz was start to rebuild post in 1945. Allianz was start to get international by spreading its activities to some country in Europe and Americas in year 1950's throughout 60's, 70's and 80's. In year 1990's, Allianz began to venture into the Asian market. (Allianz, 2010).

Allianz Group also expanded its asset management business. Today, Allianz Group is one of the world's leading financial service providers (Allianz, 2010).

The mission of Allianz

The mission of Allianz is to achieve sustainable growth of our competitive strength and values. In order to achieve this mission, they implemented a

series of measures which characterize as “ 3+one” program. They have an overall 3+1 program:

Protecting and enhancing the capital base.

Substantially strengthening the operating profitability.

Reducing complexity.

+One: Increase sustainable competitiveness and value.

The organization structure of Allianz

Board of Management

Supervisory Board

International Executive Committee

International Advisory Board and Joint Advisory Council

Employees

The organization culture of Allianz

Allianz Group culture combines German characteristic and international flair.

In Munich, a lot of language will be using by the people when they talking to each other such as French, German, English, Italian, Chinese and etc.

However Allianz values local cultures and markets situation does not dictate a one size all fit solution for the individual location. That why Allianz has defined a strategy framework to guiding standards. So that Allianz Group in the worldwide can adopt the cultural and business requirement to specific regions (Allianz, 2010)

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The macro environment analysis

PEST analysis is concerned with the environmental influences on a business. PEST is stand for Political, Economic, Social, and Technological factors of the external macro environment. Political factors often look at the government policies. The economic factors relate to changes in the wider economy. Social factors is relating to the cultural aspects. The technological factors relate to the application of new inventions and ideas. It is an important tool to understanding risks associated with market growth or decline, and as such the position, potential and direction for a business or organization (Thompson, 2002). Following are the different factors affecting the Allianz insurance in UK.

Political

Some of these factors had a good impact to the travel, car and home insurance in the UK. The government travelers' awareness campaign has brought awareness to the public about the dangers of traveling uninsured highlighting the expensive costs of medical treatments abroad. The travel industry has supported and benefited from this as it increased their sales prospects.

The minimum car insurance implemented by the government is third party cover. This has a very good impact on the car insurance industry as this guarantees a sale on every car in the UK and because 76% of adult in the UK have a full driving license, all of them are potential customers (Birtles, 2002).

“ Legal & General data revealed that most critical illness cover claims are made by people under 40.” (Speedy, 2004) This has been good news for age

dedicated home and health care insurance companies as less cover claims means less liabilities. However, according to the Bank of England, the rising tax is slowing down the consumer spending. This has badly affected the whole of the insurance industry as people had less money to spend on higher premiums or packages.

Economic

In today's world facing inflation, people are more work-orientated, so earning more again translating to larger disposable incomes allowing people to live comfortably & take advantage of more expensive schemes in insurance such as taking fully-comprehensive cover rather than third-party (Speedy, 2004).

Another economical fact is that we are currently at the 'boom' stage of economic cycle and so people are better off. This means that as stated above people are able to live more comfortably and on a general level are better able to afford things like food, shelter, clothing and health care. This translates to fewer illnesses which mean that insurance companies have less payout to make as less people fail ill (Speedy, 2004).

Another important factor to notice about the general public in a boom phase of the economic cycle is that people are more likely to pay for products in the service industry. So things that they may have refrained from due to a lack of money like health insurance will be more welcome during a period of boom so increasing revenue for insurers (Birtles, 2002).

Social

Nowadays, Allianz facing a lot of social problems such as increase of young driver. They choose to insure on parent's cars along with saving the money

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to buy their own cars. Young drivers aged between 17 and 25 also have a higher chance of being in an accident so they are more costly for an insurer to cover so insurers charge more. For this reason the increase in young drivers translates into larger revenues for insurance companies due to the larger premiums. (Birtles, 2002)

Besides that, today's society is the increase in the ' racing culture' with large emphasis placed on driving faster and better looking cars. Modified cars are a cheaper alternative to buying a sports car also increasing insurance costs (Speedy, 2004) .

In comparison with 30 years ago the average person earns much more today translating to larger disposable incomes. This has leading to more people being able to afford second cars and so being insured on them giving more business to insurance companies (Speedy, 2004).

Technology

In new era, technology is an one of the important things using by social such as internet, communication technology and so on. With this technology, Allianz can increase the sales and reduce the transaction costs. By using internet, it can changes the delivery service process. Nowadays, Allianz using internet even sells insurance policies. Internet proving to be one of the widely used distribution networks for selling insurance policies. Also internet is used for sending premium notices to policy holders through e-mails (Shinde, et al., 2008)

By using internet, it can provide several convenient such as premium calculator which accurately displays the amount of premium month wise and <https://assignbuster.com/marketing-analysis-for-the-allianz-group/>

the remaining balance. One just has to enter the age, name of the insurance policy, the sum assured and whether there is an accident cover or not. By the insurance system, the user only by keying the information, this entire them to shown the premium amount within in short time. This has helped the customer in a way so that they don't have to travel all the way to the branch to ascertain the amount of premium to be paid (Shinde, et al., 2008)

The international consideration

Allianz operate almost in every continent. The regions are Eastern Europe, Central & Eastern Europe, Asia Pacific, Americas and Middle East & Africa. Allianz is deeply rooted in their domestic market which is Western, Northern & Southern Europe. Western Europe is the home of Allianz. (Allianz, 2010)

When Allianz wants doing an international business, Allianz will consider the human resource, financial and legal requirement into particular country. Allianz start a new venture in China, financial will incurred in that China will lower than having a new venture in Europe. Furthermore Allianz can get a large human resource in China. This is because the population in China is very large. Allianz also can save cost. The wage pay to the labor is lower and produced the production in a lower cost (Allianz, 2010).

When a company intend to going international, they will consider the macroeconomic that will affect in their business. Before enter to a new country or new venture. They will do a research about the external environment of that country or region first and then only decide whether to start the new venture into that country or not. While Allianz also does the something. The macro environment that consider to the company are

political or legal condition, economic condition, social issue environment and technology. Those are significant to evaluate a country before doing an international business (Allianz, 2010).

There are several methods of going international when a company intends to go international. The company can go international based on export based, non-equity based and equity based. For Allianz which a company just provide services, it use equity based method to going international which include joint ventures and foreign direct investment (FDI). The first company or office that Allianz venture in is in London with open a subsidiary company (Allianz, 2010).

Allianz was venturing into Malaysia in year 2001. It become controlling shareholder of Allianz General Insurance Malaysia Berhad (AGIM). However, AGIM was transferred wholly owned subsidiary AGIC in year 2007. Following the completion of the transfer of general insurance business, AGIM changed its name to AMB and became an investment holding company (Allianz, 2010).

Besides that, there have several issue faced by Allianz in Malaysia. Currently, Allianz facing managing climate change risk. Managing climate change risk is the biggest challenge to the Allianz facing today with several impacts on insurance industry. Over past 30years, there was a great natural catastrophes claim by the victims which increase 15fold to approx. 30 billion Euros (approximately RM120 billion). Allianz settles 40% of industrial insurance claims are due to natural catastrophes (Allianz, 2010)

With managing climate change risks, Loeffler (2010) was recognize climate changes as a matter of great strategic consequence for Allianz. Allianz need to assess together with their clients by mitigate the risks. In the other hand, Allianz was adapting the impact of climate change and safeguard insurability of risk in future. In year 2007, Allianz was established a subsidiary as Allianz Climate with explicit aim to develop new products and investment trends related to climate change.

As a insurance business, Allianz need to act an early warning system to help the business and let the society know and understanding about the new risks. Allianz need to prepare in several ways for effects of climate change. Providing risk coverage for emerging technologies for example plays an important role in their future development. Securing the insurability of risks is essential for economies to be able to operate (Loeffler, 2010)

The growth of business

In year 1957, the Ansoff Matrix was first published in the Harvard Business Review and has given a quick and simple way of thinking about growth to generations of marketers and business leaders and helps them to assess and understand business development or marketing strategy (Manktelow, 2010). Ansoff's product-market matrix explain that a business attempts to grow depend on whether it markets new or existing products in new or existing markets.

Market penetration

Market penetration is a growth strategy where the business focuses on selling more of the same products or services in current markets. This

strategy normally try to fix or increase the revenue of current products and achieve economies of scale through more efficient distribution more efficient manufacturing, and more purchasing power (QuickMBA, 2010). Take for instance; Allianz can use advertising to promote their product or policies. Advertising is an important tool to help the company to build up the brand name. In fact, consumer will compare the products through advertising. An innovative and creative advertising is able to form a well image in the mind of the public in order to stimulate more consumers to buy the products. Besides that, Allianz can implementation other special offer promotions like Allianz can offer a variety of free health checks in different public place such as hospital, shopping complex or any fair related to healthy. Through the event, the consumers were given an opportunity to purchases health product at a promotion rate. (Anon, 2010)

Product development

Product development is the name given to a growth strategy where a business aims to sell new products or services in current markets. This strategy often try to develop and innovation new product and sell to existing customers (QuickMBA, 2010). For example, Allianz can provide more comprehensive coverage in addition to the existing insurance plans. Like Allianz can give protection among other, medical expenses including dengue, malaria, bungee jumping, amateur sports, natural disasters, kidnappings and thefts. Because these events were became more serious in Malaysia (Allianz, 2010). Besides that, Allianz can packaging existing products it in new ways. Like when husbands buy a personal healthy policy, Allianz will offer a new package that their wife are also can get the free

protection from Allianz. It means buy an insurance policy but the beneficiary is to two persons.

Diversification

Diversification is the growth strategy where a company promoted new products or services in new markets. This is the most dangerous type of strategy because the business is entering into markets in which it has little or no experience. For a business to use diversification strategy, therefore, it must have a clear concept about what it expects to obtain from the strategy and an honest assessment of the risks (QuickMBA, 2010). For example, Allianz can try to launch the pet's insurance policies. Nowadays, many people feel that raising children is not easy, so they prefer to concentrate on their pets. According to internet firms found that over 90% people look pets as their own children. Many people going and acting crazy in love with dogs and cats (Plano, 2007). They will provide a loving, safe, healthy home for their pets by providing assisted living, hospice, and placement assistance. Since so many people regard their pets as children, they will want to help their pets to buy an insurance policy and protect their pets. So Allianz can be a first company to implementation this new and creative insurance plan.

New venture

Vietnam which is located in Asia Pacific is the best investment country. Despite the 1997 Asian economic crisis, Vietnam's economy has expanded rapidly since the year 1980s Communist Party of Vietnam leaved from the communist economic policies. According to the Economist Intelligence Unit (2010), Vietnam's GDP growth forecast is predicted to be strong, at an average of 7.9% between 2007 and 2010. Besides that, foreign direct
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investment in Vietnam rise 10 percent to between \$10 billion and \$11 billion in 2010. Foreign Direct Investment plays an important role in the Vietnam economy (Lan, 2010). Know and predominate the necessary need in Vietnam market in this few years, VIPC Capital Management Corporation provide many services such as Non risk investment , Asset management, Portfolio Management which can give more choices for the customer to choose the financial services and financial consultant to increase the effectiveness in fund management and generating profit. With these facilities and benefits, Allianz can use foreign direct investment method to enter Vietnam market.

Threat of new entrants

Allianz should make investigation on what benefits it will get by investing in Vietnam and build a strong customer royalty and make agreement with the government if possible to prevent possible entrants of competitor. As a new entrant, Allianz should build the good brand name to the customers in Vietnam by advertising such as TV advertisement, road side banner and so on. By advertise about the company to citizen in Vietnam to let them know about this company well. However, Allianz need to know the Vietnam citizen culture such as what they like or dislike. Besides the citizen, government rules and regulation need to learn by Allianz to enter into new market such as labor law. It is very important for Allianz to learn the government rule and regulation because some of the things have banned by the government in Vietnam. In other words, it is to make it harder for potential entrants to go in by imposing barriers to new entry.

Competitive rivalry

This is important for Allianz to know how rivalry in the market of Vietnam as rivalry among competing firms intensifies, causing industry profits decline and can make the industry becomes inherently unattractive. Since Vietnam less of international insurance company, Allianz can take advantage to enter the Vietnam market to gain more profit from the citizen. With brand equity of Alliance, the customer will prefer more for the international company.

Besides that, there have only few multinational insurance company in Vietnam but Allianz need to know how strong the brand entity of the competitors are, and also to find out the weaknesses of competitor in order to get affiliate from the domestic consumers in Vietnam. However, Allianz need continuously innovative about the company to competitive with the competitor in Vietnam to gain more profit for it.

Bargaining power of buyers

Buyers' purchases represent a major portion of income for Allianz's total sales revenue, so Allianz must investigate how strong the bargaining power of the buyers of the host country as most of the buyers have the absolute information regarding the price and the availability for the services. Recent year, Vietnam economic has resilient. Vietnam's average income per capita has reached an estimated USD 1, 200 in 2010 and the country has moved from the list of poorest countries to the list of low and middle-income countries (Vietnam Business & Economy News, 2010). Most of the citizens have extra money to buy insurance for their own and their family. Allianz can offer with different types of policy to the customers such in different age of stage and so on. It will attract more customers to choose what type of policy

they like due to increase the profit to the company. In the other hand, Allianz should offer a special price to the customers compare to the other competitors to attract for the customers switch to the Allianz insurance. After the buyers purchase the insurance, Allianz need to make good relationship with the customers to maintains the sales because buyers will make income for company profits.