

Market analysis of the axa insurance company



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The concept of insurance is roots back 4500 years ago when ancient land Babylonia's traders used to ensure the risk of their trading caravan by giving loans which used to be repaid once the goods are arrived safely. During the progress of European civilization, their social institutions and welfare practices got more refined. Insurance industry is amongst the one of the basic service industry in the world and deals in hedging the future contingent risks that is related with life, health, wealth. It helps the holder of the policy or its beneficiary in coping up with the losses or issues related to them.

Policy holder purchased the policy with the objective to get shelter or the shelter for his or her beneficiaries in a situation which might have a negative impact on their living or lives such as loss of guardian that might result in having the dependents life crippled since it become difficult for dependent to have lives with meeting the day to day expenses and needs.

During the course of insurance, policy holders pays a monthly or quarter or yearly payment which is known as the premium to the insurance organizations and the insurance firms ensures the reimbursement of the losses of the insured to the policy holders of to the beneficiary.

Over the period of time due to awareness, perceived value about the benefits of insurance and influence form the government for the certain reasons more and more insurance organizations have come up in the market and hence resulted in more rather intense competition is prevailing with the insurance sector weather it is life insurance, wealth insurance, transport insurance or property insurance. The increase rather saturated and un-differentiated product/service offered by the organizations have resulted in a

state of confusion amongst the consumer in choosing the one which is fit for them with convenience with the long term benefits.

Firms are now trying to woo entire of potential buyers into its pool through offering innovative products with an assurance of better benefits over their competitors'. The insurance firms are facing challenges in approaching its customer with the potential perception for being more affordable insurance products as well as most accessible insurance product. It is perhaps due to the fact that people want to pay low insurance rate so that the premium paid by customers are affordable with no burden. Convenience in accessibility of the insurance is the second most priority for customers, perhaps this is due to the change and busy life style of the today's customer. The use of internet has brought a reform in the insurance industry and queries, comparison, benefits offering by the different insurance organizations are just a mouse click away (economy watch, 2010).

Additionally, internet has brought the community close so its is now not easy for organization to twist the information to the customers since the decision of customers are based on thorough in depth understanding, calculation and discussion amongst his or her peers which is obviously based on customer monthly and yearly income and on savings.

Insurance products could be classified in two categories; firstly the life based and secondly non life based. Life based insurance products are based on the happening of certain even which cripple the life or bring the dependents in a situation of orphan such as the death of the holder or disability due to stroke or accident. The non life related insurance represents the happening of event

which creates destruction of property, from natural or non natural disasters such as fire, flood, theft etc.

ORGANIZATION PROFILE

AXA which is focused on offering financial protection is the holding organization for international financial services group, having its head quarter in France. Although AXA is as representation of group of companies but it has been organized independently in different countries as per country's specific rules and regulation.

The organization is operative under fiver different business segments namely:

Life & Savings

Property & Casualty

International Insurance (including reinsurance)

Asset Management

Other Financial Services (including banks)

BUSINESS CONTEXT

AXA has established itself as a key player in the wealth management/insurance sector in developing countries. Today, 52 million clients in the world trust AXA and the AXA name. Since 1998, the AXA Group has been doing business under a single brand with global reach.

AXA penetration in the market was two fold that are direct entrance into the market as well as through acquisitions and has been successfully passing through organization's building phase, consolidation phase and has entered in the profitability or growth phase with a momentum of being progressive both in " in life segment" and " in non life" segment. The organization has carefully understood the drivers of the industry and aligned the strategy of optimizing distribution, enriching customers and distribution, building entrepreneurial firm's structure through delivering via effective operational model. It is significance in case of AXA that the firm is having tow kind of its competitor's one from " in life segment" and another from " non life" segment.

STAKEHOLDER CONTEXT

Stakeholder

Interest

Power

Mend low's Stakeholder Matrix

1. Shareholders

(Those who have invested in AXA's shares)

- Profit
- Strong Management & Corporate image
- Change management
- Sell shares (withdraw funding)

KEEP SATISFIED

2. Employees (Management & Staff)

- Job Protection
- good compensation

Productive working environment

- Growth
- Strikes
- poor service
- Absences & arriving late

High interest & Low power = KEEP INFORMED

3. Customer

(People around its different markets)

- Unique products & service
- low prices
- Switch to other competition
- Negative word-of-mouth

High interest & High power = KEEP SATISFIED

4. Government (of different countries)

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- Fair trade
- Tax
- Compliance to laws
- Ban product/company
- Legal issues
- Penalties

Low interest & High power = GIVE THEM WHAT THEY WANT

5. Partnerships /acquisition in different markets)

- Profit
- Strong brand name

Cont. to partnership

- Terminate partnership

High interest & Low power = KEEP INFORMED

CUSTOMER CONTEXT

AXA has established in the wealth management/insurance sector as a credible and highly trusted organization and hence successfully entered in to the different markets of the world. Its primary markets are developing countries as mentioned above and due the nature of market, AXA has been

able to enjoy the perspective of highly literate society as well as government initiatives has facilitated the firm in leveraging the benefits.

The customer of AXA could be divided into two groups; firstly the individual customers and corporate customers, this division of customers apply on entire of its business segments. However customers in the context of AXA tend to have product/services which is highly economical and efficient, they tend to pay less fee in the form of premium and hence expect high return. Additionally they seek an immediate response in the circumstances where individual or corporate seek reimbursements.

CORPORATE SOCIAL RESPONSIBILITY

Clients: Consistently deliver efficient local service and adapted solutions, while adhering to the highest standard of professional conduct.

Shareholders: Create lasting value by achieving operating performance that ranks among the best in the industry, and strive to furnish accurate financial information.

Employees: Ensure professional fulfilment by offering a supportive and respectful workplace where people are empowered and the continuous development of competencies is encouraged.

Suppliers: Maintain excellent supplier relationships by adhering to a set of clearly defined procurement guidelines and promoting ongoing dialogue.

Community: Act as a responsible corporate citizen by sharing our professional expertise with the community, innovating in the area of employment and sponsoring philanthropic initiatives.

Environment: Contribute to environmental preservation efforts by making available our environmental risk management capability and promoting environmentally sound practices in the workplace.

SITUATIONAL ANALYSIS

PESTEL ANALYSIS

PESTEL is an important and useful tool to analyze the strategic situation for the organization, this tool help organization to anticipate and understand the growth potential by exploring the potential drivers and barriers that are external in nature and can have negative or positive impact on the organization's operations (Kotler 1998). Hence using PESTEL support organization to set an strategic direction. This tool has particular importance for the organizations that are operational in more than one country since each country has different political, economical, social, technological, environmental and legal influences and implications. Additionally, having an in depth understanding of PESTEL is critical for an organization to set its fundamental 4P'of marketing and perhaps their extension if the organization is falling in service industry.

By doing PESTEL analysis for AXA shall help organization to review its marketing P's to customize its communications in various market from various segments point of view since the operation of AXA is based on several products or segments however having the nature of business same.

POLITICAL & LEGAL

There are several positive impact on insurance organization and hence also to AXA due to increase awareness amongst the people because of different

countries' campaigns in particular to travellers' due to severe consequences of travelling without insurance may lead to high expensive costs on medical treatment out of home.

A mandatory third party car insurance policy by several governments has pushed people to go and get their insurance done. It Means, more cars on the road prosperous growth opportunities for the insurance organizations. As per Speedy (2004), cited at Book rags (n. d.), Data revealed that people under the age of 40 have made most critical illness claims, which is obviously positive news for the insurance organizations since less cover claims represents fewer liabilities.

The increase in taxation in various countries shall have a negative impact on AXA since the spending of the people would be lowered down since people would not be willing to pay higher premiums or packages.

TECHNOLOGICAL FACTORS

The emergence and progress in internet has given organizations' an opportunity to have its operational cost lower but information spreading cost effective and quick due to integrated information and communications technology.

Consumers currently using internet as a best replacement for yellow pages, rather more than that since they have no opportunity to compare the offerings of different organizations, sharing the knowledge with the community, posting their feelings and comments on the blogs. Every thing is just a click away from the

Internet has cut out the middle man from the business transactions and hence helped organization in saving huge amount of money from paying commission. This has given organization a room to review their prices and bring them at a lower level for the consumers.

SOCIAL FACTORS

There has been an increased proportion of young drivers in the society is creating huge opportunity for insurance organizations since young drivers are more prone to get accidents and there for organization tend to fix high premium for those young drivers.

Another change in today's society is the increase in the ' racing culture' with larger emphasis placed on driving faster and better looking cars. Modified cars are a cheaper alternative to buying a sports car also increasing insurance costs.

The increase disposable income is resulting in increase in affording second cars and so being insured on is creating opportunity for insurance organizations making money.

ECONOMIC FACTORS

Earning more money is in the trend which is resulting in large disposable income hence people are having more tendencies to spend more to live comfortably and taking advantage of expensive schemes which ultimately result in getting them insured to be on safer side.

People in the developing are getting better off due to last stage of recession which shall result in coming back in living in expensive and better life due to

more affordability in shape of clothing, houses, cars etc. Which ultimately improve the health of people and insurance companies shall be paying out less on the illnesses.

AXA Corporate Strategy

AXA's strategy is to combine organic and external growth to meet the challenge of operational excellence in all of the following areas:

Distribution

Quality of service

Productivity

Product innovation

Core business expertise (underwriting, claims management, pricing, investment performance)

Strategic Objectives

To become a preferred organisation for both internal and external customers

To gain top three position in its entire business segments

To play increasing role in distribution

Communication Strategy at AXA

Communication at AXA carries significant importance both to the internal customers and stake holders and well as external customers at the level of individual and corporate customers. AXA has been successfully using the communication as a tool to reach to its target audience and hence has been

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able to convert the communication into making more customers both at individual level and corporate level. However since AXA is operating in multiple segment of its business with offering of both life and non life products so customization of communication has played a significant role in its success. Primarily, AXA has depend and utilized the new medium (internet) in its communications, which is primarily due to the shift at life style of the society since more of the people depend on internet in gathering information to decide. But since insurance is the business where customer do not get any thing in tangibility and customers do not generally go for insurance specially for their lives and hence tracking them and approaching them with a customized messages have been the strength at AXA across the different business segments. AXA key focus in its promotion has been based on pull strategy this is due to the reasons that organization itself has established its image and progressive pool of customers both at individual level and corporate level.

Proposed integration in communication

As the market of insurance are getting saturated and generally perceived as the similar product offerings by different organization so for the progress and growth of the organization, it shall be critically important for the organization that an integrated approach of communication is adopted with the combination of different promotional options that are Pull, push and profile.

Communication Strategies:

Out of the three strategic options to communicate to its external customers, AXA need to adopt a combination of all three options.

Pull strategy shall help AXA in reaching its customers directly by the use of different medium of communication or communication mix with the objective to create a demand of the products offering, creating a strong corporate image and corporate positioning in the customers mind. The strategy would be used effectively across the organization in all of its business segments and all the customers as per the target and product match (Studiowide 2010). Pull strategies play a significant role for the organization when there is a high awareness and demand of product and services prevailing amongst the customers and hence pull strategy provide customers to differentiate the product in a shorter span of time.

Profiling is when the promotional efforts serve as a means to satisfy the organization's stakeholders via PR, sponsorship and corporate advertising (Studiowide 2010).

This shall support AXA in creating awareness for the organization amongst its potential target audience in particular to the youth at the individual level and future executive of the organizations. It shall further create and maintain a positive image (PR) and keep the stakeholders happy (which is very important).

Push Strategy

All in all the promotional strategy for Apple iPhone in Iraq needs to be a combination of Pull and profiling strategies.

Objectives:

Following qualitative and quantitative objectives are set on the basis of SMART criteria that are Specific, Measurable, Achievable, realistic and time bound.

Communication objectives:

100% of the target audience in entire of markets should be aware of the AXA by the end of the first three months of the New Year 2011.

50% of target audience should be aware of its business segments both life and non life by the end of June 2011.

75% of amongst the 50% of the aware target audience should perceive, AXA is the best available choice due to its products and services

50% of the target audience should believe in using or switching to AXA products and offering at least in one segment " life" or " non life"

Tactics:

Electronic media, Print Media, Outdoor advertising

Message:

At AXA, messages shall be a mix of logic and emotions since it is a matter of life and beloved. Information-Based Messages shall promote AXA and its product in entire of its markets as they shall be most effective in this case:

Factual: The benefits of AXA's offering/products shall be direct and straight-forward and factual based on the reasoning and potential queries of the customers.

Slice of life: This will show its customers that AXA products are close to their needs and match with their profile and styles.

Demonstration/Comparative: This will allow its customers to compare its product with other available options and a better judgement and differentiation.

Communication Mix:

The methods that will be used to promote AXA's product in its market are as follow:

a) Advertising: Advertising the AXA and its products will help to reach a large audience and will help to generate brand awareness. Advertising is cost effective method in proportion to its widespread reach.

b) Personal Selling: Since Insurance is emerging and progressive industry and people still are not good in judging the benefits against the features offered. So at AXA, personal selling will help to create a relationship between AXA and its customers. Also, most companies in the developed markets are now overlooking personal selling due to high influx of internet and hence they are missing with the emotional aspect of selling. Through personal selling, AXA can effectively differentiate its products by showing that it cares for its customers. This will help AXA to solidify their competitive advantage amongst its customer in different markets.

c) PR: Public relations focuses on keeping stakeholders happy and as there are several stakeholders involved with AXA in its different markets so maintaining a good relationship with these stakeholders is extremely

important. Also, AXA's image in its entire markets needs to be a positive one, and PR aims to create and maintain a positive brand image and is extremely useful for advocacy and word of mouth. Use of celebrity could be a good choice in different markets.

Media:

The types of media that should be used to promote Apple iPhone in Iraq are:

a) Broadcast media: Even with the change in life style and behaviour, almost everybody everywhere watches TV and listens to the radio, so broadcast media is effective as it would reach an extremely large audience.

b) Print media: Since AXA is operative in the developing countries and in these countries peoples have the reading habits in the form of news paper, magazines etc. The use of print media as per the target audience should create hype about the organization and create more awareness and understanding about the insurance benefits.

c) Outdoor media: This shall be effective approach and would be utilized with the involvement of country's favourite celebrity in messages dissemination.

New Media:

A part of dissemination the information and key messages to its target audience, AXA shall also be using the affiliated website that shall obviously increase the flow of new potential customers to its website. The flow of new customers shall open opportunity for AXA to retain them since these customers shall be a low hanging fruits for AXA that are potentially sold on

the benefits of insurance and hence at the level of comparing and seeking additional information.

CONCLUSION

AXA, for over 20 years of service to the global market has indeed proved to be a very successful company having been included in the top Fortune 500 list of companies in 2006. 2006, was a very strong year for AXA as it has managed to increase by 30% through increased diversification and stronger local franchises in their key markets. This is way ahead of their ambitious 2012 targets. The company is expecting more from 2007 specially with the most recent acquisition, Winterthur.

Moreover, AXA's business model entails fortifying, consolidating and developing organic growth by retaining existing clients and acquiring new ones to ensure that the Group is able to seize genuine opportunities for external growth. Also, AXA's growth can be attributed to its development efforts which are focused on the most profitable segments and seeks to enhance its positioning in developed or high-growth markets

Lastly, the AXA Group of Companies' ambition lies at the crossroads between two (2) key requirements. First, the performance must be made possible through operational excellence, and secondly, the excellence of the Group's behaviour in relation to all of its stakeholders. The excellence of behaviour is therefore founded on the stringent and strict compliance with the procedures and commitments as summarized in their Group Compliance Guide, reflecting AXA's values.