

**Brand Management**  
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**Week – 05**  
**Lecture - 21**

Welcome to yet another lecture on brand positioning and repositioning. You may recollect that in the last lecture we have mentioned that this activity of brand positioning and repositioning is often considered as equivalent to the entire brand management activity or process. And often people say that brand management is nothing but doing the positioning exercise and repositioning exercise. If you are a brand manager when you become a brand manager you would perhaps realize that there is a large amount of truth in this statement because most of the time you would be doing this exercise. In the previous class we have shared some examples of brand repositioning exercise particularly if you recollect we shared the example of the times of India of idea cellular and a wine brand called Dom Perignon. Today I am going to share one more example which is a rather comprehensive exercise that this brand had undertaken to reposition itself.

I will take you through this process in a little detail because a large number of you who are doing this course on brand management you are perhaps doing your MBA and after MBA you would be working in an organization. It is also possible that many of you are actually working in an organization right now and this you may find useful especially because a large number of companies today are in the service industry. Even if it is a product company they are trying to convert that product into a service. You may here recall our discussion on productization of services and servitization of products.

So in this context this example becomes particularly relevant to a large number of professionals and students who are going to pursue a career in brand management. Now if you look at your screen you will see that we are talking about a brand called AXA which is into the insurance industry. Now in India we may know it as Bharti AXA but today we are not talking about its Indian counterpart we are talking about the European original company called AXA. Now this is the year about 2001-2002 when a new CEO joined AXA and he wanted AXA to become the one of the largest insurance companies in the world. Now this is a truth with all CEOs.

All CEOs want their company to become big and if possible to become the biggest and this person was no exception. He wanted his brand AXA. He wanted his company AXA to become one of the largest insurance company in the world and he took many initiatives in this direction so that his company can become bigger. But he was faced with some challenges. The first challenge that he encountered or one of the challenges

that he encountered which made him see red and that challenge was that every year they were adding 4 million customers.

However, out of 4 million, 3 million were new customers. Now these numbers may not be precise but the point I am trying to make is that he realized that every year nearly 70 percent of the customers were new customers of the total customers. Now if you understand insurance industry, you will know that if you buy an insurance product, you have to pay premium every year and only if you pay your premium every year if it is a Ullip or if it is a hybrid product, then you get returns later on. If you do not pay premium every year, then the insurance product becomes invalid and therefore, you do not get the benefit of insurance or even investment. So now when he looks at the data and he sees that out of 4 million customers that he is acquiring every year, 3 million customers are new customers.

They are first time customers, which means what? Only 1 million customers, which is 25 percent of the total customers are actually old customers, which means only a fraction of the total customers are continuing with the product. And if you do not continue with the product, especially in insurance industry, you do not get the revenue because you have to pay a premium every year. So this was an alarm bell and he wondered why this is happening, why old customers are not paying premium every year, why are they not renewing their life insurance plan that they have taken from AXA. Now he started to look deeper into it and try and understand what really is the problem and this brought him to two basic ideas that the AXA was trying to communicate to the consumers. The tagline of AXA at that time was Be Life Confident.

You can see on the screen one of the logo, the older logo used to announce saying that Be Life Confident and its promise to the customer was that AXA is close and qualified. Now these are the two brand promise and the tagline with which AXA brand was working at that time. Now he was not sure whether these two brands or these two taglines and the brand promise is actually working or not. So what he did was he instituted a survey. In that survey, the customers, all its existing customers were asked what do you think about these two statements, Be Life Confident and Close and Qualified.

Now this survey was done among large number of customers and the results were something like this. Most people said that they do not really understand what is the meaning of Be Life Confident. It seemed very general and not very sure what it means and Close and Qualified, what they said was that while it is true that when the salesperson of AXA come to the customer and they try to sell the product, at that time they seem to be quite qualified, the way they are explaining the product and the way they

are explaining the benefits that the customer will get over a long period of time. So those things were quite good. So qualified element was good.

However close element was not very good, which means that if a customer called the AXA agent, or AXA employee, the person would not pick up the phone call. Even if they pick up the phone call, they would say I will call you back and then they will never call back. So the professionalism, the attention that the customers expected from employees was something that they were not receiving. So what he did, the CEO at that time, he decided that perhaps these two phrases, statements Be Life Confident and Close and Qualified are not working and they are creating confusion in the minds of the consumer and they do not really know what AXA is offering. They are also seeing a gap.

The promise is Close and Qualified, whereas the actual delivery is neither Close and only partially qualified. So he felt that there is a gap in the promise of the brand and actual delivery of the brand. There is also, he realized that there is confusion in the minds of the consumer because of which they are deciding to not continue with AXA brand. So now what will he do? He decided that let us change these two statements and for that what he did was he did a survey. This time the survey was done only among the employees and not among the customers.

There are 50, at that time there were 55,000 employees within AXA and the survey was done among 55,000 employees and they were expected to state what do they expect from the top management and what they think customers expect from them. So all of them were asked to use words that will indicate what really they expect from top management and what they think customers expect from employees of AXA. And this way when they analyze the response of 55,000 employees, what they got was 21 words which indicated towards the expectations that the employees have from the top management and what employees think that the customers want from AXA employees. So out of those 21 words again a survey was done and in that survey among the top management and others they identified three words which was common or which appeared in highest frequency, highest frequency and those three words were chosen. Those three words were as you can see in the slide available, attentive and reliable.

Now the CEO thought that these three words addresses the problem created by the first two statements which was be life confident and close and qualified. So what he said was that employees expect from the top management the same thing that customers expect from employees of AXA and that is something very simple which is being available, being attentive and being reliable. What does it mean? It means that when someone makes a phone call you must pick up the phone, when someone is speaking to you on phone or in person you must be attentive and listen to them and then when you present a

solution you should be reliable about it, your solution should be reliable and you should get back in case you are not able to present your solution immediately. So being available, being attentive and being reliable is the direction in which the company should move. All the employees should be available, attentive and reliable and he said because he is the CEO and because he thinks that the expectation of employees from the top management is this, he said I will have to walk the talk.

So I should be the CEO himself should be always available, attentive and reliable and then he instructed his top management to walk the talk. All top management, everybody should be available, attentive and reliable for one another within the company. Only then if they can be available, attentive and reliable for their fellow colleagues only then AXA employees will be available, attentive and reliable to its customers. So in this way what the CEO did was he tried to change the culture of the company and culture of the company changed from the value system of close and qualified to the value system of available, attentive and reliable. This was a culture change and because it was a culture change it had to be driven from the top and it had to be imbibed by people who were working in the organization.

So this is what he aspired to do and another aspect that he changed was redefining standards. So he changed be life confident to redefining standards and he said that we will create new benchmarks, we will redefine standards of insurance industry and of course he took many initiatives towards redefining standards, towards employees being available, attentive and reliable which is beyond today's scope of the lecture. But it is sufficient for us to know that these are the initiatives taken by the CEO of AXA so that the brand repositioning takes place and if you see this brand repositioning is happening inside the organization, it is not happening outside, it is not happening for the customers right now, it is happening only within, only the insiders, the employees, the employees are participating in it. So once these things were finalized then it was launched again only to the employees and the CEO himself came on to the screen and he spoke directly to all the employees and he said that now our tagline is redefining standards and our brand promises available, attentive, reliable. Most employees were happy about the change and most of them said that we will have to see whether the top management walks the talk and they saw that there was actual change in the organization, people started being available, attentive and reliable and this way AXA tried to reposition itself first within the organization and later outside the organization.

This whole repositioning exercise happened in the year 2001, 2002, 2003 and results were seen in about 10 years time. By 2010-2011 AXA was the largest insurance company in the world. So you can see that brand positioning and repositioning exercise is not an exercise that happens only in the minds of the brand manager, it does not

happen only inside the marketing offices of a company, it happens inside the whole organization, it can affect all the employees, it can affect their behavior, it can affect the culture of the organization and if all that happens, it starts influencing results in the market, it starts impacting the customers, customers start feeling the impact, it starts feeling the change and they start buying the product and once they buy the product and they feel that yes, the promise is being delivered, they continue buying. So earlier we saw that people will buy the plan but they will not renew it but that did not happen and over a period of 10-12 years they saw that AXA increased its customer base, AXA increased its revenue and in about 10-12 years it became world's largest insurance company. So this is one of the most successful repositioning exercises that we have seen.

Now let us go back to some kind of theory in a brand repositioning exercise. Right now we are talking of brand repositioning and not brand positioning, this is something that we have to understand. Now any repositioning exercise, you can see the continuum here, on one end is low organizational impact and on the other end high organizational impact. So if you do a repositioning exercise, you can choose that you are taking an initiative, you are making changes in the brand that will not have much of organizational impact or you can do something which has high organizational impact. The example that we have just now seen in the case of AXA, they have not just done a brand repositioning but they changed the culture of the organization completely and therefore this exercise that AXA carried out was a high organizational impact one.

However, we also often see that there are many brand repositioning exercises that are done at the campaign level, at the logo level, at the typeface level. So for example Airtel, it will change its logo. So its logo was earlier red, white and black, then it became only red and white. Earlier it was square, now it has become round. So these kind of brand repositioning exercises where you only change the logo that will come under low organizational impact.

The impact on the organization is not much. It is at the image level, it is at the communication level. The next level where there may be some impact, some or greater impact is when you revise the identity itself, which means that you are changing the brochure, you are launching a new campaign, you are perhaps changing the tagline which in this case AXA also did. You may remember the examples of idea cellular when they moved from a technology related positioning to social service related positioning. So that is where this one will fall, this repositioning of identity revision where content is getting revised or visuals are getting changed.

So this is the second level where there is some impact in the organization but not much. And then the next level is internal and external repositioning. So here you are doing this

repositioning exercise not just at the cosmetic level, not just at the image level but you are also repositioning it at the customer level. So customer should feel the change in terms of delivery and if the objective is to make the customer feel the change, you will have to make internal changes as well. So when you do a repositioning exercise, you are doing both externally and internally because unless the employees who are delivering a service unless they change, the customer will not feel the change.

Let me give you a simple example. Suppose you enter a Taj hotel, the way you are greeted makes, do you think it makes a difference? Perhaps it makes a difference. Now if you enter a hotel and someone says good morning Mr. Abhishek, how can I help you today? That is one way of greeting you and welcoming you to the brand. Another way of welcoming is you fold your hands and do Namaste and then you say the same thing in Hindi. Now if a brand wants to take a more cultural outlook and it wants to reposition itself as a more culturally rooted brand, then it would probably shift from English to Hindi and from a gesture where there is a bow or there is a handshake, you move to Namaste.

Now this change customer will perceive only if the person who is greeting you at the door changes his behavior and that is why you need to do not just external repositioning. You do not have to just announce that we are a more culturally rooted brand, but in the background you will have to create new behavioral guidelines and give people training so that they behave, they display that behavior according to the new guidelines. So that is why internal and external repositioning both are required so that customers can feel the difference. Next level of repositioning is organizational restructuring in line with new identity. So which means that you are trying for new goals.

You have set up new business goals for your organization and those business goals require your brand to be repositioned in a certain way. For example, a luxury brand becomes a value for money brand or vice versa or a brand which is available only in one pocket of the country is now available in the entire country. So many such changes can happen and if you have to make sure that the delivery happens as per your new business goal, you will have to do internal organizational restructuring and that restructuring should be in accordance to the new business goal and the new identity that you have decided for your brand. So for example, if a regional brand becomes a national brand, you will have to train your employees, you have to create departments, you have to create structures in such a way that it reflects the national aspiration of your brand. And last but not the least, you can also use this opportunity of brand repositioning as an activity that will transform your organization.

In this case of AXA, we saw that the whole AXA brand and whole AXA organization

got transformed because there was a culture shift. Everybody became available, attentive and reliable and because of that there was a culture shift. People started trusting their managers more because they were more available, attentive and reliable. And because junior management started trusting middle management, middle management started trusting top management, the entire atmosphere within the organization changed. It became a culture of trust and because everybody within the organization started trusting one another, customers also started trusting the employees of the organization AXA and so there was a culture shift and there was an overall organizational transformation which also resulted in business performance and because of which in 10-12 years AXA became one of the largest, not one of the largest insurance business in the world.

So this is the whole range of possibilities that can take place with the help of this objective of brand repositioning. Now you as a brand manager will have to decide where do you want to peg your brand repositioning exercise. You want to simply peg at change your logo or create a new campaign. So for example every summer month thumbs up and Coca-Cola and Pepsi they will create a new campaign because the summer has come and everybody will be going because they will feel thirsty because it is so hot. So they will be going to consume fizzy drinks and should they choose Pepsi, should they choose Coca-Cola to remain in the minds of the consumer they will launch a new campaign and that campaign will perhaps be at the level of content and visual but will it change the internal structure of the organization it may not and it is not required also because the objective of the brand repositioning or a new campaign is only to attract people to come to the come to the store where they can pick up a bottle and consume.

It may essentially not even be repositioning it may just be a new campaign. So as brand managers we have to take a decision a conscious decision as to where we are pegging our brand repositioning exercise are we actually doing repositioning or we are just launching a new campaign and if we are actually doing repositioning what to what extent we want to go so that we are able to deliver business results. Thank you very much with this brand repositioning theory and with this example of AXA we complete this section on brand positioning and repositioning. We will now take up a topic which is called brand manager system how brand manager system has evolved with time in America in Europe and later on in the whole world. Thank you very much. .