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Autonomy of a Rebrand: How Aviva came to Ireland

Richard Brophy

Abstract

This article charts the rebranding of the Hibernian Group companies in Ireland to Aviva in a manner that kept business as usual, without harming the rich tradition and brand heritage crafted over 100 years. The paper examines the progression of Hibernian to Aviva through academic literature and the course that Aviva pursued in Ireland to rename an established insurance brand cherished by both the industry and public alike.

1. Introduction

The corporate brand as defined by Aaker (2004) potentially contains the components of a rich heritage, assets and capabilities, people, values and priorities, a local or global frame of reference, citizenship programs, and a performance record. As we have seen in recent years, a number of corporate brands have undergone a remodelling or a complete change. Rebranding of an organisation is usually driven by external factors, mostly from consolidation, mergers and acquisitions and/or change in corporate strategy (Muzellec & Lambkin, 2006).

In breaking down the components of the brand, de Chernatony & Dall'Olmo Riley (1998) developed a model encompassing the internal and external attributes of the brand; where internal attributes included – vision, mission, values, corporate cultural heritage, naming policy, functional capacity and personality, and external attributes included – confidence, rational performance, and emotional attributes. Both are developed over time and experience and their connection is governed by consumer perceptions and relationships.

Due to its size and its historical connections to the UK, the insurance industry in Ireland has been subject to massive change in which mergers have consolidated the market and also the number of companies operating in Ireland who have a rich heritage, background, loyal customers and established distribution channels (Pike, 1990). Like any other industry, the insurance industry has relied on improved technology to facilitate access to customers at lower costs or at times more convenient for the customer and this has significantly changed the landscape of how insurance is sold and managed (O'Driscoll, 2010).

This paper aims to explore the current rebranding literature published and compare and contrast with the most significant rebranding initiative taken on a well known and developed brand of over 100 years, the Hibernian companies of Aviva plc.

2. Rebranding in the Service Industry

Brands can connect to people through a variety of way which can make or break product or service. If Google was named after the initial university project title 'Back Rub' (Battelle, 2005), perhaps we would not have the successful brand name that is now used as a verb for online searches? Branding too can have negative effects on a product or service such as the rebranding of the British Royal Mail to Consignia and back again to Royal Mail (Stuart & Muzellec, 2004).

Daly and Moloney (2004) outline rebranding as a challenging process that affects the values and promises, attitudes and feelings about brands and that brands of established companies have taken years of investment to become major assets. In keeping connection with the past and moving towards the future with the new brand, Haig (2003) outlines the sins of branding which are: Brand Amnesia (where the venerable brand creates a radical new identity) and Brand Irrelevance (where the markets that are constantly evolving, the brand must remain relevant to the market) are major concerns for any rebrand, especially in financial services.

Building a brand may take lots of resources in advertising and promotion and any rebrand would obviously have a potential high spend. However companies can create a successful brand even without resorting to expensive media. This can be achieved through a well-devised marketing strategy that incorporates brand building by way of a clear identity made visible even before it is launched and allows customer buy-in / participation into the brand (Joachimsthaler and Aaker, 1997). Joachimsthaler and Aaker (1997) illustrated this using example of brands being built without mass media such as Cadburys promoting their brand through their historical background of chocolate making but highlighting their progressive industrial relations in an era of hard labour through factory tours and a theme park.

As the brand is an asset, we have seen it used to extend into unfamiliar areas such as grocery retailer entering the financial services sector (Burt, 2000). Within service industries, many are adopting Fast Moving Consumer Goods (FMCG) techniques to differentiate themselves in a homogeneous market where products are virtually identical in nature and service (McDonald et al, 2001).

In rebranding, employees as stakeholders in the organisation have a part to play in the process. Muzellec and Lambkin (2006) described employees as internal stakeholders who must be involved in the process, have a buy-in into the process and be convinced of the need for change of the brand for it to work. They also established that customers' brand images are primarily formed on the basis of encounters with employees which in turn make employees an integral part of the rebranding process.

3. Rich Heritage in Insurance

The Hibernian name for the insurance company pre dates the foundation of the Irish State in 1922 where it was founded in 1908 by a group of business men in Dublin (Mulhern, 2008). Although the original Hibernian Insurance Co was founded in the early 20th century, Norwich Union (a British mutual insurer) had Irish operations dating back to 1816 and like Hibernian dealt with a wide range of insurance products for both personal and commercial risks.

Consolidation of insurance companies is an ongoing process that comes in cycles. Both Hibernian and Norwich Union have been subject to their respective consolidation events in the past, however in the 1990s their merger led a trend of global consolidation of the insurance industry. This consolidation gave way to demutualisation of some insurance institutions. Additionally the mergers of large insurers had a massive effect in Ireland and changed the way in which insurers operated and the nature of stakeholder involvement.

In Ireland alone, the majority of insurers operating in the 1990's had a British or foreign parent company and this consolidation joined many insurers which would have been competitors in the past. Notable ones to mention would include the merger of Sun Alliance to the Royal Insurance company creating Royal & Sun Alliance, now called RSA; and the purchase of Irish National Insurance Co by Eagle Star creating a larger Eagle Star general insurance company.

4. Associated Activities

4.1 Health Insurance

Unlike the rest of Europe, the Health Insurance industry in Ireland is not as developed in terms of competing forces. Dominated by the Voluntary Health Insurance (VHI) which is government owned, competition first entered the Irish Market with the arrival of BUPA from the UK. From there the market became regulated by an independent government agency that set ground rules regarding products and what it covered for Ireland. After BUPA, VIVAS Health was formed in 2004 making it the third player in the marketplace and it grew considerably over a short space of time. During the risk equalisation debacle, BUPA ended up withdrawing from the Irish market and sold its book of business to Quinn Insurance creating Quinn Healthcare. Along with this, VIVAS Health founders ended up selling their controlling shareholding to Hibernian Insurance in 2008 and this was subsequently renamed Hibernian Health. Distribution channels of health insurance in the past tended to have been sold directly to the customer. However Vivas Health and subsequently Aviva maintained an intermediary network of AIB Bank (who have a shareholding in this company) and professionals to sell group and individual health plans and are presently the only insurer in Ireland that maintain this distribution channel for health insurance.

4.2 Driving School and Breakdown Assistance

Royal Automobile Club (RAC) is a well established breakdown assistance organisation in the UK that established itself in Ireland in the mid 1990s providing breakdown cover and also a driving school. In the UK (but to a lesser degree in Ireland), they maintained a financial services division where it was an insurance intermediary and sold motor insurance to the general public. Established as a major breakdown service company in Ireland like in the United Kingdom, the RAC was taken over by Aviva in 2005 in a massive takeover of all its operations. The RAC brand was retained in the UK for breakdown and financial services, while in the Republic of Ireland the RAC operation of breakdown service and driving schools was rebranded with the Hibernian name.

5. Insurance Industry in Ireland – Changing Distribution Models

5.1 Conventional Distribution Models

Traditionally insurance and financial services were sold through intermediaries, namely Insurance Brokers. Typically an insurance broker would have various agencies that they would use to insure specific risks. In the case of Hibernian and its precursor insurers they did grant agencies to individuals where they would sell on behalf of company only and would not sell other insurance products. These would be known as tied agents and would operate exclusively for Hibernian.

Besides insurance brokers and tied agents, Hibernian and its precursor insurers did maintain an extensive branch network that dealt with the public and agents alike. During the 1960's, insurance distribution changed dramatically with the creation of PMPA which, unlike other insurers, bypassed the insurance broker totally and used branch offices around the country (Carswell, 2006).

Over time, direct underwriting changed further with the advent of better telecommunications creating insurance sales call centres and subsequently the Internet creating internet based insurers (Debling, 1998). With this change in technology most insurers in Ireland also developed their own direct channels by extending their existing brand into direct operations like call centres or utilising branch networks. For example Hibernian created Hibernian Direct to sell insurance and financial products to the general public bypassing traditional intermediaries. Hibernian Direct is regulated as an intermediary in its own right and can retail other financial products not developed by them such as Hibernian branded mortgages from KBC Bank.

Although insurance was previously regulated by the Department of Industry and Commerce, its regulation remit was for solvency and prudential supervision only. Statutory regulation of insurance further expanded with the Insurance Act of 1989 and with the Central Bank of Ireland taking over the regulatory supervision of insurance intermediaries under the Investment Intermediaries Act of 1995. In turn this office was merged (along with some other regulatory bodies) into the Irish Financial Services Regulatory Authority. This was subsequently renamed the Financial Regulator and ultimately renamed the Central Bank of

Ireland with responsibility for regulating all financial service products from national and EU passporting of insurers into and out of Ireland, to the conduct of intermediaries and the sale of financial products to the general public. The Central Bank of Ireland also became a consumer advisory service providing the public with advice on insurance products and engaging in pricing surveys that are published on the web (itsyourmoney.ie). One feature of regulation was the mandatory use of regulatory statements that are featured in all public advertising of insurers and intermediaries alike which indicated to the customer who was regulated and providing the product. This applied to Irish regulated firms and also EU foreign regulated firms operating in Ireland.

With the advent of regulation of the sale of insurance products, many brokers or tied agents merged or exited the marketplace. Alongside this many other types of insurance intermediaries came on the scene using new technology to distribute products.

5.2 New Distribution Models

5.2.1 Bancassurance

Bancassurance is another growing area where banks are retailing insurance products to their customers. In defining this, bancassurance brings together the advanced selling skills of insurance operators and the stronger customer orientation and loyalty of the banks resulting in highly profitable, cost effective cross selling of insurance products (Hughes, 1994). Banking institutions over the years have sold various forms of insurance and life assurance protection products to their customers. Usually combined with or added into mortgage loans, mortgage protection (decreasing term life cover) and property insurance (for the property that the bank has a lien on) have been included in mortgages. In Ireland nearly all banks have established bancassurance products by way of group schemes with existing insurers based in Ireland, for example: AXA Insurance providing Household Insurance to AIB Bank. In some cases, banks have gone further and provided other types of insurance products not related to a traditional banking product, such as Car Insurance. For example, Aviva provide AIB branded car insurance through a web facility and also operate a call centre. Regarding Life Assurance products, we have seen banks enter this market with their own life assurance operations namely Lifetime from Bank of Ireland and Ark Life from AIB who subsequently merged with Hibernian Life & Pensions.

5.2.2 Brandassurance

As brands are expanding into other industries that are either related, complimentary or unrelated, we have seen the advent of Brandassurance where the existing publically trusted brand is used to enter a completely new market where a traditional financial service provider could not (Grice et al, 2008). In many cases brandassurance involves a brand to promote with the product being handled by an existing insurance provider. In Ireland, Tesco Personal Finance was established to extend the grocery retailing brand into financial services where they offer credit cards, life assurance and car insurance. Presently RSA Insurance is providing the car insurance product while Aviva have in the past provided other products namely life assurance. The unique selling factor for these products compared to traditional sales lines of Insurance, is that the offer of clubcard points encouraged Tesco customers to use their product over the traditional channels of purchasing insurance. There have also been other brandassurance ventures in Ireland previously such as joint venture operations between an insurer and an institution such as Premier Direct (joint venture between Bank of Ireland and insurers) and also One Direct (joint venture between An Post (Post Office), Aviva and other product providers). These brands would have been developed from scratch but advertising the principal parent companies with the new brand as opposed to Tesco using an existing brand to enter the market.

6. Aviva Irish Operations

6.1 Brand Architecture

Aaker and Joachimsthaler (2000) defined brand architecture as the organising of the brand portfolio that specifies brand roles and the nature of relationships between brands. This brand architecture was streamlined and defined successfully with the consolidation of Norwich Union and other insurers (General Accident & Friends First non-life business) into the Hibernian name with business units equally rebranded in this fashion. This architecture (see Fig. 1) did define the distinctive business units in a clear and simple fashion under the Hibernian brand however as a brand it was restricted to the Irish market, while it was a major component of the Aviva global business. It is clear from observing the UK Aviva business that they pursued a similar strategy to streamline their well established brands into a strong national identity.

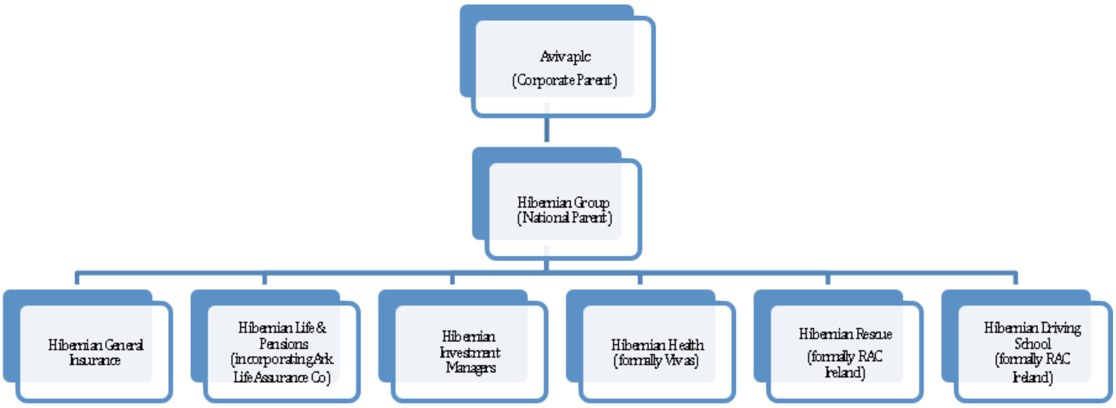

Figure 1: Brand Architecture of Hibernian pre Aviva rebrand in Ireland

6.2 Global Rebrand in Ireland

6.2.1 World Wide Process

Managing corporate brands, especially in times of re-branding, is a complex process that is not just an external process. It requires organisation-wide buy-in to the concept, and an appreciation of the challenges and pitfalls is needed (Gotsi et al., 2008)

The Aviva name came into being when parent company CGNU plc renamed itself in 2002. With that it harmonised the corporate parent of the established British insurers Commercial Union, General Accident and Norwich Union which had merged over a number of years from 1998 to 2000. Although Aviva was the name of the publically traded share company on the London Stock Exchange, Aviva retained its strong national brands such as Norwich Union in the UK, Hibernian in Ireland, Commercial Union in Poland.

The Aviva brand name was introduced to the general public early in some international markets such as Czech Republic, France, Italy and elsewhere around the world in the 2002-3 period. The Aviva global rebrand, the renaming of local brands, officially started in 2008 when it was announced it would rename the locally branded business units that retained the old brands, spelling the end of the Hibernian name in Ireland.

6.2.2 Process in Ireland

Rebranding in the insurance industry is not uncommon in Ireland for a variety of reasons such as the global consolidation of the insurance industry affecting the local market, to mergers and acquisitions happening locally. Within a 10 year period in Ireland we saw the change of Guardian Royal Exchange and PMPA into AXA Insurance, Royal Insurance and Sun Alliance into Royal & Sun Alliance and the Cornhill, Church & General and Insurance

Corporation Ireland into Allianz. Norwich Union too did disappear from the Irish market in 2000 when Commercial General Union (GGU) plc merged with Norwich Union globally affecting its Irish operations and where the Norwich Union name was dropped in favour of Hibernian. Although Hibernian won on this occasion the familiar logo of Norwich Union using the spire of Norwich Cathedral was retained and used by Hibernian.

At the start of 2008, Aviva plc operations in Ireland consisted of Hibernian General Insurance, Hibernian Life & Pensions, Hibernian Investment Managers, Hibernian Direct, Hibernian Health, Hibernian Driving School and Hibernian Rescue (the last two formerly RAC Ireland). All operations retained the Aviva logo and were noted as Aviva group companies. Unlike the UK, the Aviva name was introduced in Ireland over a two year phased period which involved a range of promotional activities including large amounts of advertising.

6.2.3 Phasing in and replacing with the Aviva name

In January 2009 the first phase involved the slotting in of the Hibernian Aviva name into all operations that contained the Hibernian name. This was done through a thorough campaign of writing to its customers informing them of the changes and how Aviva the parent company was a strong trading insurance and investment firm. All regulatory statements also changed for the previously known Hibernian companies containing the Hibernian name were altered to include Aviva. The promotional approach taken to announce this change utilised a massive advertising campaign that encompassed Hibernians' historical establishment in Ireland over 100 years ago and its position within Aviva. The TV commercial that was broadcast across all Irish terrestrial broadcasters used images of Hibernian first opening in Ireland with historical images of Ireland that were thought provoking, such as filmed scenes of emigration alongside archive material, including Charlie Haughey, Martin McGuinness and Ian Paisley in Northern Ireland and the Riverdance troupe performing and Aviva Irelands' theme tune from the American performer Laura Izibor entitled 'Shine'. This was subsequently backed up by press and billboard advertising throughout 2009. Although Hibernian did not engage in much public sponsorship in the recent past, it was announced in 2009 that Aviva would engage in a 10-year deal to sponsor the new Lansdowne Road Stadium and rename it the Aviva Stadium. Heralded with great fanfare, this would raise the Aviva name to new promotional heights for rugby tournaments such as Six Nations (using national Irish, UK, French and Italian sides), Autumn International series and European Rugby Cup games and also for Republic of Ireland soccer international home fixtures.

At the start of 2010, Aviva dropped the Hibernian name completely in its next phase of promotional advertising with a campaign highlighting what Aviva covers in Ireland from Car Insurance, Life Assurance, Pensions and Health Insurance. All regulatory statements were altered and its customers informed of the changes of company names. During this time Ireland and the world saw the first Rugby and Soccer games take place in the Aviva stadium.

7. Review & Conclusion

Branding in financial services plays an important role where it differentiates products or ranges, especially important where given the similarity of many financial products (McGoldrick, 1994). The Hibernian name (see Fig. 2) has now disappeared from the Irish commercial landscape, however its successor brand Aviva continues to operate where Hibernian left off through its intermediary and direct lines network. Alongside this the non insurance activities of Driving Schools and Breakdown Assistance continue to operate under the Aviva stable. The rebrand for this exercise was a truly Irish affair where TV advertising emphasised the heritage of the company in Ireland and its position in the Aviva company worldwide. Its sponsorship of the Lansdowne Road Rugby and Soccer grounds and renaming them as Aviva Stadium (which is not uncommon in Europe as seen by Allianz sponsoring a

German arena for the World Cup in 2006), will truly have a multiple effect for both local and international audiences.

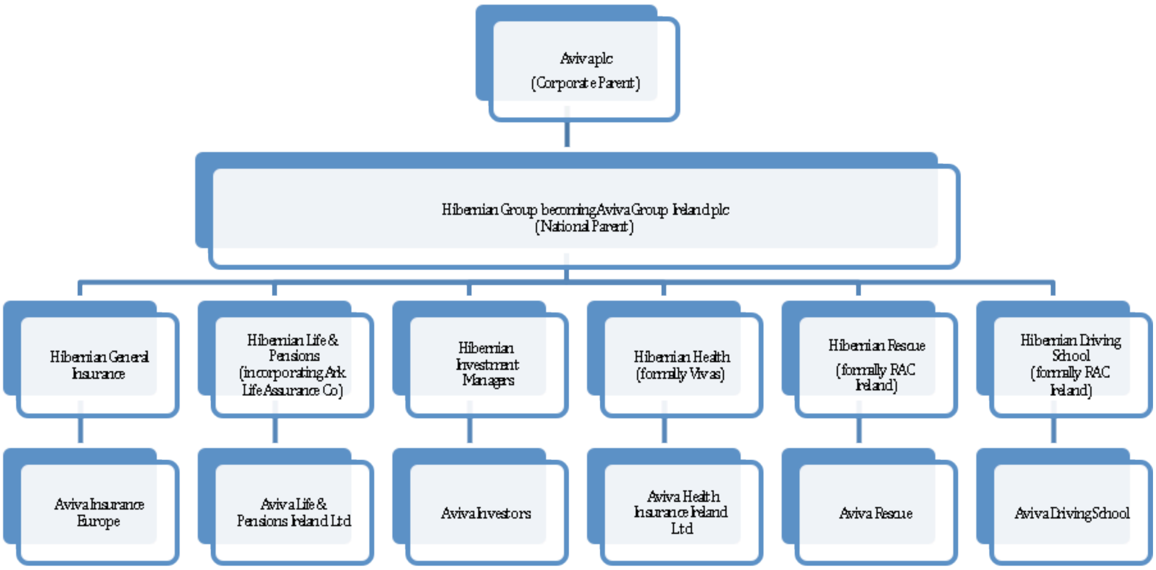

Figure 2: Brand Architecture of Hibernian into Aviva in Ireland

The exercise used historical milestones to promote the company and transferred all of the brand value of Hibernian to the new Aviva brand through visible association of Hibernian and Aviva. The change also organised the brand architecture of Aviva worldwide to take advantage of economies of scale, global promotional opportunities like Aviva Stadium and going forward ensures that the brand is more visible from corporate parent to local level. As insurance and financial products are going through a process of Disintermediation (Atkinson, 2001); where people deal with the product providers directly, the Aviva brand is well positioned to serve both camps of direct and intermediary based business. In this way, the brand is promoted in a more customer friendly way rather through promoting the brand amongst the insurance industry which would have been the norm in the past during rebranding exercises. Regulation requirements of product provider for traditional distribution and brandassurance ventures are also served well with this rebranding exercise.

Delvin & McKechnie (2007) through their research suggest that consumers do not generally consider themselves to have meaningful relationships with financial services brands and appear quite relaxed at the prospect of losing certain brands, provided that change does not occur too often and there is clarity and consistency in an organisation's branding strategy. Applying the above to the rebrand of Hibernian to Aviva suggests that the move to bring the Aviva name to Ireland unified and incorporated all the activities into a fresh umbrella brand reinforced by above and below the line promotional activities making the company relevant to all stakeholders of employees (Hibernian, Norwich Union, Vivas Health and RAC Ireland), industry (insurance industry, intermediaries) and consumer (commercial and personal lines).

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