

Telemarketing and Online Sales Promotion of Allianz Products

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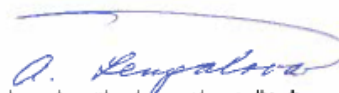
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ABSTRAKT

Tato bakalářská práce se zabývá telemarketingem a jeho praktickým využitím při prodeji výrobků a služeb. V této práci chci ukázat, že přímý marketing má v dnešní době důležitou úlohu při hledání nových distribučních cest a pro získání dalších možností prodeje. Názorné přiblížení principů telemarketingu v praxi jsem v práci uvedla na příkladu společnosti Allianz Direct. Uvedený způsob prodeje lze velmi efektivně uplatnit na širokou nabídku služeb i v tak specifické oblasti, jakou je pojišťovnictví.

Klíčová slova: Allianz Direct, telemarketing, pojištění, Call Centrum, autopojištění

ABSTRACT

This bachelor thesis deals with telemarketing and its practical use during selling of products and services. In my thesis I would like to demonstrate that direct marketing plays an important role in the search of new distributional channels and in acquiring new opportunities for sales. I introduced the illustration of principles of telemarketing in the example of the company Allianz Direct. This method of sale can be effectively applied to a wide range of services, even in such a specific area such as the insurance is.

Keywords: Allianz Direct, telemarketing, insurance, Call Centre, car insurance

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INTRODUCTION

In today's world of increasing clients' requirements, sales realized via the Internet and telephone are widespread all over the world. The increasing interest in these kinds of selling has heightened the need for establishing centres oriented on customers. It is no wonder that nowadays most of companies derive the benefits from this reality, and that is why we can buy almost everything online, even insurance.

This work deals with a Call Centre of the company Allianz Direct, s. r. o., which is an exclusive representative for online selling of products of the well known insurance company Allianz. This thesis results from my personal experience, therefore the practical part is written from the point of view of an employee of the Call Centre.

Although considerable attention has been paid to the practical part, first chapters have been devoted to brief introduction to principles of telemarketing and Allianz itself.

The main aim of this thesis is to describe the operation of this Call Centre and to bring suggestions for elimination of negative aspects and for the improvement of services.

I. THEORY

1 TELEMARKETING

Telemarketing belongs among effective forms of direct marketing which represents an important part of the promotional mix.

Promotional mix consists of five elements. These components are mutually linked whereas they affect each other. To make sense of telemarketing itself, it is necessary to understand the principles of promotional mix at first.¹

1.1 Promotional mix

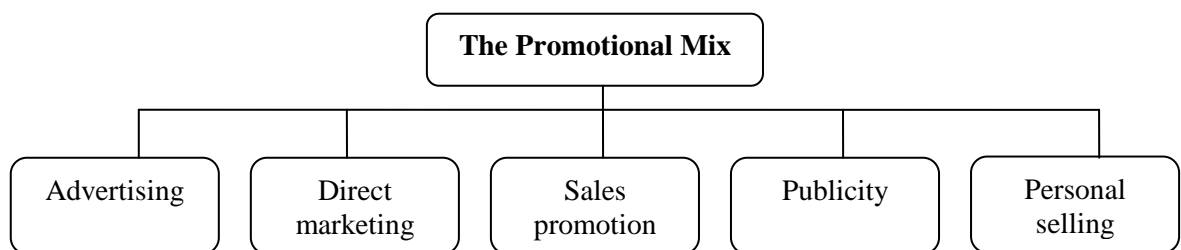


Figure 1. Graphic Illustration of a Promotional Mix

Source: BELCH, George E; BELCH, Michael A. *Introduction to advertising and promotion: An integrated marketing communications perspective*. 3rd ed. (Chicago: Irwin, 1995), 9.

1. Advertising

Advertising is the best-known and also the oldest tool of promotion. “Advertising is defined as any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor.”² This part of promotional mix consists in propagation of any ideas or products in media, which can be e.g. television, Internet, newspapers, magazines or radio. The purpose of advertisement is to inform a customer about the qualities of offered product and to persuade him to buy it.

2. Personal Selling

¹ Tutor2u. “Working with our partners”, http://www.tutor2u.net/business/marketing/promotion_mix.asp

² BELCH, George E; BELCH, Michael A. *Introduction to advertising and promotion: An integrated marketing communications perspective*. 3rd ed. (Chicago: Irwin, 1995), 11.

Personal selling is based on the face-to-face contact with potential buyers. The main advantage is its interactivity – there is a lot of communication between the customer and seller, therefore the seller can easily influence an opinion of a client. In this case, the personality, communication skills and character of the dealer are extremely important elements.

3. Sales Promotion

Sales promotion lies in providing incentives to customers or to the distribution channel to stimulate demand for a product and to support immediate sales. At the present time this form of promotion is very popular.

Sales promotion is generally divided into two categories: consumer-oriented activities (targeted to the ultimate user with using coupons, samples of products, premiums etc.) and trade-oriented activities (targeted to marketing intermediaries by giving price deals, sales contests or merchandising allowances).

4. Publicity

Publicity is also known as public relations /PR/. The main purpose of PR is to intensify a consciousness about the company and to cultivate its reputation. PR, as well as advertising, consists in non-personal communication but is not directly paid by the company. Publicity uses techniques including news releases, feature articles, photographs, films and videotapes.

5. Direct marketing

In fact direct marketing has not been considered as a part of the promotional mix until recently. But by virtue of the fact that many companies use this kind of promotion and involve it to their integrated marketing communication programs, it can be entered there. Direct marketing is any form of direct selling, from many there can be mentioned e.g. direct mail, electronic media, teleshopping and to this category also telemarketing belongs.³

³ BELCH, George E; BELCH, Michael A. *Introduction to advertising and promotion: An integrated marketing communications perspective*. 3rd ed. (Chicago: Irwin, 1995), 11 - 16.

1.2 Definition and facts about telemarketing

Telemarketing is the marketing of goods and services by telephone calls to potential or current customers.

Sales by the telephone represent a very efficient method of selling and a growing number of companies use advantages of this type of direct marketing. For this purpose, there are appointed specialized operators.

There are two forms of telemarketing:

a) **Active** – consists in active contacting of potential clients for the purpose of acquiring his confidence and make a profit of the call. It is very important to have professional operators on the phone because if the client is satisfied with the call, the achievement of a success is greatly probable.

b) **Passive** – is based on answering of clients calls and solving their requests. It does not consist only in selling of product but also in answering of client's questions and requests. It is easier to sell services during such call because in this case it is a client who needs something and when an operator is able to answer all client's questions or help him to solve the problem, he starts to be more suggestible.⁴

1.3 Brief history

It cannot be said unambiguously when exactly telemarketing started to be used. Despite the fact that the telephone was invented in 1876, some kind of direct marketing has been used since the invention of the printing press which was in 15th century.

However Aaron Montgomery Ward is regarded as a founder of direct marketing by many experts. Ward established the first mail-order business in Chicago in 1872. His business begun when he published the world's first general mail-order catalogue with 163 products listed. The goods here were designed for country people, who in this way might have the same opportunities to have the same goods as people living in cities.⁵

⁴ Marketing journal.cz – zajímavosti moderního marketingu. "Telemarketing" http://www.m-journal.cz/cs/marketing/direct-marketing/telemarketing__s398x474.html

⁵ Illinois Periodicals online. "Montgomery Ward, The World's First Mail-Order Business" <http://www.lib.niu.edu/2000/ihy000441.html>

In 1917 the Direct Marketing Association (DMA) was founded. “DMA is the leading global trade association of businesses and non-profit organizations using and supporting multi-channel direct marketing tools and techniques.”⁶

Telemarketing as a part of direct marketing is very popular in recent years.

1.4 Opinion on telemarketing

Among the Czech customers there predominates a negative opinion on telemarketing, which is also visible in the graph below.

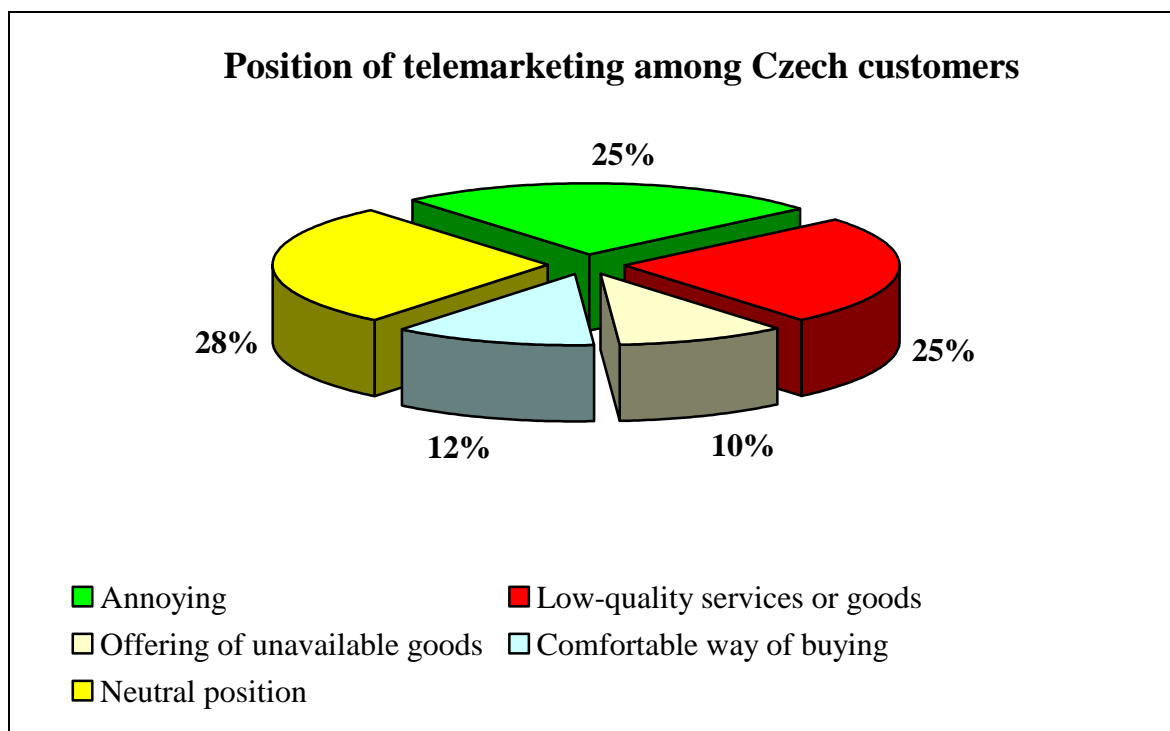


Figure 2. Position of Telemarketing among Customers

Marketing journal.cz – zajímavosti moderního marketingu. “Telemarketing” http://www.m-journal.cz/cs/marketing/direct-marketing/telemarketing__s398x474.html

Fifty per cent of the questioned people assess contacting via the phone negatively. For most of people it is annoying, some customers imagine offered goods or services as not of high-quality or they just do not believe the operator and think that it is a trick.

The position of twenty eight per cent is neutral, it means that they do not apprehend a telemarketing neither negatively nor positively. Only twenty two per cent of customers

⁶ Direct Marketing Association. <http://www.the-dma.org/aboutdma/whatisthedma.shtml>

demonstrate a positive opinion, whereas twelve per cent of these think that sellers on the phone offer goods or services that are unavailable in ordinary shops. Remaining ten per cent consider buying via the phone as a comfortable method.

1.5 Principles of successful telephone selling

“Everyone sells throughout their lives, whether it is thoughts, or ideas, or proposals, everybody is selling to each other. The difference, of course, is that some people are employed to sell products or services and thereby bring in the revenue. And to do that requires great knowledge and understanding of all the skills and techniques of the professional.”⁷

There exist plenty of theories and directions of how to properly communicate with clients via the phone. These recommendations are welcomed by the beginners and even the professional operators always have something to improve. In this case every suggestion for advancement of telephone selling skills should be truly appreciated because most of salaries depend on the volume of sales.

There is no doubt that the main criterion for a successful telephone call is operator’s excellent knowledge of his work. The worker, who is appointed to help a customer, has to be able to answer his every request or, if the problem does not belong him to solve, to direct a client to a department where his request will be answered for sure. It is absolutely impermissible to redirect a call more than once because it derogates good reputation of the company.

It is difficult to tell which of the suggestions for improvement is the most important but there are some basic advices which are the most frequently used in manuals and books dealing with a professional telephone selling skills. These basic recommendations are summarized in the next chapter.

1.5.1 Basic advices for improving telephone selling techniques

- **Smile before picking up the phone** - this maybe seems a bit unnecessary but in fact it belongs among one of the most important regulations, which appears

⁷ RICHARD, Denny. *Prodejem k vítězství*. (1. vyd. Brno: Computer Press, a. s., 2009), originally published as *Selling to Win*, (India: Replika Press Pvt Ltd, 2009), 13.

in every publication. According to the researches can be said that a voice and tonality influence the successful telephone conversation by 38 per cent, whereas next 55 per cent is a body language (yes, even in a phone call the body language is important) and remaining only 7 per cent represents communication in words. The tone of a voice is positively influenced by smile, so the voice does not sound monotonously, on the other hand it seems to be more self-confident and certain and a client feels that he speaks with a person that he can trust fully.⁸

- **Answering the phone on the third ring** – this advice is simple, operator should use the first two rings as a chance to get into a positive frame of mind. It is known that the first fifteen seconds of a call are crucial, the first seconds can make or break the sale. Operator must answer the phone prepared to catch customer's attention and to persuade him that he has chosen the best company which offers the highest quality.⁹
- **Answering the telephone professionally** – the introduction of a company is the next important factor and should be used in a correct order starting with: Good morning/afternoon/evening, then the company name should follow, and finally name of the operator. This order should be kept because of hearer's attention. During a greeting client's mind processes that his call was answered, name of the company is on the second position because a caller knows where he was calling and the most important information – operator's name, should be last because the last heard thing is the best memorized.
- **Writing down notes** – at the beginning of the phone there is a large space for a caller. He describes his problem or explains his request, so the notes are very important for next part of the call. Some clients are too talkative so operator can during the call easily forget what was said at the beginning.
- **Addressing a client with his name** – it is an unwritten rule that operator has to tell

⁸ BACKWINKEL, Holger; STURTZ, Peter. *Telefonujte profesionálně: Jak vést úspěšné telefonické rozhovory*, translated by Zuzana Maňasová. (1. vyd. Praha: Grada Publishing, a. s., 2005), originally published as *Telefonieren – Professionelle Gesprächstechniken*, (Munich: Rudolf Haufe Verlag GmbH & Co. KG, 2003), own translation, 20 – 21.

⁹ Sales Training Plus, "Selling on the Telephone: Part 1"

<http://www.salestrainingplus.com/salesmark/articles/telephone1.htm>

a client's name three times in a conversation. This does not apply in very short phone calls but even in such calls client should be addressed at least once because it evokes trustworthiness.

- **Using words like: “With your permission” or “I appreciate your time”** – in telephone conversation there should not be missing words that show a client that a company appreciate him as a reputable customer. Even the basic “Thank you” or “Please” are often missing in phone calls.¹⁰

1.5.2 Phases of a telephone call

Every telephone call must have some basic structure. Calls should be planned in advance, only in such a case it can be successful. It can be simply said that a phone call has six phases which are specified below.

1. Opening of a call
2. Professional analysis of a problem
3. Confirmation of the information
4. Solving of the problem
5. Termination of a call
6. Personal greetings

1. Opening of a call

The first impression is in the majority of cases the most important part for successful telephone call. It is known that “The first impression is crucial – and the last impression survives.”

As was already mentioned, the first twenty seconds determine, if the conversation is positive or negative and it is very difficult to better the first negative impression. The most important thing is to let a caller speak on his own and after approximately sixty or ninety seconds to take initiative.

The principles of a successful beginning:

- smile, friendly voice and adequate changes in voice
- creating of comfortable atmosphere

¹⁰ Ibid.

- creating of confidence in the operator
- active listening to a client
- patience with a client
- talking in similar way as a client

2. Professional analysis of a problem

In this phase there comes a time for asking questions. Operator has to analyze client's request and make clear about what a caller concretely needs.

- clarification of a problem
- important details
- smart technique of questions

3. Confirmation of the information

This phase is mostly missing in telephone calls, nevertheless it is very important. Operator should confirm the main information before he starts to search for a solution of the problem. If this phase is missing it is probable that it may lead to misunderstanding between speaker and hearer.

The following aspects are crucial:

- summarizing of a request
- taking notes of key words
- asking caller if we understood right
- asking close questions
- waiting for confirmation from a client

4. Solving of the problem

There are three possibilities for solving of client's request:

- immediate solution
- clarification of a request and call-back
- diverting a call to a specialist

Needles to say that the best way is the first option, the others underscore the credibility of a company.

5. Termination of a call

Operator is the person who should finish every telephone call. There should be summarized the most important aspects and if a client does not have any more questions and is satisfied with suggested solution it is the best time to come to the last phase.

6. Personal greetings

The end of the call should as positive as possible. If a client has mentioned some personal details it is proper to use them during the end of conversation. For example: client has said that he does not have much time because he is going to a dentist in a few minutes. During saying good-bye the operator wishes him good luck at a doctor and he gains a great confidence from a client.¹¹

1.6 Usage of the Internet and online sale promotion

Usage of the Internet is absolutely essential especially in case of online selling of products. In this case both purchase of goods or services and also a well-considered propagation of a company and its offer plays an important role.

As was already mentioned in the introduction to the promotional mix, advertising represents one of the main and also the most widely known tools of promotion. At the present time it is important above all it's placing in various web pages, especially in the most frequented ones. The main function of advertising is to catch the attention of user, to catch his interest and to force him to search for more information. In case of the advertisement placed on the web, it is also perfect the possibility to insert a link of the web pages of an organization, which offers a particular product.

In case of advertising of goods or services which is offered online, after the clicking on the link user is automatically redirected to pages of a company, where he can find more information about offered products, he may read the conditions for online purchase, eventually he may buy a chosen product directly.

Allianz Direct uses the same process. Its advertising is used mostly for the promotion of car insurance, where the discounts or special offers are most frequent. A client clicks on the link and he can immediately calculate the price for his car insurance. Banners on a great

¹¹ BACKWINKEL, Holger; STURTZ, Peter. *Telefonujte profesionálně: Jak vést úspěšné telefonické rozhovory*, translated by Zuzana Maňasová. (1. vyd. Praha: Grada Publishing, a. s., 2005), originally published as *Telefonieren – Professionelle Gesprächstechniken*, (Munich: Rudolf Haufe Verlag GmbH & Co. KG, 2003), own translation, 23 – 28.

offer is now placed mainly on the web pages Seznam.cz, which is one of the most widely used internet portals in the Czech Republic.

2 ALLIANZ PROFILE

The Allianz group is one of the best known integrated financial services providers worldwide. With approximately 152,000 employees, the Allianz Group serves approximately 75 million customers in about 70 countries. It offers banking, asset management and mainly insurance products and services.

Allianz is one of the leading insurance groups in the world and rank number one in the German property-casualty and life insurance markets. Allianz operates as an international insurer on almost every continent. It is also among the largest insurance companies in a number of countries in which it operates. It conducts business in almost every European country, with Germany, Italy and France being the most important markets. It also runs operations in the United States, Central and Eastern Europe and the Asia-Pacific Allianz is one of the leading international insurance companies.¹²

2.1 History of Allianz

Allianz was established by an insurance specialist Carl Thieme and a banker Wilhelm Finck in 1890. The company entered into the Commercial Register at the municipal court of Berlin on February 5th 1890. At the beginning Allianz operated its activity only in Germany but in 1893 it entered also international market. First foreign department was opened in London and by the beginning of World War I /WWI/ Allianz expanded its business to the USA, the Netherlands, Scandinavia, Italy, Belgium, France and the Balkans. After the beginning of WWI, a period of growth ended and years of stagnation followed.¹³

After the war, like all German insurers, it was cut off from international markets almost completely but later it came to dominate the whole industry which is unique in the history of German insurance. This success was achieved thanks to Paul von der Nahmer who came with his sound and farsighted financial strategy. He was one of the few people who were able to assess the effects that war would have on the future of Germany's currency and its insurance industry and had provided large amount of foreign currency reserves. After the Nahmer's death his successor, Dr. Kurt Shmitt, used these funds to ensure a great turnover to the company – the highest turnover of all German insurers.

¹² Allianz. "Insurance, Asset Management and Banking worldwide",
<http://www.allianz.com/en/index.html>

¹³ Ibid.

This helped to achieve financial stability in hard post-war years, when Germany as one of defeated countries was in economic crisis.¹⁴

Allianz started as an insurance company for transport and accident insurance, later it started to sale property insurance and since 1921 continued with life insurance. Allianz Lebensversicherungsbank-AG (Allianz Life-Assurance Bank - join stock company) was founded under the direction of Kurt Shmitt. Profits were so high that by 1927 it has become the largest life insurance company in Europe.

This position lasted until World War II /WWII/ which was the next crucial moment for the company. The Hitler's regime obliged insurance companies to increase their subscriptions to government budget. In the pre-war era Allianz lost three quarters of its capital by the contribution to the government loans.

During World War II the head office in Berlin was totally destroyed as well as few of the most successful branches which were also demolished. The main office was moved to Munich. At that time Allianz was technically bankrupt.

In post-war era the chairmanship of the board of management was held by Hans Goundefroy. Thanks to his talent for business he preserved the assets of the Allianz group and its internal stability even after the currency reform of 1948. In the 1950s, the second phase of rationalization begun.¹⁵ Among innovations there belongs electronic data processing /EDP/ which started on January 20th 1956. The magnetic drum data processing machine was called IBM 650 and it was the first machine for EDP in Europe. Each year the IBM 650 processed over ten million cards for statistical and other purposes. In 1956 the board of directors started to use one of Europe's earliest computers.¹⁶

In 1962 it was visible that Allianz was able to get out of apparently inconclusive situation like bankruptcy. In that year its premium income exceeded one billion mark. This dynamic growth was driven by motor insurance, by the end of the 1960s over 50 percent of premium income came from this type of insurance.¹⁷

¹⁴ Funding Universe, All Rights Reserved. <http://www.fundinguniverse.com/company-histories/Allianz-AG-Company-History.html>

¹⁵ Ibid.

¹⁶ Allianz. "Insurance, Asset Management and Banking worldwide", <http://www.allianz.com/en/index.html>

¹⁷ Ibid.

In 1969 Allianz continued with implementing of new and more modern technologies. The next phase of modernisation came into being with the ELIAS database system. This new database system was so well-developed that all processes could be made completely electronically. As an example when this system was used in payroll accounting, a computer needed only one hour to process the same amount of data as could be processed manually in 1,500 hours. By implementation of a modern technologies there was reached mainly decrease of costs, the acceleration of processes and, of course, a need to reduce a number of employees.¹⁸

In 1970 the premium income exceeded 4 billion. It appeared to be alarming that yields from abroad were only 3.2 percent. Allianz reacted promptly to that fact and started to concentrate all its energies on becoming international insurer. From the beginning of the 1970s, Allianz expanded its services to industry. At the same time the company started to offer a new type of insurance – coverage for foreign investments of its clients. In 1977 the group acquired from Commercial Union of London the branch in Vienna, and two years later, in the United States. The company entered American market for the first time by foundation of the Allianz Insurance Company in Los Angeles. Two years later the company established the North American Life and Casualty Company, based in Minneapolis, Minnesota, as well as the Fidelity Union Life Insurance Company of Dallas. In the same period Allianz established a foothold in Australia, and in 1981 it moved into Chile.

When comparing the position at the international market in 1970 and than 1990s, the increase is overwhelming. By 1989 a total income was unbelievable 31.8 billion, whereas 40 percent came from foreign premiums.¹⁹

Next crucial moment was the entrance into the Japanese market. In 1991 Allianz obtained the license to sell insurance in Japan and became the first German insurer who was given such a great opportunity. By virtue of that fact, the company became the most internationally active insurer in the whole world. Years of an international expansion lasted

¹⁸ Allianz. “Insurance, Asset Management and Banking worldwide”,
<http://www.allianz.com/en/index.html>

¹⁹ Funding Universe, All Rights Reserved. <http://www.fundinguniverse.com/company-histories/Allianz-AG-Company-History.html>

for many years, the late 1990s were in token of increase of the number of foreign subsidiary companies.²⁰

The autumn of 1992 represented a period of modernization and innovation. The era of computers and online data processing begun and modern technology started to influence all spheres of business. The area of insurance industry also did not avoid it. On September 28th 1992 the new data centre went online. The main headquarters was in Unterföhring near Munich. For the first time there is shown how important the online support is. It consisted of two separate wings with identical mainframe computers. The main reason was to ensure the security of data which represented an insurer's key asset. At the beginning the data centre focused on managing the entire German data portfolio, at the present time this Allianz Shared Infrastructure Services SE provides its services to Allianz subsidiaries throughout the whole Europe.²¹

Allianz can be characterized by a three key areas: insurance, retirement provision and asset management. The new modernized logo which was created in 1999 represents the three pillars in combination with the Allianz Eagle who guards its greenhorns which was characteristic for Allianz so far. This new logo came into being before the new millenium and exists until now.

In 2001 Allianz purchase Dresdner Bank, Germany's third largest bank and extended its field of activity. Allianz and Dresdner Bank together had over 20 million customers in Germany and soon expanded their market position. In 2008 after selling Dresdner Bank Allianz established its own Allianz Bank.²²

Allianz AG (Aktiengesellschaft) changed its form and became European company. From October 16th 2006 the company uses the name Allianz SE (Societa Europaea).²³

The Chairman of the Board of Management is currently Michael Diekmann. He is in his position from 2003.

²⁰ Ibid.

²¹ Allianz. "Insurance, Asset Management and Banking worldwide", <http://www.allianz.com/en/index.html>

²² Ibid.

²³ Allianz, a. s.

http://www.allianz.cz/download.php?FNAME=1298639308.upl&ANAME=Brozura_O_spolecnosti_01.01.2011_nahled.pdf

2.2 Allianz in the Czech Republic

Allianz entered the Czech insurance market in January 1993 as Allianz pojišťovna, a. s. and from that time it raised to become one of three biggest insurance companies in the Czech Republic.

At the beginning it started to offer life insurance, at present Allianz provides services from various areas of insurance. Among its products we can find an insurance of private property along with personal liability insurance, insurance of industrial risks, from 1995 it offers also an all risk insurance and travel insurance. In 1999 Allianz became one of the 12 insurance companies who started to offer a property damage liability for cars.

The board of management is settled in Prague and it has eleven regional head offices throughout the country.

A pension fund in the Czech Republic was established in 1994 as Allianz penzijní fond, a. s. Soon it became the organisation with the best appreciation of inserted financial resources. The appreciation is now 3%. In 2010 Allianz penzijní fond, a. s. obtained the first position in public inquiry Zlatý měšec 2010 and first position in competition Zlatá koruna 2010.

2.3 Allianz Direct in the Czech Republic

Allianz also offers quick and comfortable insurance conclusion online by means of an internet portal Allianz Direct. It makes possible to insure oneself 24 hours a day, seven days a week. Allianz Direct, s. r. o. is an exclusive representative of Allianz pojišťovna, a. s. which was enlisted into the Czech Company Register in November 6th 2006. It started to sale its services on December 1st the same year.²⁴

Allianz Direct started with travel insurance and motor insurance, property insurance was added in March 2009. Now it sells also pension fund, which is not typically online, all documents has to be signed and sent by post.

²⁴ Allianz, a. s.

http://www.allianz.cz/download.php?FNAME=1298639308.upl&ANAME=Brozura_O_spolecnosti_01.01.2011_nahled.pdf

II. ANALYSIS

3 CALL CENTRE ALLIANZ DIRECT IN THE CZECH REPUBLIC

3.1 Scope of work

The main and also the most important task of the Call Centre are insurance sales via the phone. A great emphasis is placed especially on cross-selling, and each of operators should use it in every possible call except a notification of claims.

Call centre of Allianz Direct /AZD/ uses mostly passive telemarketing, but in certain cases an active form of telemarketing is also provided.

3.1.1 Passive telemarketing in AZD Call Centre /CC/

Passive form of telemarketing in this case is a customer service. It can be primarily divided into three categories:

- a) **Answering client's requests** – providing general information about products and about existing policies. Operators also help clients with their problems with the application, such as logging to their account in the AZD web page, reactivation of the account when forgetting a password or similar problems.
- b) **Forwarding client's requests** – operators are not competent to interfere with existing policies in any way, their only task is to create a new policy. Requests about policy change or policy cancellation are forwarded to an appropriate department where they are solved. CC also receives e-mails, which do not belong to the AZD but to Allianz /AZP/, in such case these e-mails are forwarded to a clients centre of AZP. Even if the call is not addressed to AZD, similar process follows. Operator gives a client the right telephone number, eventually he diverts the call to another, more appropriate line.
- c) **Solving complaints** – this is the most unpleasant part of the work. Operator who receives a complaint is obliged to pass it on to a supervisor who will then solve it. Operator is then charged with following communication with the client. He has to notify the client about the outcome which is not always very positive and may lead to another complaint to the director.

3.1.2 Active telemarketing in AZD Call Centre

Active telemarketing in the AZD Call Centre is applied in outbound campaigns. At the present time there are four outbound campaigns:

- a) **Pending payments** – operators sort out the new policies which should be paid within three days and call the clients to inform them about an outstanding debt. The main goal is

to eliminate a number of unpaid policies. These phone calls are handled by one operator and are accomplished daily except Saturday.

b) Saved quotations calling – in the web pages of AZD clients have the opportunity to save the quotation with a two-month price guarantee. Two operators are chosen to contact these clients and consult the quotation. If the client is satisfied with the price, operator tries to conclude a contract directly during the phone call. The main goal is the support of CC sales promotion. It is realized once a week on Tuesday.

c) Cancelled policies calling – these calls are realized after receiving the request for cancellation of the policy. Operator who has an e-mail service processes requests received by e-mails. He calls a client and enquires about the reason for closing the insurance. If the reason is a car sale, operator offers a quotation for a new possible car, if the reason is a high insurance rate, operator tries to recalculate the policy by the present value of the car and offers the client a conclusion of a new contract with a lower price. Such calls are realized every day. As mentioned before, operator ordained for e-mail service processes written cancellation, in case the request is made by telephone, it is solved by the operator, who answered the phone.

d) Emailing – this work does not belong to operators, but to the marketing department. It consists of the distribution of actual offers and promotion to clients, whose e-mail addresses are in the electronic database.

Next outbound campaign is planed for May 2011. It will consist in calling of clients whose insurance rate has grown since the last billing notice. These calls will be realized every day except Saturday. Each day one operator will be appointed for this task, a script for dialogue is now being prepared.

3.2 The monitoring system of sales and service

All calls accomplished in the AZD Call Centre are recorded and customers are informed about this fact. The reason is to improve services for clients. The big advantage is the possibility to re-listen to any previous call, for example when forgetting clients name, without the necessity to ask him once again.

CC operator can listen only to her/his personal calls. CC manager and Supervisor are competent to listen to all recorded calls.

Recorded calls are also used for the evaluation of operators. Supervisor selects randomly some calls and uses them for evaluation of each operator and also for the quality assessment. Operators are then assessed in supplementary wages, whereas the worst mark for achieving an extra pay is 1.49.

3.2.1 Control rules and routines

CC operators have to use software for answering calls, monitoring of calls in queue and also for the evidence of operator's status. It controls not only how much time the operator is or is not ready, but also the calls handled and time talking in a working day. This software is called Agent Desktop and it can be also manageable by the Supervisor or CC Manager. The Supervisor has an access to the same functions for checking the situation and changing the operator's status if necessary.

The score of operator's login and number of calls is used for statistics and for shift planning. It is also important for evaluation of operators, because there is visible, how long the operator was not ready – there is allowed only half an hour for lunch and another half an hour for other breaks.

3.2.2 Tests of knowledge

Every month there are written tests of product knowledge, news and common CC affairs that each operator has to know necessarily. Tests are also used for evaluation and their main purpose is to keep the quality of service and to encourage continuous learning about the changes in each product.

Operators may also get extra pay for tests, but the percentage should be at least 85% for each test.

3.3 IT system, technology, tools

As every company using information technology, the Call Centre of Allianz Direct also has its own tools used daily in their work not only in communicating with clients.

CC Module – it is a system of AZD for creating policies. It has the same design as the website used by clients only with other special functions. Contrary of the clients, operators have an access to car inspections, lists of policies created by them and they may also administer the client's account.

CC local operating system (Agent Desktop) – software for evidence of status and answering calls, was already mentioned above.

OPUS – basically, it is a system for policy evidence. Operators have an access to this program, they may check the status of individual contracts, but do not have permission to interfere with the policies. Only staff of professional field has this power. They can work with payments, may change the status of contracts and make changes, such as changing of client's address, correcting of wrong data or they can upload the results of car inspections.

KUK – a computer program for payments evidence. Operator has an overview of all incoming payments, he may identify the date of putting money down to an account, a premium amount and an account number from which the payment has been sent.

CallRec – a system, where all recorded calls are registered. A type of the call should be identified with signs. The operator has to write a number of the policy after conclusion of a contract, he also makes a note after saved quotations calling and after cancelled policy calling. In such cases he writes abbreviations of each call.

Intranet – it is a portal, where contacts of all staff can be found, further there is an attendance system, in which every employee can see every passing through a building, holiday leave, sick leave and other intermission.

There is also accessed information about previous insurance of clients, which is displayed after insertion of client's personal identification number and his first name, in case of a corporate body after insertion of an ID and a name of a company.

3.4 Human resources

AZD Call Centre consists of nine people. The CC Manager is superior to operators as well as to the Supervisor. Currently, the Manager of the Call Centre is on a maternity leave, so she is temporary replaced by the Supervisor.

3.4.1 Organizational Structure of Call Centre Team

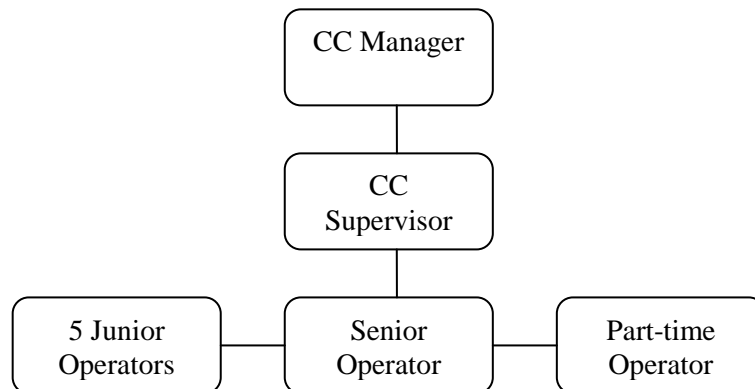


Figure 3. Organizational Structure of the Call Centre

Source: Own elaboration.

Six operators are employed full time with indeterminate duration and one operator part time for a definite period of one year, which can be renewed every year if necessary.

All CC employees have to pass a CNB exam to meet the criteria for a basic level of the insurance agent.

3.4.2 Structure of wages

All parts of wages follow the Carrier plan. It consists of salary fixed, salary flexible and commission. Salary fixed is given, salary flexible depends on the results (login, e-mails, calls, tests).

Commissions are based on monthly sales plan. The plan increases by the number of months worked. The first change comes after a test period, in the following months there is a gradual increase. The reason for this increase is the assumption that the operator has more experience and higher qualification than at the beginning. Remuneration from commissions ranges from 3 per cent to 1 per cent.

3.4.3 Working hours

Working hours of the Call Centre are from Monday to Friday from 8 a.m. to 8 p.m. and on Saturday from 8 a.m. to 2 p.m. The schedule is planned two weeks in advance, including holidays, trainings and current situation, e.g. sick leaves.

Shifts are divided according to the number of operators in the workplace. At the full number the shifts are following:

- from 8 a.m. to 4 p.m. there are four operators

- from 10 a.m. to 6 p.m. one additional operator
- from 12 a.m. to 8 p.m. one additional operator
- on Saturday there is one operator the whole time.

4 PRODUCTS OF ALLIANZ DIRECT

As mentioned before Allianz Direct offers car insurance, travel insurance, home insurance and pension fund. These products are also offered by Allianz insurance company itself, even in a broader range. Allianz Direct offers a less wide range of services, but the greatest advantage, which is appreciated by most of its clients, is online communication and subsequent administration of policies by phone or e-mail, without the need of going to a branch.

4.1 Car insurance

Car insurance represents a product which is the most profitable for Allianz Direct.

Standard cover includes a property damage insurance /P.D./ which is determined by a car type, cubic capacity and bonus months as well as the age and residence of the client, e.g. if he is from a small village the price is lower than if the client lives in a bigger city with dense traffic.

There are two limits of insurance benefit offered by Allianz Direct. The first one – the basic limit is 40 million/40 million and the second one is increased 80 million/80 million (for damage to health and despatch / for damage to property and profit lost). There are three types of participation for third party liability (P.D.):

- 0 Czech crowns
- 5,000 Czech crowns
- 10,000 Czech crowns

Clients choose mostly the first mentioned participation because it is optimal for them.

Customer may choose additional insurance to this basic range, but it is not possible to insure a car without the property damage insurance.

To this cover, there might be added all risk insurance which covers client's car in case of an accident, theft, vandalism and natural disaster (or, in a less extensive range, the coverage is reduced and includes only theft, vandalism and natural disaster). In this type of insurance, there are two types of participation:

- 5% / min. 5,000 Czech crowns
- 15% / min. 10,000 Czech crowns

If the client chooses the first (lower) participation, the insurance rate is higher because the client's share in a possible damage is lower than by choosing the second kind of participation.

When the all risk insurance is negotiated in a policy, a client is obliged to undergo a revision of a vehicle condition (revision is not obligatory for new cars). The date and place of revision is determined by a customer during the filling of online policy. Before a car inspection is realized, client's participation increases by 50%. This raised participation refers only to the insurance event related to all risk insurance, not to P.D.

All risk insurance cannot be arranged for cars older than ten years and cars with cubic capacity over 3,500 cubic centimetres /ccm/. There are also some exceptions when the cars are not given by the internal system (e.g. cars whose risk rate is very high or the latest cars that are not priced yet).

If a client is interested, he may also choose some additional insurance. To this category there belongs insurance of car windows up to the limit five or fifteen thousand Czech crowns, insurance of people in the car in case of injury and finally Assistance PLUS which lies in the increase of services of a basic assistance (basic assistance is free of charge).

A frequency of payment of car insurance is chosen during the contract conclusion. An insurance rate may be paid annually, semi-annually or quarterly.

4.2 Travel insurance

This is the second most frequently used insurance negotiated online.

The Call Centre of Allianz Direct offers one of the most extensive travel insurance in the Czech Republic. Allianz is also the only one insurance company in our country that offers a protection abroad for the people who exceeded the age of seventy. In spite of the fact that the insurance rate is higher (in comparison with the basic tariff the price is double), the competitive advantage is the existence of this type of insurance itself.

The insurance is basically divided into three packets and client may choose the option which is the most suitable for him.

In all of these packets, there are medical expenses unlimited (except dentist, there is one limit up to 10,000 Czech Crowns) and each type differs by the range of cover. The packets are called Platinum, Gold and Silver.

Platinum – it is the most expensive but the most complex packet which includes persistent injury effects, accidental death, daily compensation by injury, baggage insurance up to 50 thousand Czech crowns and additional assistance up to 5,000 / 35,000 Czech crowns (5 thousand for a lawyer and 35 thousand for a technical help in the place of residence) and finally insurance of liability

Gold – includes baggage insurance up to 20 thousand Czech crowns, additional assistance and an insurance of liability

Silver – includes persistent injury effects, accidental death and daily compensation by injury and an insurance of liability

A price of the insurance is determined by the zone, for which a client is insured. There are four zones, from which clients may choose – Czech Republic; Europe except the Czech Republic; the whole world except the USA and Czech Republic and finally the whole world except Czech Republic. For example by travelling to Italy, the client is not insured just for Italy but for the whole European zone.

Another aspect which determines the final price is the length of a stay abroad, whereas the minimal length is three days (client may leave only for one or two days but the tariff is the same as for three days).

Taxes also differ according to the age of a participant of a travel (the basic rate is for adult, children up to fifteen pay just half of a basic rate and seniors over seventy pay double taxes).

The price is also influenced by the choosing of an additional insurance like Sport PLUS, which is also more expensive than basic sports.

Finally client also may insure cancellation fee. The price is according to the value of a tour and it can be insured only on the day of buying of a trip or air ticket.

4.3 Property insurance

Among property insurance there belongs insurance of a real property, household and personal liability insurance.

Call Centre of Allianz Direct provides only insurance of permanently inhabited buildings. Insurance of recreational objects is not possible within the scope of AZD as well as an insurance of objects determined for business activities.

Real property can be insured only up to the value of 10,000,000 Czech crowns and household up to 1,500,000 Czech crowns.

All types of property insurance are offered in three variants: Normal, Optimal and Exclusive. These variants differ in the cover of insured risks, which can be visible in the synoptic table below.

Table 1. Variants of Property Insurance

Insured risks	Normal	Optimal	Exclusive
Fire	yes	yes	yes
Explosion	yes	yes	yes
Thunder-stroke	yes	yes	yes
Tap water	yes	yes	yes
Burglary, robbery	yes	yes	yes
Implosion	yes	yes	yes
Flood	no	yes	yes
Fall of trees, poles and other objects	no	yes	yes
Vehicle crash	no	yes	yes
Frost on watter supply and heating system	no	yes	yes
Earthquake	no	yes	yes
Break-up of glass	no	no	yes
Impulse wave of superjets	no	no	yes
Overvoltage	no	no	yes
Vandalism	no	no	yes
Short circuit in electromotors	no	no	yes
Compensation for waterloss	no	no	yes
Undervoltage	no	no	yes
Damage to home insulation by birds/insects	no	no	yes

Source: Allianz Direct, s.r.o., <https://www.allianzdirect.cz/bomapp-cz/pojisteni-majetku-a-odpovednosti/vyber-produktu.html>

The price of an insurance rate is calculated firstly according to the location where the object is situated. The amount differs according to a flood risk and according to a risk zone. Clients may get a discount in accordance to their previous insurance. After every year client get a bonus 5% and the insurance rate decreases.

The price also depends on a variant of insurance, whereas Normal is the cheapest one and Exclusive is the most expensive.

4.4 Pension fund

Allianz pension fund belongs among the best in the Czech Republic. The deposits here are well estimated.

Unlike the three options above, the way of conclusion of an Allianz pension fund is different. Because it is a long term contract all documents have to be signed in client's own hand.

The operator fills in a form of the contract including a number of an identify card and subsequently he sends three copies of the contract by post. If a client comes to the Allianz pension fund from another company, he is given a cancellation for a current pension fund together with the contracts. A cancellation has to be signed and a signature has to be authenticated by a notary public. In this case it is not necessary for a client to deal with the cancellation, all is executed by Allianz company itself.

The client sends back two copies of the contract, eventually the cancellation, copy of his identity card and another supporting document (e.g. a passport or a driving license) and a copy of a paper confirming the existence of a bank account from which the first payment is made.

After obtaining all required documents Allianz assigns a number of a contract and sends it back to a client by post again.

The CC of Allianz Direct does not have in charge the subsequent administration of a contract, operators do not have the access to existing contracts. If a client has some question about his own contract he is given a contact directly to a telephone line of Allianz pension fund.

4.5 Online sale of car insurance

As mentioned before, clients may insure not only by means of operator, but also via the Internet. Web pages of Allianz Direct are in contrast to the Call Centre available twenty four hours a day. The negotiation of the car insurance proceeds in six steps:

1. Selection of a product
2. Basic data
3. Calculation
4. Recapitulation
5. Supplementary data
6. Choosing of payment

For better transparency, some steps below are divided into two categories (Property damage liability and All risk insurance) according to required data.

1. Selection of a product

In the first step, the client chooses whether he wants only property damage insurance or also all risk insurance. Next, the process unwinds from this option.

2. Basic data

In the second step, client has to enter some data that is necessary for preliminary quotation.

P. D. liability:

- automobile mark; cubic capacity; date of first registration
- type of a client (individual or corporate body)
- date of birth
- village
- information about bonus months

All risk:

- automobile mark; car type; model year and kind of fuel; cubic capacity and kilowatts; date of first registration;
- type of a client (individual or corporate body)
- date of birth
- village
- information about bonus months

3. Quotation

In this part of establishing a policy client gets to the point of a closure. In this step client chooses particular parameters of a product which finally determine a definite price of insurance.

P. D. liability:

- limits of insurance benefit (40/40 or 80/80)
- participation (0; 5,000 or 10,000 Czech crowns)

All risk:

- range of insurance:
 - a) theft, vandalism, natural disaster
 - b) accident, theft, vandalism, natural disaster
- participation:
 - a) 5%/min. 5,000 Czech crowns
 - b) 15%/min. 10,000 Czech crowns
- additional insurance:
 - a) insurance of car windows (up to 5,000 Czech crowns or 15,000 Czech crowns)
 - b) insurance of people in case of injury
 - c) Assistance PLUS

4. Recapitulation

In this step client sees a brief summary of all data that he has already entered and insurance risks that he chose. On this page client also has to approve the utilization of his personal data for marketing purposes of Allianz Direct and to give the permission with insurance conditions.

5. Supplementary data

This is the final phase of insurance negotiation. There has to be entered all missing data.

Data about the car:

- number plate of the car
- number of vehicle registration papers
- VIN (vehicle identification number)
- admissible weight

- mileage
- number of keys

Data about the client and about the car owner (if differs from the policy holder):

- name and surname
- personal identification number (eventually company identification number)
- permanent address and accommodation address

If a car inspection is required, client also has to determine date and approximate time interval as well as the address of an inspection.

6. Method of payment

This is the final step of a contract closure. Immediately after this action client have the opportunity to choose a way of payment of his insurance. There are four possibilities:

- online payment with a credit card
- E-konto (for clients of Reiffeisen bank)
- KB Moje platba (for clients of Komerční banka)
- with a bank transfer

After choosing of a payment there are available all necessary documents:

- insurance conditions (which are also accessible on the web page, so client may read them before the conclusion),
- insurance proposal (the original document is sent after receipt of payment)
- green insurance card (temporary green card, which fulfils all conditions and is valid for one month, this document has to be printed in colour printer or in a green paper to be acceptable by police).

5 SUGGESTIONS FOR IMPROVEMENT OF THE CALL CENTRE OPERATION

For general reengineering of work in the Call Centre both sophisticated and very simple tools can be used, some of these suggestions are mentioned later in this chapter. In this case SWOT analysis which is a strategic planning method can be used. After compilation of the analysis the following simple suggestions can be applied.

Table 2. SWOT Analysis of the Call Centre

<p>Strengths</p> <ul style="list-style-type: none"> • Quick negotiation • Helpful operators 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lot of administration • Limited products • Old computers • Frequent modification of application • Staff turnover
<p>Opportunities</p> <ul style="list-style-type: none"> • Focus on foreign customers • Enlargement of products 	<p>Threats</p> <ul style="list-style-type: none"> • cheaper competitor's products • restrictions from Allianz • absence of employees • unqualified operators

Source: Own elaboration

Although products offers should be the main task of the Call Centre staff bringing the company up to 40% of the profits from all sales and support the Internet sale, operators are recently forced to do plenty of administrative operations, by virtue of the fact that the organizational structure of the Call Centre team has changed. The CC Manager is on maternity leave and the head of management has wrongly decided to abolish the position of the Supervisor and has brought irrelevant administrative work for the employees of the CC. The major part of Supervisor's work has been done by operators who are burdened and it lowers their efficiency. For the removal of a large administrative burden from operators the best solution would be to re-establish the position

of supervisor, or to create new job positions that would deal with activities unrelated to direct sales, such as the production of statistics.

As mentioned in previous chapters the range of products is limited in comparison with competitive insurance companies and this is the next noticeable weakness. As it is visible from practice, this limited offer is not often sufficient, especially for customers. Therefore it is strongly recommended to extend the offered services especially in the areas of car insurance, which is one of the main activities of call center work.

Another considerable problem is connected with the computer equipment. Computers are not suitable and they reduce productivity of work, which in certain cases lengthens the duration of calls. Operators and clients are unnecessarily delayed. The simple solution of this problem is the replacement of outdated machines.

After resolving these problems, the company can focus on expanding its services. The offer of services for foreign customers seems to be a great opportunity in online selling since it is not frequently offered among Czech competitors so far. From my experience in the CC it is evident that practically none of competitive companies employ operators who have appropriate language skills. Because of the expansion of European integration and the entry of foreign capital it can be expected that demand for insurance will increase.

CONCLUSION

The main aim of my thesis is to describe the role of telemarketing and online sales in current time. By virtue of the fact that I work in the Call Centre Allianz Direct where a direct marketing is realized I decided to describe the operation of this CC and to bring suggestions for elimination of negative aspects and for the improvement of services.

Generally the thesis describes the work of the Call Centre as one of the parts of Allianz Direct. It is obvious that usage of telemarketing and online selling has been growing since its beginning and it experiences an enormous boom in the last few years. Despite of this fact there exist minimum of studies dealing with this kind of direct marketing.

This work is divided into the theoretical and practical part. At the beginning of the first part there is a short introduction to the promotional mix, which should explain the position of telemarketing among the other forms of promotion. In the first chapter I described the basic facts about telemarketing and tried to interpret the main principles of a successful telephone call as well as techniques which should be used in every communication via the phone. At the end of the section I also mentioned the importance of usage of the Internet and placing advertisement on the web pages.

The theoretical part also contains a brief introduction to the profile of Allianz insurance company and its history to make a reader acquainted with the company itself.

The practical part is devoted to the Call Centre of Allianz Direct and also to products which are offered by means of the Internet or via the phone. All key facts and data which every person interested in insurance should necessarily know before establishing a policy are mentioned. This work has focused rather on the characterization of the Call Centre, its function and usage of active and passive telemarketing. In the last chapter SWOT analysis of the company is elaborated as well as my personal recommendations for improvement of the Call Centre operations.

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LIST OF ABBREVIATIONS

CC – Call Centre

AZD – Allianz Direct

AZP – Allianz insurance company

P.D. – property damage

PR – public relations

DMA – Direct Marketing Association

EDP – electronic data processing

WWI – World War I

WWII – World War II

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