

## CHANGES IN THE COMPETITIVE STRATEGY OF *MUTUA MADRILEÑA*: BACK TO THE ORIGINS

Fernando E. García Muiña  
Rocío González Sánchez  
*Universidad Rey Juan Carlos*

A year after the relay of the Mutua Madrileña CEO, in January 2009 Ignacio Garralda launches a new strategic plan. This plan responds to a need to adapt to the changes facing the sector in recent years, what may mean for the entity a significant loss of customers. These changes are a consequence of the gradual introduction of the Internet for marketing ends, which has led to the entry of a large number of domestic and foreign competitors, capable of offering a wide range of goods and services at very attractive prices. As in other sectors, is becoming increasingly difficult to loyalty to a client whose behavior depends mainly on the product price. Furthermore, such strategy is more profitable than the experienced one in the eighties, mainly due to the decrease in casualties due to new measures such as road safety, adopted by the Government.

The main objectives of this plan are, firstly, to prevent the escape of many mutual clients that have joined the company in recent years and, secondly, to increase customer acquisition, leaving the background to maximize earnings by the insured and other long-run projects as the creation of a hospital to medical research. This plan will guide the company toward its original philosophy, the creation of value for the mutual clients. This fact translates into lower fares, especially with premium discounts and the chance to enjoy free quality new services, such as legal advice or commitment to timely support services.

The plan's success has been reflected in an increase between January and June 2009, 87,874 policies, representing 65.1% more than those employed for such period in 2008. In the car driver field, the decrease in revenues, which stood at 5.4%, was lower than the sector mean value that has not been below 7%. This improvement has been achieved, first, by a commercial effort, and other marketing one.

In addition to a rebate policy, for both mutual clients and their families and good drivers, Mutua Madrileña adds cross-sell various forms of insurance and the entry into new markets that add value. The most important commitment is based on growth in insurance in life insurance field, by redesigning and improving the range of products, both life-risk and household insurance. The company will offer these products to other market segments, in which the insurer still has an important potential, mainly through leasing fleets and in cars. For this new business, it has been created MM Globalis, a new entity specializing in car insurance for companies and fleets, as they require specific management. In summary, this organic growth is to boost the sale of products and services.

Through partnerships and joint-ventures, the company achieves a significant expansion in its distribution channels. This development, with a non-organic growth, adds the activation of existing channels, improving customer's retention in the various delegations that have spread throughout Spain, which allow Mutua Madrileña suits the particularities of each country.

Regarding the marketing effort, it focuses on a customer-oriented philosophy. Mutua has launched a campaign with a memorable slogan that reinforces the sense of belonging to the company: "I am of the Mutual", promoting their brand loyalty. This campaign has been the National Marketing Award 2009 in the category of brand management, which gives the National Marketing Association. It has also modernized the web image with the addition of new features, as well as the call center has been improved to better support customer operations. It emphasizes the implementation of a new CRM system (Customer

Relationship Management), as a business strategy to better manage customer relationships. Through the automation of certain processes, the use of new software and the establishment and improvement of communication channels, the company can achieve a better knowledge of their customers, increasing their loyalty. At the same time, there are benefits related to an optimization of the results in the release of new products and in developing more effective marketing.

To complete this strategic plan, the Group is going to carry out a containment cost policy through a rigorous control, particularly in two areas: sponsorship and reducing investment. They won't renew the contract with the ING Renault team, which expired at the end of 2009, thus putting an end to five years of sponsorship in Formula 1, a period when the sport gained great notoriety thanks to Fernando Alonso's success. Finally, financial resources are applied only to the insurance business, so it will be reduced real estate and financial investments, including the sale of some of the buildings firm owns in the Paseo de la Castellana in Madrid.

**Question:** Identify the competitive strategy of Mutua Madrileña from the model of "strategic clock", and the causes that motivated the adopted change.