

## **AWD and public relations: AWD is once again one of 'Germany's most customer-oriented service providers'**

Although the term 'public relations' was established in the year 1882 at Yale University, USA, it is difficult to find a standardised definition of this term. Public relations are seen as a form of marketing that should create a positive image of the company and its products and services for the consumer. It is a form of relationship or communication between an organisation and the public and is used to generate a certain level of publicity in the media. Public relations could be described as a creator of publicity. The main idea of any public relations activity should be to improve a company's public image. Companies seek to enhance their public relations in order to create a positive public awareness of their products and services. [View this video to understand more about [the role of public relations \(PR\)](#).][1] Public relations can permeate the whole organisation while alternatively a single person or cause can be the subject of public relations activities.[2],[3] Personal selling, on the other hand, provides a one-on-one relationship with the client, which in turn affects the affiliation between the organisation and the public consumer while aiming at providing a customer-orientated service.

### **AWD Holding AG**

AWD Holding AG is an international finance agency based in Germany. It was founded in 1988 by Carsten Maschmeyer. [Take a brief look at [the company and its history](#).][4] AWD is now a subsidiary company of the Swiss insurance company Swiss Life. [Take an overview of the [Swiss Life & AWD company](#).][5] AWD is short for 'Allgemeiner Wirtschaftsdienst' and translates as 'General Economic Service'. AWD specialises in professional sales and advisory services for financial investments, insurance and building society savings. AWD has over 1.97 million customers in Germany and also operates internationally in Austria, Switzerland, England and Eastern Europe. The company pays its personal sales representatives on a commission basis, making every employee highly motivated to get as many clients as possible who are willing to invest their money in the different financial assets the company offers. Systematically selected slogans capture different sales target groups and make the need for comprehensive financial advice from AWD accessible to all customers. AWD gives its clients an overview of the different financial providers and

products available on the market and offers the opportunity for the personal sales team to inspect their clients' existing financial situations, should they desire. Cutting-edge products are offered, such as their 'e-Reputation Insurance' [Click here to hear more about [this new product.](#)][6] The AWD customer-orientated services offer comparisons of market interest rates and insurance opportunities to ensure the best possible solution for each customer. AWD has its headquarters in Hannover. [Take a look at [the impressive Head Office.](#)][7]

### **Public relations and personal selling as a marketing tool**

For marketing purposes it is very important that the consumer trusts the company and the products and services in which they are willing to invest their money. The aim of personal selling and public relations is to create a positive and trustworthy image of a customer-orientated company and its employees in order to enhance its reputation, as well as building public awareness.

In order to achieve this, AWD marketing strategy relies heavily on not only the personal sales skills of its well-trained employees but also an active public relations (PR) campaign. Carsten Maschmeyer, the founder of AWD, puts great emphasis on good consumer relationships and networks with current and former politicians. In order to enhance the company's image and keep it in front of the consumer, a public relations campaign has been developed around Maschmeyer himself. To keep the company 'top of mind' the public will find photographs and articles in the media which show Maschmeyer smiling next to famous people such as the former German chancellor Gerhard Schroeder [view an [example of this PR strategy](#)][8] or newspaper headlines that another important German politician was seen at a private property of Maschmeyer's in Mallorca for their holiday. Other aspects of the AWD public relations campaign include charity, including the donation of a million Euros to fundraising projects like 'Ein Herz für Kinder' (German for 'A Heart for Children', for the aid of children). [[Take a look at the website.](#)][9] Sponsorship activities in the sports sector also contribute to the creation of the public image and to the customer orientation focus that is intended to enhance AWD's reputation in the public eye, particularly with AWD sponsoring a sports stadium in Hannover, Germany (the AWD Arena). [Take a look at the [AWD Hannover Sports Stadium.](#)][10] Such sponsorship, and public relations supported through personal appearances, are aimed at creating an image of goodwill and establish confidence in the company.[11] These public relations

activities, along with customer service awards such as recognition in the competition run by the University of St Gallen as 'Germany's most customer-oriented service provider' [read about [AWD's mission](#) on its site][12], create a level of consumer confidence. However, they can also be used to distract customers from questioning the reliability of the company's products and services and can create a form of blind trust. The fact that potential customers see important, rich and famous public figures like politicians, actors and musicians trusting Maschmeyer and investing in the financial assets that his company offers, as well as the fact that it receives prizes for customer-orientation, are likely to make consumers also more willing to invest.

### **Opportunities for success**

From the social perspective, it is always beneficial to be seen to help people and support charity organisations. Customer-orientation and public relations as applied by AWD's Maschmeyer enable famous people to show that they have money and are willing to spend it not just for their own welfare but in order to support good causes, while at the same time developing trust in the eye of the consumer.

Maschmeyer has used many opportunities to benefit from changes such as significant recent changes in the German pension scheme that now make it necessary for individuals to make private retirement provision. Politicians like Walter Riester (who has coined the term 'Riester Rente', which is a private retirement provision scheme) was seen smiling next to Maschmeyer in a public relations media release. Such public appearances are aimed at consolidating the consumer impression of AWD offering trustful financial investment plans that will help individuals to create a financial base for their future. However in January 2011, an article in the German newspaper *Frankfurter Allgemeine Zeitung*[13] reported loss of personal wealth by consumers investing with AWD. Corruption claims have been made relating to the change in the pension scheme benefits and the relationship between politicians and financial service agencies like AWD.

The strength of customer-orientated marketing and successful PR is that they achieve a high rate of presence in general media and the financial press.[14] Second, they are a lot less costly than traditional advertising. Whilst personal selling is an imperative for those with little or no knowledge of the insurance or financial products they wish to purchase, a great deal of emphasis must be placed upon the

professionalism of personal sales teams such as those employed by AWD. [Take a look at the [basic activities of personal selling.](#)][15]

In the instance of AWD, personal selling and public relations are used hand-in-hand as active marketing tools: a form of strategic communication. AWD does this successfully not only with its awards for customer service but also with its continuous and high-impact presence in the media due to the social networks of Maschmeyer. Notwithstanding this, there are several weaknesses with AWD's public relations activities. One is AWD's lack of ability to influence editorial coverage and the actual message that is publicised. The other is the limited power to decide such things as time and place of publication.[16],[3] AWD has recently been subjected to relatively harsh criticism in the media, including television coverage of interviews with two people who were very upset about AWD not delivering on its promises. This can lead to not only lack of trust, but also a situation in which personal sales staff struggle to overcome the corporate image portrayed by the uncontrolled media. Notwithstanding this there are still opportunities for AWD to continue to use PR as a marketing tool, as the consumer is encouraged to make the connection between positive coverage and the personal sales techniques and the customer service offered in selling the AWD products and services.

Opportunities can quickly turn into threats through negative PR messages, and these can ruin the credibility and reputation of a company such as AWD. AWD's PR activities were brought into question for possibly being unethical in their motivation. AWD took the risk of appearing to have poor corporate social responsibility and of losing the image and trust that they had created with consumers by receiving customer-orientated sales awards and by emphasising personal customer relations.

## Questions

1. *Which of the dimensions (personal selling, customer-orientation or public relations) had the biggest effect on AWD's services and marketing campaign?*
2. *What are the different public relations tools or programs that a company such as AWD can use?*
3. *What impact might the AWD public relations campaign (that became viewed by the public as unethical) have upon the customer-orientation of the personal sales staff who have to sell the insurance and superannuation retirement insurance packages to their clients?*
4. *What factors may have influenced the effectiveness of personal selling in a company such as AWD? Explain.*
5. *Are consumer attitudes considered important by marketers? Reflect using your interpretations from the case of AWD.*

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