



AN EXPLORATORY RESEARCH STUDY OF MARKETING STRATEGIES OF IDBI FEDERAL INSURANCE CO. LTD

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ABSTRACT

This paper covers the exploratory research study on the marketing strategies of IDBI Federal Insurance, Company. In the Indian context, Insurance companies are playing a major role in the development of Indian economy. With the entry of many private players in the insurance industry, the competition has risen manifold and hence insurance companies are coming out with innovative marketing strategies to woo the customer. This was the reason for narrowing down the scope of the research work. The present paper is an exploratory research study on the marketing strategy of IDBI Federal Insurance Company. The paper seeks to address the following objectives (a) To determine the marketing strategies of IDBI Federal Life Insurance Co. Ltd (b) To determine the means and mechanism deployed by IDBI Federal Life Insurance Co. Ltd. Applying the marketing mix and to determine the effectiveness of the strategy and (c) to understand the reasons which provide competitive advantage to IDBI Federal Life Insurance Co. Ltd. The paper is developed on the basis of elementary primary and secondary data available in the Internet and other documents and journals. The design of the paper follows a structured approach. The literature review resulted in the generation of the research objectives. The primary data was collected by means of Google Forms and MS Excel was used for data analysis. Descriptive Statistics is used to arrive at the findings and interpretation. The findings indicate that the majority of the people seek insurance cover for the purpose of having risk cover and availing several benefits associated with the life insurance policies. Further, the findings indicate that there is a need to capitalize social media platform for generating awareness to drive the market growth.

KEY WORDS: IDBI, Insurance, Marketing, Policies, Strategies

INTRODUCTION

The insurance industry of India, is one of the industry which impacts the economic growth of the country. The government has permitted many of the private players to enter the insurance market and contribute to the economic growth. Hence, today the industry is at the cross roads due to the fact that CORONA has shrunk the economy and also, many of the people see insurance as a well-planned strategy to avail the tax benefit rather than view insurance as a means and mechanism to provide assurance during the times of crisis. With the growth of the insurance industry, a need was felt to regulate the functioning of

the Insurance companies, hence IRDAI was formulated to provide a systematic functioning of the insurance companies and hence many of the insurance companies began to focus on the marketing strategies to beat the competitors. With the growth of the insurance sector, several new areas and avenues began to come up. At present, the insurance industry of India consists of 63 insurance companies of which 24 cater to Life Insurance while 39 cater to non-life insurance such as car insurance, marine insurance, house insurance and the like. Further, there is also division in terms of public sector and private sector insurance companies.



LITERATURE REVIEW

The market penetration is the most important index for the government as well as for the private sector insurance companies. This is on account of the fact that several projections and launch of several new insurance products are carried out with the help of understanding of the market size.

The following highlights the glimpse of the market size in the Indian context. On the basis of which several marketing strategies are devised by the insurance companies.

- Government's policy of insuring the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes.
- Gross premiums written in India reached Rs 5.53 trillion (US\$ 94.48 billion) in FY18, with Rs 4.58 trillion (US\$ 71.1 billion) from life insurance and Rs 1.51 trillion (US\$ 23.38 billion) from non-life insurance. Overall insurance penetration (premiums as % of GDP) in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001.
- In FY19 (up to Jan 2019), premium from new life insurance business increased 3.91 per cent year-on-year to Rs 1.59 trillion (US\$ 22.04 billion). In FY19 (up to Jan 2019), gross direct premiums of non-life insurers reached Rs 1.39 trillion (US\$ 19.28 billion), showing a year-on-year growth rate of 12.65 per cent.

An extant review of literature resulted in the existence of the following types of insurance provided by the various insurance companies and that separate means and mechanisms are deployed for carrying out marketing strategies.

Life Insurance

This is the insurance product wherein the company provides the insurance to the human being who is generally the policy holder. Also, the person can take the policy in the name of his child or any other family member provided the rules and regulations are met. The insurer pays the fixed amount of insurance at the time of death or at the expiry of the certain period. The insurance companies focus their marketing strategies towards highlighting the advantages and the perils associated with the threat to life

Property Insurance

This is the insurance product wherein the insurance is carried out in the name of the property. The terms and conditions of this insurance covers the various types of risk that are involved to the property in question. The marketing strategies of the insurance companies are targeted towards the happening of the risk due to unforeseen circumstances. The premium of this type of insurance is dependent on the extent of the risk cover as sought by the property holder.

Marine Insurance

This is the insurance which deals with the perils and the risk associated with the goods which are being transhipped by sea to far off places. The marketing strategies of the various companies are targeted to the perils of travelling through the sea. The premium is based on the type of the ship, the route taken, the goods being transported and other factors such as weather as all these are the contributors to the risk coverage.

Fire Insurance

This is the insurance which is provided by the companies in dealing with the risk associated with the losses on account of fire. The marketing strategy of the insurance companies deals with the aspects of the losses arising out the happening of fire in the premises or any other building for which the insurance is sought. The premium is based on several factors such as the design of the premises, the type of the premises such as commercial, residential and the like.

Car Insurance

This is the insurance which is provided to the holder of the car. This is similar to property insurance except that the scope is small. The marketing strategy deployed by the companies include aspects such as the type of the car, the risks associated with the car while driving and the like. The amount of the premium is dependent on the aspects such as year of manufacturing, the type of registration of the car and the like.

Research objectives

The following are the research objectives which are arrived from the literature review

- To determine the marketing strategies of IDBI Federal Life Insurance Co. Ltd
- To determine the means and mechanism deployed by IDBI Federal Life Insurance Co. Ltd. Applying the marketing mix and to determine the effectiveness of the strategy
- To understand the reasons which provide competitive advantage to IDBI Federal Life Insurance Co. Ltd.

RESEARCH METHODOLOGY

The research methodology adopted in this research work included the blended work of grounded theory approach in the form of collection of primary data for determining and understanding the problem and consequently collecting the data.

The primary data was collected by means of questionnaire. The questionnaire was split into parts. One part collected the demographic information while the other part collected the responses of the



respondents. The sample size was limited to the tune of 50 and the target respondents included the residents of Shahdara, Delhi. The data was collected by means of Google forms and MS Excel was deployed for the purpose of statistical analysis. Descriptive analysis was used in the process. The prime reason for using descriptive analysis was the fact that the secondary data was used more as compared to primary data.

The secondary data was collected by means of resources available in the internet and other documents.

FINDINGS

The marketing mix of IDBI Federal Life Insurance Co. Ltd. is the combination of marketing activities that it engages in so as to best meet the needs of its target market.

In the case of designing product portfolio or the product mix several aspects are taken into consideration namely child insurance, Group micro insurance, life insurance, term insurance and the like.

In order to increase the customer base and to improve the visibility in the market, IDBI Federal has around thousands and thousands of insurance agents all over India to manage their regional customers effectively. IDBI Federal has over 1201 branches all over India to cater to increasing customer base.

For pricing of the products, IDBI Federal Life Insurance Co. Ltd. provides various benefits to its customers such as Double tax benefit under section 80(C) and 10(10D), bonus, terminal bonus, loyalty points and the like

For promotion and increasing the visibility IDBI Federal has also adopted various marketing strategies such as commercial advertising, Event conduction and the like.

DATA ANALYSIS AND INTERPRETATION

Personal Data

- Marital Status:

Options	Response
Married	75
Single	25

- Educational Qualification:

Options	Response
Illiterate	10
School level	15
College level	35
Professional	40

- Occupation:

Options	Response
Govt. employee	18
Private employee	22
Business	45
Others	15

- Family income:

Options	Response
< 2,00,000	10
2,00,000 - 4,00,000	25
4,00,000 - 6,00,000	50
> 6,00,000	15

- State your level of awareness about life insurance.

Options	Responses
Very low	2
Low	3
Medium	15
High	40
Very High	40



- Rank your awareness about various insurance companies.(1-5)

Options	1	2	3	4	5
IDBI Federal	40	20	18	12	10
SBI Life	25	24	31	12	8
LIC	58	22	10	8	2
HDFC	15	15	32	18	20
ICICI	20	20	18	30	12

- How long you have been aware of life insurance policies?

Options	Response
< 5 years	10
5 - 10 years	15
10 - 15 years	20
> 15 years	55

- What type of policies you are aware of? (multiple options)

Options	Response
Endowment	80
Money back	60
Children's plan	40
Pension plan	20

- From which source you are aware of insurance companies?

Options	Response
Newspaper	25
Television	30
Agents	20
Development officers	5
Friends	20

- Which media attracted you for advertisements of life insurance companies? (1-5)

Options	1	2	3	4	5
Newspaper	30	20	28	12	10
Magazine	22	15	10	33	20
Posters	5	12	20	28	35
Television	35	37	8	12	8
Agents	32	40	8	15	5

- Do you know about IDBI Federal Life Insurance Co. Ltd.?

Options	Response
Yes	73
No	27

- How did you know about IDBI Federal Life Insurance Co. Ltd.?

Options	Response
Printed media	18
Television	32
Agents	18
Friends	32

- Do you feel these advertisements helps people to educate about their products?

Options	Response
Yes	55
No	45



- What is the first thing that comes to your mind when you think/heard about IDBI Federal?

Options	Response
IDBI bank	50
Logo	10
Financial institute	20
Insurance industry	20

- Are you aware about various products of IDBI Federal Life Insurance Co. Ltd.?

Options	Response
Yes	50
No	50

- About how many products did you know? (multiple options)

Options	Response
Income insurance	70
Wealth insurance	80
Term plans	150
Retirement plans	50
Child plans	100
Saving plans	90

- Do you have any policy with IDBI Federal Life Insurance Co. Ltd.?

Options	Response
Yes	40
No	60

- If yes, what type of plan do you have? (multiple options)

Options	Response
Income insurance	2
Wealth insurance	15
Term plans	25
Retirement plans	3
Child plans	30
Saving plans	12

- State the reason for taking the policy. (multiple options)

Media	Response
Savings	60
Wide risk coverage	30
Tax benefits	81
Image and popularity of policy	38
Known agent	8
Fulfillment of future funds need	85

- What are the influencing factors of a company you consider before taking policies? (multiple options)

Media	Response
Reputation of company	46
No. of branches	19
Location	35
Service quality	90
Variety of products	50



Assistance by agents	76
Simple procedure & formalities	69
Amount of Risk Cover	150
Maturity Sum Assured	118
Premium Amount	88

Final Interpretation

According to the data collected, premium amount, maturity sum assured and amount of risk cover along with service quality with 12%, 16%, 20% and 12% respectively are the most influencing factors for taking policy from IDBI Federal.

Limitation

The limitation that came out from the study is the small sample size. Had the sample size been large, more findings and new variables discovery would have provided a new direction to the research.

CONCLUSION

The marketing of IDBI Federal Insurance Co. is based on application of the basic principles of marketing theory. On a closer look it is observed that even despite of the tough competition it has been able to hold a good standing in the market on account of the fact that it has been constantly upgrading the processes and studying the market for lead generation. This is the key to sustaining the market.

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