

**Study on the Promotional Strategies of  
IDBI Federal Life Insurance Co Ltd**

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## **Comments by the Faculty**

Indian insurance sector has seen many changes in terms of number of players in the market competing with Life Insurance Corporation of India for the same customers. In order to attract more customers, the private players introduce variety of products that offers tax benefit, minimum risk etc. Customers are more conscious in selecting an insurance product as compared to days where only few products available. Today the market is full with variety of products and the customers have clear idea on their investment plans. Not only individual employees are interested in the insurance products but also the organizations who employ are also interested in insuring the employees against risk. There are few organizations who also work as consultants to the customers in selecting appropriate investment plans. Insurance products are also considered as part of investment plan.

It is the responsibility of the insurance companies to take their products and offers in an attractive way. To reach the customers they adopt different means of advertisement like television ads, newspaper ads etc. The ad agencies have a challenging job in designing an ad that attracts the customers and convey the details of the product in an easy way. It is important for the agencies to consider the details of the products completely before an ad was designed. Sometimes they have to consider the attitudes of the customers in designing the ad.

Insurance companies are choosy in selecting a promotional strategy as it needs allocation of budget and other resources. The present study aims at studying the promotional strategies of IDBI Federal insurance co ltd. This study was carried out by Ms. Arpita Priyadarshini as part of her PDGM programme in Orissa. The study includes customers who are willing to invest in the insurance products and their opinion in developing the ads. The study ends with identifying appropriate means for promoting IDBI Federal's products.

**Srilakshminarayana G**

## **A Study on the Promotional Strategies of IDBI Federal Life Insurance Co Ltd**

### **Company Profile**

IDBI Federal Life Insurance co Ltd (formerly known as IDBI Fortis Life Insurance) is a joint venture between three financial companies –Industrial development and Bank of India (IDBI), Federal Bank and European insurer Ageas (formerly Fortis). IDBI Federal was formed on March 2008. In this venture, IDBI Bank owns 48% equity while Federal Bank and Ageas own 26% equity.

IDBI bank is a government owned bank started in 1964 as a subsidiary of RBI for providing institutional credit. It is known to be a bank for high end customers. In 2008 it changed its name to IDBI bank ltd. and entered into the retail segment. IDBI has more than 1500 branches across India. Federal bank is a scheduled commercial bank which was started in 1931. It has a strong base of NRI customers. It has a presence in both south and west. It was one of the first banks to start core banking. Federal bank has 1200 branches across India. Ageas is a Belgium-Dutch multinational insurance company. After its creation in 1990, Fortis expanded its offerings to include private and investment banking and asset management, establishing subsidiaries around the world.

### **Introduction to the Problem**

India stands next to China in terms of its population growth and stands among one of the developing countries in the world. Due to its growth in population, Indian insurance industry has got ample opportunities to expand and introduce different products which attracts the individuals to invest. The insurance market in India has witnessed dynamic changes which has attracted a number of global insurers. Private insurance companies have joint ventures with foreign insurance companies who have their presence across the world. One such joint venture is between IDBI bank, Federal bank and Ageas which has resulted in IDBI Federal insurance co ltd. By the time IDBI Federal entered into the market, Life insurance Corporation (LIC) of India and other private players have their presence well established in the market. Thus, IDBI Federal has to introduce variety of insurance products and market their products aggressively in an innovative way. This is because they are in competition with other insurers for the same customers. Thus, the major area of concern of the study is how IDBI Federal should distinguish itself in terms of reaching customers through various promotional strategies, so that customers respond to the promotional strategies of the company Vis-à-vis those of competitors.

### **Need for the Study**

As insurance is a 'push' rather than a 'pull' product, it is a big challenge for the companies to make their products meaningful to prospective customers. Companies have taken necessary steps to introduce simplified insurance products and started designing the benefits that suit the specific needs of policyholders. This has forced companies to have a higher degree of transparency on policy terms which will make the customer understand the product and its

benefits without any ambiguity. It is therefore important for the companies to invest not just in expansion and distribution but also in client servicing and processing. Many customers are discouraged from buying insurance due to the anticipated complexity involved in settlement of claims. Insurance companies do assert that the competition in the industry is forcing them to speed up their claim processes, but the fact remains that a lot more needs to be done to make general insurance a hassle-free experience for the customers. Such things are very important to be communicated to the prospective customers so that they understand the products of the company and the benefits and features of the products. Thus, having proper promotion means that take the products to the customer in a much quicker and transparent way has become an important factor for companies like IDBI Federal, to stand ahead of other players. This has created a necessity to study the promotional strategies of IDBI Federal in order to improve the same so that they reach the customer in a better way.

### **Objectives and Importance of the Study**

1. To find out whether the current promotional strategies are effective in creating awareness among people.
2. To find out what type of ads the customers like with respect to insurance products.
3. To suggest a new way of promotion for the company based on people's awareness about the brand IDBI Federal life insurance co ltd.

### **Methodology**

To address the mentioned objectives, data has been collected from respondents using a questionnaire. The following gives the details of the survey

**Primary data:** Data has been collected from respondents by interviewing them over phone, through questionnaires during the time of sales.

**Population:** The population for the study constitutes those individuals who have awareness about the insurance companies and policies.

**Sample Size and Sampling unit:** The sample size for the study is 100 and the sampling unit is office going people who have either joined recently or who have been working for quite a few years.

**Place of Study:** The research is carried out in Cuttack, Orissa.

**Questionnaire:** Both open ended and close ended questions are used in the questionnaire so as to know the opinion of customers relating to insurance and awareness of IDBI Federal and how they respond to the marketing stimuli adopted by the company. The type of questionnaire used in this project is structured. The questions are listed in a prearranged order and respondents are informed about the purpose of collecting information. The same has been given in the appendix.

**Sampling design:** The type of sampling is convenient sampling.

## 1. Analysis and Interpretation of Data

*To find out whether the current promotional strategies are effective in creating awareness among people.*

The survey revealed that 63% of the respondents are aware of IDBI Federal. From our sample survey, with 95% confidence, we claim that the interval (0.5354, 0.7246) contains the proportion of individuals who will be aware of IDBI Federal in future, if the same conditions prevail. In another words, if the promotional strategies of IDBI Federal continue to be the same, then with 0.95 probability we claim that the proportion of individuals who will be aware of IDBI Federal may increase to 0.72 and decrease to 0.53. IDBI Federal should take this opportunity and should improve their promotional strategies so that they can achieve the upper value, 72 in future. Even if they do not improve their promotional strategies, they are still assured of 53 for every 100 who will be aware of them.

The following table gives the sources through which the respondents are aware of IDBI Federal.

**Table 1 :**

### **Sources of Information About IDBI**

Source	Number
TV ad	20
Newspaper/Magazine	9
Personal E-mail/ SMS	9
Word of mouth	12
From IDBI Federal's salesperson	13

We assume that individuals who hear about IDBI Federal are equally likely across the sources. Statistically we are assuming that all the sources will have equal proportion of individuals who view the ads of IDBI Federal. The appropriate distribution that fits this situation is multinomial probability distribution. Chi-Square test for goodness of fit revealed that the assumption is a valid assumption ( $p$ -value  $> 0.05$ ). The sample considered for the study reveals that all sources will have equal audience and hence need not think of advertisement more or less in any source.

From the analysis we could claim that proportion of individuals who are aware of IDBI Federal insurance products are reasonably good in number and there is a possibility of more people getting aware of the products. Also, the company will have equal number of audience across the sources.

**2. To find out what type of ads the customers like with respect to insurance products**

**Table 2 :**

**Type of Ads the Customers Like**

Animation	21
Originality	15
Humour	12
Music	15
Storyline / concept	13
Celebrity endorsement	24

The purpose of this objective is to study the type of advertisement that attracts an individual to insurance products. Chi-Square test for multinomial probability distribution revealed that the assumption of equal proportion of individuals across the categories is not rejected ( $p\text{-value} > 0.05$ ). Hence, the study suggests that any of the above mentioned type of ad will attract the customers equally.

IDBI Federal can now look into the other aspect of how well an ad can be designed in any of the categories so that they draw the individuals to purchase the products.

**3. To suggest a new way of promotion for the company depending on people's awareness about the brand IDBI Federal life insurance co ltd**

This is one of the major objectives of the study. In order to suggest IDBI Federal a new promotional way the following analysis has been done.

**Table 3 :**

**Need to see more advertisements to know about the products of IDBI Federal**

Yes	89
No	11

From table-3, one can observe that IDBI Federal has to increase the number of ads in any of the source, of any type in future to attract more number of customers.

**Table 4 :**  
**Reasons to choose an insurance policy**

Risk Coverage	31
Investment purpose	21
Pension schemes	19
Tax Benefit	29

From the Chi-Square test for multinomial distribution ( $p\text{-value} > 0.05$ ), we note that all the four reasons mentioned are equally likely. That is an individual's choice of an insurance policy may depend on any of the reasons and all the four have equal opportunity of attracting the customers.

Hence IDBI Federal should increase the number of ads taking into consideration the above mentioned reasons not ignoring any of them. This is critical because it has to take them into consideration when they plan for an ad and request an agency to design the ad.

**Table 5 :**  
**Mode of Advertisement that Attracts the Customers Most**

Newspaper	72
Television	90
magazine	52
Online advertisements	60
Hoardings/posters	50

From table-6 we note that more respondents preferred to view the ads on television as compared with other modes. Hence, IDBI should increase ads in television relatively considering the reasons for choosing an insurance policy mentioned by the respondents.

**Table 6 :**  
**Television Channel Spent Maximum Time**

News Channels	82
Sports Channels	73
Music Channels	22
Movie Channels	41
Cartoon Channels	0
Entertainment and lifestyle Channels	23
Science and discovery related Channels	29
Other Channels	5

IDBI Federal should increase the number of ads by considering the reasons for purchasing the insurance products in television in news, sports, and movie channels relatively to increase awareness about the insurance products.

**Table 7 :**  
**Describe the Advertisement of IDBI Federal**

Convincing	21
Just for the purpose of sale	30
Building relationship between company and consumer	9
Satisfying your needs	3

Finally, IDBI Federal should take responses in table-9 seriously as the ads should not only just for the purpose of sale. Hence, the ads should focus more on building the relationship along with the sale.

The final plan that we suggest from our study is that more ads should appear in television news, sports, and movie channels that increase the sales, build the relationship between company and consumer.

**Some Other Important Statistics from the Data Collected**

1. More number of respondents falls within the income bracket of 3 lakhs-5 lakhs per annum. This should motivate IDBI Federal to target and design plans that will attract this income group.



**Table 8 :**

Annual income	Number
Up to 1.5 lakh p.a	16
1.5 lakh-3 lakh p.a	27
3 lakh-5 lakh p.a	40
5 lakh or above p.a	17

2. LIC and SBI life were more popular with respondents which suggests that awareness of IDBI Federal is low and the company should work towards improving it.

**Table 9 :**

IDBI FEDERAL	5
LIC	30
SBI LIFE INSURANCE	11
HDFC Life INSURANCE	3
ICICI PRUDENTIAL	5
Others	4

3. When asked about products, response for each category was very low. Thus IDBI Federal should focus on increasing visibility of its products through promotion

**Table 10 :**

Incomesurance	5
Termsurance	6
Lifesurance	0
Wealthsurance	1
Childsurance	9
No response	43

4. Newspapers like Times of India and Economic times were popular among respondents. So the company should consider these newspapers if they go for print ads.

**Table 11 :**

The Hindu	24
The Times of India	54
The Statesman	20
The Economic Times	57
The Telegraph	11
Deccan Herald	2
Others	21

5. The response for the frequency of ads per week seen on TV was very low. In order to capture market share, the company should increase the frequency as compared to competitors.

**Table 12 :**

0	33
1-3	21
4-7	6
More than 7	3

## Conclusion

IDBI Federal has to increase the number of ads in order to have better presence in the market. It can choose television ads as a major source as compared with other sources. The ads should be designed attractively and the frequency should increase to at least 4 per week. It should also plan for ads on internet as most of the companies are moving towards social media to promote their products. Finally we conclude the study by stating that IDBI Federal has to improve their promotional strategies in order to increase their market share.

## References

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<http://www.idbi.com/idbi-group.asp>

[http://www.idbifederal.com/Press/PressRelease/Pages/Gaya\\_Branch.aspx](http://www.idbifederal.com/Press/PressRelease/Pages/Gaya_Branch.aspx)

## Appendix Questionnaire

- NAME:
- AGE:
- SEX:
  - ( ) Male
  - ( ) Female
- E-MAIL ID:
- PHONE NO:
- OCCUPATION:
- ANNUAL INCOME
  - ( ) Up to 1.5 lakh p.a
  - ( ) 1.5 lakh-3 lakh p.a
  - ( ) 3 lakh-5 lakh p.a
  - ( ) 5 lakh or above p.a
- Have you ever heard about the company IDBI Federal life insurance in the insurance sector?
  - ( ) Yes
  - ( ) No
- If yes, then mention the source from where you have heard?
  - ( ) TV ad
  - ( ) Newspaper/Magazine
  - ( ) Internet
  - ( ) Personal E-mail/ SMS
  - ( ) Word of mouth
  - ( ) From IDBI Federal's salesperson
  - ( ) Others

- Do you plan to invest in any insurance policy in the near future?
  - ( ) Yes
  - ( ) No
- If yes what options do you have in your mind?
  - ( ) IDBI FEDERAL
  - ( ) LIC
  - ( ) SBI LIFE INSURANCE
  - ( ) HDFC Life INSURANCE
  - ( ) ICICI PRUDENTIAL
  - ( ) Others
- Reasons behind taking an insurance policy?
  - ( ) Risk Coverage
  - ( ) Investment purpose
  - ( ) Pension schemes
  - ( ) Tax Benefit
  - ( ) Any other
- If the reason is the last option i.e. Any Other please mention the reason
- Which of the following IDBI Federal product have you heard of?
  - ( ) Incomesurance
  - ( ) Termsurance
  - ( ) Lifesurance
  - ( ) Wealthsurance
  - ( ) Childsurance
- Do you know any of the following unique features and benefit of IDBI federal life insurance?
  - ( ) tax reduction
  - ( ) guaranteed annual payout
  - ( ) endowment or money back
  - ( ) flexible payout option

- premium payment option
- lump sum cover option
- If you are not interested to buy IDBI FEDERAL insurance policy, can you please write the reason?
- Does your company provide you with insurance?
  - Yes
  - No
- Which mode of advertisement attracts you most?
  - Newspaper
  - Television
  - magazine
  - Online advertisements
  - Hoardings/posters
  - Others
- What type of magazine do you read often? (Please tick one or more)
 

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sports
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Business
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Fashion
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Education
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Entertainment and Film
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comics
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Automobiles
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Others
- Which newspaper do you read often? (Please tick one or more)
 

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Hindu
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Times of India
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Statesman
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Economic Times

- The Telegraph
- Deccan Herald
- Others

- You spend maximum time on which channel while watching television?

- News Channels
- Sports Channels
- Music Channels
- Movie Channels
- Cartoon Channels
- Entertainment & lifestyle Channels
- Science & discovery related Channels
- Other Channels

- Which type of advertisement attracts you most?

- Animation
- Originality
- Humor
- Music
- Storyline / concept
- Celebrity endorsement

- In which way do you want to receive information related to Insurance?

- Print Ad
- Magazine Ad
- Hoardings
- TV Ad
- Web Ad
- Agents

- How often did you see IDBI Federal advertisement in Television in last week?
  - ( ) 0
  - ( ) 1-3
  - ( ) 4-7
  - ( ) More than 7
  
- How did you describe the advertisement? (If you have seen any advertisement of IDBI Federal, then only answer this question)
  - ( ) Convincing
  - ( ) Just for the purpose of sale
  - ( ) Building relationship between company & consumer
  - ( ) satisfying your needs
  
- Do you feel you need to see more advertisements to know about the products of IDBI Federal?
  - ( ) Yes
  - ( ) No
  
- Your valuable feedback

