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**Innovative Marketing Tools: A Case Study of IDFC Mutual Fund**

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## **Innovative Marketing Tools: A Case Study of IDFC Mutual Fund**

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### **Abstract**

The present study is based on various innovative physical tools, videos and movies “One Idiot” and “Bachat Nivesh Badhat” made by IDFC (Infrastructure Development Finance Company) mutual fund company. IDFC has made various tools but in this study taken only Pyramid puzzle, T-puzzle and newspaper tool. Marketing tools made by IDFC mutual funds are game changer for a mutual fund industry. The purpose of the study is to study the effect of IDFC movies “One Idiot” and “Bachat Nivesh Badhat” on customer, effect of various physical tools made by IDFC on customer to understand their needs and effect of game changer tools of IDFC by creating more happy mutual fund investors. The study is based on respondents of 200 investors of Jalandhar and Hoshiarpur. The study concludes that with the help of tools and movies made by IDFC it had brought ease in the customers to understand the concept and make a wiser decision rather than just depending on the thorough concept. Thus, marketing strategies plays an important role in the overall market development and this will expand the investors’ base of mutual fund industry.

**Keywords:** IDFC, T-puzzle, Pyramid puzzle, newspaper tool, One Idiot, Bachat Nivesh Badhat, respondents.

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### **I. INTRODUCTION**

Financial goal based investment for an investor and understanding of their needs by the company are very important for wealth creation of the investor. Traditionally, people invested in bank fixed deposits, post office schemes and life insurances and they had no knowledge about wealth creation. Now people have started to invest in mutual funds. Mutual funds are one of the best vehicles for people who don’t have either the expertise of the time to take care of their own investments. People are not aware about financial planning, importance of investments and asset allocation. Many of them invest in financial markets with limited understanding of the truth. And then they are myths born out of failed experiences and incomplete understanding which lead them into making investment through tools that may not suit their profile. This results in forming lifelong wrong perception about the financial markets. The present study is based on various innovative physical tools, videos and movies made by IDFC (Infrastructure Development Finance Company) mutual fund company.

IDFC Asset Management Company Ltd. was established in 2000 and is already one of the largest mutual fund houses in India. In a relatively short span of time, it has developed a robust network to deliver consistent value to its investors across India.

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IDFC Asset Management Company is among the few fund houses to get an ISO 9001:2000 certification for its entire range of customer service activities. IDFC limited is India's premier financial services institution focused on infrastructure. It was set up in 1997 by the Government of India as a financier and catalyst for private sector's involvement in infrastructure development in India. IDFC has evolved into a 'one stop shop' for infrastructure finance in India, meeting the complex and ambitious requirements of an expanding client base.

Marketing tools made by IDFC mutual funds are game changer for a mutual fund industry. In order to drive the importance of financial independence and financial literacy among people IDFC took an initiative to create a short film known as "One Idiot". IDFC also made "Bachat Nivesh Badhat" movie of around 25 minutes capturing different investor's behaviour and their situation in various phases of life. An effective and appropriate message for bringing in new investors in the investment world and also cementing the thought of old investors who have become little jittery based on the stock market scenario. Various other small conceptual videos have been made for an investor to understand the importance of financial planning, importance of investments and asset allocation. IDFC has made various tools but in this study taken only Pyramid puzzle, T-puzzle and newspaper tool. The Pyramid-puzzle has an objective to tell the people that future is not as much simple as they think. There is a need to plan carefully for the future and execute their plan in a systematic manner. Many things in life appears simple at first, it's only when we get on to doing that we realize how difficult it could get. The T-puzzle has an objective to tell people that one right move in their life can completely change their future. The first one talks about how taking the first correct step makes your investment journey a lot simpler, it is easy only if you get the first step right - otherwise, but looks easy may sometimes become quite difficult to achieve. Newspaper tool helps to realize that newspaper headlines cannot be relied upon to make money, so one should not react to media which may lead to wrong results. With the help of these tools and videos, IDFC helps in a better engagement of people & a successful two-way communication among them. From a Company perspective, this new approach has helped them strengthen their expertise and proficiency in communicating and engaging with the clients.

## II. REVIEW OF LITERATURE

Anand and Murugaiah (2004) studied various strategic issues which are relating to the marketing of financial services and highlighted the need of new strategies to survive and continue to operate. The new strategies are highly required as the industry has threat from new entrants from national and international.

Muttappan (2006) in this paper an attempt is made to study the various factors influencing mutual fund investment decision making in Chennai, coimbatore, Madurai and Trichy Cities of Tamil Nadu. Findings reveals that tax exemption given to the investment made in mutual funds was the most influencing factor in mutual fund investment decision making, factor which discouraged investment in mutual funds was fear of fraud i.e. security perception in the mind of the investors.

Khare (2007) in his article he emphasis over the mutual funds, stating it is a way (source) of saving and earning better return for small investors. As, one doesn't have to figure out which stocks or bonds to buy. Also gets the biggest advantage of diversification means spreading out money across many different types of investments. Concluded with the real fact that with the growing institutionalization, the retail

investors are gradually being out of the primary and secondary market, making them turn towards the mutual funds for their investment.

Kozup et al. (2008) explored whether a single page supplemental information disclosure impacts investors fund evaluations and investment intentions. Results indicated that while investors continue to place too much emphasis on prior performance, the provision of supplemental information, particularly in a graphical format, interacts with performance and investment knowledge to influence perceptions and evaluations of mutual funds.

Parihar et al. (2009) revealed that majority of investors had not formed any attitude towards mutual fund investments. The main reason is lack of awareness regarding the concept and working of mutual funds.

Roa (2011) mentioned in his studies that regulating authority of financial markets like SEBI, AMFI, IRDA should take more responsibility to boost investor knowledge for more rational decision like “Investors Awareness Programme” managed by SEBI.

Bishnoi (2014) studied marketing strategies adopted by mutual funds, the different 7 Ps that are involved in the marketing of mutual fund and also the Marketing strategies that are involved by the various mutual fund houses for attracting the investors. Mutual funds are not absolutely free to choose their material for advertisement or promotion, as SEBI has issued some mandatory guidelines for the fund houses. Mutual fund houses are more dependent on the intermediaries and presently the fund houses are using all the available option for advertisement and promotion.

All previous studies are mainly focused to the performance of mutual funds and the growth of industry, variety of schemes etc. A few studies analyze the behavioural aspect but it limits to the decision making level only. No major study has been done regarding the marketing tools of mutual funds.

### **III. OBJECTIVES**

The present study is undertaken with the following specific objectives:

1. To study the effect of IDFC movies “One Idiot” and “Bachat Nivesh Badhat” on customer.
2. To study the effect of various physical tools made by IDFC on customer to understand their needs.
3. To study the effect of game changer tools of IDFC by creating more happy mutual fund investors.

### **IV. NEED OF THE STUDY**

Financial planning and asset allocation for an investor has very important for secure their future. IDFC has made marketing strategy to educate the investors with the help of IDFC movies, videos and other physical tools. So the present study has taken up to study the effect of such marketing strategy on investors understanding level. The scope of the study is investors’ awareness towards financial goals and their achievement in future. Keeping in view the various constraints, the scope of the study is limited only to the investors residing in Jalandhar and Hoshiarpur. Data for the study is collected from respondents of 200 investors. The data collected is only the primary data sources based on the direct interview of the respondents.

## V. RESEARCH METHODOLOGY

The present study has been conducted in a Jalandhar and Hoshiarpur for the purpose of the study primary data has been used which has been collected from 200 investors through direct interview. Statistical tool used for this paper are Chi-square Test, Percentage method and in case of categories where respondents are required to provide ranks to different factors, the relative importance of the respective factor is calculated by assigning scores to them and tabular presentations have been used. The chi-square test has been adopted to examine the relationship between the various age groups & respondents responses towards IDFC “One Idiot” movie and IDFC “Bachat Nivesh Badhat” movie.

### 5.1. Hypothesis

To study the relationship between the various age groups and respondents responses towards IDFC “One Idiot” movie and IDFC “Bachat Nivesh Badhat” movie, the following null hypothesis ( $H_0$ ) was set up.

$H_0$ : there is no significant relationship between the various age groups & respondents responses towards IDFC “One Idiot” movie.

$H_0$ : there is no significant relationship between the various age groups and respondents responses towards IDFC “Bachat Nivesh Badhat” movie.

## VI. RESULTS AND DISCUSSION

The following discussion relate to IDFC movies “One Idiot” and “Bachat Nivesh Badhat” and various physical tools made by IDFC with respect to different factors considered in the study. The factors have been presented in tabular form to have a deeper understanding.

Table 1

Demographic Characteristics

Characteristics		No. of the Respondents	Percentage
	Total No. of Respondents	200	100
<b>Age</b>	Below 25 years	90	45
	25 - 40 years	40	20
	40 - 55 years	50	25
	Above 55 years	20	10

The demographic characteristics data presented in Table 1 to examine the innovative marketing tools made by IDFC, a sample of 200 investors of Jalandhar and Hoshiarpur was selected, 45% includes respondents in the age group of below 25 years, 25% of the respondents belong to 40-55 years, respondents in the age group of above 55 years accounts for 10% and remaining 20% of the respondents fall in the age group of between 25-40 years.

Insert Table 2 here.

Every investor considers one or more factors for their investment decisions. An attempt was made to assess the investors' reaction on various factors after shown the various tools to them. Table 2 indicates that investors give higher rank to importance of Investments followed by the financial planning, asset allocation, risk reward relationship and fund selection.

**Table 2**

**Ranking and Scoring of Factors Considered by Investors with Respect to the Various Tools Shown to Them**

Factors	Ranks and Scores					Total F (S)	Ranks
	1	2	3	4	5		
Importance of Investment	140 (700)	25 (100)	10 (30)	18 (36)	07 (07)	200 (873)	1
Asset Allocation	40 (200)	110 (440)	30 (90)	08 (16)	12 (12)	200 (758)	3
Fund Selection	8 (40)	20 (80)	22 (66)	40 (80)	110 (110)	200 (376)	5
Financial Planning	145 (725)	5 (20)	30 (90)	10 (20)	10 (10)	200 (865)	2
Risk Reward Relationship	20 (100)	20 (80)	120 (360)	30 (60)	10 (10)	200 (610)	4

Note: S-Scores; Figures in parentheses () are scores

**Table 3**

**Investors Awareness Towards' Financial Target Setting Through T-Puzzle Tool**

Type	No. of Respondents	Percentage
Successful	10	05
Unsuccessful	190	95
<b>Total</b>	<b>200</b>	<b>100</b>

An attempt was made to find out the investors awareness towards their financial target setting through T-puzzle tool. From the selected sample in the Table 3, it is observed that out of the 200 respondents, 95% of them were unsuccessful in making the T-puzzle while only 5% of them were able to make the T-puzzle. This signifies that only a single right move in their life can change their overall future. Hence they should plan their assets allocation accordingly and make wiser decisions with respect to their long term and short term investment objectives.

**Table 4**

**Investors' Awareness Towards' Financial Future with the Help of Pyramid Tool**

Type	No. of Respondents	Percentage
Successful	40	20
Unsucessful	160	80
<b>Total</b>	<b>200</b>	<b>100</b>

An observation was done with respect to the Investors awareness towards financial future with the help of Pyramid tool. From the Table 4, it is observed that out of the 200 respondents, majority of the respondents were unsuccessful in making the Pyramid puzzle which accounts for 80% of them while only 20% of them were able to make it successfully. This signifies that from majority of the people have not planned their financial planning.

**Table 5**

**Investors Reaction Towards' Newspaper Tool**

Type	No. of Respondents	Percentage
Positive	30	15
Negative	170	85
<b>Total</b>	<b>200</b>	<b>100</b>

An attempt was made to know the customers reactions towards newspaper tool (Table 5). The received information indicates that out of the 200 respondents, 85% of them are negatively effected through newspaper headlines and take wrong investment decisions as they are badly affected by the hype created by media while only 15% of them act sensibly and take a wiser decision.

**Table 6**

**Relationship Between the Various Age Groups and Respondents Responses Towards IDFC “One Idiot” Movie**

Age Group/Responses	Least	Medium	High	Highest	Total
Below 25	5	15	60	10	90
25-40	5	10	20	5	40
40-55	10	10	25	5	50
Above 55	5	5	5	5	20
<b>Total</b>	<b>25</b>	<b>40</b>	<b>110</b>	<b>25</b>	<b>200</b>

$H_0$  (null hypothesis): there is no significant relationship between the various age groups and respondents responses towards IDFC “One Idiot” movie.

$H_a$  (alternative hypothesis): there is a significant relationship between the various age groups & respondents responses towards IDFC “One Idiot” movie.

Chi-square test =  $\Sigma(O-E)^2/E$

Degree of freedom =  $(c-1).(r-1) = (4-1).(4-1) = 9$

Calculation value= 18.2702

Table value of chi-square at 5% level of significance for 9 degree of freedom= 16.919

**Interpretation:** the table value is less than the calculated value. Therefore null hypothesis is rejected. So there is a significant relationship between the various age groups and respondents responses towards IDFC “One Idiot” movie.

**Table 7**

**Relationship Between the Various Age Groups and Respondents Responses Towards IDFC “Bachat Nivesh Badhat” Movie**

Age Group/Responses	Least	Medium	High	Highest	Total
Below 25	60	20	5	5	90
25-40	20	10	5	5	40
40-55	5	5	30	10	50
Above 55	2	3	10	5	20
<b>Total</b>	<b>87</b>	<b>38</b>	<b>50</b>	<b>25</b>	<b>200</b>

$H_0$  (null hypothesis): there is no significant relationship between the various age groups and respondents responses towards IDFC “Bachat Nivesh Badhat” movie.

$H_a$  (alternative hypothesis): there is a significant relationship between the various age groups & respondents responses towards IDFC “Bachat Nivesh Badhat” movie.

Chi-square test=  $\Sigma(O-E)^2/E$

Degree of freedom=  $(c-1).(r-1) = (4-1).(4-1) = 9$

Calculation value= 86.9347

Table value of chi-square at 5% level of significance for 9 degree of freedom= 16.919

**Interpretation:** The table value is less than the calculated value. Therefore null hypothesis is rejected. So there is a significant relationship between the various age groups & respondents responses towards IDFC “Bachat Nivesh Badhat” movie.

## 6.1. Findings and Suggestions

The findings of the study reveal that most of the investors after watching the IDFC movies “One Idiot” and “Bachat Nivesh Badhat” aware about the importance of investments in their life. They also consider the importance of first right step makes their investment journey a lot simpler and invest regularly after shown them T-puzzle and Pyramid puzzle. Newspaper tool and various other conceptual videos help investor to make better decision of their investments, asset allocation and financial planning. The study reveals that decision making process for investments in mutual funds is also affected by these physical tools and videos. All initiatives of IDFC help common man to understand the difference between risk involved in direct stock market investment without proper knowledge and investment through professionals. Mutual fund companies require more focus on making innovative marketing tools for increase the awareness level of investors about investment, financial planning and asset allocation and this will expand the investors’ base of mutual fund industry.

## VII. CONCLUSIONS

Marketing strategies plays an important role in the overall market development. Mutual fund marketing is different from marketing of other goods. It involves advice to the investor. It helps to engage the people and understand the importance of investment, asset allocation and financial planning. After showing the IDFC movies “One Idiot” and “Bachat Nivesh Badhat” to the investors, their responses were also in a positive way. They wanted to learn more about their individual financial goals and about the schemes of IDFC Mutual fund to achieve their financial goals. They were more clear about their long term planning and think wisely about their future. They wanted to have their overall financial planning and thus create their wealth through effective means. This is right clear that the investors have their control on their self investment behaviour but they could not control the overall market. Hence they should plan in way that their assets are allocated properly and their financial goals are fulfilled. They must not depend upon the newspaper headlines to take decisions regarding their financial investments but should take the help of a professional expert for guidance. There is a lot of need to innovate the conceptual strategies so that the customers can understand the mutual fund in a better way other than past return charts. They must be shown the negative picture on 1<sup>st</sup> phase and then the positive picture that too on a long time horizon. With the help of tools made by IDFC it had brought ease in the customers to understand the concept and make a wiser decision rather than just depending on the thorough concept.

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