

Marketing Management

MM 01

Roll No.

Total No. of Printed Pages: 3

Total No. of Questions : 6

Maximum Marks : 60

Duration (hrs.) : 3

Note : All the 6 questions carry equal marks (10 marks each) and are compulsory. Though there are internal choices given.

Q.1. Discuss the various micro-environmental factors in marketing environment and the impact of each on a firm operating in Retail Industry. What will be the impact of the current FDI liberalization norms by the government on Indian Retail?

Q.2. Discuss any 2 of the following concepts in brief:

- (A) The Product Concept of Marketing
- (B) The Holistic Marketing Concept
- (C) Customer Value Proposition
- (D) Marketing MIS

Q.3. Define the different types of pricing strategies for (i) Demand-based Pricing (ii) Competition-oriented Pricing, along with examples for each from current market scenario.

OR

What are various elements of IMC? Discuss the role of various elements of Marketing Communication mix in tourism industry, taking any contemporary example.

Q.4. Describe the steps in consumer decision making process for:

- (A) A customer planning for home loan.

OR

- (B) A customer planning to buy a smart phone.

Q.5. (A) Discuss all the steps of New Product Development for Automobile Industry.

- (B) Discuss the Strategies adopted by Maruti Udyog Limited for their key brands at different PLC stages.

Q.6. Read the following Case carefully and answer the given questions precisely.

ICICI Prudential

Multiple Distribution Channels

ICICI Prudential Life Insurance Company Limited (ICICI Pru) was set up in July 2000 as a joint venture between ICICI and Prudential plc of UK. It came out with its first insurance policy on December 12, 2000. Initially, it offered a variety of products in life insurance – Single Premium Bond, Save 'n' Protect, and Forever Life. Some of the policies had riders – options which offered additional benefits that covered accidents, illnesses, etc. Within a period of four years, ICICI Pru had become one of the leading players in the Indian insurance industry. During this period, it built up a distribution structure comprising bancassurance,¹ direct marketing, and corporate agents, and this was responsible for the threefold growth in its premium levels. By 2004, it had a big distribution network that covered 69 cities and towns in India.

It started with a base of 62 advisors who received training from the Insurance Regulatory and Development Authority (IRDA) and gradually added more agents to its stream. By 2004, it had a base of 50,000 insurance advisors. The Internet was used to create awareness about and generate a need for its products, but was not used as a direct distribution channel. The customer then bought the policy from a direct selling agent. It entered into bancassurance agreements with many banks – ICICI Bank, Bank of India, Allahabad Bank, Federal Bank, South Indian Bank, Punjab and Maharashtra Co-operative Bank, Citibank, and Lord Krishna Bank. These banks referred customers who were interested in purchasing insurance policies to ICICI Pru. The company, in turn, appointed a specialist to cater to such customers. ICICI Pru generated a major portion of its income through bancassurance channels in 2003. These alliances expanded their reach. For example, the tie-up with Federal Bank resulted in coverage of around 200,000 customers spanning 30 branches of the bank in Kerala and 30 other cities.

As a direct marketing measure, ICICI Pru tied up with Derek O' Brien's KQ School Advantage, and offered insurance advice through special booklets to parents of children enrolled in the school. It also tied up with the Discovery Kids channel to promote its child policy – ICICI Pru Smart Kid. In 2004, it decided to utilize direct mailers to reach customers in Churchgate, Mumbai, a commercial zone. ICICI Pru used dabbawalahs² to communicate the insurance information to working customers and also attached 50,000 mailers to the dabbas (lunch boxes). To leverage on online sales, it had a marketing tie-up with indiainfo.com. With a view to increasing its distribution reach, it used corporate agents like Electronica Leasing and Finance Limited and way2wealth. The former was a corporate agent with branches covering major cities in north, west, and south India. It had an arrangement with Westside Stores for tapping the retail chain's gold card customers. For example, one customer, Darius Mehta, purchased the ICICI Pru insurance plan on one of his shopping expeditions to Westside. While he benefited in terms of a customized plan, ICICI Pru gained a pre-approved customer.

¹ Bancassurance refers to the sale of insurance by a bank or by its distribution channels.

² Dabbawalahs are people who deliver meals to the working people in tiffin boxes. The meals were brought from canteens and houses of the working people.

However, these channels were targeted mostly at customers in urban areas. Therefore, in order to tap the potential customer base in the rural areas, ICICI Pru tied up with a number of agencies – BASIX, WorldVision, Dhan, and Shepherd. It also partnered with grassroot level corporations like Uttaranchal Co-operative Marketing Federation, nLog Communications, and ITC's e-Choupal among others. ICICI Pru tied up with READ organization in Orissa, for example, to provide a social financial safety net (SFSNet) for 20,000 of the rural poor in that region. For this purpose, it introduced special products and trained the field staff. Organizations such as BASIX went beyond the traditional function of distribution and also conducted training, processed policies, and settled claims for ICICI Pru.

The other players in the insurance industry also used multiple channels of distribution for their products. According to analysts, OM Kotak had around 45% of its premium revenues from alternate sources of distribution other than the agency route. While LIC used agents primarily to distribute its policies, AMP Sanmar used chit funds and transportation companies as a means of distribution. Max New York Life initially started with only employing agents but soon ventured into other channels like bancassurance and corporate agencies. Thus, ICICI Pru kept in line with the general trends in the insurance industry and gained a leadership position by virtue of its multiple distribution channel policies. "Maximum contribution was from the bancassurance channel, followed by corporate agents, and then direct marketing,"³ commented company's CEO and managing director, Shikha Sharma.

Questions for Discussion:

1. ICICI Pru was one of the early players in the private insurance market. What strategy did it follow to gain a major market share? In this context, discuss the role played by its various distribution channels in enhancing its business.
 2. In terms of the future of the Indian insurance industry, what do you think are the measures that can be taken/have been taken by ICICI Pru to further strengthen its distribution system to meet the competition? Bring out the drawbacks of the existing channels and the need to explore new avenues.
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