

Product life cycle of mutual fund marketing essay



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Mutual funds have been a significant source of investment in both government and corporate securities. It has been for decades the monopoly of the state with UTI being the key player, with invested funds exceeding Rs. 300 bn. (US\$ 10 bn.). The state-owned insurance companies also hold a portfolio of stocks. Presently, numerous mutual funds exist, including private and foreign companies. Banks— mainly state-owned too have established Mutual Funds (MFs). Foreign participation in mutual funds and asset management companies is permitted on a case by case basis.

So it can be said still people in India are not aware of the beauty of mutual funds . the main reason is the traditional methods of savings and also people in India still are not considered for their risk taking appetite.

Ansoff matrix

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Market penetration

Market penetration seeks to achieve this objective:

- Maintain or increase the market share of current products - this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling

In case of mutual funds the market entirely depends on the equity market, and also the past performance of funds in terms of their return.

Companies like reliance are expert in market penetration as they use “blanketing strategy” (price penetration) i. e. they give good amount of

brokerage to the distribution houses and in turn they (distribution house) promote their products.

In mutual funds to penetrate market you need excellent sales force to capture all the uncovered areas of the market.

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Increase investment by existing customers – for example by introducing loyalty schemes

A market penetration marketing strategy is very much about “business as usual”. The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

Market development

Market development is the name given to a growth strategy where the business seeks to sell its existing products into new markets.

There are many possible ways of approaching this strategy, including:

- New geographical markets; targeting 3-tier and 4-tier cities. Potentially mutual funds are targeted to metro cities but an excellent marketing strategy is that to go for the virgin territories where there are potential customers and they are not tapped.

- Promotional strategy should not be focused only on the existing customers but to those who can be your potential customers. The best way to do this is

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to educate the mass about the equity and debt market. It can be done by distributing pamphlets' and giving articles in news papers.

- New distribution channels
- Different pricing policies to attract different customers or create new market segments.

Product development

Product development is the name given to a growth strategy where a business aims to introduce new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

If we compare the Indian market the market is very huge in terms of population and talking about money and savings per person, Indian market is still in introductory stage.

In terms of new product development mutual fund industry is very sensitive as the whole set up entirely depends on the equity market and the asset management company should be continuously looking for potential sectors which are doing good and will continue to do well in the future(for ex. infrastructure, natural resources).

Diversification

Diversification is the name given to the growth strategy where a business markets new products in new markets this is an inherently more risk strategy because the business is moving into markets in which it has little or
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no experience, for a business to adopt a diversification strategy, therefore, it must have a clear idea about what it expects to gain from the strategy and an honest assessment of the risks.

We can take case of mutual funds the product is familiar to big cities and all the companies are serving a niche market. but to diversify into new markets they need an aggressive promotional strategy and also more emphasis should be given to buzz marketing (word of mouth).