



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 4.295

(Volume 4, Issue 3)

Available online at: www.ijariit.com

Indian financial investment market products: Survey, analysis and trends

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ABSTRACT

The Indian Financial Investment market is an ever developing industry, which has a very high potential of developing to new levels in the near future. The Indian Economy is vouched for a double-digit growth rate in the near future which has sent a very optimistic note to the investors in the financial market. The Indian Financial Investment Market is known for its variety of offers which range from the Money Market to the Capital Market offerings. An Analysis of the Investment market products has become of a prime importance to the offering firms as well as the investors in order to achieve the requisite level of confidence and acceptability for the product. This study Analyses the Indian Investment market considering the Marketing mix parameters and the acceptance of any new product financial product offering like Cryptocurrency Investments in the Indian Market

Keywords: Indian financial investment market, Money market, Capital market, Marketing mix, Cryptocurrency

1. INTRODUCTION

Since the Early ages, human beings have focused towards the gains which they can gain out of the time and efforts which they dedicate towards any activity. Money is a very important resource which has drawn the interest of the human race and has become a very important need for humans to attain a decent livelihood. The Management of the Capital and Money earned is the basic purview of the financial management. Investments have gained a very important section of the Financial Management industry and have drawn the attention of the salaried class of the Indian market in the last few decades.

A variety of financial investment products have come up in the investment market which has drawn the interest of the common man. This industry has become very similar in operation to the various commodity products. Thus, the marketing principles and philosophies are effectively applicable to this industry. The investment industry has gradually diversified itself starting initially with bank-based schemes like deposit account, savings accounts, LIC, Postal Savings schemes to the recent years with the products like mutual funds, shares, derivatives, life and non-life insurance schemes (Unit Linked Investment Plans (ULIPs), pension plans, children education plans, etc.).

Similar to normal consumer products preferences of customers varies with the 4P of the marketing mix. The study and analysis of this aspect and also the Segmentation, Targeting, and Positioning is effectively required for a future-focused organization

It is thus evident that the various products of investment market should be studied effectively from the marketing aspect in order to achieve the required levels of sales and customer satisfaction in the near future.

2. THE RATIONALE OF THE STUDY

The exponential rise in the various financial products available in the market has increased the dilemma of the normal customer. The Indian customer has a very basic requirement for the overall money which is being earned. The customer demands a high rate of return on the investment made so that the future goals of individuals may be achieved.

The product Mix of the Indian financial Investment market has become highly diverse considering the needs of the customers in the near future. The expectations from the products are very diverse and are highly dependent upon the Price, Product, Place and Promotion Decisions. The advent of Blockchain and Crypto Currency in this segment is a very aspect that needs to be analyzed considering its anticipated rise in the Investment market.

3. OBJECTIVES OF THE RESEARCH STUDY

The research of the financial investment industry holds an important position in the Indian financial industry as the major market focuses upon the income earning and salaried income class of the economy. This class occupies almost 65% of the current economic structure, as a result, the sales and marketing of the financial investment products are very critical. This study is centered upon the following objectives:

- 1) Analysis of the Financial investment products considering the Marketing Mix components
- 2) Study and Analysis of customer requirements with financial investment aspect
- 3) Study of the Future trends in the financial investment markets.

4. HYPOTHESIS

The Financial Investment product marketing is dependent upon the various factors such as the Marketing mix, the Income of individuals, demography of the population. Also, a study of acceptance of the salaried income class with regard to the acceptance of newly launched products requires a study. For the purpose of this study, following hypotheses have been proposed.

4.1 Hypothesis 1

H0: Investment preference for various financial investment products is independent of Marketing mix components

H1: Investment preference for various financial investment products is not independent of Marketing mix components

4.2 Hypothesis 2

H0: The Investors are open to Investing in any New Financial Investment option launched in the market

H1: The Investors are not open to Investing in any New Financial Investment option launched in the market

5. APPLICATION OF MARKETING MIX CONCEPT TO FINANCIAL INVESTMENT PRODUCTS (4P ANALYSIS)

The Marketing Mix specifically consists of the marketing tools and models that any firm utilizes for the achievement of its Goals and targets. It specifically consists of the following: product, price, promotion, and place. The present marketing and services industries have based their structures and operational activities upon the specific aspect of 4Ps of the marketing mix.

5.1 Analysis of Place Factor

The Location and accessibility of the Finance Service provider and the easy accessibility to the advisor hold a very important role in the development of business for a Financial investment product company. The Most important factors that take a Centre stage in this factor are as follows:

- 1) The Location of the Financial Advisor Office (Metros, Non-Metros, Villages etc.)
- 2) The reach of the financial advisor and face to face interaction with the end clients
- 3) The office aesthetics and the staff promptness for the product marketing.

A Survey Carried out has shown specific observations with reference to this factor has shown very specific observation. The following pie-chart representation summarize the observations made, It is observed that 80% of the Metro/ Non-Metro Population prefers to make an investment on Internet/Mobile based platforms as compared to the 60% of Village population that still prefers to visit the Investors offices to make any further financial investments. This survey makes it very clear that a very different approach shall be needed to target the Metro and Village population considering the Place component of the Marketing Mix.

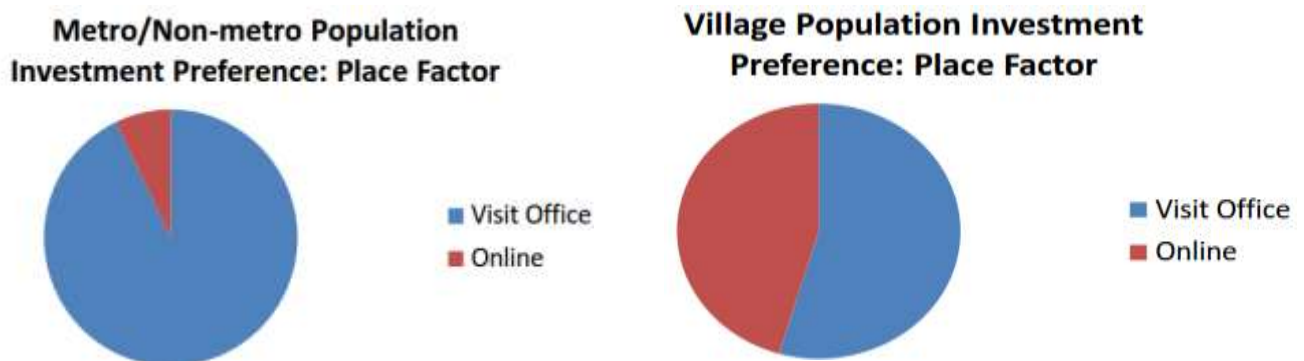


Fig. 1: Comparison of Place factor for Investment Preference

5.2 Analysis of Product Factor

The different types of product served by the firm hold a very important place in addressing the needs of the customer effectively. The Need of the customer can be effectively be catered by provision a large variety of financial products. There exists a wide variety of investment avenues available to the Indian Customers these days. Some of the Most Popular Investment avenues available are:

- 1) Government Bonds
- 2) Share Market Trading
- 3) Mutual Funds
- 4) Investments in Bullion/Gold
- 5) Fixed Deposits/Recurring Deposits with Banks or any other Financial Institutes

From the survey conducted it has been observed that the Age, Income and the knowledge of the investors are the most important factors that influence the investment decisions. The survey results have shown that Fixed/Recurring deposits and Gold/Bullion have large acceptance for the Age groups of 50 Above, whereas the younger investors tend to invest towards the Mutual Funds, Share Market trading. The following analysis carried out for the product aspect survey across all ages. The sample size of the population was 100 people across various age groups and demography.

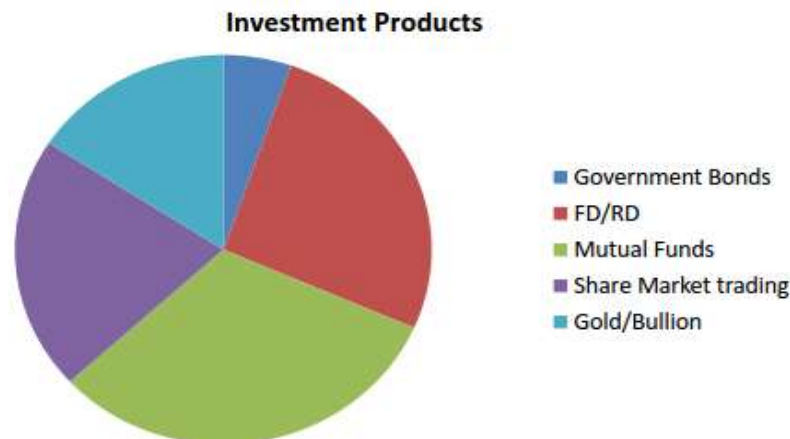


Fig. 2: Comparison of Product factor for Investment Preference

5.3 Analysis of Price Factor

The availability of the services and products at competitive prices and maximizing the overall profits is the aim of the financial business activities. The same is being proposed by innovative marketing campaigns and new product launches. The survey conducted has shown that the Indian customers tend to make a conscious choice after a complete evaluation of the option. The Return earned is the chief concern followed by the security of the invested capital in the various options.

5.4 Analysis of Promotion Factor

It is the communication link between sellers and buyers for the purpose of influencing, informing, or persuading a potential buyer's purchasing decision.

The following are two types of Promotion:

- 1) Above the line promotion: Promotion in the media (e.g. TV, radio, newspapers, Internet, Mobile Phones, and, historically, illustrated songs) in which the advertiser pays an advertising agency to place the ad.
- 2) Below the line promotion: All other promotion. Much of this is intended to be subtle enough for the consumer to be unaware that promotion is taking place. E.g. sponsorship, product placement, endorsements, sales promotion, merchandising, direct mail, personal selling, public relations, trade shows.

Analysis of the various prospect investors shows that Indian Market focuses on maximum knowledge obtained through the various Internet portals, Social networking portals followed by TV and Radio based advertisement campaigns. Personal Advertising popularity has shown a steep decline in the customer preferences for promotion techniques.

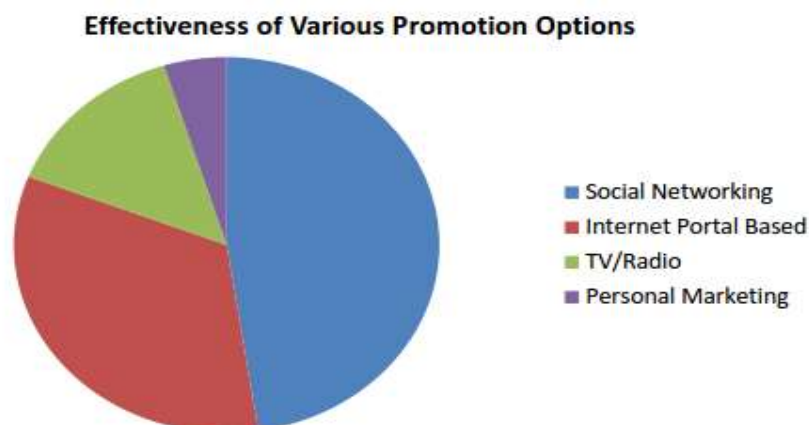


Fig. 3: Comparison of Promotion factor for Investment Preference

6. ANALYSIS OF NEW FINANCIAL INVESTMENT PRODUCTS LAUNCHES AND THEIR IMPACT

In the recent past, Cryptocurrency had become the new buzzword in the Indian Finance sector and there was a sudden spurt in the number of investors in this segment following the same.

Though this trading is not legalized in India as per the latest Circular released by the Reserve Bank of India, Yet a survey carried out has shown that the Indian Investors are quite open to the New Investment avenues like Bitcoins or any other secure internet trading platforms that may earn secure and effective returns.

It was observed that maximum Young aged respondents have shown a wide interest in the crypto-currency investment after a knowledge base on the same if developed and the same is legalized in India. The main feedback obtained was that as the returns obtained out of the complete process is very high, the investments are lucrative and shall always be a good option.

7. RESULTS

From the survey, it is thus observed that the demand for various financial investment products is dependent upon the Marketing mix components. It is also observed that the Indian Investor is very open to any new investment avenues which would be secure and provide a high return on Investment.

Thus the Null hypothesis proposed in the Hypothesis section holds in this analysis.

8. CONCLUSION

With the era of digitization, the Indian Customer has matured and grown in Knowledge with regard to the various options available for investment. The 4 P's should be effectively taken into consideration by the various scheme owners and market participants before and investment decision and a new product launch.

The Economy is now poised towards a positive growth thus this analysis will serve as the basis for further decision making in this sector.

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