

## **Digital Sales Strategies Adopted By Indian Mutual Fund Companies To Sustain In 21<sup>st</sup> Century “Vuca” World**

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**Abstract:** *The ellipsis VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) precisely portrays the circumstances under which today's corporations and institutions function. As there is no predictability or approach to plan for 'every issue' or problem that may arise, it becomes essential to plan for 'any issue' that may crop up. The VUCA world stipulates innovative strategy and procedures which can be used to contrive in any given circumstances, and if managed accurately, the VUCA world will be an opportunity for the information workers to discover and build up efficient and receptive strategies. (Claire Adamson, 2012)*

*This is an exploratory research involving study of relevant literature which highlights major challenges faced by sales departments of mutual fund companies, and also the digital sales strategies being adopted by them for meeting the challenges of 21st century VUCA world. The paper analyses current research in other parts of the world, and draws insights from in-depth interviews with industry practitioners. The paper presents several strategies highlighting the involvement of technology at different stages in resolving digital selling and distribution challenges. The presented contemporary and practical discussion supported by academic inputs should be helpful to both academicians and practitioners.*

**Keywords:** *Digital Strategy; Asset Management Companies (AMC); SIP (Systematic Investment Plan), Search Engine Optimization (SEO), Online Reputation Management, Webinars*

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### **I. Purpose:**

The objective of paper is twofold; highlighting major challenges faced by sales functions (of mutual fund companies), and discussing the digital ideas being adopted for achieving sales turnover and customer retention in order to sustain in the 21<sup>st</sup> Century VUCA world.

### **Approach:**

This work was done mainly as an exploratory research to find out the types of digital strategies adopted by mutual fund companies for their managing their sales in the VUCA world. The study is based on both primary and secondary sources of data.

### **Relevance:**

This particular work will significantly contribute and supplement towards the various studies done by researchers on digital marketing practices in services industries. The work therefore should be of helpful to both academicians and practitioners.

The role of Innovation and Digital technologies in selling other financial like banking, insurance and allied services is the discipline where this study can be used for further research work.

### **Data Collection And Methodology:**

#### **Data Collection Procedure and Survey Details**

In combination with secondary data, we asked the sales representatives of leading fund houses currently operating in India to provide details about their sales operations throughout India using a survey. The survey was designed in a manner to gain a better understanding of the digital operational details integrating into sales strategies of AMCs at both company and individual levels.

Meant as an exploratory research, this paper is based on present study even in other parts of the globe and in-depth interviews with Indian Mutual Fund industry practitioners (Sales Representatives). The findings are supported by the survey responses and insights from the interviews.

### **II. Review Of Literature:**

1. Sales and distribution is increasingly becoming a critical element in defining the success of any business enterprise. The significance of sales and distribution has been continuously emphasized for its criticality in

affecting various business parameters. The importance of sales force, in the improvement of organizational effectiveness for companies, competing in a rapidly changing business environment; Effective management and motivation of a company sales force is crucial to the marketing success of many products. The customer facing role further reinforces the importance of sales & distribution in the whole supply chain. Over the past two decades the development of strong and enduring relationships with key customers has become accepted as a foundation for competitive advantage. Baldauf & Cravens (1999)

2. Traditionally, along with resolving territories, budgets and quotas related issues, a successful sales force management also implied an effective management of functions like planning, forecasting, recruitment, training, appraisal etc, but the rapidly changing business environment is forcing sellers and distributors to come up with innovative ways for successfully achieving the targets. ("Successful sales force management with innovative changes in sales administrative functions," 2000)
3. With globalization the entry of multinational corporations propelled due to which the market changed into a buyers' market and due to the sudden competition growth, the domestic mutual fund industry was shaken. Promotional efforts should be stimulating and motivating enough to generate interest in and promote a positive attitude towards a Mutual fund house so that they will be considered favorably in comparison with the competitors. As there are so many players in the Mutual fund Industry, to choose one mutual fund over the other becomes very difficult for the investors. This has led the mutual fund to follow aggressive promotional techniques. Besides leading National Dailies, funds regularly advertise in business newspapers and magazines. ("Marketing Mix and Promotional Strategies of Mutual Funds' Dr. Sunita Bishnoi Associate Professor DAV Institute of Management, India," 2014)
4. Disruptive technology, together with all of its competitive, security, regulatory and operational implications, is a priority for financial services managers, But in addition to palling for future, the financial services industry technology managers must also address their past, as they deal with volatility, uncertainty, complexity and ambiguity of aging legacy systems and a declining pool of talent who labor to keep outdated systems working long enough to implement more responsive technology that will enable their institutions to look the future with confidence. (Protiviti, n.d.)
5. Needless to say, early efforts to apply information technology in sales organizations met a lot of resistance. Nonetheless, sales force automation is changing both the effectiveness of selling and how it is done in many companies. Computers, telecommunications, and software give sales managers and salespeople a powerful array of capabilities. Information technology is becoming indispensable in many companies. (Cravens, 1995)
6. Many companies have failed to recognize that digital business is fundamentally different in many ways, and that simply doing the digital things will not suddenly make them digital. In other words, while many Mutual Fund firms have leveraged digital technologies to extend their product and delivery capabilities, they have not yet rewired their organizations' business, operating, and customer models to actually being digital. This paper explores this purposeful reorientation of Digital DNA attributes in greater detail. (Garth, Surabhi, & Richa, 2016)

### **Introduction:**

Sales and distribution is increasingly becoming a critical element in defining the success of any business enterprise. The significance of sales and distribution has been continuously emphasized for its criticality in affecting various business parameters. Baldauf & Cravens (1999) have mentioned the importance of sales force, in the improvement of organizational effectiveness for companies, competing in a rapidly changing business environment;

Effective management and motivation of a mutual fund company's sales force is crucial to the marketing success of many products (Coughlan & Narasimhan, 1992). The customer facing role of a mutual fund company further reinforces the importance of effective sales & distribution in the whole supply chain. Over the past two decades the development of strong and enduring relationships with key customers has become accepted as a foundation for competitive advantage (Slater and Olson, 2000).

Traditionally, along with resolving territories, budgets and quotas related issues, a successful sales force management also implied an effective management of functions like planning, forecasting, recruitment, training, appraisal etc, but the rapidly changing business environment is forcing mutual fund sellers and distributors to come up with innovative ways for successfully achieving the targets.

### **Selling In The 21<sup>st</sup> Century Vuca World:**

In a VUCA world, selling is faced with manifold challenges.

It is vital to consider coping up with the unexpected disturbances and spectacular fluctuations of a volatile planet. It can be infuriating to handle client's expectations when your own uncertainty ripples just underneath the surface and reasons buyers to hold back. When the complexity of what you're doing twists the buyers' understanding and disrupts sales, it's not simple to congregate motivation. In addition to all this,

working in ambiguity can be annoying as you are compelled to route to best guesses and provisional patchwork that fixes things for a while.

At these times, the worst possible thing a seller can do is tremble buyers' confidence. Under these situations, a seller's reservations, aggravations and hesitations will only exaggerate the VUCA impact and damage the sales effectiveness.

Alternatively, to sell in a VUCA world, a sales team must be a strong stabilizing force. Despite the VUCA you and your customers are caught up in, you must find your firm ground and join your buyers to the extent that they can believe in you.

According to Deb Calvert (2014) here are three ways you can find your footing plus the one key ingredient your buyers need to see you as a stabilizing force and resource.

**Keep your eyes on the prize.**

Take the long view out into the horizon, focusing on where you are going.

**Let go of the status quo.**

So long as you remain anchored to the present (or, worse yet, the past), you will be unable to move forward. Grow inquisitiveness about the possibilities and frankness to new ideas.

**Don't be too frail to fail.**

Be tough enough to fail. You can take it. When you give yourself permission to fail, you'll also have license to get outside your comfort zone. When you can boldly say "Let me try," you're also demonstrating that you and your ego are strong enough to withstand disappointments. When you don't succeed numerous times, you will be closer to victory in VUCA world.

It's vital for you to feel as confident and sure-footed as possible before you ask buyers to join to you and your plans. When you have a firm foundation, there's one more ingredient you'll need to be a stabilizing force for buyers who are also navigating a VUCA world. **That imperative ingredient is trust.** Trust breeds security.

Your buyers want to feel secure, and they will feel that way when you develop mutual trust with them.

To cultivate buyers' trust always be sure that you yourself, are not working in a VUCA style. Be conventional and evident as much as possible. Always remember that the quickest way to erode faith is by displaying orientation towards one's self rather than orientation towards others. To strike conversations with your consumer, ask quality questions and listen empathically. Deb Calvert (2014)

### **III. Challenges Faced By Mutual Fund Companies In India:**

According to a survey of mutual fund houses by the Securities and Exchange Board of India, the greatest challenge faced by mutual funds in selling Mutual Fund products in India is: Lack of knowledge and literacy (financial) amongst investor.

The conventional route to selling Mutual Funds has always been through the distributorship in different states. However, shortage of quality distributors has been an obstruction.

The typical challenges faced by an impending investors are:

1. Lack of (financial) literacy
2. Too many mutual fund houses and their schemes
3. Fear of loss of money due to stock market fluctuations
4. Lack of one to one connect with mutual fund houses which do not contribute in building trust
5. Vigorous selling (miss-selling) by distributorship channels
6. Financial Services being intangible pose challenges for investors to recognize and grab the opportunities

Mainly, retail (small) investors in India, especially the boomers prefer investing in Insurance Companies, Public Provident Fund, Fixed Deposits, and Post Office Schemes. The "forged" sense of security specified through guaranteed returns is one of the motives why public tend to prefer these types of financial instruments. And this "financial knowledge" is passed onto subsequent generations, the millennials, who save and invest money in these instruments.

This causes a big test for Mutual Fund companies – How to educate millennials (ages between 18 to 40 years) to invest in Mutual Fund schemes and re-learn the knowledge about financial products that they have known.

This brings us towards the use of digital sales and marketing successfully to bond with and educate the people who in turn will persuade their networks.

The truth that millennials are mostly online and are heavily using social channels for day to day lifestyle is very well established. From searching for restaurants, paying mobile/DTH connection bills to purchasing of electronics goods, grocery and apparels, the millennials are profoundly using mobile technology and social media networks in order to trust and connect with products and making purchase decisions.

**Distribution Channels** of all the major fund houses surveyed, it was observed that 61% of respondents said that availability of quality distributors continues to pose a formidable challenge. Fund houses are of the view that due to the present regulations that compel a limit on the commission incentives, good quality distributors are very difficult to find. On the other hand a large majority of respondents says that even if a reasonable commission is offered, it is difficult to recruit sufficient number of distributors which implies that there is lack of skilled distributors. Finding quality distributors especially in small towns and rural areas is a major hurdle towards increasing mutual fund penetration. This problem is more prevalent in case of AMCs with relatively lower AUM (Asset Under Management) levels.

AMCs ask for allowing differential incentives for such locations (including, possibly, upfront fees to distributors) to make it mutual fund distribution financially viable and compete with the sale of other financial products. The present regulation provides incentive to the distributors for funds mobilized beyond top 15 cities. However this benefit is effectively cancelled by the claw-back provision which needs to be revisited. AMCs also demand fiscal incentives for opening branches beyond top 15 cities as the infrastructure and set-up need to be incurred by them. At the same time, a large majority of the respondents feel that introducing new channels like transactions through ATMs would not boost AUM levels. Emerging mutual fund houses and those operating in the private sector consider mis-selling by the channel distributors as a main factor upsetting the dispersion of mutual funds in India. Major AMCs propose making the crime of mis-selling is a more strictly punishable offence.

AMCs feel the need of using digital technology as much as possible to increase the reach. In addition, the facilities like mobile wallet should be introduced which could help accretions of daily SIPs particularly in small towns and help small investors participate in equity and debt markets. In order to tackle the shortage of quality distributors, AMCs suggest that the country-wide digital network of stock brokers can be effectively utilized. (Chakrabarti, Malik, Khairnar, & Verma, 2013)

#### **1. Using Social Media to connect with the investors:**

Every mutual fund brand has an active social media page where they are regularly putting out content. But how much is it actually adding to the overall objective of creating awareness and interest about mutual funds? If we have to state down 2 sets of investors for a Mutual Fund, they are:

1. The ones who are aware about the notion of Mutual Fund but are not sure which scheme to invest in
2. Others are the ones who are conscious of mutual fund as an investment option, but are not sure why one should invest in them

The way to tackle to this situation is to simplify the financial terminologies that seem to be the rule in the mutual fund industry. On contrary a fixed deposit plainly says – earn a 6% fixed interest rate annually. This is very simple notion to understand.

But when we move towards to selling a mutual fund, the fund houses resort to phrases such as “over-performing the benchmark index”. How many of the investors do understand what a benchmark index is?

Making things simpler and communicating the same so that it is easy to comprehend and grasp within few seconds is considered to be good messaging. Social Media must be used to correspond in a way which is easy for masses to understand. Also, mutual funds must create content that is simple, fun and attractive. They should do away with extended videos or complex charts and graphs. The key is to think like an investor does when he / she decides to. How does he / she choose an investment product, and how? And converse in the language that customer prefers. Separate the hurting points of each customer section and attract them in an engaging and important way that is effortlessly understood.

#### **2. Search Engine Optimization (SEO)**

Discovery occurs on Google, and coming together happens on Face book. This is the rule of online behavior over the couple of years. There are numerous websites reaping the benefits of client acquisition because of a sound well thought SEO strategy. Sadly, most large Mutual Fund brands do not center on the SEO at all. A cautious combination of keyword research, a selling focused website formation and optimized content development can really twofold the online traffic for mutual fund organizations.

### **3. Blogs**

Corporate or Business blogs are one of the finest sources of inbound selling and marketing. Blogs assist to educate the consumers to make informed decisions. Every mutual fund house should invest in content development and marketing as a channel for creating awareness and to generate interest. Blogs also assist in content discovery; this is because of the informational nature of content that people search on search engines like Google. Every Mutual Fund house must chalk out a six weeks' worth of matter in advance and should maintain it consistently and regularly.

### **4. Online Reputation Management**

According to Google statistics, most people look at what is said about a brand name online before they initiate a purchase decision. This statistics reflects on the importance for companies to not only manage their reputation online, but also to proactively connect with people even if they are not in the buying mode. Consider about using Face book, Twitter and Quora to find out what people are conversing regarding Mutual Funds, and provide them helpful and relevant answers? This must be undertaken to win their trust.

### **5. Sign up for Emails**

When you actively put content on a weekly basis and you are capable to drive the visitors online towards your content, you are not supposed to let them go. Invite and encourage them to sign-up for your periodic bulletins on Mutual Fund awareness and education. People adore exploring and reading stuff for free of charge when there are no obligations. Through constant blogs and electronic mail newsletters, you will obtain repeated visitors to your blogs who then will proceed towards the next step of AIDA (Attention, Interest, Desire and Action) which is all about generating desire and action.

### **6. Display Campaigns and Retargeting**

If you are proficient enough to drive the people to discover your blogs and your website, this means that you are successful in generating awareness. Think about re-marketing your schemes using the Display Campaigns on the Google Display Network and / or on Face book? This will drive a profound brand recall and will frequently get these people to return to your website. When an individual starts to engage with your content frequently, it is a strong gesture that you can coerce desire and action.

### **7. Webinars**

The art of selling and marketing lies in communication. A better way to do it is to employ webinars to communicate with people. This will produce more faith in mutual funds. Webinars are a good way to realize customer challenges and address to them. Try to become a trusted financial guide to your client and he / she will buy from you. If you can do it regularly, your customers will not prefer buying from other companies.

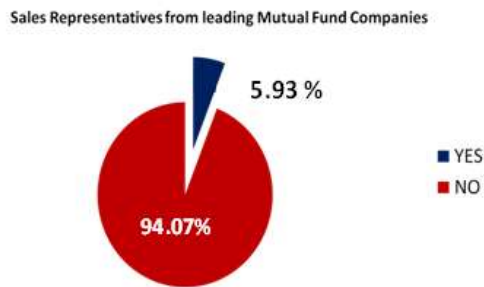
### **8. Bridging the online and offline world**

Many brands miss this out when they treat digital sales and marketing and traditional offline sales and marketing as separate entities. When the customer is one person, why to have two disconnected strategies to target the same person? Several new-age sellers have found remarkable success in conducting trade-shows, conferences and colloquiums on financial planning. As a digital marketer and seller, you can encourage people who have subscribed to your electronic mail list to participate in your events. This is more target-oriented; you will get a good chance to interact one-on-one with your target prospects and chances of increasing sales will significantly increase.

## **IV. Data Analysis And Findings:**

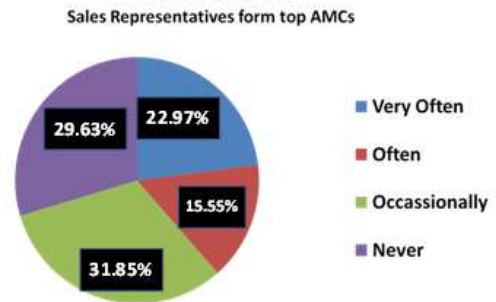
Digital Selling strategies enhances competitive advantage and help companies sustain in the 21<sup>st</sup> Century VUCA world, but increases the risks of transparency and confidentiality. The study focuses on sales representatives of Mutual Fund houses as distinct agents and the communication roles they play. Out of the sample size of 150 respondents, 135 respondents have submitted the complete survey questionnaire. Their analysis of their response with respect to effective digital sales strategies adopted by them is as follows:

**Graph 1.1: Formal training / orientation regarding the digital sales strategies**



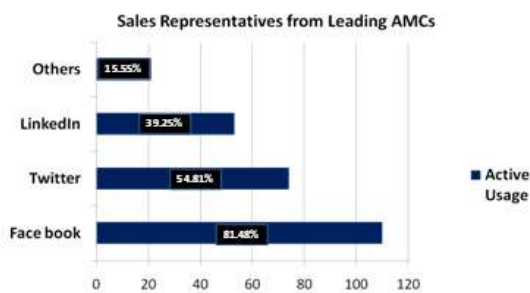
Source: Compiled by researcher from questionnaires.

**Graph 1.2: Use of Social Media to connect with clients**



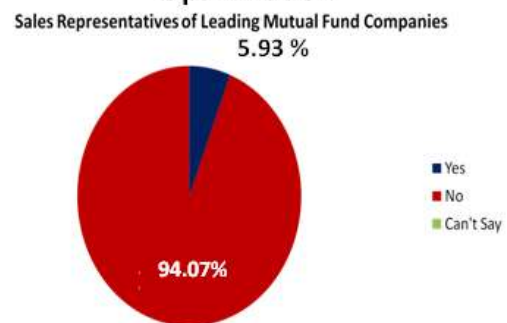
Source: Compiled by researcher from questionnaires.

**Graph 1.3: Use of Social Media Networks**



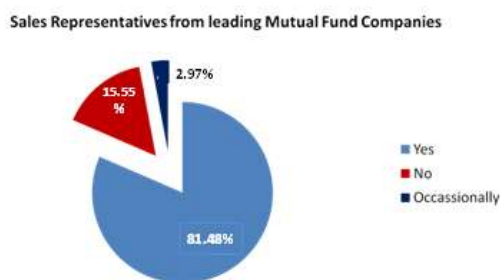
Source: Compiled by researcher from questionnaires.

**Graph 1.4: Concentration of Search Engine Optimization**



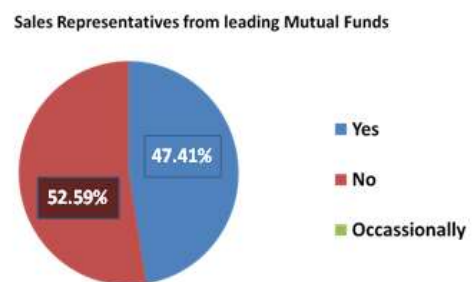
Source: Compiled by researcher from questionnaires.

**Graph 1.5: Use of Corporate Blogging for content marketing**



Source: Compiled by researcher from questionnaires.

**Graph 1.6: Investors Engagement Using Online Reputation Management Tools**



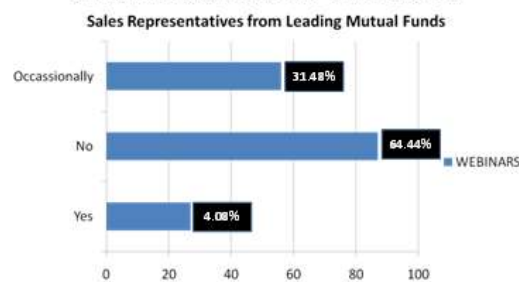
Source: Compiled by researcher from questionnaires.

**Graph 1.7: Publication of weekly newsletters on Mutual Fund Education and Industry Trends through consistent blogs and emails**



Source: Compiled by researcher from questionnaires.

**Graph 1.8: Use of webinars to connect and interact with Investors**



Source: Compiled by researcher from questionnaires.

Source: Authors' Survey Data

### V. Findings:

1. Around 94% of Mutual Fund Companies do not provide any formal training to its sales force with regards to the digital tools that can be used by them to communicate with their clients in the market place.
2. 34.85% of the sales force interviewed uses social media occasionally to connect with their client base. They use social media extensively to communicate casually with clients. 29.6% of the respondents never use social media for customer interaction. 22.96% respondents used social media very often for client interaction.
3. Amongst the various digital tools, the face book (96.29%) and twitter (54.81%) are widely popular among the interviewed mutual fund sales professionals.
4. Around 94% of Mutual Fund companies do not provide for search engine optimization function. Except a few leading ones (around 6%).
5. Many of the sales representatives (around 81%) use corporate blogging occasionally to disseminate relevant New Fund Offer information.
6. Around 52.5 % of the Mutual Fund employees interviewed do not use online reputational management (ORM) tools as the feel ORM tools are more useful in FMCG and other respective industries. However 47.5% respondents have started employing the tool.
7. It was observed that 72.59% of AMCs publish weekly online news-letters during market slowdowns. Especially when investor sentiments are down.
8. Webinars are not popular amongst Medium and Small AMCs as they mainly depend on advertisements and referrals. However respondents (64.4%) from large AMCs have not yet started organizing webinars

Most of the respondents (around 96.00%) actively use digital technologies for reaching and communicating with their clients. But these initiatives were mostly at individual level.

### VI. Conclusion:

Selling using Digital technologies is like a Systematic Investment Plan of Mutual Funds because the worth is exponential in the long run. It is like a marathon where the most steady and engaging brands will be victorious. Contrasting the quick win strategy which one employs in trading, investing in Digital Selling and Marketing is your definite way to surpass the benchmark index of sales and marketing success.

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