

# Ditto Insurance Market Entry Case Study

## Preface

This case study focuses on Ditto Insurance's hypothetical strategic exploration of entering the general insurance market in India. This comprehensive analysis is designed to provide a detailed examination of the factors influencing Ditto Insurance's decision-making process, offering insights into the opportunities and challenges associated with this potential expansion.

The thought process behind this case study stems from the recognition of Ditto Insurance as a promising player in the Indian insurance landscape, particularly in life and health insurance. As the company contemplates entering the dynamic and rapidly growing general insurance market, understanding the intricacies of its decision-making journey becomes paramount. This case study aims to unravel the strategic considerations, market dynamics, and competitive landscape that shape Ditto Insurance's venture into the broader insurance sector.

The structure of the case study is as follows :

1. Company Overview
2. Market Analysis
3. Understanding Insurance Penetration
4. Customer-Competition-Product-Company (CCPC) Analysis
5. Applying Porter's Five Forces
6. Final Recommendation

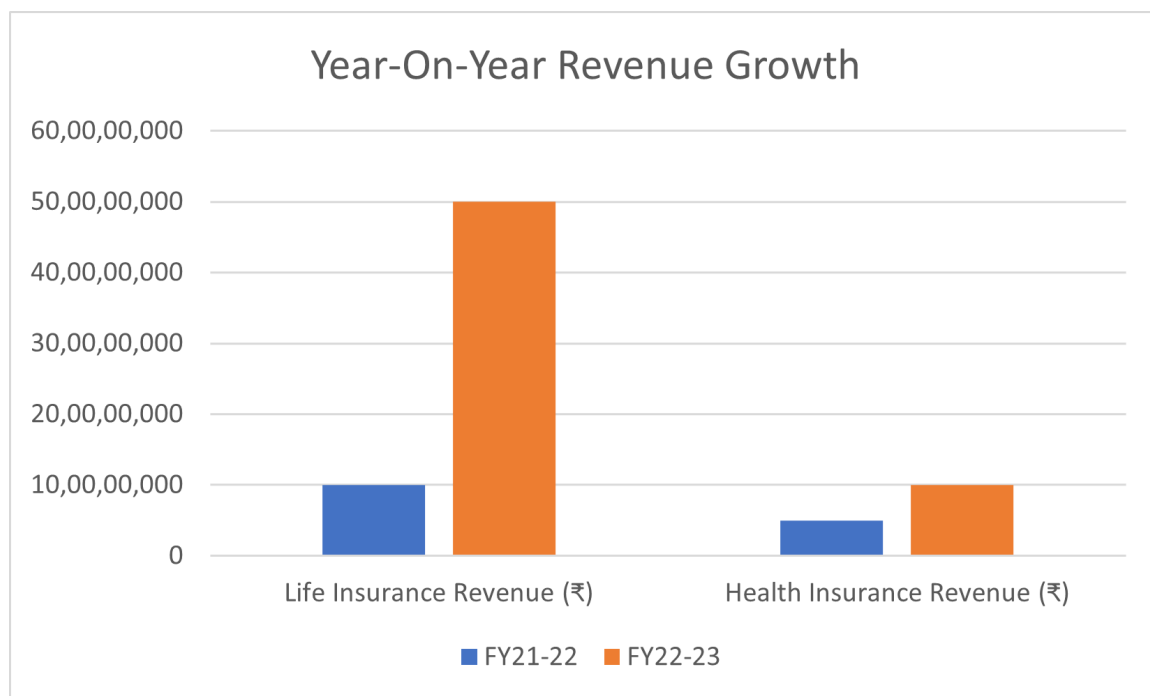
## 1. Company Overview

Among the vast number of emerging fintech startups in the Indian ecosystem, Ditto Insurance has emerged as one of the most promising ventures. Ditto Insurance is a digital insurance platform that was founded in 2021 in Bengaluru, India by four entrepreneurs: Pawan Kumar Rai, Shrehith Karkera, Bhanu Gurram, and Lokesh Gurram. With the strong backing of stock-broking giants Zerodha, the company has raised a sum of \$5 million to date. Ditto Insurance focuses on making insurance

simple and accessible to everyone by using technology to streamline the insurance buying process and provide personalized advice to customers.

Ditto Insurance's mission is to "help people make better financial decisions." The company believes that insurance is an essential part of a sound financial plan, and it is committed to helping customers understand and purchase the right insurance products for their needs.

By laying heavy emphasis on micro-insurance products and underserved customers, Ditto Insurance has tackled a niche market with significant growth potential. Owing to this they have been able to grow their 2 verticals: Life Insurance and Health Insurance at exponential rates. In FY22-23, the company's new business premium in the life insurance sector grew by 500% year-over-year and the new business premium in the health insurance sector grew by 400% year-over-year.



Revenue growth for FY21-22 and FY22-23

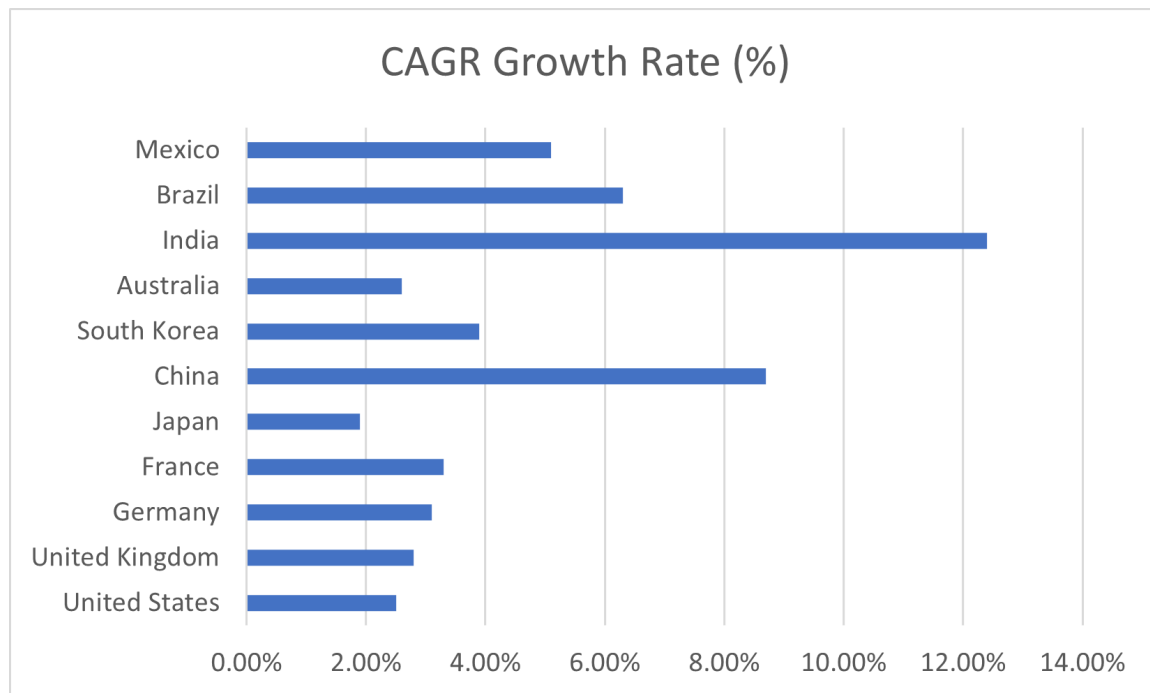
With steady growth in both verticals, Ditto Insurance can look to enter the general insurance market with an approach similar to the one that has granted them such success.

## 2. Market Analysis

General Insurance is a product that is driven by various multifaceted factors such as the level of urbanization, disposable income, awareness of insurance, and penetration of insurance products. Given that the Indian population is still rather

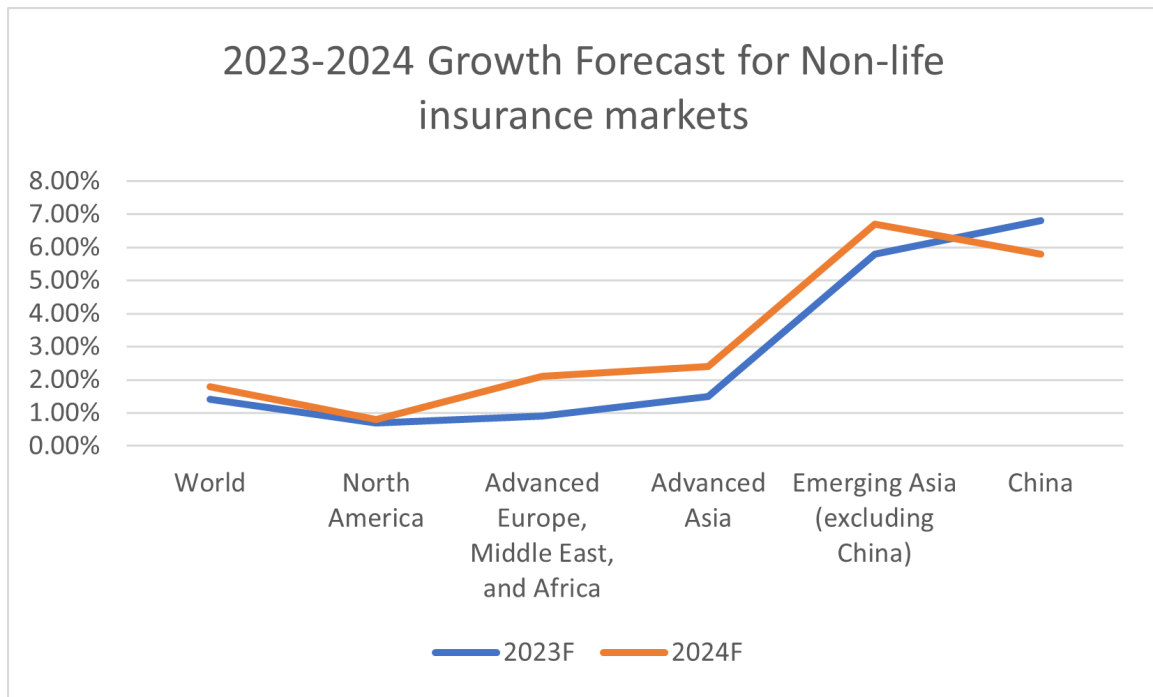
primitive in nature, general insurance can be considered a luxury rather than a necessity.

Currently, India ranks 15th in the world among other general insurance markets, amounting to \$34.2 Billion, which accounts for a mere 0.79% of the global general insurance market. Despite being ranked 15th, the Indian market has displayed a staggering 12.40% compound annual growth rate, the highest when compared to other much larger and developed markets.



CAGR Growth Rate for top 10 countries including India

The data gathered by Deloitte from the report: "Sigma: World insurance: Stirred, and not shaken" which was published by the Swiss Re Institute in July 2023, shows us the varying global non-life insurance premium growth rates for various regions. These reports consist of forecasts which predict the growth of various non-life insurance markets in the world.

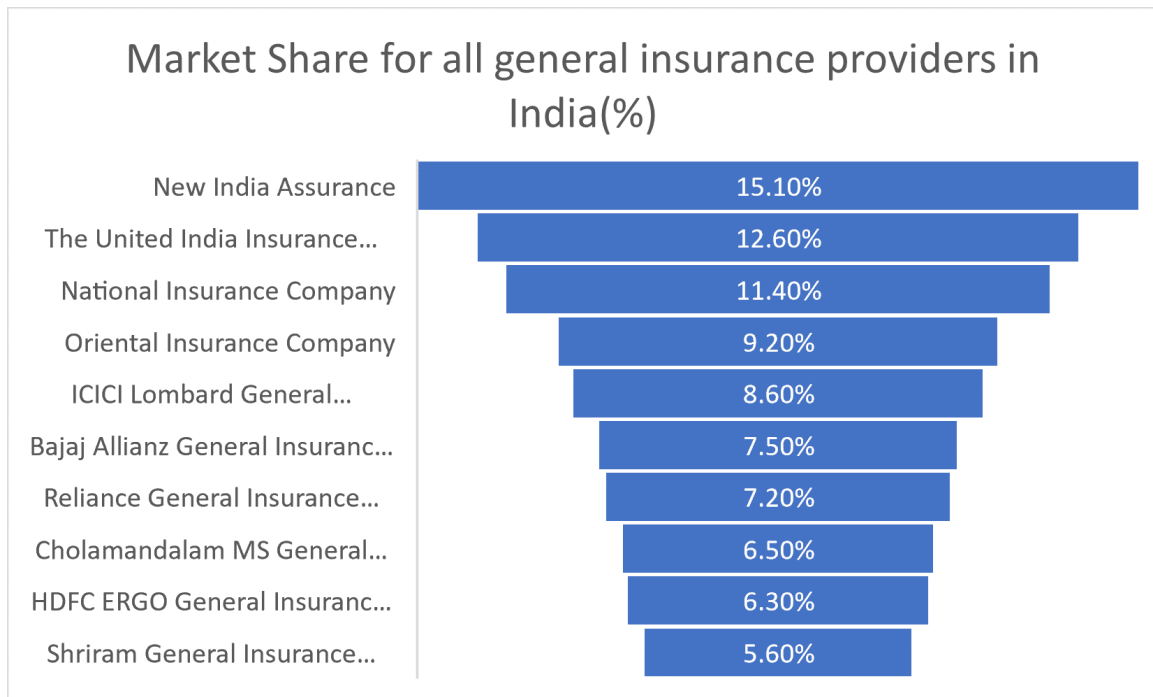


Growth forecast for Indian Insurance Market

From the above graph, it can be seen that the emerging Asian markets have the highest forecasted growth rate (6.70% in 2024F) among all other global markets, which is also significantly higher than the world standard for growth rates. This shows us that the emerging Asia market is one of the fastest-growing general insurance markets and will continue to grow in the upcoming years.

Overall, the emerging Asia, or rather the Indian general insurance market is poised for significant growth in the coming years. The key trends driving this growth are the growing middle class, rising disposable incomes, increasing urbanization, and the expanding role of insurance in the region. Both domestic and international insurance companies have the opportunity to capitalize on this growth by offering innovative and competitive products and services.

In India, the general insurance sector boasts a roster of significant players. While stalwarts like New India Assurance and the National Insurance Company, along with major private banks such as ICICI and HDFC, offer their services in this domain, none singularly dominates the Indian market. The distribution of market share among all general insurance providers indicates a high level of accessibility, suggesting that competition among firms is unlikely to pose a significant challenge.

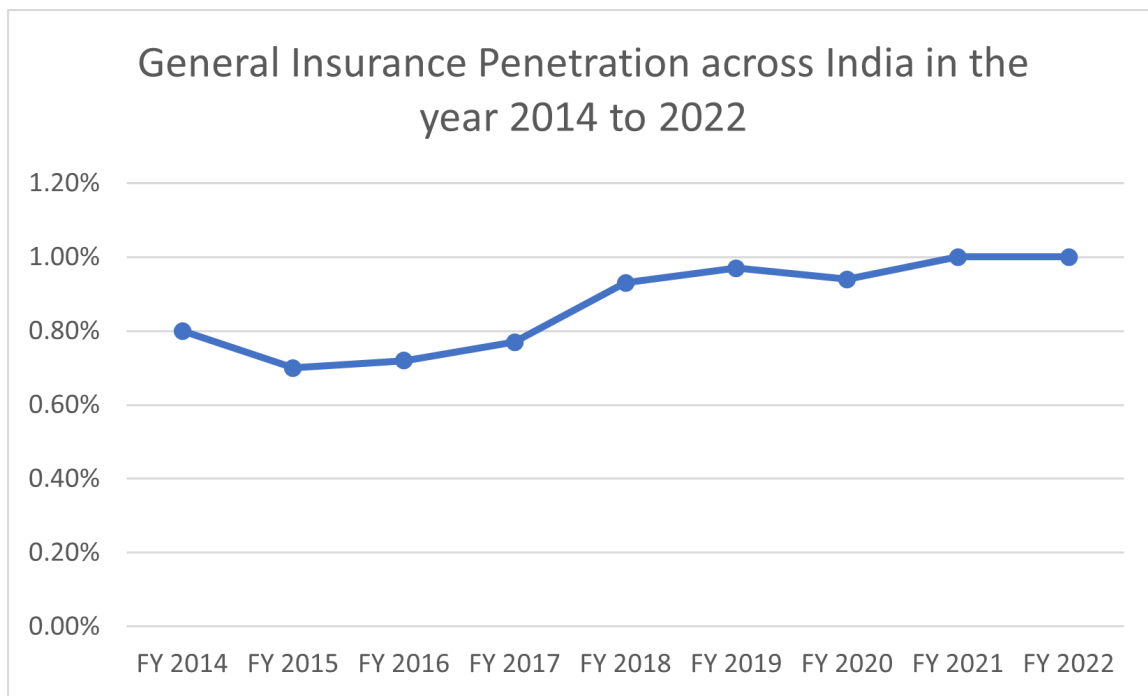


Market Share for all general insurance issuers in India

### 3. Understanding Insurance Penetration

Put simply, Insurance Penetration is measured as a percentage of total premiums collected to the country's Gross Domestic Product (GDP). It is the most important parameter to judge the level of development of the insurance sector of the country. In a country like India, where most of the population lives below the poverty line, general insurance can still be considered a luxury rather than a necessity, thus making this market a rather niche segment.

India currently ranks in the bottom 10 countries in terms of insurance penetration. The subdued growth trajectory has hindered its ability to compete effectively with other nations in this regard.



General Insurance penetration trends from 2014 to 2022

The growth of general insurance penetration in India has experienced a significant slowdown in recent years, practically stagnating since 2019. This leads us to the conclusion that both the general insurance market and the number of insurers have reached a current limit.

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Although these statistics look frightening from the country's perspective, they signify a possible opportunity for new players to enter the general insurance market, in this case: Ditto Insurance. A higher penetration may indicate a more mature market with established players, which could be a challenge for a new entrant. On the other hand, a lower penetration may suggest a potentially underserved market with room for growth and opportunity.

While current penetration levels are important, it's also crucial to consider the long-term growth potential of the Indian market. With various factors like demographic trends, urbanization rates, and changing consumer behaviors constantly changing as India grows as a global superpower, it is evident that the Indian Insurance market will only grow with time.

## 4. Customer-Competition-Product-Company (CCPC) Analysis

The CCPC or Customer-Competition-Product-Company Framework aims to provide a holistic view of a company's position in the market by considering key factors related to its customers, competition, products, and internal attributes.

### 4.1 Customer Analysis

- **Target Customer Profile**

For Ditto Insurance, the target customer market is the working population, looking for insurance for themselves and their loved ones. These individuals are those who are This demographic segment represents individuals who are likely to have stable incomes and a heightened awareness of the importance of financial planning, including insurance. Given Ditto Insurance's digital platform, the target customers are expected to be tech-savvy and comfortable using online channels for insurance-related activities, including policy purchase, claims processing, and policy management.

- **Customer Needs and Pain Points**

Understanding the unique needs of young working millennials seeking insurance, especially in the context of general insurance, is paramount for Ditto Insurance's market entry strategy. These tech-savvy individuals prioritize affordability, digital accessibility, and customization in their insurance choices. For general insurance, which often includes coverage for property, vehicles, and travel, Ditto Insurance can tailor its offerings to align with the dynamic lifestyles of young millennials. This may involve providing affordable and customizable auto insurance options, renter's insurance for those in shared accommodations, and travel insurance that caters to their frequent travel patterns.

However, the road to capturing this demographic in the general insurance sector comes with its set of challenges. Many millennials may find insurance terminology complex, particularly in the context of general insurance where terms like deductibles and coverage limits can be confusing. There's also a pervasive lack of understanding about the importance and types of general insurance beyond health coverage. Building trust is crucial, and Ditto Insurance can achieve this through transparent communication, customer testimonials, and leveraging social proof specific to general insurance scenarios. Additionally, addressing the perception of low risk, illustrating the practical benefits of general insurance, and streamlining the purchasing process to accommodate their busy

lifestyles are key strategies to overcome potential pain points. By recognizing these needs and proactively addressing pain points in the context of general insurance, Ditto Insurance can position itself as a reliable and accessible choice for young working millennials entering the broader insurance market.

## 4.2 Competition Analysis

Among its direct competitors (Insurtech firms), Ditto Insurance currently ranks at the 11th position with the insurance industry being led by companies like PolicyBazaar, Turtlemint, and InsuranceDekho.

Comparison Parameter	Ditto	Policybazaar	Turtlemint	InsuranceDekho
Competitive Rank	11th	1st	2nd	3rd
Description	Online comparison platform for life and health insurance	App-based comparison platform for life and non-life insurance	Online comparison platform for life and non-life insurance	Online comparison platform for life and property and casualty insurance
Founded Year	2020	2008	2015	2016
Location	Bengaluru, India	Gurgaon, India	Thane, India	Jaipur, India
Company Stage	Seed	Public	Series E	Series A
Unicorn Rating	No	No	Soonicorn	Soonicorn
Total Funding	\$483K	\$674M	\$252M	\$250M
Funding Round	1	13	11	3
Latest Round	Seed, \$483K, 2021-06-01	Post IPO, Undisclosed, 2021-12-30	Series E, \$120M, 2022-04-29	Conventional Debt, Undisclosed, 2023-02-14
Investor Count	2	41	19	15
Top Investors	Rainmatter Technology, Zerodha	Temasek, SoftBank Group, 39 others	GGV Capital, Nexus Venture Partners, 17 others	Investcorp, TVS Capital Funds, 13 others
Growth Score	92/100	82/100	61/100	70/100
Tracxn Score	53/100	82/100	70/100	68/100



As Ditto Insurance positions itself for market entry, a thorough analysis of its competitors' strategies, investor landscapes, and growth trajectories will be imperative to carve out a distinctive market presence and effectively cater to the evolving needs of its target customers.

Ditto aims to help millennials make better financial decisions and they've started with insurance. They want to make a dent in the insurance industry by educating the masses so that people can compare policies, narrow down their choices per their requirements, avoid pitfalls, and buy the policy best suited for them.

### 4.3 Product Analysis

Ditto Insurance is an online insurance platform that offers a range of insurance products, primarily:

- **Health insurance:** Ditto offers a variety of health insurance plans from top insurers in India, including individual, family, and group plans. Their health insurance plans cover a wide range of expenses, including hospitalization, doctor's consultations, diagnostic tests, and medicines.
- **Term insurance:** Ditto also offers term insurance plans from leading insurers in India. Term insurance is a life insurance policy that provides financial protection to your loved ones in the event of your death. Term insurance plans are typically affordable and can be customized to meet your specific needs.

Ditto Insurance is committed to making insurance easy and accessible to everyone. They offer a user-friendly platform that allows you to compare and buy insurance plans from different insurers in one place. They also have a team of experts who can help you choose the right insurance plan for your needs and budget and are always available to resolve any insurance-related queries.

Ditto Insurance has been built keeping a customer-centric approach in mind, primarily focusing on 4 factors:

- **Convenience:** Ditto Insurance makes it easy to buy insurance online. You can compare and buy plans from different insurers in one place, without having to deal with multiple salespeople.
- **Expertise:** Ditto Insurance has a team of experts who can help you choose the right insurance plan for your needs and budget. They can also answer any questions you have about insurance.
- **Transparency:** Ditto Insurance is committed to transparency. They provide clear and concise information about all of the insurance plans they offer, so you can

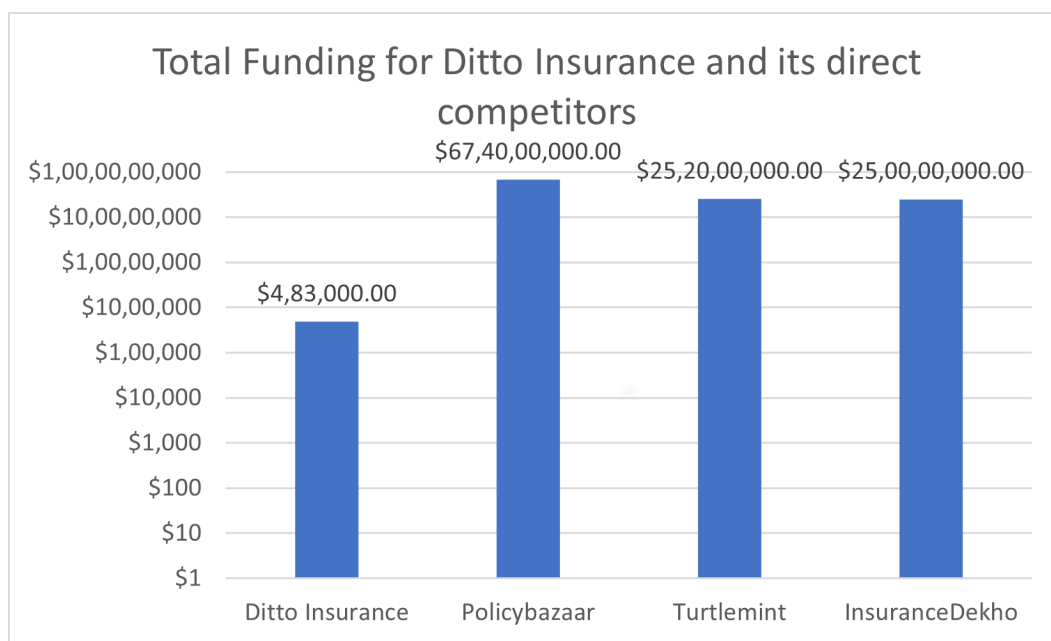
make an informed decision.

- **Support:** Ditto Insurance ensures that their customers have all the support whenever needed. They provide 24/7 support to their customers via multiple communication channels.

## 4.4 Company Analysis

- **Financial Viability:**

Ditto Insurance, founded in 2020 in Bengaluru, having raised \$483K in its first funding round in June 2021, benefits from the support of Rainmatter Technology and Zerodha as its top investors. While not yet classified as a unicorn, Ditto Insurance has demonstrated steady growth with a notable growth score of 92/100, indicating promising potential. However, the direct competitors of Ditto Insurance have a much larger funding amount, thus making it imperative for the company to take a conservative approach.



Total Funding comparison for Ditto Insurance and its competitors

- **Strategic Positioning:**

Ditto Insurance's strategic positioning revolves around its commitment to making insurance easy and accessible while focusing on financial literacy. The company emphasizes a user-friendly online platform for comparing and purchasing insurance plans that appeals to the techy nature of their ideal customers. Its mission to help millennials make better financial decisions, starting with insurance, suggests a focus on education and customer empowerment. As Ditto

Insurance contemplates entering the general insurance market, strategic alignment with the evolving needs of its target customer base will be essential.

## 5. Applying Porter's Five Forces

The Porter's Five Forces is a strategic framework used in business strategy to analyze the competitive forces at play within an industry and to assess whether the company should enter a line of business.

- **Threat of New Entrants:**

The threat of new entrants into the insurance market in India is relatively high due to the evolving regulatory environment and the specific appeal of the rapidly growing general insurance sector. However, building a credible brand, establishing partnerships, and navigating complex regulatory requirements present major barriers to entry. Ditto Insurance, being a new entrant itself, faces the challenge of differentiating its offerings and gaining consumer trust amidst established competitors.

- **Bargaining Power of Buyers**

Buyers, in this case, are the working population seeking insurance. The bargaining power of buyers is moderate to high. While there are multiple insurance providers, buyers are likely to be price-sensitive and seek high-value returns for their money. However, the influence of buyers might increase further if there are low switching costs between insurance providers. Ditto Insurance needs to offer competitive pricing, transparency, and unique value propositions to retain and attract customers.

- **Bargaining Power of Suppliers**

Suppliers in the insurance industry include reinsurers and technology providers. The bargaining power of suppliers is generally low, given the abundance of reinsurers and the availability of technology solutions. However, strategic partnerships with technology providers and negotiating favorable terms with reinsurers are essential for Ditto Insurance to optimize its cost structure and enhance operational efficiency.

- **Threat of Substitute Products or Services**

The threat of substitutes is low. Insurance products and services can be substituted by alternative financial products or self-insurance strategies. However, the essential nature of insurance for risk mitigation and the mental piece of the consumers provides a degree of protection against substitutes. Ditto

Insurance should focus on highlighting the unique benefits of its offerings to reduce the perceived substitutability.

- **Intensity of Competitive Rivalry**

The competitive rivalry in the Indian insurance market is high, particularly in the online comparison platform segment. Policybazaar, Turtlemint, and InsuranceDekho, as key competitors, have already established their presence. Ditto Insurance needs to differentiate itself through innovation, superior customer service, and effective marketing strategies to stand out in this competitive landscape.

## **6. Final Recommendation**

After a thorough analysis of Ditto Insurance's current position, market trends, and competitive landscape, it is recommended that Ditto Insurance strategically enters the general insurance market in India. The company has demonstrated significant potential in the life and health insurance sectors, and a well-executed expansion into general insurance can further solidify its market presence.

### **Key Recommendations:**

- 1. Strategic Entry Approach:**

Ditto Insurance should adopt a cautious and phased approach to entering the general insurance market. This involves gradually expanding their product offerings to include various types of general insurance while closely monitoring market dynamics.

- 2. Educational Initiatives:**

Given Ditto Insurance's mission to help people make better financial decisions, there should be a strong emphasis on educational initiatives. The company should invest in campaigns and programs aimed at educating the masses about the importance of finance and insurance. This can enhance brand trust and loyalty.

- 3. Technological Advancements:**

Ditto Insurance should leverage its tech-savvy nature to introduce innovative technological reforms. This includes user-friendly interfaces, AI-driven customer support, and online tools that empower customers to make informed decisions. The company should position itself as a pioneer in technology within the insurance sector.

#### **4. Customer Self-Reliance:**

Empowering customers to be more self-reliant in their insurance decisions is crucial. Ditto Insurance can achieve this by providing accessible online resources, self-service platforms, and educational content. This approach aligns with the preferences of the target demographic, the working population, who are likely to be tech-savvy and independent.

#### **5. Transparency and Support:**

Ditto Insurance's commitment to transparency and constant customer support should be highlighted as differentiators in the general insurance market. The company should communicate its dedication to clear communication, transparent policies, and 24/7 support, setting it apart from competitors.

#### **6. Measured Growth and Adaptability:**

As Ditto Insurance enters the general insurance market, it is essential to maintain a measured growth pace and remain adaptable to market changes. Regular assessments of customer feedback, market trends, and competitive dynamics should inform strategic adjustments and refinements.

In conclusion, Ditto Insurance is well-positioned to capitalize on the growth potential in the general insurance market. By strategically entering this sector with a focus on education, technological advancements, and customer empowerment, Ditto Insurance can carve out a distinctive niche and continue its mission of making insurance accessible and understandable to a broader audience.