

Proposed Business Model and Business Strategy for Financial Planning Business in Young Middle Class Family Market

A Case Study of FinansialKita in Indonesia

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Abstract – Financial planners have been presumed to be expensive and luxurious service and are only needed by people who have assets. While in fact, financial planner is more needed by middle-class people experiencing financial issues. However, there are not many financial planning firms that specifically address this problem. FinansialKita is a financial planning online platform that will provide services segmented especially to these particular segments. As a new venture in the financial planning sector, FinansialKita does not have a proper business model and business strategies to enter the market. This paper is made and aims to find a befitted business model and business strategies for FinansialKita, specifically for the young middle-class family. This research used a qualitative approach with case study method. The data were collected by interviewing correspondents' financial behavior and preferences. The data was then analyzed using the strategy diamond framework to generate a business model for FinansialKita and its business strategies. This research shows that the FinansialKita business model should focus on providing its customers with educational services rather than financial planning consultations. The proposed business strategy will focus on building image, brand, and reputation to gain trust from customers.

Keywords – Business Model, Business Strategy, Strategy Diamond Framework, Financial Planning, Young Middle Class Family

1 Introduction

This paper aims to find the appropriate business model and strategy for FinansialKita as a new financial planning platform that targets young middle-

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class families as its market segment. Therefore, the question asked in this paper will be, “What is the suitable business model for FinansialKita in the new normal era?” and “What is the strategy needed for FinansialKita to enter the financial planning market?”

In this paper, we will discuss the external and internal business conditions of FinansialKita. The external condition will be analyzed using PESTEL and porter’s five forces. Whereas VRIO analysis, marketing mix, and STP analysis will be used to analyzed the internal condition of FinansialKita. This research will be qualitative with case study method, using in-depth interviews as a data collection method.

The research shows that young middle-class family sees financial planning as a tertiary service. They prefer to learn about financial planning to hire a consultant. In order to engage them, FinansialKita needs to formulate a business strategy focusing on building its credibility and trust using social media.

2 Conceptual Framework

This research uses conceptual framework depicted in figure 1 to answer the problems and research question. Using the five tools illustrated in the conceptual framework, author analyzed the business condition of FinansialKita externally and internally. The business condition of FinansialKita then will be analyzed to generate business model and business strategy.

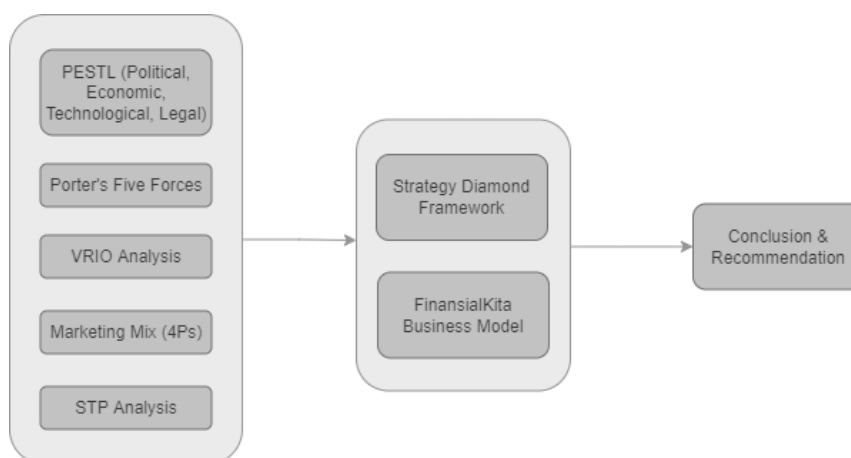


Figure 1. Conceptual Framework

Figure 1 shows the flow of the research. Author uses PESTL, porter’s five forces, VRIO analysis, marketing mix (4Ps), and STP to analyze the external and internal condition of FinansialKita. The research will have three steps of analysis. First, author will analyze the collected data to have a holistic view of the external and internal conditions of FinansialKita. Second, the analysis result will be categorized and analyzed using strategy diamond framework and formulated into a business strategy. Lastly, the business model canvas will act

as a guideline for author to formulate an appropriate business strategy for FinansialKita.

2.1 Business Model Canvas

A business model explains how an organization creates, delivers, and captures value. A business model needs to be understood by everyone, a concept that facilitates discussion and description. There are nine basic components in a business model canvas that show the logic of how a company works. The nine components are into two parts, the right and left canvas.

The right canvas describes the value of the business and is driven by emotion. They are customer segments, value propositions, channels, customer relationships, and revenue streams. Meanwhile, the left canvas describes the efficiency of the business and is driven by logic. They are key resources, key activities, key partnerships, and cost structure (Osterwalder & Pigneur, 2010)

FinansialKita business model generation will focus on the right side of the canvas and expand to the left side of the canvas. This method is also known as customer-driven epicenter. This research uses STP (Segmenting, Targeting, and Positioning) and Marketing Mix (4Ps) to understand the customer. STP is a method in marketing to develop a marketing activity based on a customer's need. A company cannot serve all consumers profitably. There are too many different kinds of consumers with too many needs. Thus, companies need to choose the best segments, and design strategies for profitably the serving chosen segments (Kotler, et al., 2017). Whereas marketing mix is the key factor in the marketing strategy which consists of 4 elements: product, price, place, and promotion that are constrained by internal and external factors in the overall business environment, and they interact with one another significantly (Twin, 2022)

2.2 Strategy Diamond Framework

FinansialKita business strategy formulation uses strategy diamond framework as a guideline. This framework was developed by Hambrick and Fredrickson to help understand comprehensively how a company achieve their goals. It has five parts that must form a unified whole and focus on the composition and design of the strategy itself. They are arenas, vehicles, differentiators, staging, and economic logic (Hambrick & Fredrickson, 2001)

3 Methodology

This paper uses qualitative approach with case study method. There are two types of data, primary and secondary data. Primary data is information gathered primarily for investigation and obtained from the first-hand (Rabianski, 2004). In this research, the primary data will be collected from in-depth interviews with targeted customers and observations of the internal business condition of FinansialKita. The secondary data will be derived from

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journals, books, websites, and other public papers. This research uses theories and business analysis tools from textbooks as guidance. The collected data then will be identified, classified, reduced, and interpreted based on the conceptual research framework. These interpretations will eventually be analyzed and become the basis for determining a business strategy for FinansialKita

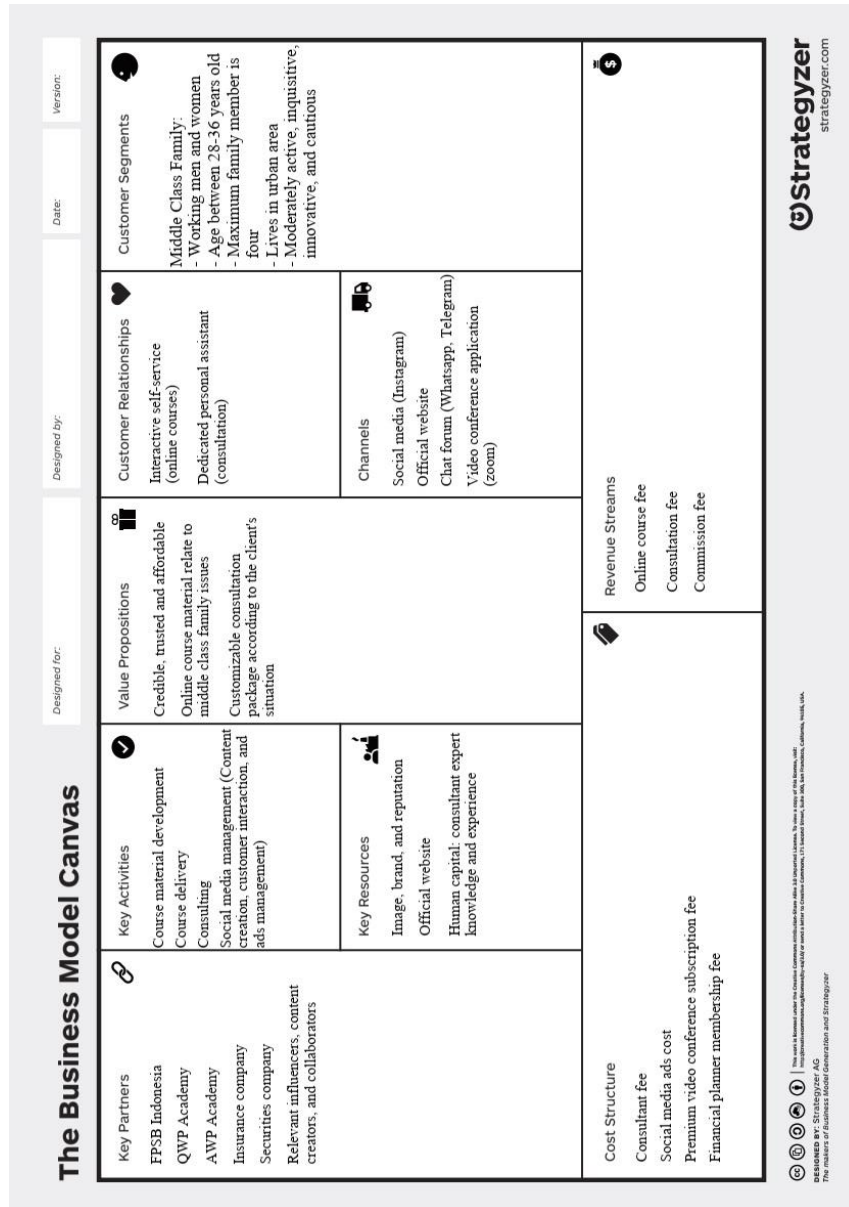


Figure 2. FinansialKita Business Model Canvas

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4 Discussion

4.1 Proposed Business Model

A business model explains how an organization creates, delivers, and captures value. A business model needs to be understood by everyone, a concept that facilitates discussion and description (Osterwalder & Pigneur, 2010). There are nine basic components in a business model canvas that show the logic of how a company works. The nine components are divided into two parts, the right and left canvas. Figure 2 shows a summary of the FinansialKita business model canvas and how the company operates as a business.

The business strategy of FinansialKita will focus on the young middle-class family by proposing credible, trusted, and affordable online course and consultation service that tailored according to the customer's issue. When delivering the services, FinansialKita will build the relationship based on the service they provided, interactive self-service for online course and dedicated personal assistant for consultation service. Then, to ensure the quality of the services, FinansialKita will manage its key resources. The key resources are its image, brand, reputation, official website, and human capital. However, as a new venture FinansialKita needs to manage its image, brand, and reputation to build credibility and trust among the customers.

4.2 Proposed Business Strategy

A strategy is a set of choices to help the company achieve its goals. Author uses strategy diamond framework to develop a business strategy for FinansialKita. The strategy diamond framework has five parts that must form a unified whole and focus on the composition and design of the strategy itself.

a. Arenas

The arenas discuss where the business will be active. It determines the product category, market segment, geographic areas, core technologies, and value-added staging. The table below is the arenas in which FinansialKita will be active:

Table 1. FinansialKita's Arenas

Product category	1. Financial planning online course 2. Consultation
Market segment	Middle-class family, aged 26 to 38 years old, active on social media, lives in urban areas, have maximum 4 family member, and has household income between IDR 5 million to IDR 20 million
Geographic areas	Urban areas in Indonesia

Core technologies	Online video conference application, web-based financial tools application
Value-added staging	Affordable financial planning classes and a consultation fee depending on the customer's financial situation

b. Vehicles

The vehicle used by FinansialKita to reach its goal is to create a comprehensive business strategy. The first strategy is ensuring customers get the best learning experience by providing learning materials that refer to the QWP Academy module. The consultation sessions will also be conducted according to FPSB standards. Then, to reach the customer who lives in the big city, FinansialKita uses Instagram as its communication media. The Instagram content focuses on the concerns of the young family and is relatable to them, such as how to be a supportive spouse, tips on choosing a school, tips on buying a house, and investment tips.

c. Differentiators

Aside from the arenas and vehicles, the company needs to determine how it will win in the marketplace. Based on the interview result, author finds that the barrier that prevents the respondent from hiring a financial planner is that the fee price is not suitable for their current financial situation. Another reason is that the young middle-class family sees financial planning as only needed by a person with many assets. Therefore, FinansialKita would like to create the differentiators in the dimension of price, image, and customization.

The strategy to achieve that is by providing affordable classes and a consultation fee that depends on the client's financial situation. This strategy is also meant to build the image that financial planning is not for someone who has assets but for someone who has financial problems. In addition, FinansialKita offers customizable consultation and training according to the client's needs.

d. Staging

Staging is the speed and sequence of significant moves to take in order to increase the chance of success. The initiatives are not necessarily equal and balanced on all fronts at all times. Various factors can influence staging decisions, particularly resources, urgency, achievement of credibility, and the pursuit of early wins.

In the first stage, FinansialKita must simultaneously build customer trust and credibility. Customer trust is essential because every transaction made in the service industry is based on trust. Therefore, FinansialKita must focus on building trust among its audience after determining arenas, vehicles, and differentiators. Based on the interview, credibility is the factor that affects a customer's decision to use a service. After trust and credibility are successfully built, then in the next stage, FinansialKita can focus on increasing revenue.

e. Economic Logic

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Financial planning is important to create a better next generation. However, a young middle-class family does not see it that way. They think of financial planning as a tertiary need when they have assets at their disposal. FinansialKita aims to change this particular perspective through education and consultation activities. To do that, FinansialKita needs an appropriate business model and business strategy. The business model of FinansialKita focuses on customers' pain by creating a credible, trusted, and affordable financial planning platform.

Meanwhile, the business strategy will focus on online courses as core services and consultation as additional services. The strategy will be executed in two stages, the first will focus on building trust and credibility, and the latter will focus on generating revenue. Financial planning is important to create a better next generation. However, a young middle-class family does not see it that way. They think of financial planning as a tertiary need when they have assets at their disposal. FinansialKita aims to change this particular perspective through education and consultation activities. To do that, FinansialKita needs an appropriate business model and business strategy. The business model of FinansialKita focuses on customers' pain by creating a credible, trusted, and affordable financial planning platform. Meanwhile, the business strategy will focus on online courses as core services and consultation as additional services. The strategy will be executed in two stages, the first will focus on building trust and credibility, and the latter will focus on generating revenue.

5 Conclusion

Financial planning is important to create a better next generation. However, a young middle-class family does not see it that way. They think of financial planning as a tertiary need when they have assets at their disposal. FinansialKita aims to change this particular perspective through education and consultation activities. To do that, FinansialKita needs an appropriate business model and business strategy. The business model of FinansialKita focuses on customers' pain by creating a credible, trusted, and affordable financial planning platform. Meanwhile, the business strategy will focus on online courses as core services and consultation as additional services. The strategy will be executed in two stages, the first will focus on building trust and credibility, and the latter will focus on generating revenue.

6 Acknowledgment

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