

## **Proposed Business Model And Business Strategy For Financial Planning Business In Young Middle Class Family Market**

**Mr. K.K. Bajaj\***

*\*RNB Global University-Bikaner, e-mail : vc.kkb@rnbglobal.edu.in*

### **Abstract**

Financial planners are often perceived as a luxury service reserved for individuals with substantial assets, creating a misconception that they are not essential for middle-class individuals facing financial challenges. Despite the actual need for financial planning among the middle class, there is a scarcity of firms addressing this specific demographic. This study introduces a new venture—an online financial planning platform—tailored to cater to the financial needs of the middle-class segment. As a nascent player in the financial planning sector, the proposed platform lacks a well-defined business model and strategies for market entry. This paper aims to formulate a suitable business model and strategies for the proposed financial planner, focusing on young middle-class families. Employing a qualitative approach and utilizing the case study method, the research gathers data through interviews on respondents' financial behavior and preferences. The collected data is then analyzed using the strategy diamond framework to develop a business model and strategies for the proposed financial planner. The research suggests that the business model should prioritize providing customers with educational services rather than traditional financial planning consultations. The proposed business strategy emphasizes building an image, brand, and reputation to instill trust among customers.

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

### **1 Introduction**

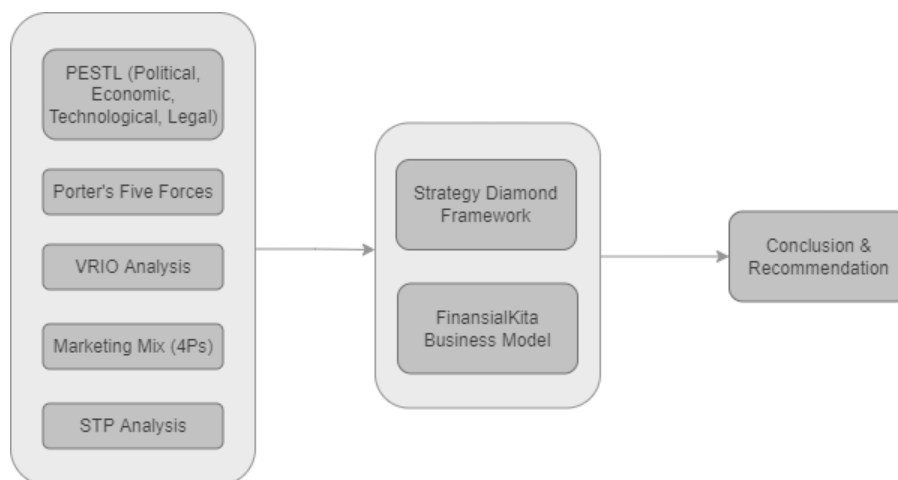
This paper endeavours to identify the most fitting business model and strategy for The proposed financial planner, a novel financial planning platform targeting young middle-class families as its primary market segment. The central questions guiding this research are, "What is the suitable business model for the proposed financial planner in the new normal era?" and "What strategy is necessary for the proposed financial planner to successfully enter the financial planning market?"

The paper conducts a comprehensive analysis of both external and internal business conditions surrounding the proposed financial planner. External conditions are examined through PESTEL and Porter's Five Forces analyses, while internal conditions are scrutinized using VRIO analysis, marketing mix, and STP analysis. Employing a qualitative approach with the case study method, the research relies on in-depth interviews as the primary method for data collection.

The findings reveal that young middle-class families perceive financial planning as a secondary service, expressing a preference for acquiring knowledge about financial planning rather than hiring a consultant. To effectively engage this demographic, The proposed financial planner needs to craft a business strategy centered around enhancing credibility and trust, leveraging the power of social media as a key platform for communication and interaction.

### **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 the proposed financial planner externally and internally. The business condition of the proposed financial planner 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 the proposed financial planner. 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 the proposed financial planner. Second, the analysis re-sult 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 the proposed financial planner.

### **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. Thenine 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, customerrelationships, and revenue streams. Meanwhile, the left canvas describes theefficiency of the business and is driven by logic. They are key resources, key activities, key partnerships, and cost structure (Osterwalder & Pigneur, 2010)The proposed financial planner 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 thekey 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)

### **Strategy Diamond Framework**

The proposed financial planner business strategy formulation uses strategy diamond frame- work as a guideline. This framework was developed by Hambrick and Fredrickson to help understand comprehensively how a company achieves 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 the proposed financial planner. The secondary data will be derived from 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 the proposed financial planner

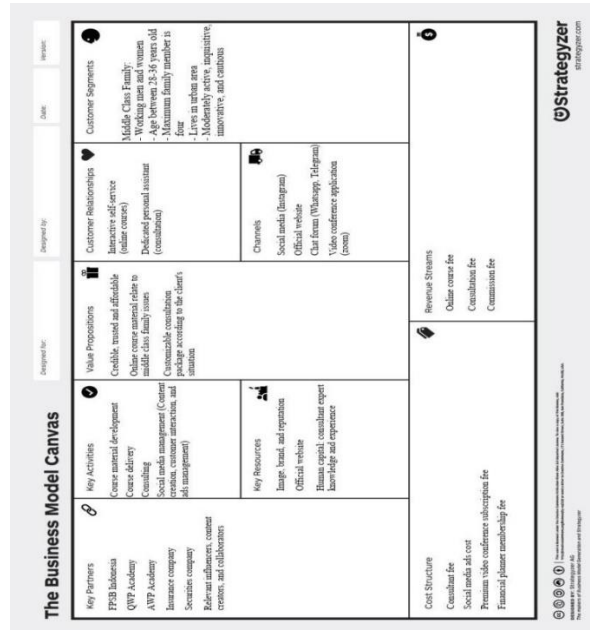


Figure 2. The proposed financial planner Business Model Canvas

#### 4 Discussion

##### 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 The proposed financial planner business model canvas and how the company operates as a business.

The business strategy of The proposed financial planner 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, The proposed financial planner 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, The proposed financial planner will manage its key resources. The key resources are its image, brand, reputation, official website, and human capital. However, as a new venture The proposed financial planner needs to manage its image, brand, and reputation to build credibility and trust among the customers.

##### 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 the proposed financial planner. 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 the proposed financial planner will be active:

**Table 1. The proposed financial planner’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 IDR20 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 the proposed financial planner 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, the proposed financial planner 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, the proposed financial planner 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, the proposed financial planner 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, the proposed financial planner must simultaneously build customer trust and credibility. Customer trust is essential because every transaction made in the service industry is based on trust. Therefore, the proposed financial planner 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, The proposed financial planner can focus on increasing revenue.

**e. Economic Logic**

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. The proposed financial planner aims to change this particular perspective through education and consultation activities. To do that, the proposed financial planner needs an appropriate business model and business strategy. The business model of the proposed financial planner 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. The proposed financial planner aims to change this particular perspective through education and consultation activities. To do that, the proposed financial planner needs an appropriate business model and business strategy. The business model of the proposed financial planner 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. The proposed financial planner aims to change this particular perspective through education and consultation activities. To do that, the proposed financial planner needs an appropriate business model and business strategy. The business model of the proposed financial planner 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 References

1. Dwivedi, Y. K., & al, e. (2021). Setting The Future of Digital and Social Me-dia Marketing Reasearch: Perspectives and Research Propositions. Interna- tional Journal of Information Management, 1-37.
2. Hambrick, D. C., & Fredrickson, J. W. (2001). Are You Sure You Have A Strategy? Academy of Management Executive Vol. 15, 48-59.
3. Henkel, R., & Agarwal, A. (2020). Herbal Medicine in Andrology: An Evidence-Based Update. London: Academic Press.
4. Hootsuite, W. A. (2021, December 14). Digital 2021 Indonesia: All The Data, Trends, and Insights You Need to Help You Understand. Retrieved from DATAREPORTAL: <https://datareportal.com/reports/digital-2021-indonesia>
5. Kelly, K. (2010). The History of Medicine: Medicine Becomes a Science 1840-1999. New York: Fact On Files.
6. Keown, A. J. (2020). Personal Finance: Turning Money Into Wealth Eighth Edition. New York: Pearson.
7. Kotler, P., Armstrong, G., Ang, S. H., Tan, C. T., Yau, O. H.-M., & Leong,
8. S. M. (2017). Principles of Marketing, An Asian Perspective Fouth Edition. Malaysia: Pearson Education Limited.
9. Maxwell, J. A. (2013). Qualitative Research Design: An Interactive Ap- proach Third Edition. California: Sage Publication, Inc.
10. Osterwalder, A., & Pigneur, Y. (2010). Business Model Generation. New Jersey: John Wiley & Sons, Inc.
11. Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A., & Papadacos, T. (2014). Value Proposition Design. New Jersey: John Wiley & Sons, Inc.
12. Otoritas Jasa Keuangan. (2021). Strategi Nasional Literasi Keuangan Indo-nesia 2021-2025. Jakarta: Otoritas Jasa Keuangan.
13. Rabianski, J. S. (2004). Primary and secondary data: concepts, concerns, errors, and issues. Australian Property Journal, 306-313.
14. Sehl, K. (2021, August 24). Organic Reach is in Decline—Here's What You Can Do About It. Retrieved from Hootsuite.com: <https://blog.hootsuite.com/or-ganic-reach-declining/#:~:text=On%20social%20media%2C%20or-ganic%20reach,towards%20reaching%20a%20specific%20audience.>