Strategic Development to Increase the Conversion Rate in Digital Investment Platform for Retail Investor of XYZ Company

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Abstract:  
The fintech ecosystem continued to mature at an accelerated pace over the years including digital investment platforms. Big developments like the rise of Robo-advisor technology and government support resulted in a huge and promising opportunity in the industry. XYZ is a fintech company that facilitates mutual fund transactions & financial advisory for its clients with the retail investor platform to cater the retail investors. However, the platform has faced significant issues in the low conversion rate marked with the 14.55% fall from 39.88% in 2019 to 25.33% in 2020. The conversion rate was used by the company to monitor the number of newly registered users that were doing transactions. This study aims to identify the root cause of low conversion rate and propose strategic development to the retail investor platform of XYZ Company. Series of analysis conducted to assess company's strengths and weaknesses, external environment, competitor and customer. Proposed solutions are obtained through converting SWOT analysis into TOWS analysis.

Keywords: Fintech, conversion rate, purchase intention, marketing mix

1. Introduction

In several industries, including financial services, digitalization and digital technologies are causing dramatic changes in all aspects of society, encouraging creativity and innovation. The future of the financial services industry is influenced by financial technology (fintech) that drives Indonesia’s digital economy. This achievement is inseparable from internet penetration in Indonesia. According to a survey conducted by Indonesian Internet Service Providers Association until Q2 2020, the number of internet users has reached 196.7 million, or the equivalent of 73% of the total population. Investment management industry is currently considered to be still in its infancy. As the Indonesian population is more than 260 million, where young people would one day dominate and play a role in the economic development of the country, the investment management industry has become one of the regulator’s focus areas in the financial services sector. By 2021, Indonesia’s Financial Service Authority (OJK) has launched several policies to strengthen the protection of retail investor. Moreover, the surge of digitization and new financial technology has played an important role in fostering and building a welcoming environment and in providing the public with mutual funds. As a result, there has been a substantial rise in mutual fund’s retail investors from 2019 to October 2020 by 52.20% to 2.7 million. In contrast, the number of conversion rates in retail investor platform of XYZ Company is 14.55% fall from 39.88% in 2019 to 25.33% in 2020. The conversion rate was used by the company to monitor the number of newly registered users that were doing transactions. The analysis is needed in order to know the root cause of the conversion rate plummeted especially in March and July 2020 while a number of mutual fund investors in Indonesia arose. By knowing the root cause, a better strategy could be achieved, therefore the platform could sustain itself in the long run.

2. Literature Review

2.1. Marketing Mix

In order to reach a larger audience, an effective marketing strategy should cover a wide variety of topics. A marketing mix, also known as the four Ps, is a component of a comprehensive marketing strategy that includes the product, price, placement, and position (E. Jerome McCarthy, 1960). Product is goods or services designed to satisfy customer needs and wants from the feature, customer journey, to the user interface. Moreover, in order to achieve an effective marketing strategy, it’s also important to identify unique selling points among other competitors. Place refers to a platform to access the products. Premium products that target premium customers should be located in selected stores. In contrast, basic consumer products often are available in many stores. Furthermore, it’s also important to decide channels of distribution whether online, offline or might be omnichannel. Promotion is referring to advertisement, product promotion, and personal selling. Constructing a message that
concatenates the other three Ps in order to reach the target audience should be considered carefully. Determining a medium for communicating the message, as well as decisions regarding contact frequency, are also important. Price is the customer’s willingness to pay for the goods or service. Deciding the price should be according to calculations of production cost, margin, and sale price of competitors. Generally, pricing strategies include the following five strategies; 1) cost-plus pricing, 2) competitive pricing, 3) value-based pricing, 4) price skimming, and 5) penetration pricing.

2.2. Purchase Intention

The customer's attitude toward a particular buying behavior, as well as his or her willingness to pay, is referred to as purchase intention. It can also be described as a customer's desire to engage in an exchange relationship with a website, such as exchanging information, maintaining business relationships, and conducting business transactions (Zwass, 1988).

2.2.1. Technology Acceptance Model (TAM)

TAM was created in the 1980s in response to concerns that employees were not taking advantage of the technology that had been made available to them (Davis, 1989). As a result, increasing IT acceptance, which could be checked by asking people about their intention to use the technology, was the first step in increasing usage. By knowing the factors that influence the intentions, organizations would be able to control the variables that affected customer's intentions in order to foster acceptance and therefore increase IT usage. According to TAM, two factors decide whether a computer system is embraced by its potential users: (1) perceived usefulness, and (2) perceived ease of use.

![Technology Acceptance Model (Davis, 1989)](https://reader.elsevier.com/, 2021)

The term 'perceived ease of use' refers to a user's perception that the website is simple to manage and run (Chen & Ching, 2013). Users are more likely to find interesting and useful information when website interfaces are simple to use, which increases perceived usefulness. Main aspect of this model is the focus on potential user preferences. That is, while the developer of a technology product will believe it is useful and user-friendly, it will not be embraced by its potential users unless those beliefs are shared by the users.

2.2.2. Benefit

Describing as a benefit when customers could gain advantage from doing online transactions in particular websites. Online transactions are more convenient as customers find many advantages and perceive benefits such as cost savings, time savings, and a wide range of products instead of doing conventional transactions (Margherio, 1998). Customers are more likely to make online purchases with such websites if they receive advantages during the transaction.

2.2.3. Trust

The term ‘trust’ refers to the belief that a website will fulfill its responsibilities, act as expected, and pay attention to its customers. The fund managers’ and company’s duties in the sense of a digital investment platform are to provide useful information and assist customers in completing their tasks successfully. Users would eventually perceive its usefulness by receiving benefits such as obtaining information from websites and having their needs met when an online website could be trusted (Chen & Ching, 2013).

2.2.4. Risk

Consumer behavior is likely to be influenced by perceived danger (Javarpaa, Tractinsky & Vitale, 2000). A consumer’s sense of uncertainty about the potential outcomes of an online purchase is referred to as risk (Kim et al., 2008). Financial loss, uncertain legal status, potential losses from insufficient or failed internal procedures, staff, and systems, and potential loss due to fraud or a hacker breaching the protection of financial transactions are all potential risks in the sense of digital investment platforms. Both fraud and hacker interference cause users to lose money, but they also compromise their privacy, which is a major concern for many online and mobile users.

2.2.5. Reputation

A user’s trust in a company’s honesty and concern for its customers is measured by its reputation. Companies with a strong reputation will be wary of jeopardizing it by behaving opportunistically (Javarpaa et al., 2000). Since it gives
concerns that the company has fulfilled their obligations to various customers in the past, a positive company reputation has been regarded as a key factor in reducing risk and building confidence.

2.2.6. Familiarity

Familiarity is a ‘precondition or requirement of trust’ (Luhmann, 1979), since it manages a knowledge of a user's current activities, while trust manages convictions about a user's potential activities (Gefen, 2000). Familiarity refers to a user's understanding of relevant methods, such as searching for objects and data and requesting through a website's interface (Kim et al., 2008).

As the baseline theory of this study, this study was developed by Dachyar et al., (2017). Based on research conducted by Dachyar et al., (2017) shows that in some company's reputation and familiarity affects trust, while trust impacts the perceived risk. Factor that has direct affect to purchase intention are benefit, perceived usefulness, perceived ease of use, trust and risk. Figure 2 is constructed to illustrate factors affecting purchase intention.

![Image of Figure 2: Factors Affecting Purchase Intention](Image215x266 to 430x443)

**Figure 2: Factors Affecting Purchase Intention**
*Source: Mapping of Previous Study*

3. Research Method

The conceptual framework consists of business issues, business analysis, SWOT analysis, root cause analysis, and strategic development. The business issue is retail investor platform of XYZ Company has a low conversion rate. Business analysis process begins with analyzing the internal including the marketing mix strategy referred to 4P (product, price, place, and promotion) and resources using a resource-based view (RBV) that would analyze tangible and intangible resources. External analysis to identify a list of opportunities that could give an advantage to a company and threats that should be avoided. External analysis conducted using PESTEL framework to identify the general environment and Porter's Five Forces to know the intensity of competition among industry. Method used to analyze customers is quantitative research where the primary data from customers was collected with questionnaires. Customer analysis will assess purchase intention and the effectiveness of marketing mix.

4. Result of the Study

4.1. Internal Analysis

4.1.1. Marketing Mix

Retail investor platform of XYZ Company had revamped the dashboard once to display new features on the homepage resulted in the dashboard being a bit-packed compared to the previous layout. The platform provides features...
to allow users to choose the investment strategy based on their preference; 1) set up monthly investing strategy and get reminders every month, and 2) plan time-specific investing goals.

By 2021, the platform offers 74 mutual fund products from 16 fund managers categorized into the money market, fixed income, balanced, and equity. Providing a wide range of investment products therefore customers could find their needs that match with their risk profile. Moreover, the platform has several options in payment methods hence customers could choose their preference whether manual transfer, virtual account (VA), or e-wallet provided by Gopay. However virtual accounts and e-wallet will be charged for transaction fees.

All the subscriptions, redemption, and switching are done online through web and mobile applications. Most of the time, promotional activities are done on Instagram and LinkedIn raising topic about financial literacy.

4.1.2. Resource Based View (RBV)

XYZ Company has managed its own backend, frontend, and React Native to develop the retail investor platform without a vendor. Therefore, it's easier to maintain and enhance the existing product. Established in 2018, XYZ Company has categorized as a new player in the digital investment platform. However, according to the Daily Social research annual report in 2020 about financial technology in Indonesia, XYZ Company is a popular mutual fund investment application in Indonesia along with competitors.

By 2021, employees in XYZ Company are 27, divided into several teams such as operations, business, and IT. The IT team required specialized skills, each one needed to pass technical and interview tests. The technical tests are according to their roles whether backend developer, frontend developer, or quality assurance. All of the IT team are experienced in more than 2 years in their respective roles. While the business and operations team are combined of experienced and fresh graduates.

4.2. External Analysis

4.2.1. PESTEL Framework

The PESTLE framework is being used in this study to analyze macro-environmental factors that may have a direct impact on an organization's success. The external environment consists of politics, economics, social, technology, and law as follows:

| Factors     | Indicators                                                                 | Category  |
|-------------|---------------------------------------------------------------------------|-----------|
| Politic     | Standardization for mutual fund fact sheets, therefore fund managers could be more transparent to investors. | Opportunity |
| Economic    | Indonesia’s economic performance in Q3-2020 disappointed because it was lower than anticipated, as it had been in the first half of 2020. Indonesia’s official GDP growth rate for Q3-2020 is -3.49% year on year, essentially throwing the country into a technical recession. | Threat    |
| Social      | The rise of awareness about financial literacy that encourages people to invest. | Opportunity |
| Technology  | Robo-advisor to cater the need of new retail investors that have limited information or time to learn about investment. | Opportunity |
| Law         | New OJK regulation would strengthen the protection for retail investors. | Opportunity |

Table 1: PESTEL Analysis Result

4.2.2. Porter’s Five Forces

The threat of new entrants, rivalry among existing firms, the threat of substitutes, buyer bargaining power, and supplier bargaining power are five forces that are used to define and assess an industry and help evaluate its weaknesses and strengths. Michael E. Porter, a Harvard Business School professor, is the creator of the Five Forces model.
4.3. Customer Analysis

The primary data from customers was collected with questionnaires and distributed using google form. Prior to conducting the main survey, the author conducted a pre-test to determine the measurement items’ reliability and validity. A total of 24 people participated in the pre-test, all of whom have used XYZ Company’s retail investor platform.

4.3.1. Demographic of the Respondents

Demographic of 160 respondents in this study is shown in Table 3. The data shows 66.3% of the respondents are female; 34.4% in age 35 - 49; 31.9% with the income below 10 million per year; 43.1% of them sometimes accessing retail investor platform of XYZ Company; 85% of them accessing the platform through mobile application.

In accessing the platform, 43.1% of the respondents said that they are sometimes access the platform, followed by respondents who said often access the platform. The data in Table 3 indicates that retail investor platforms of XYZ Company have low user engagement causing customers to have low intention to access the platform.

The questionnaire also finds out that most of the respondent's access platform through mobile application. This is in line with the growth of Indonesia internet user penetration. The data indicating enhancement in near future and problem issues occurring in the platform should prioritized the mobile application.

| Questions | Count | Percentage |
|-----------|-------|------------|
| Gender    |       |            |
| Male      | 54    | 33.80%     |
| Female    | 106   | 66.30%     |
| Age (years) |      |            |
| 17 - 25   | 42    | 26.30%     |
| 26 - 34   | 53    | 33.10%     |
| 35 - 49   | 55    | 34.40%     |
| 50 - 64   | 9     | 5.60%      |
| > 65      | 1     | 0.60%      |
| Income (years) |   |            |
| < 10 million | 51 | 31.90% |
| > 10 - 50 million | 45 | 28.10% |
| > 50 - 100 million | 22 | 13.80% |
| > 100 - 500 million | 31 | 19.40% |
| > 500 million - 1 billion | 9 | 5.60% |
| > 1 billion | 2   | 1.20%      |
| Frequency of access platform | | |
| Always     | 28    | 17.50%     |
| Often      | 58    | 36.30%     |
| Sometimes  | 69    | 43.10%     |
| Never      | 5     | 3.10%      |
| Most frequently used platform to access | | |
| Website    | 24    | 15%        |
| Mobile application | 136 | 85%        |

Table 3: Demographic of the Respondents
4.3.2. Construct Validity and Reliability

Validity denotes that the variable being evaluated is one that can be studied by researchers (Cooper and Schindler, in Zulganef, 2006). Factor analysis, according to Gozhal (2013), is a validity method that is used to define the correlation structure among a large number of variables by defining a parity variable set or dimension set, which is commonly referred to as factors.

Determining the validity of factors by comparing the Pearson correlation or labelled as Indicators in Table 4. with critical value. According to the R table, with N = 150 (the nearest value of 160), the critical value is 0.159 at the significance level 0.05. Hence, the measurement items would be valid if indicators greater than 0.159.

| Variable                   | Measurement Items | Indicators | Validity |
|----------------------------|-------------------|------------|----------|
| Perceived Ease of Use (PEOU) | PEOU1             | 0.748      | Valid    |
|                            | PEOU2             | 0.74       | Valid    |
|                            | PEOU3             | 0.768      | Valid    |
|                            | PEOU4             | 0.747      | Valid    |
|                            | PEOU5             | 0.627      | Valid    |
|                            | PEOU6             | 0.716      | Valid    |
| Perceived Usefulness (PU)  | PU1               | 0.692      | Valid    |
|                            | PU2               | 0.686      | Valid    |
|                            | PU3               | 0.677      | Valid    |
|                            | PU4               | 0.806      | Valid    |
|                            | PU5               | 0.788      | Valid    |
|                            | PU6               | 0.766      | Valid    |
| Trust                      | TRUST1            | 0.777      | Valid    |
|                            | TRUST2            | 0.73       | Valid    |
|                            | TRUST3            | 0.833      | Valid    |
| Benefit (BEN)              | BEN1              | 0.811      | Valid    |
|                            | BEN2              | 0.798      | Valid    |
| Risk                       | RISK1             | 0.648      | Valid    |
|                            | RISK2             | 0.711      | Valid    |
|                            | RISK3             | 0.637      | Valid    |
|                            | RISK4             | 0.549      | Valid    |
| Reputation (REP)           | REP1              | 0.592      | Valid    |
|                            | REP2              | 0.749      | Valid    |
|                            | REP3              | 0.725      | Valid    |
| Familiarity (FAM)          | FAM1              | 0.699      | Valid    |
|                            | FAM2              | 0.689      | Valid    |
|                            | FAM3              | 0.695      | Valid    |
| Purchase Intention (PI)    | PI1               | 0.716      | Valid    |
|                            | PI2               | 0.705      | Valid    |
|                            | PI3               | 0.651      | Valid    |
| Product (PROD)             | PROD1             | 0.717      | Valid    |
|                            | PROD2             | 0.821      | Valid    |
|                            | PROD3             | 0.789      | Valid    |
| Promotion (PROM)           | PROM1             | 0.813      | Valid    |
|                            | PROM2             | 0.775      | Valid    |
|                            | PROM3             | 0.724      | Valid    |
| Price                      | PRICE1            | 0.747      | Valid    |
|                            | PRICE2            | 0.759      | Valid    |
|                            | PRICE3            | 0.743      | Valid    |
| Place                      | PLACE1            | 0.735      | Valid    |
|                            | PLACE2            | 0.737      | Valid    |
|                            | PLACE3            | 0.743      | Valid    |

Table 4: Validity Test Result

After all of the measurement objects have been checked as valid, the reliability test is carried out. Sumadi Suryabrata (2004) defines reliability as the degree to which measurement results from these instruments can be trusted. The results of the measurements must be accurate in the sense that they must be consistent and stable. The method used to measure the reliability is Cronbach’s Alpha. Reliability tests can be carried out jointly on all question items. According to Sujarweni Wiratna (2015) if Cronbach’s Alpha greater than 0.60, the questions are reliable.
### Variable Cronbach’s Alpha Critical Value Conclusion

| Variable       | Cronbach’s Alpha | Critical Value | Conclusion |
|----------------|------------------|----------------|------------|
| Purchase Intention | 0.966            | 0.6            | Reliable   |
| Marketing Mix   | 0.922            | 0.6            | Reliable   |

*Table 5: Reliability Test Result*

#### 4.3.3. Purchase Intention Assessment

Upon calculating, the average score of variables used to assess factors affecting purchase intention is 4.29. As in Table 6 the highest average is familiarity, while the lowest average is reputation.

| Variable                  | Average |
|---------------------------|---------|
| Perceived Ease of Use     | 4.33    |
| Perceived Usefulness      | 4.21    |
| Trust                     | 4.36    |
| Benefit                   | 4.38    |
| Risk                      | 4.24    |
| Reputation                | 4.07    |
| Familiarity               | 4.44    |
| Purchase Intention        | 4.34    |
| Average                   | 4.29    |

*Table 6: Average of Purchase Intention*

The measurement item of reputation is: 1) the platform is well-known, 2) the platform has a good reputation, and 3) fund manager in the platform has a good reputation. According to survey conducted, the lowest score is platform is well-known. This is due to low brand awareness of XYZ Company causing the top of user's mind of a digital investment platform is competitor. In contrast, the majority of respondents agree that the fund manager at platform has a good reputation. Since 2018, XYZ Company was filtering the fund manager and product offered on the platform. Fund managers should be registered and supervised by OJK.

#### 4.3.4. Marketing Mix Performance

The average score of marketing mix is 4.13. As in Table 7, promotion has the lowest average score, while place has the highest score. The indicators used to analyze the marketing mix performance are product, promotion, price and place.

| Variable | Average |
|----------|---------|
| Product  | 4.17    |
| Promotion| 3.86    |
| Price    | 4.16    |
| Place    | 4.32    |
| Average  | 4.13    |

*Table 7: Average of Marketing Mix*

In order to measure the promotion variable, the item to assess are; 1) interesting promotion materials, 2) offer various promotion like discount and cashback, and 3) massive promotion about feature in the platform. The lowest score is item number three. Most of the time promotion materials in XYZ Company's social media such as Instagram Live focused on financial literacy with company's brand ambassadors and financial experts. Besides educating the customer, XYZ Company team should consider introducing the platform and the feature in social media. By that, the promotion material can be improvised not only about financial literacy.

#### 4.3.5. Regression Analysis

A collection of statistical methods for estimating relationships between a dependent variable and one or more independent variables is known as regression analysis. It can be used to determine the strength of a relationship between variables and to predict how they will interact in the future. Author will use regression analysis to identify the relationship between factors and purchase intention at retail investor platform of XYZ Company. Prior to performing the regression analysis, it is required to define the hypothesis that occurred in retail investor platform of XYZ Company:

- **H1:** Perceived ease of use has significant effects on customer’s perceived usefulness.
- **H2:** Perceived ease of use has significant effects on customer’s trust.
- **H3:** Customer’s perceived ease of use has significant effects on the customer’s purchase intention.
- **H4:** A consumer’s perceived usefulness has significant effects on consumer’s perceived benefits.
- **H5:** Perceived usefulness has significant effects on the customer’s purchase intention.
- **H6:** Perceived benefit has significant effects on customer’s purchase intention.
- **H7:** A customer’s trust has significant effects on customer’s perceived usefulness.
- **H8:** A customer’s trust has significant effects on customer’s purchase intention.
- **H9:** Trust has significant effects on consumer’s perceived risk.
- H10: Perceived risk has significant effects on consumer's purchase intention.
- H11: Reputation has significant effects on customer's trust.
- H12: Familiarity has significant effects on customer's trust.

| Hyp. | Paths          | Standardized Path Coefficient | Sig. | Description |
|------|----------------|------------------------------|------|-------------|
| H1   | PEOU → PU      | 0.78                         | 0    | Accepted    |
| H2   | PEOU → TRUST   | 0.689                        | 0    | Accepted    |
| H3   | PEOU → PI      | 0.622                        | 0    | Accepted    |
| H4   | PU → BEN       | 0.772                        | 0    | Accepted    |
| H5   | PU → PI        | 0.631                        | 0    | Accepted    |
| H6   | BEN → PI       | 0.704                        | 0    | Accepted    |
| H7   | TRUST → PU     | 0.781                        | 0    | Accepted    |
| H8   | TRUST → PI     | 0.69                         | 0    | Accepted    |
| H9   | TRUST → RISK   | 0.759                        | 0    | Accepted    |
| H10  | RISK → PI      | 0.55                         | 0    | Accepted    |
| H11  | REP → TRUST    | 0.637                        | 0    | Accepted    |
| H12  | FAM → TRUST    | 0.691                        | 0    | Accepted    |

Table 8: Hypothesis Test for Purchase Intention

According to Table 8, all hypotheses are accepted because significance value lower than 0.001. The results show benefit (β6: 0.704) and perceived usefulness (β5: 0.631) affecting purchase intention significantly. The effectiveness of searching for mutual fund items, valuable content on the website, and a quick transaction method are all examples of perceived usefulness in this context. There was also a substantial link between perceived usefulness and benefit (β4: 0.772) in the results. Although trust and perceived ease of use are not significantly affecting purchase intention, both are playing a vital role in affecting the perceived usefulness (β1: 0.780 and β7: 0.781). This occurs because the consumer will consider usefulness after they have seen how simple it is to use a specific website and have already established trust in the website, thus supporting hypothesis 1 and hypothesis 7. Apart from that, there is a strong association between trust and risk (β9: 0.759), which is consistent with previous research indicating that trust can reduce risk in online transactions (Pavlou, 2003). However, in hypothesis 10, shown that risk insignificantly affects the purchase intention.

4.3.6. Calculate Total Effect

The total impact value is used to measure the significance of a variable (Kim, Kaplowitz, and Johnston, 2004). The value of the direct effect is equal to the value of the direction coefficient. In the customer's purchase intention, the indirect effect analysis and the overall effect of a variable are also taken into account.

| Variable             | Direct Effect | Indirect Effect | Total Effect |
|----------------------|---------------|-----------------|--------------|
| Perceived ease of use| 0.17          | 0.161           | 0.331        |
| Perceived usefulness | 0.017         | 0.252           | 0.269        |
| Trust                | 0.234         | 0.059           | 0.293        |
| Benefit              | 0.326         | 0               | 0.326        |
| Risk                 | 0.078         | 0               | 0.078        |
| Reputation           | 0             | 0.075           | 0.075        |
| Family               | 0             | 0.112           | 0.112        |

Table 9: Total Effect of Variable

According to Table 9, perceived ease of use has the greatest overall impact on consumer purchase intention at the XYZ Company's retail investor platform. Although perceived ease of use has a minor impact, it is one of the antecedents of perceived usefulness that has a major impact on customer purchase intention. As a result, perceived ease of use can take precedence as one of the most important factors in increasing consumer purchase intention.

4.4. Competitor Analysis

Analyzing competitors to determine their strengths and weaknesses that will provide distinct advantages such as exploiting the weakness within the product development cycle. Competitors of XYZ Company are Company A which is a pioneer in digital investment platform specific to mutual funds products and Company B that in 2018 was acquired by the pioneer of digital investment platform. Both are providing similar products with XYZ Company. Moreover, according to the fintech annual report conducted by Daily Social in 2019, Company A and Company B are the most popular digital investment platform in Indonesia calculated from total awareness. Analyzing competitors by assessing 4 Ps marketing mix, which are product, price, promotion and place.
| Marketing Mix (4Ps) | XYZ Company | Company A | Company B |
|---------------------|-------------|-----------|-----------|
| **Product**         | Mutual funds: money market, fixed income, equity, balanced, and sharia | Mutual funds: money market, fixed income, equity, balanced, and sharia. | Mutual funds: money market, fixed income, equity, balanced, and sharia. |
|                     |             | Government bond (SuratBerharga Negara) | Government bond (SuratBerharga Negara) |
|                     |             | Saving for Umrah by investing on mutual fund sharia. | Provide Robo Advisory service. |
| **Price**           | Transaction fee based on selected payment method. | Free | Free. However, the transfer fee applied for interbank transfer during redemption. |
| **Place**           | Website and mobile application | Website and mobile application Collaborate with e-commerce | Website and mobile application |
| **Promotion**       | Sales promotion: cashback and giveaway | Sales promotion: discount and cashbacks. | Sales promotion: giveaway, discount and cashback. |
|                     | Digital marketing: Instagram, LinkedIn and website | Digital marketing: Instagram. | Digital marketing: Instagram and YouTube. |
|                     | Actively collaborate with a financial advisor to talk about financial literacy. | Actively collaborate with a financial advisor to talk about financial literacy and personal finance. | Actively collaborate with financial experts to talk about the benefits of mutual fund, mutual fund 101, market update, tips and tricks for investing. |
| **Endorsing selebgram** | Endorsing selebgram | Endorsing celebrity. |

Table 10: Competitor Analysis Result

From the comparison Table 10, author can figure out the company valued compared by competitor. Company A as the pioneer offers a wide range of products, not merely mutual funds, also government bonds and saving accounts for umrah, while XYZ Company and Company B are focusing on mutual funds. However, Company B has provided robo advisory service that will help to design an investment portfolio based on customer age, risk profile and life goals. Looking at the price, only XYZ Company charges a transaction fee for customers while Company A and Company B are free of transaction fees. Each competitor has their own advantages and differentiation. Company A is more focused on widening the investment instrument and collaborating with several platforms to offer their products while Company B is focusing on technology advance and promotions looking at how actively they are endorsing celebrity.

4.5 SWOT Analysis

After analyzing the internal and external factors of the company, SWOT would be summarized as in Table 11:

| Strengths | Weaknesses |
|-----------|------------|
| - Have control over the technology resource. | - Bit-packed user interface |
| - Lean organization structure. | - Low user engagement |
| - Product is supported by a capable team. | - Low brand awareness |
| - Platform is easy to use and reliable | |
| - Collaborate with a trusted fund manager. | |

| Opportunities | Threats |
|---------------|---------|
| - The rise of financial literacy awareness | - Economic downturn |
| - Robo-advisor technology | - Wide range of mutual fund products and technology advance from competitors. |
| - Government through OJK support for strengthening the protection for retail investors. | - The growth of other investment instruments like stock and gold. |
| - | - Lack of customer recommendation |

Table 11: SWOT Analysis of Retail Investment Platform of XYZ Company
4.6. Root Cause Analysis

Root cause analysis is a problem-solving technique that involves looking at the causes that contribute to the issues that have been found. It comes from internal strengths and weaknesses, competitor, or external conditions, and can be learned from SWOT analysis. The majority of the root causes stem from internal business flaws and consumer research. Table 12 depicts the full picture of the root cause of low conversion rates.

| Business Issue | Factors |
|----------------|---------|
| Retail investment platform of XYZ Company low conversion rate | A bit-packed user interface |
| Internal Environment | Economic downturn. |
| External Environment | The growth of other investment instruments like stock and gold. |
| Competitor Analysis | Wide range of products and technology advance from competitors. |
| Customer Analysis | Low user engagement |
| | Low brand awareness |

Table 12: Root Cause Analysis

4.7. TOWS Matrix

Using TOWS analysis to generate possible solutions. It will include four strategies: Strengths - Opportunities (SO), Strengths - Threats (ST), Weaknesses - Opportunities (WO), and Weaknesses - Threats (WT). S-O will devise tactics that capitalize on strengths to exploit opportunities while S-T will focus on minimizing threats. W-O will devise strategies to mitigate weaknesses by seizing opportunities, while W-T will devise strategies to escape risks. Therefore, the TOWS matrix result as follows:

| Strengths (S) | Weaknesses (W) |
|----------------|----------------|
| Have control over the technology resource. | Bit-packed user interface |
| Lean organization structure. | Low user engagement |
| Product is supported by a capable team. | Low brand awareness |
| Platform is easy to use and reliable | |
| Collaborate with a trusted fund manager. | |

| Opportunities (O) | S-O Strategies | W-O Strategies |
|-------------------|----------------|----------------|
| The rise of financial literacy awareness | Implementing robo-advisor technology. (S1, S3, O2) | Offer relevant content and friendly design. ((W1, W2, O1) |
| Robo-advisor technology | Government through OJK support for strengthening the protection for retail investors. | |
| Threats (T) | S-T Strategies | W-T Strategies |
| Economic downturn | Widening product offered. (S3, T2, T3). | Utilizing influencer on social media. (W3, T1) |
| Wide range of mutual fund products and technology advance from competitors. | Massive promotion activities. (S4, S5, T1) | |
| The growth of other investment instruments like stock and gold. | Member get member program. (S4, T4) | |

Table 13: TOWS Matrix

5. Conclusion and Recommendation

Aside from performing internal, external and competitor analysis, this study also conducts customer analysis, where author assess the purchase intention at retail investor platform of XYZ Company and marketing mix effectiveness. During assessing the purchase intention, author found that factors affecting purchase intention at the platform are
perceived ease of use, perceived usefulness, trust, benefit, risk, reputation and familiarity. As a result, reputation is a factor with the lowest score among others.

Implementation of robo-advisor, content personalization, friendly user interface design, and broadening the product offered would increase the user engagement. Users who are actively engaged are willing to spend more time and money with the platform. This profitability growth also comes with a stronger relationship with the brand, retention and repeat purchases, and positive word-of-mouth advertising. Good user engagement means users are developing a bond with the platform, which is good for the long term because it can generate loyal customers.

Utilizing the social media influencer to address the low brand awareness. Creating a strong brand so that it sticks on people’s minds long after they have seen advertisements. By building brand awareness, a company is investing in long-term growth over time.

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