



Development of Marketing Strategy to Improve AFX Market Penetration in Indonesia

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ABSTRACT: In this study, the author will discuss the AFX market strategy, a name used as an alias to protect the true identity of the forex trading platform being studied. The use of the fictional name "AFX Market Strategy" allows the author to freely discuss the dynamics and internal strategies of the company without revealing sensitive or specific information that could identify the actual entity.

This study investigates the development of marketing strategies aimed at enhancing market penetration for AFX, a leading forex trading platform in Indonesia. Despite the burgeoning global fintech industry, AFX has struggled to capture the youthful demographic in Indonesia due to lack of financial literacy. Employing a mixed-methods approach, this research integrates both qualitative and quantitative data to assess the internal and external factors influencing AFX's market presence and strategic marketing interventions. The research employs the 7P Marketing Mix and STP frameworks to assess internal mechanisms and external influences affecting AFX, proposing strategic initiatives to increase Monthly Active Users (MAU).

KEYWORDS: Fintech Industry, Financial Literacy, Forex, Market Penetration, Strategic Marketing.

INTRODUCTION

Indonesia's fintech sector has seen significant growth, driven largely by increased digital connectivity and strong economic frameworks that support innovation in financial services. Within this sector, forex trading platforms such as AFX play a pivotal role. However, despite the opportunities presented by a large, young, and tech-savvy population, AFX has struggled to fully penetrate this promising market segment. This paper aims to explore strategic marketing interventions to increase the market penetration of AFX, focusing on Indonesia's unique demographic and technological landscape. This study aims to explore the determinants that influence market penetration and to develop effective strategies to boost the Monthly Active Users (MAU) for AFX.

LITERATUR REVIEW

To address the research inquiries, the author needs to scrutinize marketing strategies theories that are effective to generate insight. Starting with theory about the 7P Marketing Mix, according to Kotler and Keller (2016), elements required for a comprehensive approach to marketing strategy consist of Product, Price, Place, Promotion, People, Process, and Physical Evidence. Product refers to a product or service that a company provides. Price is money that customers pay for a product or service. Place refers to various distribution channels to bring the product to the end users. Promotion including all of the strategies used to inform about the product. People include all parties that are involved in the delivery of the product or service including employees and stakeholders. Process is the system and procedures that utilize the product or service. Physical Evidence includes tangible aspects such as packaging, branding, and the environment. Besides 7P Marketing Mix, the author also uses Segmentation, Targeting, and Positioning (STP) to identify groups of customers who have similar needs, preferences, and behaviors based on the theory Lamb, Hair, & McDaniel (2019). Segmentation includes demographics and geographic segmentation. Targeting is the strategic process which selects numerous segments. Positioning is the strategic process of forming a brand's identity and images to potential customers.

METHODOLOGY

The study utilizes a mixed-methods approach, incorporating both quantitative and qualitative research methodologies to provide a comprehensive overview of the market dynamics that affect AFX. The primary output is employed to provide a comprehensive understanding of the market dynamics and consumer behaviors affecting AFX. This approach integrates quantitative data from online surveys with qualitative insights from structured interviews. Data collection involves distributing structured online surveys to potential



young investors across various digital platforms and conducting in-depth interviews with fintech users, and key stakeholders within the company. Quantitative data are analyzed using SPSS software to identify trends and patterns in user engagement and preferences. Qualitative data from interviews are subjected to thematic analysis to extract deeper insights into the perceptions and expectations of young consumers towards forex trading and AFX's services.

RESULT AND DISCUSSION

1. Internal Analysis

a. Segmentation, Positioning, and Targeting (STP)

AFX segmentation is divided into 2 groups, beginner traders ranging between 20 - 36 years old and expert traders with range age above 36 years old. AFX targets 2 of these segments in urban areas which already have financial literacy, financial capability and have *cold money* for investment. AFX usually targets those segments through digital channels such as google ads, Facebook ads, YouTube, and Instagram. Not only from online advertisements, AFX has a branch in the cities in Indonesia such as Bandung, Surabaya, Denpasar, Medan, and other big cities in Indonesia. AFX positions as a digital transformation company. Currently AFX is the only company that builds its own KYC platform. BAPPEBTI is requiring all Indonesian brokers to verify clients via video call. Another company only uses zoom or WhatsApp video calls and saves them on drives in AFX's database and integrates all data.

b. 7P Marketing Mix

The Product strategy is strong, but there is room for improvement in Promotion and People aspects, focusing on targeted marketing campaigns and improving customer service to enhance user experience and satisfaction.

c. VRIO

AFX provides valuable services by offering a platform that supports multiple financial instruments. The services offered are not particularly rare in the competitive landscape, which calls for AFX to develop unique selling propositions such as exceptional customer service or superior educational resources. While the technological infrastructure is complex, competitors could imitate the service model. AFX needs to invest in continuous innovation to maintain a competitive edge. The company is well-organized to leverage its resources effectively. However, it needs to focus more on marketing and customer engagement strategies that align with the needs of younger investors.

2. External Analysis

a. PESTLE

In the political aspect, regulatory changes are always a concern in the financial sector. AFX must stay adaptive and compliant with Indonesian financial regulations to avoid potential disruptions. Besides, economic fluctuations can affect market stability. AFX must strategize to offer stability and reliability, positioning itself as a safe investment platform during economic downturns. For social aspects there is growing interest among young Indonesians in investment platforms. Rapid advancements in fintech provide both opportunities and challenges in technology. Compliance with national and international trading laws is crucial. AFX must ensure all its operations align with legal requirements to maintain its license and reputation. For the environmental aspect, all processes in AFX through digital, the company completely embraced paperless onboarding, e-statements, and digital contracts.

b. Porter's Five Forces

By using Porter's five forces, the author has an objective to understand company positioning and maintain competitive advantage among competitors.

• Threat of New Entrants

Newcomers pose a moderate threat to Indonesia's forex market. Indonesian Commodities and Futures Trading Regulatory Agency (BAPPEBTI) regulations require brokers to segregate funds, undergo regular audits, and meet minimum capital requirements. New entrants face significant challenges from these regulations and the need to build trust and brand loyalty. Years of brand recognition and trust are crucial for established firms like AFX in a high-risk industry.



- **Bargaining Power of Suppliers**

The forex industry relies on financial institutions and technology providers for trade execution and platform maintenance. These suppliers have moderate bargaining power because they provide liquidity and technology. As brokers must follow strict operational standards set by regulatory bodies like BAPPEBTI, suppliers' bargaining power increases.

- **Threat of Substitute Products or Services**

Forex substitutes pose a moderate-to-high threat. Forex trading is unique, but stocks, commodities, and cryptocurrencies may pull customers away. The ease of switching between these services makes them substitute threats.

- **Bargaining Power of Buyers**

Indonesian forex traders have strong bargaining power. Due to market competition, traders can have a lot of power together. The ease of switching platforms and the availability of comparable services empower traders to demand better terms like lower fees, higher leverage, and more trading benefits.

- **Rivalry Among Existing Competitors**

Indonesia's forex market is competitive. Local and international brokers compete with tight spreads, low commissions, and technology. Large international players with deeper financial resources and advanced technological capabilities intensify the competitive landscape, forcing local firms like AFX to innovate and improve their services to maintain and grow market share.

c. Competitor Analysis

AFX faces fierce competition in Indonesia's forex market. Established local firms like HSB, Valbury, and Trive are direct competitors. Market strategies and operational tactics were examined for these competitors. The analysis included direct forex trading competitors and indirect threats from other financial services sectors that could deter investment. Competitors prioritize growth, market share, and trading technology innovation. Most competitors improve their trading platforms and customer service to attract and retain traders, especially Indonesia's tech-savvy youth. Competitive pricing, advanced trading tools, and extensive marketing campaigns boost brand awareness and loyalty. Each competitor has advanced trading platforms, extensive educational resources, and regulatory compliance. HSB Academy provides traders with extensive education resources. Valbury has strong online and offline presences, including physical branches that boost credibility and client trust. Trive competes with a simple interface and aggressive digital marketing. Competitors' weaknesses include limited market segments or less personalized customer service. Some may also delay technological updates or new features that attract younger or more dynamic traders. Based on the analysis, it is evident that AFX has established a strong presence in the Indonesian forex market. However, the company must consistently adapt its strategies to address the persistent challenges posed by both direct and indirect competitors. To maintain a competitive edge, the firm should capitalize on its technological and educational strengths, while also addressing any shortcomings in marketing and customer engagement.

3. SWOT Analysis

Author can determine AFX's strengths and weaknesses after studying the internal analysis of the company, including the STP, 7P marketing mix component, and VRIO analysis. To have a thorough understanding of potential threats and opportunities, researchers are also conducting external analysis, such as PESTEL, Porter's Five Forces, competitor, and customer analysis. The SWOT analysis of AFX is provided below.

a. Strengths

The trading platform, which includes advanced tools and features for beginners and experts, is AFX's main strength. Users seeking a reliable trading environment will like this comprehensive platform's decision-making and trading efficiency. AFX also offers competitive pricing that ensures affordability and adds value for users, setting it apart from competitors. From registration to account creation and transaction execution, the firm's operational processes are efficient, ensuring a smooth user experience and quick platform engagement.

b. Weaknesses

AFX struggles internally despite its strengths. BAPPEBTI regulations limit the firm's marketing flexibility, limiting its promotional activities and outreach. The platform's limited financial products, which focus on forex trading, may deter investors interested in stocks, commodities, or cryptocurrencies. Existing marketing strategies may not be aggressive enough to attract and retain a wider or more diverse customer base, hindering market expansion and brand loyalty.



c. Opportunities

AFX can take advantage of many opportunities. Market expansion into other urban areas could increase customer base and market penetration. Diversifying the product offerings to include more financial instruments could attract more investors with different investment interests. Strategic partnerships with fintech companies, financial educators, and influencers could boost AFX's visibility and credibility, improving its competitive position. AFX could also offer predictive analytics and personalized trading advice thanks to AI and machine learning advances, giving it a competitive edge.

d. Threats

However, AFX faces several external threats that could affect its operations. More stringent regulations could increase compliance costs and limit operational flexibility. The fierce competition from local and international trading platforms with better pricing or technology threatens AFX's market share. Economic volatility, especially in emerging markets, may change trading patterns and investor behavior, reducing trading volumes. As a digital platform, AFX faces cybersecurity risks that could lead to data breaches, harming user trust and loyalty, which are crucial for customer retention.

BUSINESS SOLUTION

The business solutions proposed for AFX are designed to enhance its strategic marketing and operational effectiveness to increase the Monthly Active Users (MAU). These solutions are based on a deeper understanding of market segmentation and target audience characteristics, particularly focusing on young Indonesian investors who are tech-savvy and increasingly interested in financial markets.

1. Enhanced User Experience

Streamlining the user interface on the AFX platform to make it more intuitive and mobile-friendly. This includes simplifying the process of account creation and trading and enhancing the platform's responsiveness and navigability.

2. Digital Marketing Initiatives

Implementing a robust digital marketing strategy that uses social media platforms, SEO, and content marketing to boost brand visibility and engagement. This strategy involves creating educational content that demystifies forex trading and highlights the unique features of the AFX platform.

3. Massive Offline Marketing

Launching large-scale offline marketing campaigns that include participating in financial expos, hosting seminars and workshops in universities and local communities, and setting up informational booths in high traffic areas. These efforts aim to build brand awareness and directly engage with potential users in a personal and impactful manner.

4. Customer Engagement and Support

Developing a comprehensive customer support framework that offers live chat, FAQs, and a responsive helpdesk. Regular webinars, workshops, and real-time support help users understand market dynamics and effectively use the AFX trading tools.

5. Loyalty and Incentive Programs

Introducing loyalty programs that reward users for their trading activity and consistency, such as trading credits, reduced fees for high-volume traders, and exclusive market insights for program members.

Below is the recommendation to immediately leverage the strategic objectives outlined in the business solutions.

1. Targeted Advertising

Using data analytics to identify and target potential young investors through online and offline advertising campaigns. Offline efforts should focus on high-visibility placements and innovative interactive setups at events and popular public spaces.

2. Partnerships and Collaborations

Establishing partnerships with educational institutions, financial influencers, and content creators to extend reach and gain credibility among young audiences. These partnerships could involve sponsored content, collaborative educational initiatives, or co-hosted events.

3. Regulatory Compliance and Transparency

Ensuring all marketing and operational practices adhere strictly to local regulations to build trust and maintain AFX's reputation as a reliable trading platform.



4. Technology Upgrades

Continuously investing in the latest technology to keep the trading platform competitive and secure, incorporating advanced analytics, artificial intelligence for personalized insights, and enhanced cybersecurity measures.

5. Massive Offline Marketing

Amplifying offline marketing strategies to include roadshows, community engagements, and participation in industry events to increase brand presence and directly interact with potential and existing customers.

CONCLUSION

This strategic analysis underscores the significant potential for AFX to enhance its market penetration and user engagement within the Indonesian forex market. By addressing the outlined weaknesses and leveraging its inherent strengths, AFX can capitalize on the considerable opportunities available in the growing financial technology landscape. The implementation of both digital and offline marketing strategies is crucial. Specifically, the integration of innovative digital marketing techniques alongside expansive offline marketing campaigns can substantially increase AFX's visibility and appeal to a broader demographic, particularly the tech-savvy and financially curious younger generation. Additionally, the enhancement of user experience through streamlined platform functionalities and the expansion of financial product offerings will cater to a wider range of customer preferences and trading styles, thereby increasing customer satisfaction and retention. Strategic partnerships and continuous technological advancements will further solidify AFX's competitive edge in a highly competitive market. Conclusively, the proactive adaptation to both market demands and technological trends, coupled with a keen focus on customer engagement and satisfaction, will be pivotal in driving AFX towards achieving its goals of increased market share and higher Monthly Active Users (MAU).

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Cite this Article: Sella Puspita Melati, Atik Aprianingsih, Satya Aditya Wibowo (2024). Development of Marketing Strategy to Improve AFX Market Penetration in Indonesia. International Journal of Current Science Research and Review, 7(6), 4152-4156