

Crowdfunding Platform Analysis: A Perspective from Digital Marketing (A Case of Selfless School, Jakarta)

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ABSTRACT

Objective – This study aims to cover the business process area of Selfless School to analyze the problems of the difficulty to enter an existing market with strong competition. For this reason, this study provides several solutions in the form of frameworks and analysis that can be used by Selfless School.

Methodology – There will be several sections which are methods of data collection and marketing analysis: secondary data regarding the amount of investment, cash flow projection, and also the start-up projection in the range of 5 years.

Findings – Being a new established start-up in a competitive market, Selfless School needs to appeal to a unique image and create different value from other competitors.

Novelty – This study provides analysis from the beginning and the current progress that cause slow profitability by using several marketing analysis methods such as blue ocean strategy, lean start-up strategy and business level strategy.

Keywords: *crowdfunding market; education field; social problem; business entrepreneurship; consumer demand; market competition*

JEL Classification: A20, L26, L31

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I. INTRODUCTION

Fundamentally, human perception, knowledge and understanding in something keep on growing due to changes in situation that requires the development of human behaviour and actions (Carbon, 2014). One of the results of changing conditions at this time is social problems. A lot of social problems have their own characteristics and causes that can be solved using various points of views from various backgrounds of people (Manstead, 2018). The creativity of human knowledge has solved many problems from society or outside the society that helps the world to keep on going. For some cases, social workers will see a problem with their own perspective on the phenomenon of social problems that are happening (Ruiz-Fernandez et al., 2021). Social problems itself is a big umbrella that has some branches under its scope such as education sector.

Poverty has several effects especially for the education sector, while eliminating poverty is a difficult thing but with hard work poverty can be improved continuously (Manshor et al., 2020). Such large sectors require the intervention of various parties to help in finding the line of the problem and then contribute to taking the right solution. An example is the problem is the education system that is happening in Indonesia at this time. The quality of education in Indonesia still does not meet the goals that can be a hope in



accordance with its values and benefits, which results in the low quality of graduates and the inappropriateness of educational targets in accordance with existing social aspects (Sukasni & Efendy, 2017).

From several problems that emerged, innovative solutions also emerged from various thoughts one of them is by using a crowdfunding. Crowdfunding is an activity carried out to collect funds from donors with the aim of helping to provide financing capital for a project (Mollick, 2014). Crowdfunding has similarities with traditional fundraising models but is more improvised by using technology such as the internet and has more targets in the form of young donors and the wider community (Moon & Hwang, 2018). Expectations on performance or performance expectancy significantly affect attitudes toward making a crowdfunding project (Pangaribuan & Wulandari, 2018).

In this case, funding will be focused on aspects that can support education in Indonesia. However, the crowdfunding market in Indonesia is a competitive market for new entrants to enter due to dominance of large companies (Permatasari et al., 2022). For a newcomer, it takes a lot of preparation before entering a market including doing market research.

During the one year after the re-establishment of Selfless School, there have been no significant results that can be taken from the development, which resulted in no progress. As it is known, that Selfless School has not succeeded in attracting public attention through social media, then some of the written solutions are the basis of the problem and are expected to be a solution to the problems faced by Selfless School. While looking at the possible aspect of crowdfunding amidst the existing models of fundraising in the country, the present study aims to cover the business process area of Selfless School to analyze the problems of the difficulty to enter an existing market with strong competition. This study aims to cover the business process area of Selfless School to analyze the problems of the difficulty to enter an existing market with strong competition. For this reason, this study provides several solutions in the form of frameworks and analysis that can be used by Selfless School. The study is concluded with a discussion of managerial implications, limitations, and recommendations for future research.

II. LITERATURE REVIEW

e-Business and Industry 4.0 / Web 4.0

The objective of electronic business is to provide products or services using an online platform that linked with customer's data information through the computer. By using electronic business, selling, buying, and ordering are possible to be done by the internet especially using social media platforms and by performing internet or over electronic networks (Turban et al, 2018). Social media helped to boost the start-up brand reputation and engage with customer's trust. Social media also plays a role in impacting a start-up's brand awareness for customers. Other than social media, websites are one example of electronic business from a start-up. Electronic business has two major platforms that can be used depending on the function and purpose.

Online Storefronts

Online entrepreneurs play an important role in analyzing online storefronts to strengthen business opportunities in the market. On the other hand, online storefronts have dynamic systems that keep changing following the development and growth of the internet and technology. In doing online storefronts, business owner, start-up, or entrepreneurs should undergo some steps in planning online storefronts business before execute it, as follows: (1) Deciding niche market, (2) Conducting market analyst, (3) Registering start-up's website domain, and (4) Create the website

Online Marketplace

Online marketplace is the mediator or connector between customers with companies or individuals who provide products or services. In online marketing, the transaction could be done B2B (business to business) or B2C (business to customer). Most of the time, the marketplace owner is not the one who does the business transaction either B2B or B2C, but the individual or start-up who provides a place for people to do transactions. Online marketplace has 4 types as follows:

(1) Hybrid Marketplace

Dynamic transactions happen at hybrid markets. In a hybrid marketplace, customers meet other products from another start-up as well as the product from the start-up who provides the marketplace. All the steps from the first step until the payment process can be done in the same marketplace even though the product bought by a customer is from the other companies.

(2) Horizontal Marketplace

Rather than offering one product with the same characteristics, the horizontal marketplace offers different kinds of products but with the same characteristics. A marketplace system integrates its system with high technology computer system to read customers activities and provide customers with the same pattern of shopping. On the other hand, if a customer clicks on a product, the suggestion might appear different from the previous product, but have the same characteristics.

(3) Global Marketplace

Global means no limitations with the types of product that start-up sells. In the global marketplace, customers find any kind of product with or without the same characteristics. By means, various suppliers with different backgrounds converge in the same marketplace.

(4) Vertical Marketplace

In a big market industry, many suppliers from different companies have the same type of product. This type of product is sold in the vertical marketplace. With the same type of product, but different suppliers, customers will be able to compare the price and quality directly in the marketplace.

Education in Indonesia

Crowdfunding is an idea established by agencies, individuals, or organizations to fund a project or a start-up that is just starting out. To fund a project or start-up that is just starting out, a network is needed that can combine and facilitate the crowdfunding program itself. For this reason, crowdfunding is related to being an intermediary for two markets or two-sided markets, which means that crowdfunding combines two groups or two users on the same network.

The purpose of this funding is to support any project or start-up to have the opportunity to develop by using the crowdfunding network. In the network used by crowdfunding, there are two types of aspects in crowdfunding:

(1) Subsidy-side. Subsidy-side is a group of investors consisting of several people or from several companies that fund a project or a start-up that has just started. Investors have a role as a party that provides all the needs related to funding by the recipient with the help of a second party.

(2) Money-side. Money-side is a group that has the idea of creating a crowdfunding program which is commonly called the fundraiser. Fundraiser is a group of people who collect money for financial needs then distribute it to the recipient. In this program, fundraisers act like bridges or the third party that connects two other parties, namely investors and recipients.

Apart from consisting of two important aspects in crowdfunding, the purpose of funding itself cannot be separated from the types of crowdfunding programs. The type of crowdfunding depends on the type of

project or start-up the investor fund. For example, some investors receive profit from their funding proceeds and some investors do not receive profit from their funding proceeds. In addition, several platforms are also possible to be used as a network that aims to facilitate investors and recipients.

III. METHODOLOGY

Secondary Data

In analyzing Selfless School, this study uses secondary data regarding the amount of investment, cash flow projection and also forecast obtained through a booklet by Selfless School provided by the supervisor. The secondary data taken for this paper is the start-up projection in the range of 5 years made by Selfless School company before launching the business that includes primary data such as survey and data collected from government and organization.

Blue Ocean Strategy Analysis

Many companies have applied blue ocean strategy to define a new market or to create innovative and collaborative tools that guide them in building new companies. For Selfless School, entering a market that have a tight competition they need to define starting from their customer until their competitors.

Lean Start-up Strategy

Lean start-up is an analytical strategy used to analyze whether a start-up's product or service is suitable for the market and then build or create a new product and service. by creating a new product or service, the target market is the existing market. That way, when products and services are launched, the market is ready for these products and services.

Business Level Strategy

In this analysis strategy, Selfless School focus on delivering the value they have created to customers in several ways. With this, it is expected that the start-up can create goals, plans, and actions that can increase the start-up's value for customers by using some approaches

IV. RESULTS AND DISCUSSION

Key Performance Index

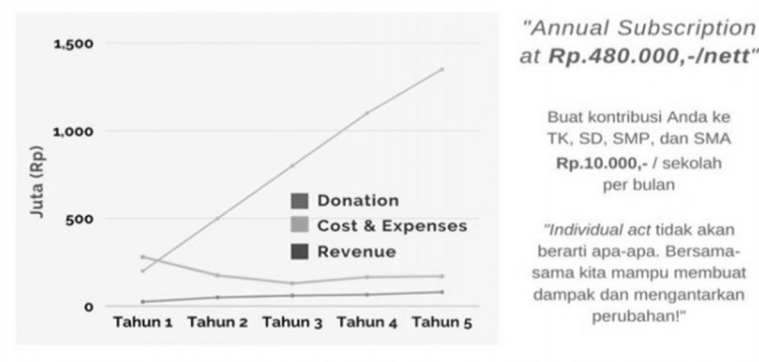


Figure 1. Expected Performance Index



Although the increase was not too significant, the graph seen in Figure 1 that continues to rise indicates that Selfless School's business is healthy.

Profit & Loss Forecast

Table 1. Profit & Loss Forecast

<i>Profit & Loss Forecast (dalam jutaan rupiah)</i>					
Income Statement	TAHUN 1	TAHUN 2	TAHUN 3	TAHUN 4	TAHUN 5
<i>Target Donasi (terhimpun)</i>	1,500	3,200	4,100	5,300	6,400
<i>Pendapatan (Fees)</i>	75	160	205	265	320
<i>Peralatan</i>	30	0	0	0	0
<i>Developer Fee, Designer, Teaser (General Fee)</i>	75	0	0	0	0
<i>Biaya Pemasaran</i>	50	50	50	50	50
<i>Biaya Operasional</i>	20	20	20	20	20
<i>Beban Gaji</i>	50	50	50	50	50
<i>Pendapatan Sebelum Pajak</i>	-150	40	85	145	200
<i>Pajak Pendapatan</i>	0%	2.5%	2.5%	2.5%	2.5%
	0	1.000	2.125	3.625	5.000
<i>Pendapatan Bersih</i>	-150	39.000	82.875	141.375	195.000

In the following years, the profit generated by Selfless School continued to grow, followed by a fee that increased as donations increased. Taken from Table 1, if Selfless School implements several strategies that have been proposed, the number of donations increase from year to year. Because the required expenses also increase, the opportunities for getting bigger results will also be more visible.

Blue Ocean Strategy Analysis

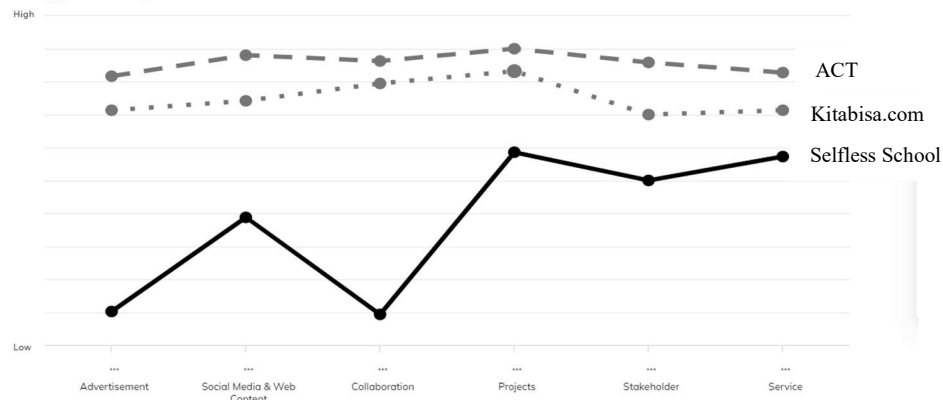


Figure 2. Blue Ocean Strategy

Selfless School is in last place because Selfless School is only about to enter the industry. To get a high score in the advertisement aspect, Selfless School need to have various marketing plans in some social media. Placing advertisements for the alumni who use social media play a big role. However, the content of the advertisement have the biggest impact in attracting people’s attention because it lead to a decision whether people want to be a part of the project and donate to the project or ignore the advertisement.

Three Tiers of Non-Customer

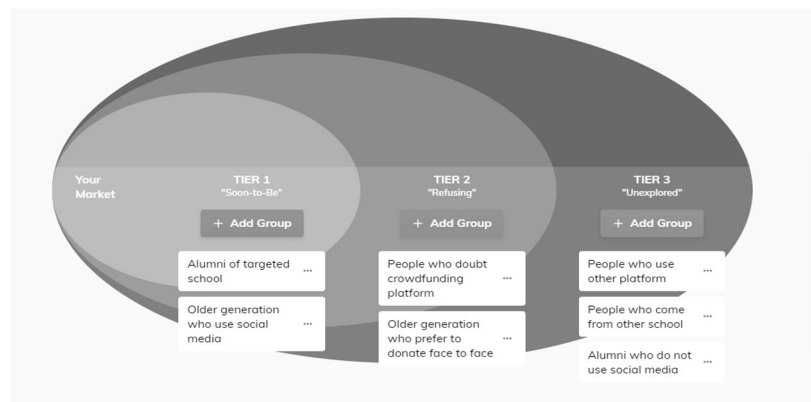


Figure 3. Three Tiers of Non-Customer

Kim and Mauborgne (2004) created the three tiers of noncustomers (see Figure 3) as an analytical framework to assist businesses in understanding the latent demand they may tap into to produce blue ocean. Companies often work to increase and maintain their current client base in order to increase their market share.

First-tier noncustomers are situated just outside of the existing market, at its periphery. They are consumers who, though they may occasionally buy an industry’s products because of need, they do not view themselves as clients of the business. People who refuse to use an industry’s product are the second kind of noncustomers. These customers considered the present service to be an alternative for meeting their needs, but they chose not to take part. The third group of non-consumers is the furthest away from the market. They are non-customers who have never thought about utilizing the market’s offerings. Businesses may learn how to entice these noncustomers and current customers into their new market by concentrating on the major similarities between them.

To attract customer and market engagement, companies need to create a strategy and creative content, in example they can create impactful marketing (Smith et al., 2008). Impactful digital marketing plan have more benefits for Selfless School. For example, kitabisa.com has interactive design on their website. Colorful design, many contents for adults or youths are there that have a high chance to attract many people to visit their website (see Figure 2).

The quality of advertisement and content is a functional appeal for a start-up who operates its business based online project. After picturing for the first glance. then people might look at the content that is being discussed in the advertisement. Thus, Selfless School needs to find worthy content that attract people to visit the mainpage of Selfless School. For the next step, which is a higher strategic group is attracting people’s attention with social media. Social media gives a big impact for branding a start-up. The perception of people who have seen content related to a digital promotion from a start-up change and grow more curiosity about the start-up or brand (Yamin, 2017).

Create-Raise Grid



Figure 4. Raise Grid

To create a blue ocean market, Selfless School has to identify its own opportunity in gaining the customer when they are about to enter the red ocean market.

The Eliminate-Reduce-Raise-Create (ERRC) Grid, created by Kim and Mauborgne (2004), is a key instrument of the blue ocean approach. It is a straightforward matrix-like tool that encourages businesses to concentrate on cutting and decreasing as well as rising and building while opening up a new blue ocean. One of the strategies is the Raise strategy, a strategy used to create something that is not in the industry so it will be above the industry (See Figure 4). Website is a crucial aspect for Selfless School because it is a place for customers to get the detailed information for Selfless School from the first time Selfless School was established until a donation process.

To create a powerful strategy, there are two things that could be done by Selfless School. First, a marketing plan that attract people's attention by giving them a unique impression at the first glance. Second, by creating printed ads with friendly environmental paper.

To-Be Strategy

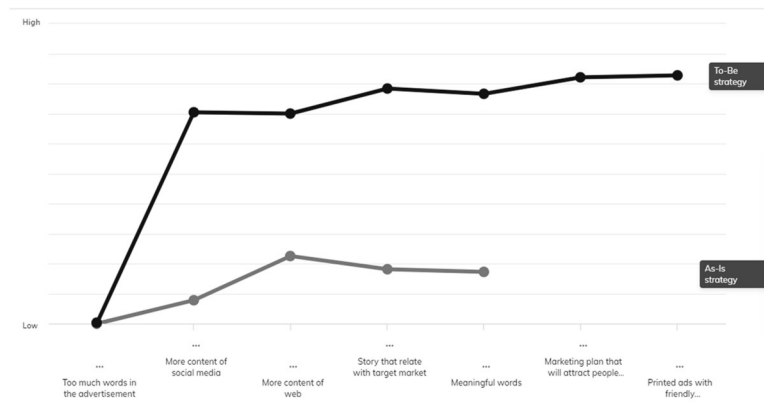


Figure 5. To-Be Strategy

Regular and steady content will be a benefit for the start-up if Selfless School can maintain the progress. While the blue line indicates that there are much more content after blue ocean analysis (see Figure 5). Meaningful words and stories that relate to the customer in blue line also show a good result after analyzing



using blue ocean strategy while in the red line it is still a low progress. Marketing plans and printed ads give another benefit for Selfless School in the future because they attract people once they see the advertisement both online or offline.

Lean Start-up Strategy

The lean start-up strategy is one of the strategies that could help start-ups to find an efficient plan and strategy to use the funding (Bortolini et al., 2018). Selfless School provides service to the customer where they gain customer's trust after the customer sees an ad for the start-up in social media such as Facebook, Instagram, or YouTube. As a start-up who serves customers, Selfless School deal with customers both directly or indirectly so customer trust is the pillar of Selfless School to start their business because without customer feedback, Selfless School will never grow and will never know in which part they should improve their quality of work. Customers do not want Selfless School to make wasteful features or information for them, so Selfless School better to hear all the feedback from the customer

Business Level Strategy

Managing the relation with customers is the key of the issue to answer all the questions and break down every solution needed for each of the questions (Wiscicka-Fernando, 2020). Building strong relationships with customers give positive feedback for the start-up without any drawbacks. Customers seek for unique value given by the start-up that later on can satisfy what they wanted. By doing research using social trends, Selfless School can touch what customers need and what customers want that the institution can provide.

V. CONCLUSION

The challenges faced by Selfless School after the start-up's establishment are still the same and can be predicted long before the start-up was founded. This has resulted in Selfless School which has not been able to move on to continue their business because their core problem has not been solved until now. According to the results obtained from the analysis, several aspects of the start-up are still not ready and require strategies and plans that must be reworked. By reworking some strategies and plans, it help Selfless School to see the problem with a clear view. For now, after the analysis, the client will find the problem point then several strategies and plans can be proposed.

Implications

According to the analysis that has been made, the consultant decided to provide recommendations in the form of rearranging all strategies and plans intended for Selfless School. For this reason, decision making must be carried out carefully and discussed after considering the outcomes that can occur, both positive and negative outcomes. In addition to branding that is carried out offline using several print media or word to mouth promoting, Selfless School is recommended to strengthen the start-up's digital presence. To establish a start-up with high competitiveness, the consultant recommends Selfless School to establish a team that has value in every job. By recruiting people who can think competitively, it helps Selfless School to grow healthily.

Limitations and Future Research

The analysis is limited to blue ocean strategy analysis. Future research could expand the approach of this study to other schools to uncover differences or unveil more details on the crowdfunding approach.

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