NOTTINGHAM BUSINESS SCHOOL

NOTTINGHAM TRENT UNIVERSITY

fumopay®

Consultancy Experience Project

Group 2: B2C Challenge

Executive Summary

Fumopay is a start-up payment solution that is regulated by the Financial Conduct Authority (FCA). It's based in Milton Keynes and allows businesses to accept payments using a bank's end-to-end platform. In 2022 the organisation was shortlisted for a Start-up National Series business award.

Purpose Of Report

The challenge for Fumopay is to develop a strategy that will allow its B2C customers to accept payments using its end-to-end platform. It identifies the most beneficial transaction scenarios for Fumopay, the size of the market, and the product that is most attractive to this target market. It also shows the barriers to entry and its major competitors, especially in an era where there is a widespread acceptance of electronic payments, Fumo believes it can provide a more cost-effective alternative.

Methods

Through qualitative and quantitative methods, the group was able to analyse the secondary data used and make recommendations. We were also able to identify the competitor’s information using data from various sources such as Macrotrends, Apollo, and Growjo. The project involved working as a group of independent consultants to develop a strategy that will allow Fumopay to successfully implement its payment solution. We had the opportunity to meet with the company's team to discuss the project and get more relevant insights about the company.

Key findings of our research:

- This study revealed that over 70% of UK adults use online and mobile banking and 25% of all adults make payments using their mobiles. The adoption rate for mobile payments is highest among those aged 25 to 34 and lowest among those aged 65 and above. It is believed that the adoption rates for mobile payments are higher in the age group 0-24. Only 0.8% of transactions are made using well-known payment apps like PayPal.
- A survey conducted by Yahoo finance in 2021 revealed that only 26% of respondents were willing to live in a society that is completely cashless.
- Research by the Logid group (2013) found only 34% of participants between 25-34 years old are willing to share their data.
- Survey by Ivanti (2021) shows that more than 96% have used QR codes for retail stores and restaurants and find that as a secure payment method.

Recommendations discussed included:

- For their target's market strategy, we recommended that they included some features to their app that will give them a competitive advantage in the market and market, and give users more exciting experiences such as the Savings feature and budgeting feature
- Based on the findings of our study, the group suggested that Fumopay establish a rewards program and a good location strategy. This will allow the company to expand its reach and improve its customer base.
- One of the most critical factors that a company considers when it comes to marketing its products or services is the perception of its potential customers. we recommend that this should be done through the use of an online channel that can be used to educate its potential customers about the benefits of Fumopay technology. Another strategy that can be used to boost the company's visibility is to sponsor multiple organisations. This can be done through the establishment of events that promote the company and its partnership with a shopping centre.

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1. Introduction

Our client Fumopay asked us to conduct market research of the potential for their product, "Fumo". To set up a broad perspective on the problem, the team divided the assignment into 4 pieces. The team members investigated the market (Nishal), competitors and the payments landscape (Oluwaseyi), technological benefits (Rinret), and barriers (Denis).
The study's main goal was to find the kind of transactions that typically include mobile payments and to determine how Fumopay may break into those industries by evaluating the benefits it might offer to both consumers and businesses. The study also concentrated on the barriers in the markets that were chosen as the best ones for Fumopay's debut. This report provides insight to Fumopay on their target market, market penetration tactics, ways to get around barriers, and ideas for new products based on the findings of our research.

2. Research Methodology

To perform our research, we used secondary data. We used both qualitative and quantitative methodologies to analyse the data. We found the age range of consumers with the highest acceptance rate of mobile payments (UK Finance, 2021), coupled it with their spending patterns from the data collated by the Office of National Statistics (ONS), and looked at market categories with low profit margins to decide the best market segment (Campbell, 2018). Our finding was confirmed using data on transaction situations where mobile payments are most used (Statista,2022).

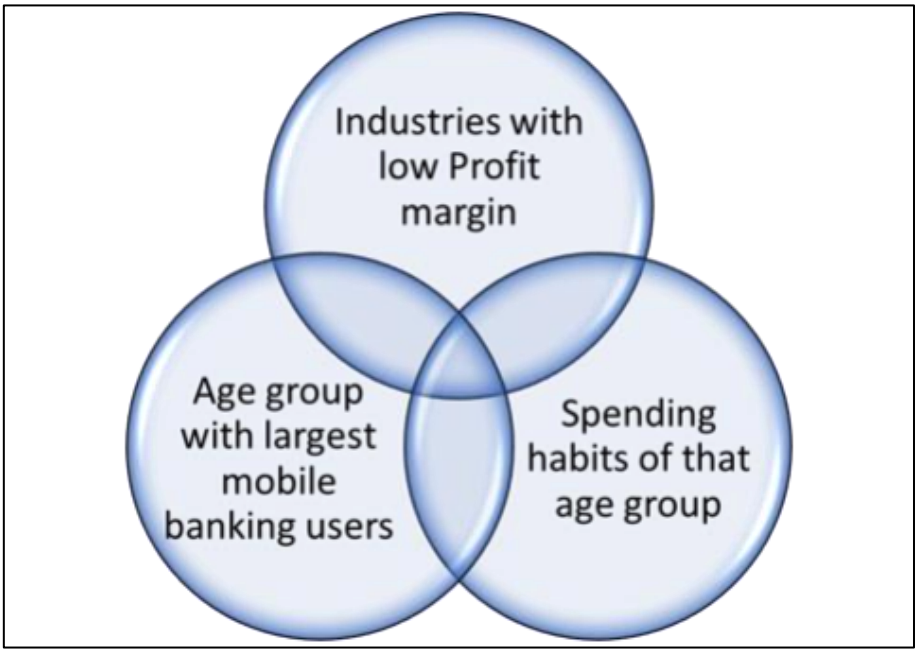

Figure 1 Venn Diagram showing our research strategy to identify ideal target customers and market segments for Fumopay's B2C entry strategy

We used secondary data from Macrotrends, Crunchbase, Apollo, and Growjo to analyse our competitors. To comprehend the adoption hurdles from the perspective of the consumer, research publications from Google Scholar (details in reference section), statistics from the Office of National Statistics, and the Financial Conduct Authority (FCA) were used. We were unable to perform primary research on our target bases' perceptions of the open banking payments system due to time constraints, but secondary research was employed where it was available to gauge this mood.

3. The Market

This section covers the methods used to identify our target market both in terms of customers and businesses. As visualized in Figure 1, we identified the age group of customers where there was a high adoption and usage of mobile banking and payments, coupled it with their spending habits and industries which have low profit margins.

We were able to determine the preferred payment methods and the pace of adoption of various payment methods by the UK population based on the UK Payments summary report that UK Finance released in June 2021. We gained insight into the spending patterns of people across various age groups thanks to government statistics released by the Office of National Statistics. The most recent data on the ONS was for 2019, so even if it may be slightly out of date, it still provides a solid indication of spending patterns. The increasing cost of living may require that this data be changed. The straightforward analysis of this would be that, given the rise in living expenses, more money would have been spent on necessities (due to the growth in the cost of products and services) and less money would have been spent on luxuries (because of reduction in purchasing power).

From a commercial perspective, we predicted that many small enterprises would adopt the cheaper transaction processing rate and that their adoption would also depend on their profit margins. Research by Campbell, P. in 2018 revealed profit margins of different sectors. These profit margins will once more need to be modified to account for the rising cost of borrowing for businesses. The impact of the rising interest rates is still quite recent, hence the data for this are not yet accessible. Based on this, it is reasonable to infer that the firm' profit margins will suffer as a result of the growing cost of borrowing. Because Fumopay has cheaper transaction fees, this in turn would mean there is more incentive for businesses to embrace it.

3.1. Findings and Analysis

Debit cards were the most popular form of payment in the UK in 2020, accounting for £15,812 million, according to statistics from the UK Payments Summary report. Nearly half of this sum was paid for using contactless technology. Transactions made with debit & credit cards and cash payments make up around 67% of all transactions, and Fumo will be aiming to compete against these payment methods (Figure 2). Only 0.8% of transactions are made using well-known payment apps like PayPal, which directly compete with Fumopay.

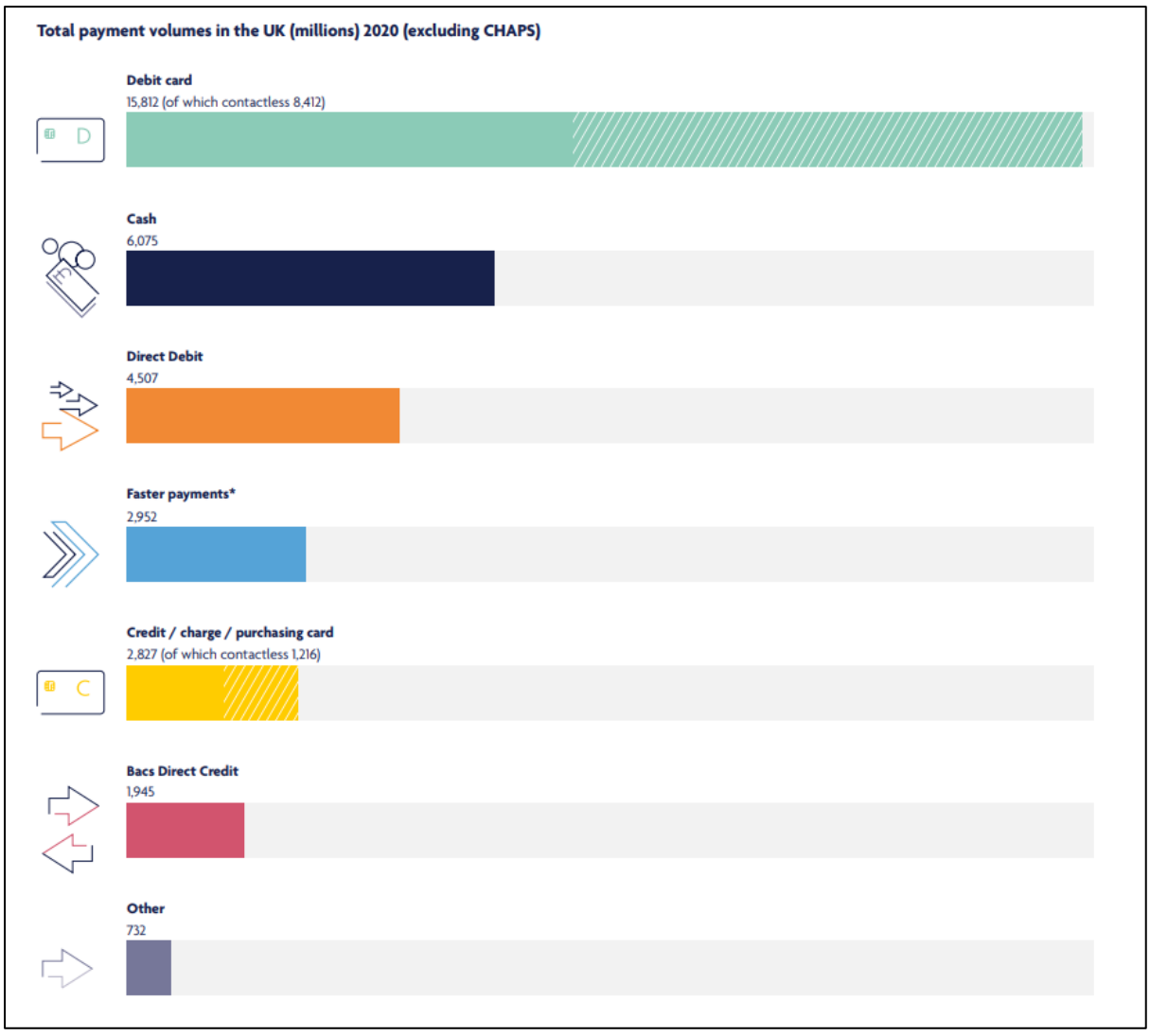

Figure 2 Volumes of different payment methods in the UK (UK Finance, 2021)

The research also underlines the fact that 72% of UK adults use mobile/ online banking, and 25% of all adults utilised mobiles for payments. The adoption rate is highest among those between the ages of 25 and 34 (93%), and lowest among those over 65 (an impressive 84% adoption). With the lowest adoption rate of mobile payments being 84%,

it is safe to assume that the adoption rates are higher in the age group 0-24 where the data was not available.

Based on statistics published by the ONS, we saw that about 47% of all expenses of individuals aged between 0-30 goes in rent, transport and expenditure like National insurance, taxes & paying off loans (Figure 3). These segments will have a lot of barriers from a business point of view because of the level of bureaucracy involved in these segments. About 30% of their expenditure goes in grocery shopping, purchasing household goods, liquor, clothing and in hotels and restaurants (Figure 3). These segments have a lower profit margin (Figure 4) and hence the cheap transaction procession cost will bring the most value to the business.

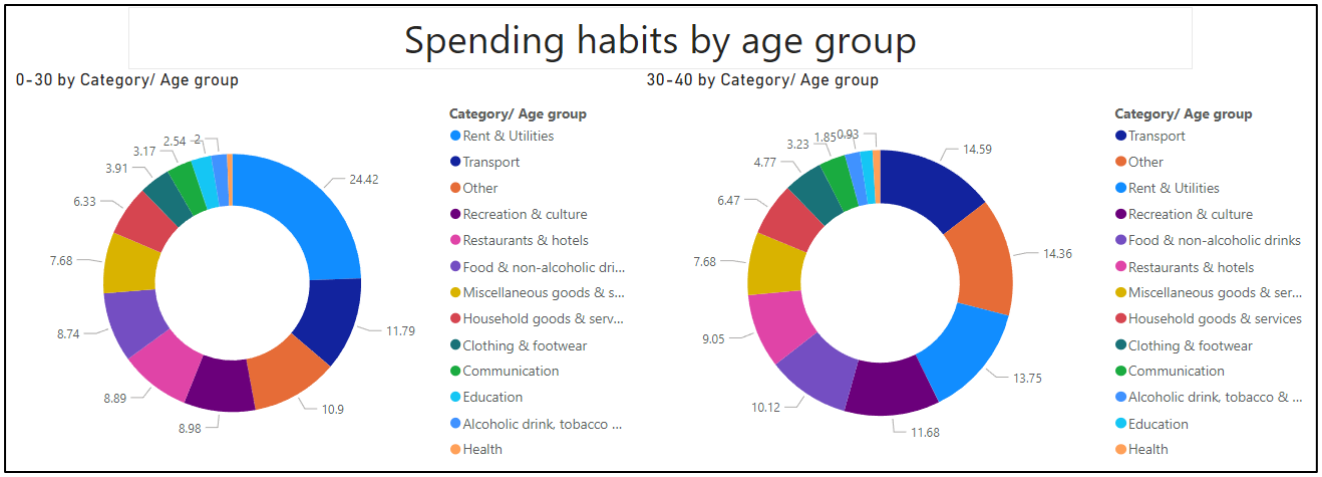

Figure 3 Spending habits of UK adults (Office of National Statistics, 2019)

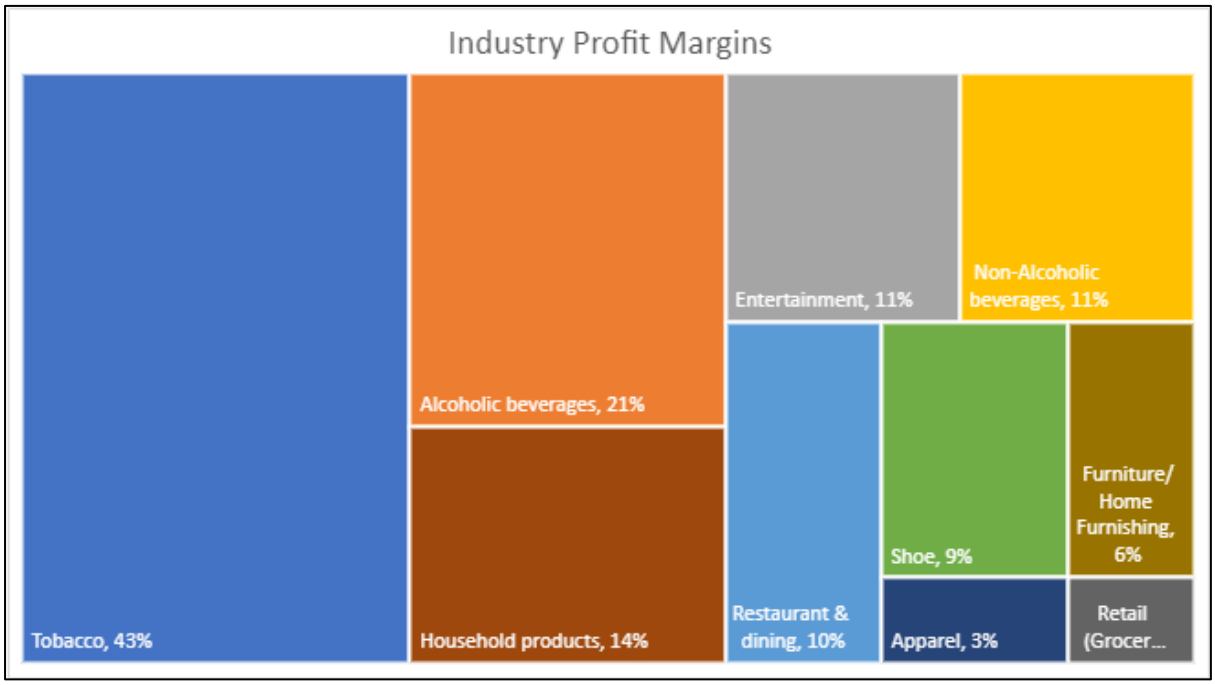

Figure 4 Profit margins of different businesses (Campbell, P. 2018)

Based on the above data collected, Fumopay should look to target the younger population as they have a remarkably high adoption rate in terms of using mobile for payments. By looking at their spending habits and the above established reasoning on the bureaucratic barriers in certain segments, the hotel & restaurant, clothing, household goods & services as well as groceries have a lower entry barrier from a business point of view as there is a motivation in the form of cheaper transaction processing rates and a significant improvement in cash flows.

To verify our analysis, we looked at data collected from Statista (2022) to look at transaction scenarios where mobile payments are used. Figure 5 shows the data points on where mobile payments are mostly used and it can confirm our findings and support our recommendations in chapter 6.

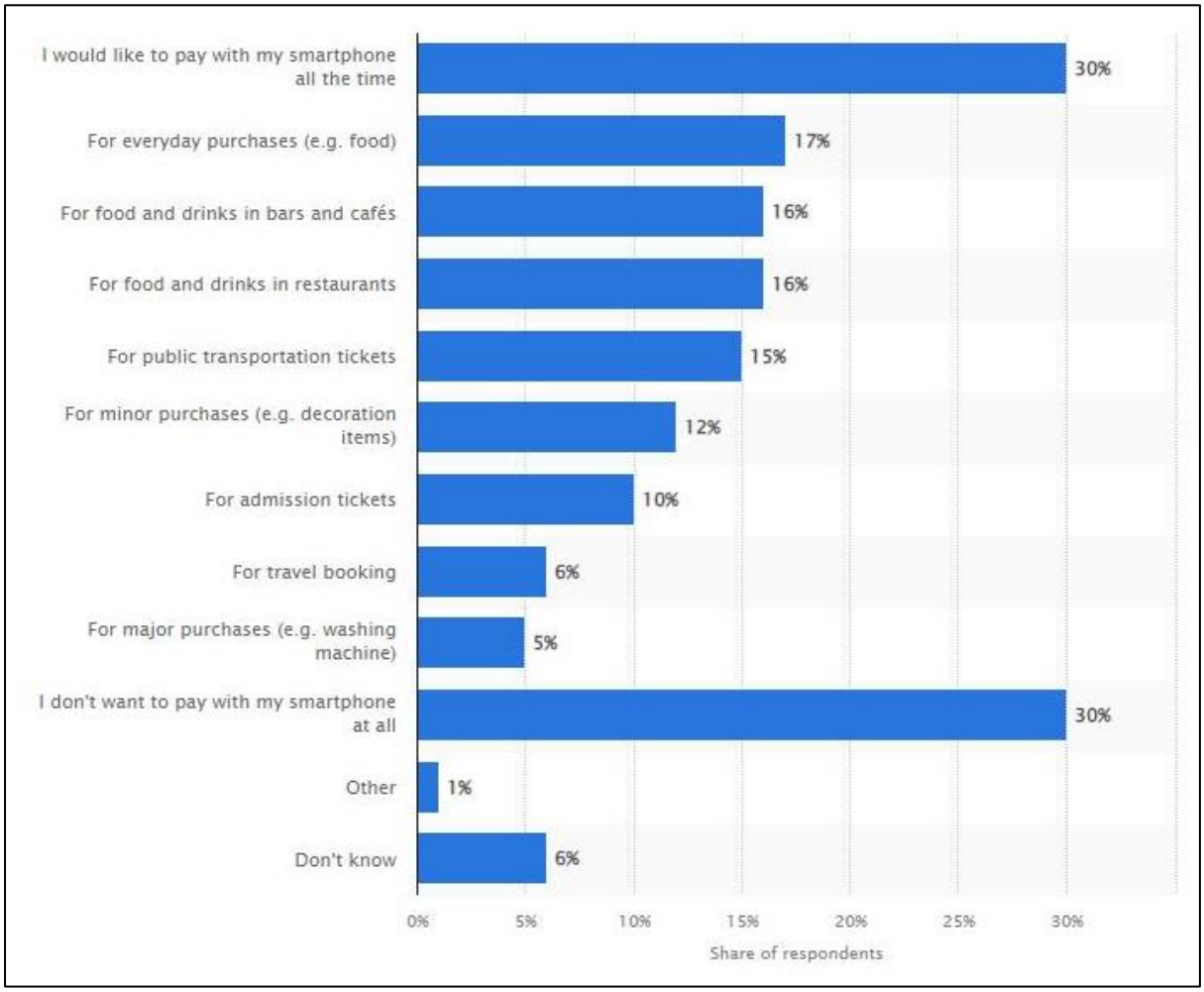

Figure 5 Transaction scenarios where mobile payments are used in the UK (Statista, 2022)

4. Industry Analysis

Industry analysis is a market assessment tool that provides insights to the competitive dynamics of an industry and helps an organisation understand its market position relative to other participants in the industry (CFI, 2018). There are several strategic tools used to analyse an industry, but for this research we have adopted a combination of Competitor analysis and SWOT analysis to better understand Fumopay's strategic positioning in the market.

4.1 Competitor Analysis

Competitor analysis is a strategic tool that evaluates an organisation's competitors with a view to gaining in-depth understanding of their products and market positioning (Caves, 1984; Porter, 1980; Scherer & Ross, 1990 - as cited by Chen, 1996). Fumopay has identified three main competitors – Zettle by Paypal, Block (Formerly known as Square) and SumUp, however, during our research, we identified a new entrant Tomato pay, as such, our analysis will cover the four identified companies:

4.1.1 Block (Square)

Company Overview:

Square, founded in 2009, is a San Francisco based merchant services aggregator and mobile payment company that aims to simplify commerce through technology (Crunchbase, 2022). It was founded by entrepreneurs Jack Dorsey and Jim McKelvey in fulfilling their dream of creating technology capable of aggregating merchant services and mobile payments into a single, easy-to-use service. In December 2021, Square, Inc. changed its name to Block, Inc. to account for the exponential growth the company has experienced since its inception and the new territories it hopes to enter.

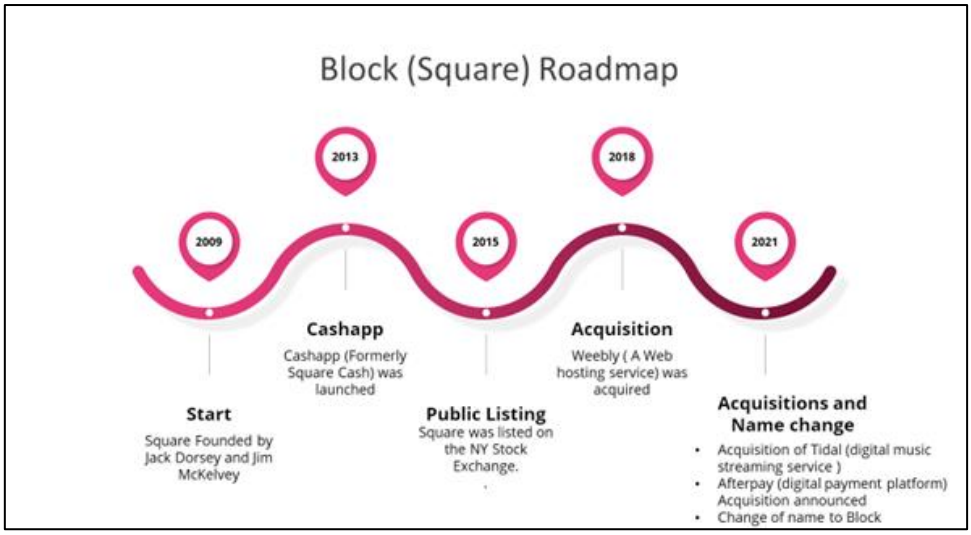

Figure 6 Block (Square) Company Roadmap

Revenue and Valuation

- Revenue growth from 2016 to 2020 is 455.83%.
- Peak revenue was $9.5B in 2020 and $17.661B in 2021
- Annual revenue grew 42.91% from 2018 to 2019, 101.5% from 2019 to 2020 and 85.9% from 2020 to 2021.

Employee Data

- 8521 Employees
- Employee growth 56%

4.1.2 SumUp

Company Overview:

SumUp is a UK-based payment processing financial technology company founded in 2011. Its platform allows businesses to accept card payments in-store, in-app, and online, in a simple, secure, and cost-effective way. SumUp supports more than 3.5 million merchants in over 30 markets worldwide and operates a product suite of tailor-made business tools created specifically for the micro and nano segments.

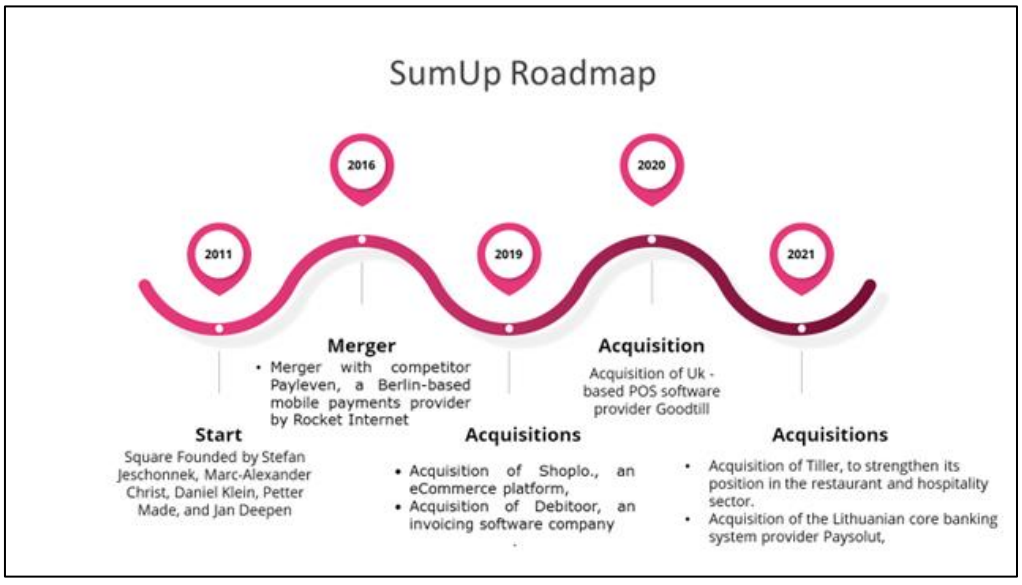

Figure 7 SumUp Company Roadmap

Estimated Revenue and Valuation

- Annual revenue $534.5M, Revenue per employee is $185,900
- Total funding is $1.4B.
- Current valuation is $1B.

Employee Data

- 2875 Employees.
- Employee growth 14%

4.1.3 Zettle by Paypal

Company Overview:

Zettle by Paypal, formerly known as iZettle and acquired by PayPal in 2018 (Bary, 2018), builds game-changing commerce tools, such as mobile card readers and point-of-sale apps that empower small businesses to compete with the big players (Zettle, n.d.). Its customers are small business owners in Europe, and America allowing small businesses get an integrated solution to accept a range of payments in-person with the Zettle card reader. It also helps them start selling online, and manage sales, inventory, reporting and payments across channels, all in one place. Zettle enables businesses to leverage PayPal's suite of payment and commerce solutions.

Revenue and Valuation

- Annual revenue $257.3M
- Revenue per employee- $294,000.

Employee Data

- 875 Employees.
- Employees reduced by 5% in the last year

4.1.4 Tomato Pay

Company Overview:

Tomato Pay is a QR-code-based payments and invoice app that allows businesses and sole proprietors to receive payments from their customers in a more equitable and ethical manner. Tomato pay, a more affordable method of collecting payments, allows businesses to receive payment almost immediately into their bank account, eliminates card minimum fees at the till, and ensures that business owners receive no chargebacks. Customers can help their communities by paying businesses in an ethical, cashless, and hassle-free manner, while also earning rewards and saving money. Tomato Pay is a secure payments app that is regulated by the FCA. It is based on the banking and payment Application Programming Interface (API)'s provided by Fractal Labs. Fractal Labs Ltd owns and operates the Tomato Pay brand (Fintech and Finance News, 2022).

Information on Tomato Pay's Revenue, Valuation and Employee data was available as at the time of writing this report.

Product and Pricing Comparison

	Block (Square)	SumUp	Zettle	Tomato Pay
Products	1. Card Reader 2. Cash App (POS App) 3. Invoicing Solution 4. QR Code 5. Payment Links	1. Card Reader 2. POS register (POS App) 3. Payment Links	1. Card Reader 2. Terminal (POS App) 3. Zettle Invoice 4. Payment Links 5. QR Code	1. All-in-one QR-code and invoice app
QR Code Transaction Costs	2.9% + $0.30	N/A	Transactions >$10.00: 1.9% + 0.10 USD Transactions <$10.01: 2.4% + 0.05 USD	Transactions <£10.00: 1p Transactions £10.01-100: 10p Transactions >£100: 0.1%

Table 1: Product and Pricing Comparison

4.2 SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is a framework that provides an overview of the internal and external factors impacting an organisation's performance and is used to evaluate a company's competitive position (Kenton, 2021).

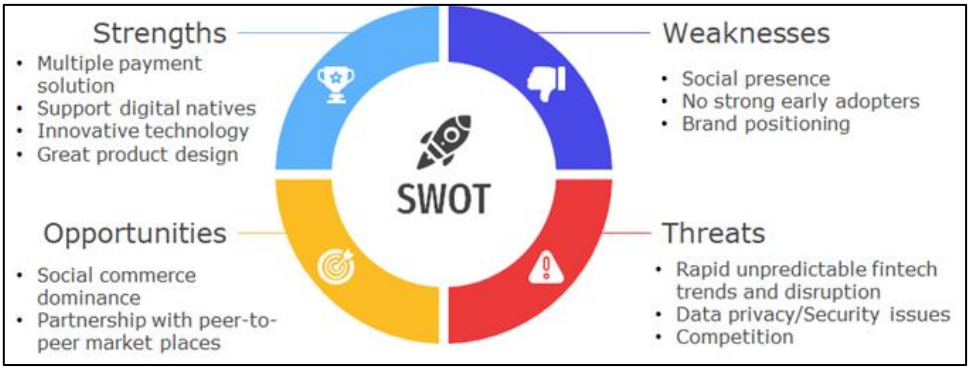

Figure 9 Fumopay SWOT Analysis

Strengths:

- Multiple payment solutions that can be used in different channels -Online, in-store, in-app, QR code and payment links
- Supports digital natives and social commerce
- Innovative technology and great product design

Weaknesses

- Low social presence: for a social application such as fumopay, its social media presence needs to be significantly improved on
- No strong product early adopters: early adopters believe in a company's value proposition and are willing to take more risks than the majority of the market. They serve as influencer to help promote the product/services of a company.
- Brand positioning: consumers are drawn to brands that they know, like and trust. Fumopay needs to improve how its brand is perceived to capture desired market share.

Opportunities

- Positioning as a preferred payment platform for social commerce sites
- Partnering with key players in the gig economy to create easy payment option for freelance e.g. People Per Hour, Fiverr, Upwork, Freelancer, many others.

Threats

- Rapid Unpredictable fintech trends and disruption
- Data/privacy/Security issues. Fintech companies as well as Fumopay face risk from increased phishing, third-party data sharing, and more. Close to 75% of consumers believe that fintech companies are more likely to sell their personal data than traditional firms.
- Competition: The Fintech and more specifically the Payment processing subsector is very competitive with new products, innovation and companies are being launched quite rapidly.

4.3 Differentiating factors

- **Scan And Pay**

  Fumopay is an innovative payment solution that enables businesses and consumers to make account-to-account payments using its end-to-end platform. It's built on open banking, which means it eliminates the need for consumers to carry a debit or credit card. It allows people to pay with just a QR code or through the app when

they're shopping online or instore. Fumopay allows customers to scan the automatic QR code and easily transfer money and receive money from a third party in near real time without having to go through the manual process of entering account details and waiting for account verification.

- **Group Pay**

Fumopay is a bank agnostic app, which means it doesn't matter which one you bank with. It will automatically assign the amount due to each person and will notify you when an instant payment is sent to your bank account. Being left to chase after people for money can be a frustrating situation, as Fumopay makes group payments transparent. It can be used to set up a group for house sharing or a club, and it will automatically assign each member a payment amount. With Fumopay, you can see who has paid and who hasn't. You can also monitor the group's balance and nudge those who have not paid. It can help keep the conversations simple by avoiding the difficult conversations that can occur within the group. This makes it one of their outstanding features, it also gives Fumopay a highly competitive advantage in the market.

5. Barriers

Besides the importance of the unique value propositions from Fumopay, it is also noteworthy to consider the barriers. Thus, they are critical factors in influencing consumers' acceptance of the technology solution proposed by Fumopay.

5.1. Technology adoption theories

This section involves a literature review of the research question, which focuses on the two most used models by expertise. Hence, those theoretical models would support the identification of the relevant adoption barriers concerning Fumopay technology.

According to Davis (1989), TAM describes how users accept and use new technology. In summary, when users are facing a new technology two determinant factors influence the decision about how and when they will use it (see figure 10). They are the "perceived usefulness" and "perceived ease of used". The first factor corresponds to a personal belief of using the new technology would help accomplish a specific task, on the other hand, the second factor describes how the adoption of the new technology would be free of effort.

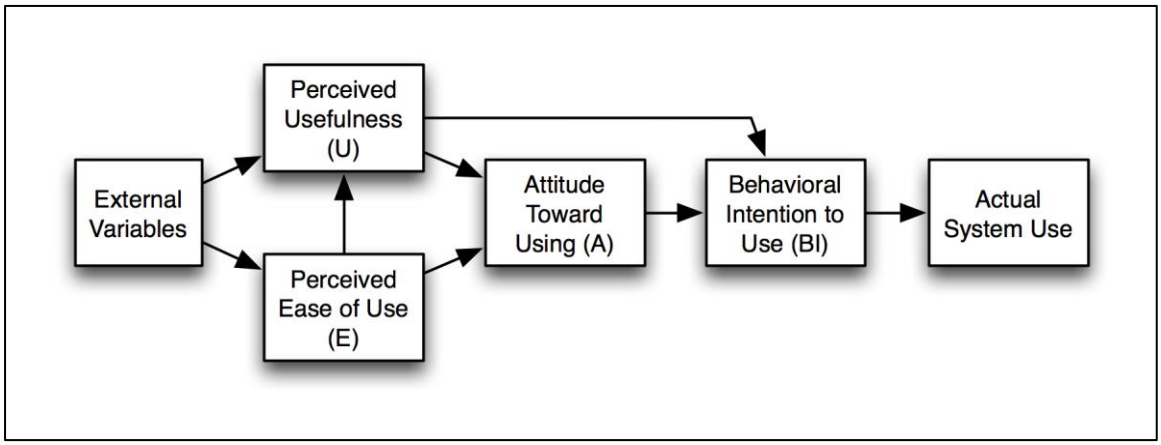

Figure 10 Flow diagram of Technology Acceptance Mode (Davis, 1989)

Furthermore, referring to Chakraborty and Al Rashdi (2018), the UTAUT consists primarily of key determinants and moderators. The first, performance expectancy refers to the level to which an individual believes that using the system will help to attain progress in job performance. The effort expectancy describes the degree of ease associated with the use of the system. Social influence focuses on how individuals perceive other beliefs about the possible adoption of the new system. Lastly, facilitating conditions refer to the individual's belief that an organisational and technical infrastructure exists to support the use of the system. On the other hand, moderators are gender, age, experience, and voluntariness of use. The following diagram (see figure 11) shows how the various factors affect each other.

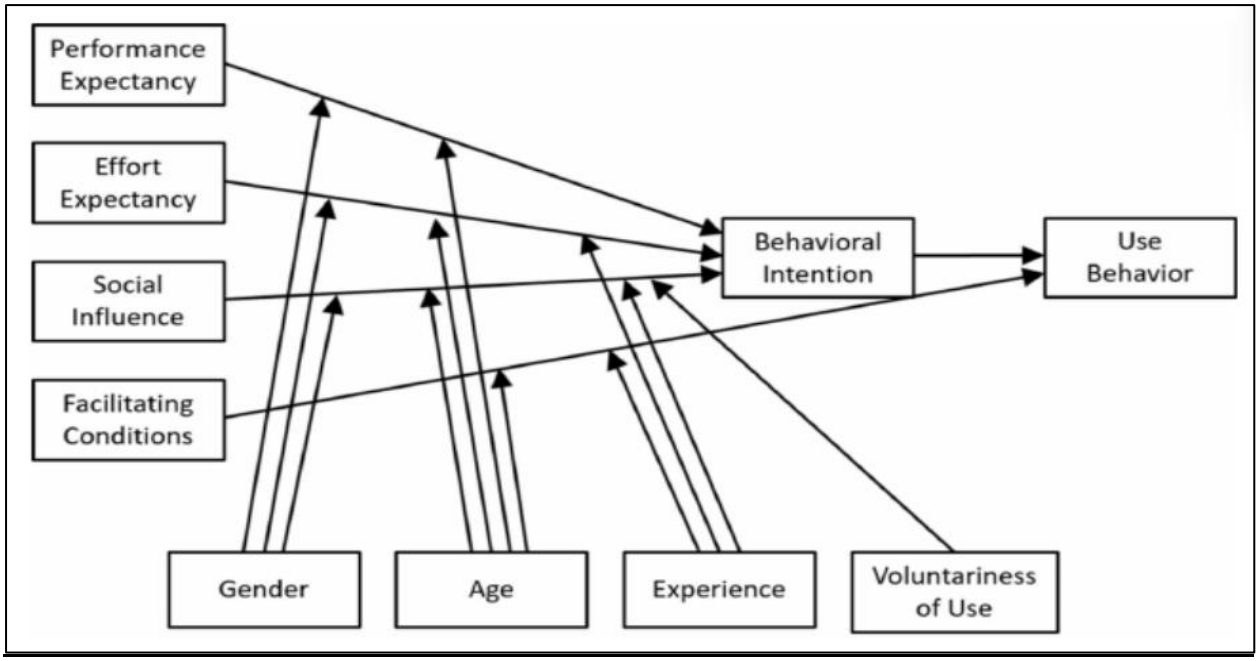

Figure 11 Flow diagram of Unified Theory of Acceptance and Use of Technology (Venkatesh et al., 2003)

The UTAUT model introduced by Venkatesh (et al., 2003) is based on the eight most common theoretical frameworks constructed to understand the individual adoption and use of technology, including Innovation Resistance Theory (IRT). Finally, the model suggests that use does not necessarily equal acceptance.

5.2. Identified Barriers

Moreover, those theoretical models include various factors that would affect the acceptance of new technology from the consumers' perspective. In the case Fumopay, there are three main barriers applicable to the QR code payment solution: data privacy, data security, and traditional barrier.

- **Privacy**

According to the IRT theory, an image barrier refers to the image perceived by the consumer of the service providers. Specifically, in the open banking spectrum, there is a concern about what fintech companies may do with the data processed. Or rather, an uncertainty of third-party vendors (excluding the bank) handling personal data relatively to predatory marketing concerns. For instance, referring to research by The Logid group (2013) and a leading market researcher Ipsos Mori (2019), among 1010 British residents between the age of 16-75, where 1/3 of British consumers do not trust the retailer to hold their private information. Particularly to the proposed target segment, the survey found

only 34% of participants between 25-34-years old are willing to share their data. Although, it is also noteworthy to highlight the considerable high adoption rates among different age groups (UK Finance, 2021). Thus, the findings from the Ipsos Mori (2019) study might not be conclusive, but it arguably represents the sentiment of consumers against the actual adoption rate.

Moreover, another argument is that data sharing could potentially lead the easy access to consumer data by the government, as spotted in extreme cases like China. The open banking implementation could allow government authorities to easy and ready acquisition to individual and aggregated data sets from fintech companies. Those doubts are highlighted by a Yahoo finance (2021) survey where just 26% of the respondents are willing to live in a cashless society. In addition, according to JP Morgan Chase's (2022) analysis shows the United Kingdom is one of the least growths toward cashless societies in Europe. Therefore, despite data showing a significant shift toward initiatives such as open banking from many governments, there is also resistance to embracing those consequent technologies from consumers.

- **Security**

Many theoretical models (TAM, UTAUT, and IRT) found that perceived risk, precisely the security element, is a significant barrier to technology adoption. Analogous to the data privacy barrier, consumers also have concerns concerning giving data to fintech companies for security reasons. For instance, a study conducted by Beutin & Harmsen (2019) found that consumers trust their banks but are more concerned about the vulnerability of third-party providers, in regard to data leaking or hacking. This apprehension is also relatively backed by a UK government survey where almost half of SMEs had cyber-attacks in 2021 (UK Government, 2022). Additionally, a study (Karesoja, M., 2020) in Finland found that security risk is a major factor in the adoption of mobile payment relatively to any contactless payment technology as there is a lack of trust in mobile phones for high values transactions. Considering that Finland is ranked third as a prospective cashless society (JP Morgan Chase 2022), this demonstrates how data security as an adoption barrier would be more significant in a country with a lower ranking, for example, the United Kingdom.

- **Tradition**

Lastly, the traditional barrier derivable from the UTAUT model refers to the psychological barrier of changing a routine caused by innovative approaches or new technology. This signifies that the greater importance of the habit would result in a higher difficulty to overcome the traditional barrier. In the case of Fumopay consumers, there is a generational attachment to cash payment and any other well-established payment methodology (UK Finance, 2021). A rationale for this inclination is that generally British

consumers rely on cash to budgeting, especially during this period of the rise in living expenses. Evidence of that, an FCA (2021) survey found that almost half of the respondents rely on cash for budgeting as it generates friction in spending. Also, the easy accessibility of cash led that barrier to be more prominent for Fumopay despite the decline in the usage of cash in the recent period (UK Finance, 2021). For instance, just less than five per cent of the UK population has no access to free services providers of cash within one mile (FCA, 2021).

On the other hand, the main technology challenger of Fumopay as fast payments is the contactless methodology through debit cards. As the ¼ of payments processed in the UK were from the contactless procedure; and concerning total payment volume in the UK, contactless far exceeds fast payments (UK Finance, 2021). Hence, this data arguably validates various theories of consumers' attachment to old habits and the comfortability of using established adopted technology.

5.3. Barriers specific to our target market

Furthermore, referring to the findings of the suggested market segments for Fumopay, there is a distinctive adoption barrier for those industries, although still relatable with three main barriers already highlighted. For example, in the retail industry appeared that the traditional aspect is a significant barrier to consumer adoption. There is a study by Koo and Kim, 2015 (Appendix 1) conducted in Korea about the utility of QR code technology in the context of the apparel market. The quantitative analysis based on the UTAUT model found that the main barrier can be attributed to culture acceptance (ubiquity). Similarly, Pillai et al (2017), found that QR code adoption is limited by a lack of awareness in the hospitality and tourism industry. Controversary, in the retail store and restaurant industry data security, seems to be a not significant barrier toward QR code adoption, from substantial investigations. For instance, Eyüboğlu et al. (2016) (see Appendix 2) studied the Turkish population regarding which factors could lead consumers to adopt QR codes and discovered that all the variable in the TAM model has a significant impact on the intention on adopting QR code for shopping, excluding the variable perceived risk (security). Likewise, a survey by Ivanti (2021) shows that more than 96% have used QR codes for retail stores and restaurants and find that as a secure payment method. Though more than half of the respondents could not distinguish a malicious QR code (Ivanti, 2021).

Concluding, the adoption barriers in the perspective of consumers towards Fumopay technology are mainly traditional barrier and barriers related to data. The first aspect combined many psychological attributes such as recognition, and comfortability with previous technology and approach. The data aspects involved arguably both irrational

fears; also, concrete cases, for instance, the data privacy exploration by the Chinese government or the rising of cyber-attacks on SMEs in the UK. Besides, the analysis of the adoption barrier by industry is mostly based on secondary data from samples outside the UK. Although those findings arguably are indicative of the adoption barriers of fast payment technology by Fumopay, they could deviate from the hidden aspects highlighted in the first section. As the latter is mostly based on national (UK) data and widely used theoretical models on the topic which enhanced the rigour of the research.

6. Recommendations

Our recommendations are divided as:

1. Target market strategy
2. Market penetration strategy
3. Marketing strategies
4. Future offerings

6.1. Target Market Strategy

We identified in our research (discussed in section 3) that the age range of consumers with the highest acceptance rate of mobile payments (UK Finance, 2021), is between 18-50 years and this age group has a lower barrier to adopting new technology because they are always looking for new and easy to use technologies.

- **Savings feature.**

Our research revealed that the ideal customers for Fumopay are spendthrifts who want to save while they shop. Open banking payments can help the participants of open banking network recommend custom products to its users and this will benefit the users. Tracking their spending habits is also a good addition to the app as it will help customers make better spending decisions.

- **Budgeting feature**

One of the main advantages of open banking is the ability to provide consumers with more secure and convenient ways to manage their money. One of the most common types of financial management tools that are available in the personal finance management platform. This type of solution can allow individuals and small businesses to easily manage/budget their finances.

There is also an increasing reliance on budgeting apps to help individuals plan their expenses to cope with the rising cost of living and no increase in the take homes. The

public needs to be made aware that using open banking payments can help them get that customized and accurate advice on budgeting based on their spending habits. According to consumer representatives, the potential of open banking and data sharing could help people improve their financial capabilities.

6.2. Market Penetration Strategy

Cash usage is declining, which presents chances for new payment methods to expand their market share. The UK Payments Market Summary has a thorough documentation of this. In the UK, cash continues to be the preferred payment option, accounting for 17% of all transactions second only to debit cards (52%).

Based on our study of similar QR payments service providers in India, we have the following recommendations to in terms of customer acquisition:

- **Cashback or Rewards Program**

According to a study on the usage and relevance of mobile wallets in India (George, Sonawane and Mishra, 2021), popular QR payment service providers like 'Paytm' and 'PhonePe' which processes 80% of all QR transactions between them, used cashback programs to attract more users on their platforms. This program has also helped them retain customers effectively. These platforms adopted a cashback program and then pivoted to giving coupons as rewards when their customer base grew. We believe a similar strategy will help customers adopt Fumopay as our target customer base is focussed on smart spending.

- **Location Strategy**

The location strategy is critical because the first impression created in the minds of customers will be long lasting. Fumopay should begin expanding in areas with a high density of our target customer base as well as many small businesses in our target market segments. This will allow Fumopay to collect actual first-hand data on Fumo's perception. This will also allow Fumopay to improve the user experience before expanding to larger cities and chain businesses.

6.3. Marketing strategies

The marketing of a product or service plays a critical role in the perception of potential consumers. Especially in the case of Fumopay, having an adequate strategy would be a catalyst for the company to overcome the barriers previously identified. Therefore, it has been identified three main marketing strategies that would be arguably beneficial for Fumopay.

- **Online presence**

The use of an online channel as a tool to promote and educate the potential consumers regarding the benefits of using Fumo. For instance, Fumopay should make educational videos on the topic of open banking through marketing tools such as google ads and social media. Also, emphasise specific features that contradistinguish Fumopay from competitors, for example, the ease of sending money without having to type the account numbers and the possibility to split bills with friends. An article from Marketing Science Institute (Keller, k., 2001) found this strategy has a positive impact on brand awareness in the online space. Further, it highlights that building a Customer-Based Brand Equity model helped companies such as Yahoo, E-trade and eBay to strengthen their online branding in the early stages. Hence, following this strategy would position Fumopay ahead of competitors in the evolution of the payment system; and importantly, overcome the adoption barriers correlated with trust in the brand.

- **Sponsorships**

Another method that can be used to enhance the visibility and recognition of the Fumopay brand is sponsoring specific organisations. For instance, sponsor sporting events and or music festivals where there is a high concentration of the recommended target customer base. The relief of restrictions concerning social distancing had exponential effects on the events industry (House of Commons Committees, 2021), which can be exploited by Fumopay. Additionally, according to Chebli and Gharbi (2014), using sponsorship can increase the value of a company's image. A similar study by Cambridge University (Keller,2001) found that sponsoring sports events is an effective way to influence consumers' intention to purchase or used the sponsored product or service. Therefore, Fumopay adopting this marketing tool would significantly increase the perception of the brand, especially the apprehension from consumers on the company misusing data.

- **Social events**

Analog to sponsorship strategy another physical presence approach is to organize events to promote the brand and partner with the shopping center. Further, a suggestable promotion strategy is to allow consumers that adopt the Fumopay technology to have a chance of winning cashback on their purchases. Business Insider’s (2019) and Shopify’s (2022) analysis discovered that this type of event enhances visibility, sales, and social media engagement. Alike an online experiment by FCA (2021) found that promotions that resemble cashback considerably attracted consumers.

In summary, the combination of those three strategies would assist Fumopay to overcome the adoption barrier earlier examined. The first is to increase the online presence and reach the suggested customer base through ads and educational videos of the app and

the fintech spectrum. The second suggestion is to embrace the growth of social events following the pandemic through a sponsorship strategy, which in return, it would positively impact the company's visibility. Lastly, Fumopay could also partner with shopping centres and other related organisations, and it could leverage these partnerships to promote the apps through incentives for consumers on using Fumopay technology.

6.4. Future Offerings

The continuity of the business is depended on the ability of the business to pivot and meet the ever-changing customer preferences. In this section, we will look at future offerings Fumopay can consider to increase their market share in the payments industry.

- **Foreign Payments**

The travelling population hates the idea of having to go through the bank to meet their foreign exchange needs. With Fumopay already having a customer base, they can venture into offering the services of helping their customers settle transitions in different currencies through the same operating infrastructure used in normal payments. With the technological advantage Fumopay has, cost effective spreads can be given to its customers. This also gives Fumopay an opportunity to expand into other markets.

- **Analytics**

Giving spending analytics to users, can help them make better spending decisions. Although banking apps provide a summary of spending, customers would like something that is customizable which most banking apps don't offer.

- **SuperApp**

The interest for SuperApps in the has been growing as shown in figure 12 below. The idea of being able to book travel tickets and pay bills from the same place is lucrative and many QR payment service providers in Asia have evolved into a SuperApp in one or the other way. This would help Fumopay capture more market share in payments and another revenue stream for the business.

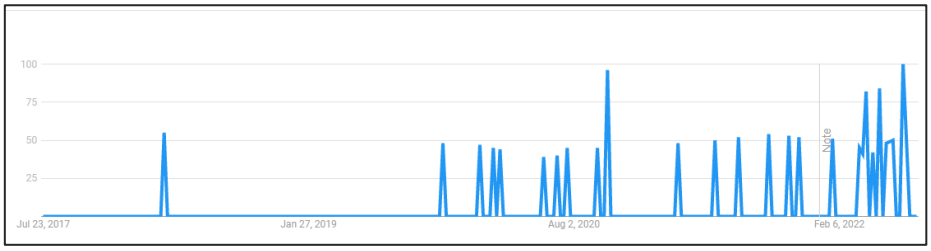

Figure 12 Interest shown in SuperApps in the UK (Google Trends, n.d)

7. Conclusion

Our thorough research provides an overview of the Payment Processing Industry, a market analysis, a breakdown of the various customer segments, and insight into the ideal target audience for Fumopay to target. We also examined this customer segment, as well as potential adoption barriers and how to overcome them. We researched the competition and created a SWOT analysis for Fumopay to use in developing an effective market entry strategy. For Fumopay to consider, our recommendations included a target market strategy, market penetration strategy, marketing strategies, and future offerings. These have laid the groundwork for a market entry strategy that is effective, profitable, and successful.

A successful market entry strategy requires a well-balanced combination of Product, Price, Promotion, and Place. Fumopay is an excellent product with numerous opportunities for innovation and growth. This report has provided Fumopay with the necessary information and strategies to determine the most effective balance of Price, Promotion, and Place.

8. Research Limitations

The time constraint was one of our study's major limitations. Primary research and statistical analysis of data would be required to properly gauge public opinion on open banking and understand the effects of rebranding 'open banking payments' as 'peer-to-peer bank transfer.

Any business recommendations would need to be validated with a cost benefit analysis, which could not be performed at this time. This analysis would aid in estimating the recommendations' capital efficiency.

The team was also constrained by the availability of only free data sources, which prevented a thorough analysis of some parts of the research.

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Appendices

Appendix 1: The demographic of the sample from Koo and Kim (2015) survey:

Demographic profile	
Number participants	103
Female	70.68%
Male	29.32%
Age range	19-29 (mean = 21.58)

Appendix 2: The demographic of the sample from Eyüboğlu et al. (2016) survey:

Table 1: Demographics of Respondents

Demographic Profile	Frequency	Percent (%)
Gender		
Male	407	58,6
Female	288	41,4
Age		
18-25	193	27,8
26-35	205	29,5
36-45	164	23,6
46-55	98	14,1
55+	35	5
Educational Background		
Primary School Graduate	140	20,1
High-School Graduate	278	40
Bachelor's Degree	245	35,3
Post Graduate	32	4,6