

Finance now, new zealand analysis



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Company Name: Finance Now, New Zealand

Companies find it hard to survive in today's world of cut throat competition. All functions, including but not limited to, IT, Marketing, Service, Operations, Human Resource Management etc. are vital in making an organization a commercial success (Scott, 2015). Marketing, being one of the most significant domains, has a crucial role to play. Right from zeroing on a target market to communicating the end product to users, marketing has it all covered under its wing (Slater, 2015). This report highlights the facets of marketing, such as market segmentation, impact the overall performance of a firm named Finance Now. It also gives an overview of the impact of external as well as internal business environment on the functioning of the firm. A detailed analysis highlighting the strengths, weaknesses, opportunities and threats of organization has also been done.

Finance Now Ltd, established in 2000, is a company that is 100% owned and managed by a loan-lending, local company of New Zealand. SBS (Southland Banking Society) is the parent company of Finance Now and was established in 1869. The company is known to grant loans to only kiwis and work visa holders. A wide array of loans comprising of retail loans, business loans, personal loans etc. are offered to kiwis by the largest building society of New Zealand, SBS. Finance Now has a diverse range of products to offer to its customers. Its association with over 1500 retail locations helps boost its credit sales for motor vehicle dealers as well as good finance/consumer loans all through New Zealand. Interest rates charged by the organization vary from person to person depending on the type of application (Now, financenow. co. nz, 2017).

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The business world, today, is facing with numerous challenges when it comes to running a commercially successful organization, courtesy the ever-changing external and internal environment. The growth and profitability of a firm are largely dependent on factors within and beyond the scope of the organization (Dibrell, 2015). Thus, it is in the best interest of a firm to adopt strategies that promote sustainable development taking into consideration the impact of external as well as internal factors affecting growth (Boons, 2013).

External Environment:

Some of the factors, beyond the control of the organization, that may have an impact on its growth are:

1. Social Factors:

The lifestyle of the local population of the country in which the firm is operational is a major determinant of the success of firm. This is because a grand lifestyle with little disposable income would result in an enhanced customer base taking loans (Medina Munro, 2017). Growth in population is another factor that could enhance the penetration of Finance Now as more people would mean more requirements of houses and other facilities (Rothaermel, 2015). Also, the rapidly increasing working population of New Zealand has the potential to impact the growth of Finance Now.

2. Legal/Regulatory Factors:

Affirming to the rules and regulations set by the government of New Zealand is a prerequisite to establishing and running any business in the nation.

Fluctuating interest rates have a direct impact on the growth of financial firms with more customers taking loans when the interest rates are low

(Chang, 2013). The documentation process is often standard and a simpler process helps getting more customers on board.

3. Economic Factors:

The economic situation of New Zealand is expected to impact the growth of Finance Now the most. This is because, a fluctuating economy would directly contribute to a fluctuating customer base with more people opting for personal and business loans when the economy is low. An evidence is that SBS recorded an annual growth of 24% in Financial Year 2014-15 even though the GDP staggered at 3.5% (McBeth, 2015). A rise in inflation rates leads to a rise in interest rates. On the other hand, a drop in inflation may lead to more locals taking to financial help due to lesser rate of interests. This helps in increasing profitability of financial firm. For example the profit made by SBS rose to \$14.7 mn in the first two quarters of Financial Year 2016 despite the drop of interest rates as more people opted for loans (Morgan, 2016).

4. Technological Factors:

Technology helps make the otherwise complex procedures of documentation easy, hence contributing to the growth of an organization (Rouse, 2016).

- E-Money feature
- E Finance cash card for consumer loans
- Online Portal
- Mobile Apps-AMP
- Digital Marketing & PPC Digital Advertising, Remarketing or Retargeting

Internal Environment

The internal environment of an organization comprises to elements that can be controlled by the organization to an extent (Kuratko, 2014). For example infrastructure, employees, values, vision and mission and products and services offered (Hair, 2015).

Finance Now competes against others of its kind in the market, including Kiwi Bank, ASB Bank, Moneyshop, Loansmart, Harmoney, Ferratum, Moola, Rapid Loans etc. The more the presence of competitors, the more beneficial a company's products and offerings must be in order to sustain competition. A competitive advantage can be gained by organizing marketing campaigns to increase awareness about products, offering products with enhanced customer value and also guaranteeing superior service (Wagner III, 2014). For example, SBS banks on competitive pricing for gaining an edge over other players in the market. It launched a 3.99% fixed mortgage rate in 2016, which was the lowest observed interest rate in decades. SBS also offered a 0.20% bonus on Term Investments which provided an added benefit to existing investors, thus contributing to customer retention (Bank, 2016). The diverse range of products offered by Finance Now, ranging from personal and home loans to retail loans, helps attract customers from all walks of life. The coming together of Finance Now and dentist's of New Zealand to offer an interest free credit deal for 12 months is a great example of how the company intends to diversify its offerings (Times, 2014).

A SWOT analysis helps us determine the Strengths, Weaknesses, Opportunities and Threats of a firm.

Strengths

1. Advertisements:

The light hearted advertisements of SBS bank help in attracting new customers and also retaining those existing For example the warm advertisement depicting a couple's excitement to embark on a journey of owning their own home (Commercial, 2016). Finance Now also organizes competitions to help keep its customers engaged (Now, Finance Now)

2. Team, members and partners:

The team of Finance Now is its biggest strength. The customers are referred to as members. The company also has over 1500 retail partners to help boost its business (Now, financenow. co. nz).

3. Innovation:

Finance Now follows innovative techniques to cope with the ever advancing technology. For example the e-money card and mobile app launched by the company have been immensely popular among masses (Fung, 2014).

4. Customer Service

The finance companies or banks are always known to be in the good books of its existing customer base by virtue of its superior customer service. The testimonials put up on the website are evidence of the same (Now, financenow. co. nz, 2016).

Weaknesses

1. High interest rates

Finance Now offers Business loan interests ranging from 0% to 22.5% (Now, financenow.co.nz). Other competitors offer loans at a borrowing rate of 14-18% on an average (Tarrant, 2017)

2. Nomenclature

Since Finance Now is an extremely common name, particularly in the world of finance, it becomes difficult for the company to mark its online presence

Opportunities

With more and more people taking to loans as an easy way of starting a business or buying a house, the loan market is on a rapid growth (Riasi, 2015). The ease of applying for loans makes it an even better deal. With Finance Now positioned as a Kiwi Bank, it has an edge among the locals of New Zealand.

Threats

Presence of several competitors with substitute products at cheaper interest rates poses the biggest threat to Finance Now. Government policies may also not always turn out to be in favor of the financial institution.

- Advertising Policies- Google & facebook- Ban on Payday & personal Loans with high interest rates.
- Govt & Financial Organization Polices – Example of Competitor- recent New – Rapid Loans

The theory of stakeholder identification is majorly concerned with the principle that who all and what really counts in an organization. The

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normative theory of stakeholder identification helps us understand why employees and managers are important stakeholders in an organization (Agné, 2015). Some of the other important stakeholders of Finance Now are:

1. Parent Company SBS

The board of members of the parent company of SBS comprises of the most prominent stakeholders of Finance Now. The ultimate decision pertaining to any activity carried out by Finance Now is monitored by the parent company.

2. Associated Company -Marble Finance

3. Team

Finance Now has its own employees working to attain the vision and mission of the company. The employees belonging to different levels of management and varied domains are significant stakeholders as they impact the profitability of the organization and vice versa.

4. Members

The company treats its customers as its members, offering privileges from time to time. The members of Finance Now invest money and show faith in the organization which makes them important stakeholders in the firm.

5. Retailers

Finance Now has a tie up with over 1500 retailers(list enclosed appendix no) in order to boost sales across the country.

6. Associates

In addition to having an association with retailers, Finance Now also makes associations with third party Sales and Marketing Teams in order to ensure deeper penetration of its products into the market.

7. Customers/Loan Applicants

The loan applicants are also put their faith on company before applying for a loan.

8. Other Investors

Target market identification is essential for an organization. This is because it becomes difficult, almost impossible, to cater to the needs of the masses without having a target population in mind. The same product may not suit everyone. Hence, market segmentation is done in order to ensure greater profitability. The products are designed to fit the needs of the target market, thus ensuring a deeper penetration and bigger market share.

Market segmentation at Finance Now was done based on the industry it was to operate in. Money lending financial institutions often target a market that they can rely on to repay the loan within a stipulated time. The needs of the target market were then reviewed to create a portfolio of product that could fit the needs of the target population.

The process of target market identification proved to be robust with the company making profits soon after its inception. Finance Now aims at catering to the needs of the working population (Li, 2016). This is because the working population has the ability to repay the loans along with the interests associated with it in the future (Bilton, 2016). Finance Now offers a

wide range of products ranging from car loans to vacation loans, thus ensuring that all sub groups of the target market are catered to. Secured loans with lesser interest rates are available for those who wish to provide a backup or security, such as a car or property, against the loan that they take. Unsecured loans at the other hand, have the benefit of not having to keep anything as security. The interest rates, however, in case of unsecured loans are higher than those for secured loans. The market segmentation strategy has been working in favor of Finance now with the firm expanding its customer base and making enhanced profits.

Finance Now has been a profitable financial institution because of effective market segmentation and positioning. The firm has also efficiently used marketing campaigns to its favor. The wide array of product portfolio offered by the company is instrumental in helping it cater to its target market. The use of technology further enhances its growth prospects. The organization aims at outweighing the presence of competitors in the financial arena by virtue of providing a superior experience to its customers.

Appendices

1. Types of loans and products
2. List of Retailers and partners
3. List of competitors
4. Organic Rank Report
5. Glimpse of Google Adwords
6. TV and Radio Advertisements links