

SEGMENTING AND TARGETING-BASED STRATEGIES AT PT BANK SYARIAH INDONESIA JEMBER BRANCH

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ABSTRACT

To encourage the development of the Islamic economy in Indonesia, the government merged three Islamic commercial banks: BRI Syariah, BNI Syariah, and Bank Syariah Mandiri into Bank Syariah Indonesia. Some studies show that the post-merger market share of BSI increased to 3.3 per cent. However, in terms of assets and market share, Islamic banks are still inferior to conventional banks in Indonesia. The purpose of this research is to know more deeply how the market segmentation of Bank Syariah Indonesia (BSI) Jember Branch in Jember Regency and researchers want to know the development strategy carried out by Bank Syariah Indonesia (BSI) Jember Branch by using Segmenting and Targeting Strategies in Jember Regency. The method used in this research is qualitative with a case study approach. From the results of this study obtained a model of development strategy based on segmenting and targeting at BSI Jember Branch.

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1. INTRODUCTION

Indonesia's Sharia economy is at an important stage in the current global economic uncertainty. When seen as an important pillar in helping the Indonesian economy, the contribution and role of the Islamic economy to the national economy is still not significant. Currently, the development of Islamic economics in Indonesia is considered more inclined to the financial sector. When viewed from the number of Indonesian Muslims according to data from The Royal Islamic Strategic Studies Centre (RISSC), there are 231.06 million people with a percentage of 86.7% as of 2021. This is a very large market share for Islamic economy-based products and services.

According to the Global Islamic Economy 2021, Indonesia is included in the Top 15 Global Islamic Economy Indicator Score Rank by occupying the 4th rank position. Indonesia is even included in the top 10

consumers in each sub-sector in the halal industry. Indonesia's Islamic financial industry in the Global Islamic Economy 2021 is ranked 6th. The Islamic financial industry in question includes Islamic banking and the Islamic capital market.

The development of Islamic financial institutions in Indonesia informally began in 1992 with the establishment of Bank Muamalat as a pioneer of Islamic Banks in Indonesia (Sari et al., 2016). From 1992 to 1998 there was one Islamic Commercial Bank and 78 Islamic Rural Banks in operation. When viewed from statistics, the development of Islamic banking in Indonesia is very significant. This development is influenced by internal and external factors. Internal factors such as human resources, finance and good corporate governance. External factors such as economic growth, national and international Islamic institutional infrastructure and public perception of the existence of Islamic free banks. Market share is an indicator in determining a company's good value in grabbing the market against its competitors

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(Srivastava et al., 2001). In July 2021, the total assets of Islamic banking were IDR 631.58 trillion with a market share of 6.59 per cent. However, this figure is still far from the target set by Bank Indonesia, which is 15 per cent. When compared to the Islamic finance market share of Malaysia, it is also still very far away, Malaysia has reached 29%.

Indonesia's Islamic finance quantitative development score according to the Islamic Finance Development Report 2021 is only 27, far below Malaysia which reached a score of 98 (Widiastuti et al., 2022). This condition reflects what has long happened in Indonesia in the Islamic banking sector. For 20 years of operation, various measures of banking industry performance assessment such as CAR, ROA, BOPO, LDR, NIM, NPL, Islamic banks have always been lower than conventional banks (Ministry of PPN / Bappenas, 2018). In terms of assets, Islamic banking only has assets of IDR 694 trillion, far from national banking assets which reached IDR 10,298 trillion in 2021. Likewise, the market share is only 6.7%.

To encourage the development of the Islamic economy in Indonesia, the government has merged three Islamic commercial banks: BRI Syariah, BNI Syariah, and Bank Syariah Mandiri. Some studies show that BSI's post-merger market share increased to 3.3 per cent. This relatively small increase in market share shows that the merger did not necessarily make BSI the bank of choice for customers. The huge market potential must be matched by the ability of people to utilise it. Consumers are the main target in marketing. Of course, each consumer has different goals, hence the need for Segmenting and Targeting Strategies in companies to provide a broader framework for strategic success in the market. Some previous studies such as Hsu (2011) say that Segmenting- Targeting Positioning are 3 components that have an important role that must be carried out in a series of promotional strategies for a company.

Islamic banks in Indonesia have existed since 1992 (Sobol, 2016). But until now, the public seems indifferent to the development of Islamic Banks in Indonesia. This can be seen from the phenomenon of the low market share of Islamic banking in Indonesia, which only reached 6.7% as of 2021. In this study, researchers wanted to analyse more deeply how the market segmentation of Bank Syariah Indonesia (BSI) Jember Branch in Jember Regency and researchers analysed the development strategy carried out by Bank Syariah Indonesia (BSI) Jember Branch using Segmenting and Targeting Strategies in Jember Regency.

2. LITERATURE REVIEW

2.1 Marketing Strategy

According to Kotler (2012) marketing strategy is a marketing logic in making decisions related to marketing costs, marketing mix, marketing allocation in relation to expected environmental conditions and competitor

conditions (Constantinides, 2006). The role of marketing today is not only to deliver products or services to the hands of consumers but also how these products or services can provide satisfaction to customers by generating profits. The goal of marketing is to attract new customers by promising superior value, setting attractive prices, distributing products easily, promoting effectively and retaining existing customers while adhering to the principle of customer satisfaction (Rahmi et al., 2021).

2.2 Segmenting and Targeting

In achieving maximum marketing results, we need to apply the core marketing concept of determining segmentation and target markets. Segmenting and targeting is the initial stage in the marketing process. This strategy is a very important initial part of identifying customer value. Segmentation or market segmentation is the process of dividing the market (consumers) into groups of consumers with different needs, characteristics, or behaviours and who require different products or marketing programs (Çınar et al., 2020).

Market Segmentation according to Yuswohady et al (2014) in (Muheramtohad, & ady Fataron. 2022) is divided into four quadrants, namely:

- 1) The Apathy segment is a segment of consumers with spiritual values and low functional and emotional values. Do not think about whether the product is halal or haram they are not necessarily interested.
- 2) The rationalist segment is a segment that prioritises functional values over spiritual values.
- 3) The conformist segment is consumers who have a high interest in products with Islamic values.
- 4) The universalist segment is consumers who are concerned not only with spiritual matters but also functional matters of the product. This segment is a blend of the rationalist and conformist segments.

Targeting is the activity of selecting and assessing one or more market segments to be entered (Zare & Emadi, 2020). The purpose of this determination is to provide satisfaction for consumers. Marketing can also target by considering several segmentation criteria, companies can consider two main variables, namely market segments and company product lines. From the two main variables, targeting can be divided into five segments, namely:

1. Single Segment is choosing one single market to serve. Companies or marketers prepare one product for a single target market.
2. Segment Specialisation is where the company prepares one exclusive product each for each different market segment.
3. Market Specialisation Segment is a company serving only one market with various products and features needed in one market.
4. Entire Market Segment is where the company sells the same product to all market segments.

Segmenting and Targeting are basic strategies in marketing management to group consumers and target consumers who have been grouped. This strategy is the basis of how a company can find consumers who match its values. This strategy has also been carried out by the

Prophet Muhammad in war. In ancient times, the Prophet grouped (segmenting) his opponents based on age and gender. There is a hadith that states that Rasulullah forbade killing (targeting) children and women. Even the Prophet also forbade damaging buildings and plants.

In the context of halal business, Segmenting and Targeting are intended for Muslim consumers and all religious communities. The market will be too narrow if only for one segment. In the Islamic banking industry, facts in the field state that many prospective non-Muslim customers are interested in the value or value of Islamic banks. In Malaysia, some researchers found that the majority of non-Islamic consumers have a very good perception of halal products.

3. METHODOLOGY

In this research, the method used is a case study method with a qualitative approach. Qualitative research aims to gain an in-depth understanding of the situation at hand. This research aims to find out the segmenting and targeting strategies at BSI Jember Branch and analyse the development strategy of PT Bank Syariah Indonesia (BSI) Jember Branch based on Segmenting and Targeting. According to Moleong in 2017, qualitative research is research that intends to understand the phenomenon of what is experienced by research subjects such as behaviour, perception, motivation of action (11). The methods used in this research are questionnaire and interview methods. Informant retrieval is based on purposive sampling. Purposive sampling is the selection of informants based on certain techniques, and the informants taken were 5 people who could provide information related to the research problem.

The following are the steps of data analysis of customer segmentation at BSI Jember Branch:

1. Tabulate BSI Jember Branch customer data.
2. Grouping customers according to customer occupation: Hospital employees, civil servants of the Ministry, Medicine, BUMN employees and entrepreneurs. (Source: BSI Jember Branch 2021)
3. Grouping customer answers according to behavioural segmentation indicators on the questionnaire:
 - The Apathy segment is a segment of consumers with low spirituality and functional and emotional

values. Whether they want halal or haram products, they are not necessarily interested.

- The Rationalist segment is a segment that prioritises functional values over spiritual values.
- The Conformist segment is consumers who are highly interested in products with Islamic values.
- The Universalist segment is consumers who are concerned not only with spiritual matters but also functional matters of the product. This segment is a blend of the rationalist and conformist segments.

4. Segment Division Formula

$$\frac{\text{Total Agreed Responses On Behaviour Segment}}{\text{Total Agreed Responses On Job Segment}} \times 100\%$$

After knowing the results of market segmentation, researchers conducted interviews with three informants as follows which aimed to find out the targeting and development strategies of BSI Jember Branch:

Table 1. List of Research Informants

No	Informant Name	Position
1	Febri	Marketing BSI Jember Branch
2	Barid Paladin Apramada	Area Consumer Relationship Manager
3	Mahfud Muntaha	Jember Branch Manager 2021

The type of interview used in this study is a semi-structured interview. This type of interview aims to find problems openly, where the interviewee is asked for his opinions and ideas (Ruslin et al. 2022).

4. RESULTS AND DISCUSSION

4.1 Segmentation of Bank Syariah Indonesia Jember Branch

BSI customers are divided into two target segments, namely Target Business and Target Audience (BSI, 2021). Target Business is a target segment that is considered to be able to contribute more to increasing margins. Target Business segments are BUMN employees, ASN Ministry, Entrepreneurs, Medicine, and Hospital employees. The following is figure 1 of the results of BSI Jember Branch customer segmentation:

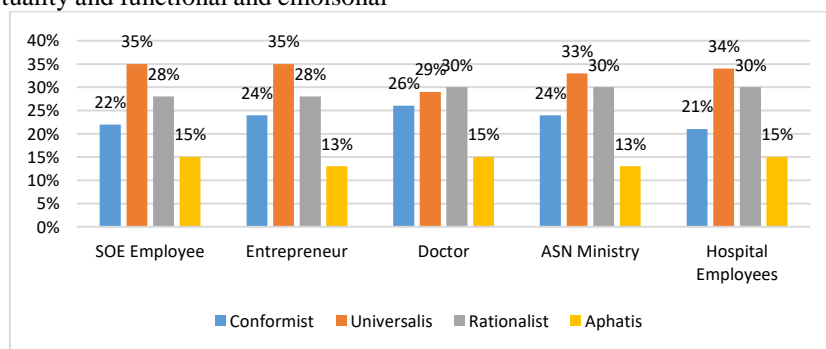


Figure 1. Customer Situation of BSI Jember Branch

Researchers have distributed the research questionnaire by obtaining as many as 232 respondents. From the results of the distribution obtained segmentation on the work of BSI customers Jember Branch. BSI Branch Jember customers on average behave universalist where universalist consumers not only prioritise the value of spirituality but also the value of the benefits or functions of the products offered by Bank Syariah Indonesia Jember Branch.

4.2 Targeting Strategy at BSI Jember Branch

After knowing the market segment of BSI Jember Branch, next is to do the targeting strategy. The target segment itself is in accordance with the customer's job, namely ASN Ministry, Hospital Employees, BUMN Employees, Entrepreneurs and Doctors. BSI Jember Branch determines the target by selecting all of these job segments, without exception. Each consumer certainly has its own needs, that is why market segmenting is needed so that companies can target the market according to the needs of each consumer and can satisfy every existing consumer. BSI Jember Branch in satisfying each segment by distinguishing the products needed by each segment according to their needs.

After distinguishing each product for market segments at BSI Jember Branch, BSI has 4 strategic focuses namely Mapping Target Consumer, Mapping Product Champion, Integrates Marketing Communication and Tactical Program. The strategy carried out by BSI Jember Branch is an effort to introduce Bank Syariah Indonesia products to customers or prospective customers. When viewed from the beginning of its establishment, BSI is a merger bank that still stands for one year. The wide market share in Jember is certainly the target of BSI Jember Branch. By knowing the segments according to the customer's profession, BSI wants to focus more on customers who are now being targeted by BSI Jember Branch. BSI Jember Branch is still trying to master the market segments that have been determined.

The data obtained from informants of BSI Jember Branch is then processed and utilised in such a way as to finally conclude the truths that can be used to answer the problems discussed in the formulation of the second problem. Analysis of the data needed in accordance with the formulation of the second problem is related to the strategy of PT Bank Syariah Indonesia (BSI) Jember Branch based Segmenting and Targeting.

After knowing the customer segment and typical customers, BSI Jember Branch prepares products that suit the needs of customers by forming a team to be able to prepare products that will be sold to customers, starting from selling, processing and after sale service products to be on target and according to customer desires. BSI Jember Branch uses 4 strategies namely Mapping Target Consumer, Mapping Product Champion, Integrates Marketing Communication and Tactical Program.

The following is Figure 2 related to the Segmenting and Targeting-based development strategy model at BSI Jember Branch:

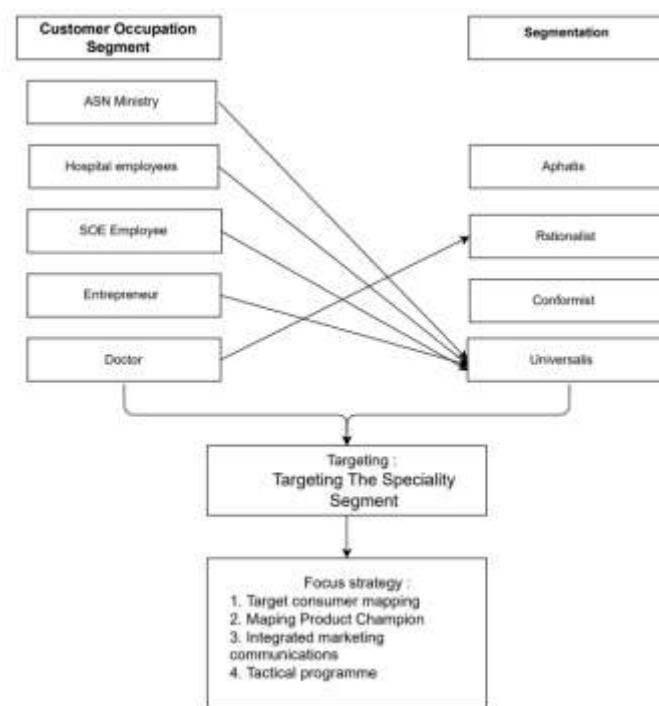


Figure 2. Model of Development Strategy Based on Segmenting and Targeting at BSI Jember Branch

5. CONCLUSION

Based on the results of the discussion, it can be concluded that the segmentation at Bank Syariah Indonesia Jember Branch is divided according to the customer's job segment, there are 5 job segments namely ASN Ministry, BUMN Employees, Hospital Employees, Medicine and Entrepreneurs. In each job segment, customers are categorised into four behavioural segments namely apathetic, rationalist, conformist and universalist segments. The average BSI Jember Branch customer behaves universally where universalist consumers not only prioritise the value of spirituality but also the value of the benefits or functions of the products offered by Bank Syariah Indonesia Jember Branch.

Segmenting and targeting strategy is the first step in marketing. After knowing the segment of BSI Jember Branch customers, BSI then conducts a targeting strategy. Targeting strategy is to select or evaluate which segments to choose to serve. BSI Jember Branch chooses to serve all segments by fulfilling the products needed by each segment. The focus of BSI Jember Branch is customer centric which is a marketing approach designed based on the needs and interests of consumers. In implementing its strategy, BSI Jember Branch uses 4 strategic focuses namely Mapping Target Consumer, Mapping Product Champion, Integrates Marketing Communication and Tactical Program.

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