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## Market Strategy in Competition in Islamic Financial Institutions

Yudhi K. Noorhidayat

Akademi Keuangan & Perbankan Widya Buana, Semarang, Indonesia

E-mail: [adm.widyabuana@gmail.com](mailto:adm.widyabuana@gmail.com)

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**Abstract**— Entering a new era of economic and trade relations at the national, regional, and international levels, it is necessary to understand marketing and the right strategies to achieve marketing targets. On the other hand, in the field of Islamic institutions in Indonesia, there are several obstacles or problems including human resource problems and inappropriate marketing strategies. So it is necessary to improve the quality of human resources and several efforts in carrying out appropriate marketing strategies, including marketing mix strategies, marketing segmentation, radical marketing, and the creation of spiritual advocates. This research used descriptive qualitative research which aimed to find out how to use the right marketing strategy in the international arena, and how Islamic institutions can use the right marketing to encourage increased market share in the midst of global competition. The results of the study indicated that there are several marketing strategy efforts that can be carried out and developed, including through marketing mix strategies, marketing segmentation strategies, radical marketing strategies, creating spiritual advocates, and human resource development strategies.

**Keywords**—Market Strategy; Islamic Financial Institutions

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### 1. Introduction

The Indonesian nation has now entered a new era, which is closely related to economic and trade relations with countries in the Southeast Asian region that are integrated in the ASEAN Economic Community or MEA. Nowadays, all countries in the ASEAN region have agreed to merge their territorial boundaries into one of the free markets which are assumed to be the backbone of the Asian region's economy after China. For the Indonesian state, the presence of the MEA is one of the hopes to increase the attractiveness and competitiveness of nations on a regional and international scale. The presence of the MEA is also one of the factors in encouraging economic growth among nations, reducing poverty levels, and encouraging an increase in living standards among nations, especially the Indonesian nation. In this modern era, Indonesia must have an anticipatory attitude so that the MEA does not become one of the development paths where strong countries will view and prey on weak nations. Indonesia is required to be a part and occupy an important position in the international agenda, so that Indonesia is not only a spectator or a passive role that should be used as an opportunity.

Regarding relations with financial institutions in the field of Sharia to understand and deal with global competition, there are several problems that should be faced, including problems related to the maturity of human resources owned by the Indonesian state. Indonesia is considered to still have a number of shortcomings so that skilled and expert human resource skills are needed in their fields. In the modern era, such a thing is very crucial because it is not only the sale of products and services that are important but skilled human resources can also be one of the interesting topics in the object of global competition. So that Indonesia is seen as having the ability to prepare professional human resources and experts in their fields so that they can fill vacancies both in their own country and in neighboring countries.

Based on data from Bank Indonesia in 2008 and 2009, it shows that the accumulation of assets owned by Islamic banking is 2.19% compared to the accumulation of national banking assets. From these data, it is shown that the development process of Islamic banks is slow, judging by the time span of its establishment. One of the problems in the development of Islamic banks can be an important topic to study about the causes and what steps can be taken to make it more developed in the future. Islamic banks actually have one of the main capital that is large enough to grow and develop compared to conventional banking. These capitals include the majority of the Indonesian population who are Muslim which can directly become a potential market for products based on Sharia.

Closely related to Islamic financial institutions in facing the problems of global competition, the problems experienced are related to the maturity of human resources owned by the Indonesian state. In today's modern era, the immaturity of human resources can be a huge opportunity for other countries and become one of the weaknesses in global competition in Indonesia. Besides that, marketing strategies in a global context are also very important to encourage the realization of successful marketing of Islamic institutions at the international level. Based on this description, this article tries to raise several problems in Islamic institutions, namely how to use the right marketing strategy in the international arena, and how Islamic institutions can use the right marketing or marketing to encourage increased market share in the midst of global competition.

## 2. Research Methodology

This study used a descriptive qualitative method to collect data from various sources. Literature studies are carried out and can be from journals, articles, books, ebooks, and various sources that can be helpful data to complete this research. The data obtained were collected and then processed. The data used are primary data and secondary data to complement the shortcomings of this study.

## 3. Literature Review

### Marketing Mix

The company's achievement is based on the area of expertise in controlling its marketing strategy. The marketing concept has a series of marketing tools that can be controlled or known as the marketing mix. One expert defines the marketing mix as a series of tools in the field of marketing that can be controlled, which consists of product, price, promotion, and place, which are then combined to produce the desired output by the target market unit. The marketing mix can be defined as the integration of a series of tools in the marketing field that can be controlled by the company as part of an effort to achieve the target market goals. The marketing mix or marketing mix consists of 4 elements which will be explained further as follows:

#### 1. Product.

Decision making regarding the product includes determining how the physical form of the offer is, the brands offered, what features are offered in the product, the packaging, the warranty and after-marketing service. Products referred to as good products can be goods or services requiring a separate approach that focuses on consumers. The product can be at a saturation point if the consumer has used the product for a very long time and in other conditions if there is a rival product that is superior so that it becomes another alternative.

#### 2. Price / Price

In each product or service offered in, can determine how the cost of goods and the selling price of the product. Several factors that need to be considered include costs, benefits, predetermined price benchmarks, and market elasticity. Kasmir argues that there are three factors that influence the strategy of pricing, namely, the characteristics of consumers, companies, and competition. In determining the price of a product, it is necessary to pay attention to the type of consumer. Consumers have characteristics that are different or heterogeneous. There are consumers who are very considerate of the price and some are not even paying attention to it at all.

#### 3. Promotion

In the promotion stage, it is one of the components used to inform and give marketing influence to a company's products, so that the public market can understand how the products produced by the company are. Activities included in the scope of promotion include carrying out advertisements, sales promotions, personal selling, and conducting publications.

#### 4. Place

One of the things that need to be considered as a decision regarding the determination of a place is the ease of company transportation, distribution distribution and storage systems. In this case the company must have the ability to identify the intended target market in accordance with the place to be chosen. Location or place is one of the important keys in the marketing process. Location placement has strategic value with the aim of instilling consumer trust. In addition to the strategic value of a place, reach is also needed as an effort to instill attractiveness to consumers. With easy accessibility, many consumers want to do it because it is efficient.

#### 5. People/ Humans

The human aspect has an important role. Marketing a product requires the power or service that distributes it. In addition, humans are needed as services that offer and customer service. Human resources are required to be creative in order to always develop quality in customer service.

6. Process

The process is a stage or arrangement of the flow of marketing implementation activities that describe the entire series of activities in the marketing field. The existence of a process aims to ensure the strategy runs as expected.

#### 4. Discussion

##### Steps of Alternative Marketing Strategy

1. Segmentation Strategy.

The first strategy that can be applied in Islamic institutions is to identify and take advantage of opportunities that exist in the market. This is called segmentation. On the other hand, segmentation also seeks to view the market from the various characteristic factors that exist. Segmentation strategy is considered necessary for Islamic institutions as a goal in finding segment opportunities that may be used as appropriate marketing strategies. General segmentation of the financial institutions market in the field of sharia is spiritual marketing and rational marketing. This segmentation is considered necessary to be carried out, especially in the market share of the Islamic economy sector, which if only approached the spiritual segment, it could result in LKS being slow to develop. So that through a general and comprehensive approach, rational markets can be implemented further.

Seeing the limitations that occur in the segmentation strategy, it is necessary to focus on segments that are likely to continue to expand the market scope beyond the segments that are one of the best strategies. One emphasis on certain segmentation makes the resources deployed can be more effective and run efficiently.

2. Radical Marketing

Various kinds of strategic concepts that can be used as alternatives include radical discussion which is defined as one of the alternative tactics to carry out marketing appropriately with the characteristics and conditions of Islamic banking and other Islamic financial institutions. Radical marketing has a characteristic character where it tends to experience obstacles due to limited resources, so it is forced to utilize a marketing budget whose value is smaller than traditional marketers. These constraints tend to focus on retail marketing and try to implement new and innovative ideas. Radical marketing also tends to emphasize and focus on growth rather than making more profit. Radical marketing emphasizes more on creating maximum value added to consumers. Radical marketing is seen to better understand how the needs and characteristics of the market and the segmentation are served. Radical marketing is also considered to have some set of rules so that it can make things run effectively and efficiently.

3. Creating a Spiritual Advocate

Spiritual advocate is defined as one of the next steps for loyal consumers to have a large but powerful multiplier effect in creating radical marketing steps that make consumers a community marketing team or organization. Through the creation of a community, it aims to foster a greater sense of belonging through social networks so as to increase the effectiveness of the relationship between consumers and producers in marketing. Several efforts can be made to be synergized through marketing education to sharia institutions, including through Facebook, bulletins, user groups, as well as collaborating with non-profit institutions and so on. Through the creation of a community in modern times with the existence of an information technology agreement, it is not an expensive thing to do in a marketing strategy.

4. HR Improvement Strategy

HR issues have also become a major problem in the marketing strategy of Islamic institutions in Indonesia in recent years. So that in order to improve human resources in Sharia institutions, several efforts can be made, including:

- a. Carry out the development of human resource management that has professionalism and expertise.
- b. Establishing training and education centers as well as professional certification programs for prospective workers as well as individuals who have become workers in sharia institutions.

Through the strategy of increasing natural resources, it is hoped that the Indonesian state can fulfill workers in both sharia and conventional institutions, so that they can increase their attractiveness and competitiveness at the global level in the field of human resources of Islamic institutions and improve the performance or performance of Islamic institutions themselves.

#### 5. Conclusion

The problems faced by Islamic institutions in Indonesia include the quality of human resources and marketing strategies in the global or international arena. In order to provide answers to the problems faced by Islamic institutions in Indonesia, there are several marketing strategy efforts that can be carried out and developed including through marketing mix strategies, marketing segmentation strategies, radical marketing strategies, creating spiritual advocates, and strategies HR enhancement.

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