

The impact of positioning strategy on customer selection: a case study of BRI, BNI, and Mandiri Banks Using Multidimensional Scaling (MDS)

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Abstract

The banking industry in Indonesia is growing rapidly along with increasing competition and digitalization of financial services. This study aims to analyze customer perceptions of banking product attributes offered by BRI, BNI, and Mandiri in Ngawi Regency. The method used is descriptive quantitative with Multidimensional Scaling (MDS) analysis technique. Data was collected from 60 customers through a Likert-scale questionnaire assessing attributes such as service quality, security, information availability, price, accessibility, and technological innovation. The results of the analysis show that BRI excels in security services, Mandiri is perceived as strong in information availability, while BNI excels in price, accessibility and technological innovation. No bank specifically excels in service quality. Each bank has different advantages according to customer perception, which can be the basis for designing a more effective positioning strategy.

Keywords:

Customer Perception; Digital Banking; Multidimensional Scaling (MDS); Positioning Strategy; Product Differentiation.

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INTRODUCTION

The banking industry in Indonesia has experienced rapid development in recent decades, driven by economic growth and the growing need for financial services. Major banks such as BRI, BNI, BCA, BTN, BSI, CIMB Niaga, and Mandiri compete fiercely in providing products and services. Banking development needs to be carried out to strengthen and increase the competitiveness of banks in order to survive amidst increasing levels of competition in providing financial services for the community, which has now led to digital financial services. *Bisnis.com*, (2024) states that digital banking in Indonesia continues to show consistent growth, in the second quarter of 2024 Bank Indonesia recorded digital banking transactions reaching 5.36 million transactions or by 34.49 (yoy). This trend of increasing transactions is in line with Indonesian banking statistics released by the Financial Services Authority (OJK). Total banking assets in Indonesia in the first semester of 2020 reached Rp 12,048.21 trillion, up 9.01% (yoy) compared to the same period the previous year. Banking digitalization is growing rapidly with the existence of digital banking services such as mobile banking and internet banking. These changes allow people to access services anytime and anywhere, raising expectations for better service quality and continuous innovation (Ciobota, 2015).

In this case, each bank tries to emphasize their respective advantages through positioning strategies. Positioning strategy is an important aspect in bank differentiation to face increasingly fierce competition. Effective positioning can improve the bank's brand image and attract new customers (Roy, 2020). A positioning strategy includes how a bank positions itself in the minds of the public, differentiates it from other competitors, and influences people's selection decisions. However, there are differences in people's perceptions and preferences towards BRI, BNI, and Mandiri banks even though they offer similar products and services, such as features, fees, and ease of access. BRI is known for its extensive network in rural areas, while BNI and Mandiri are perceived to have a premium image with a focus on corporate and urban services.

This difference in perception indicates that the positioning strategy that has been implemented has not been effective in influencing people's selection decisions. In the global banking industry, Multidimensional Scaling (MDS) has proven to be an effective method for understanding consumer perceptions. Through Multidimensional Scaling (MDS), it allows companies to deeply analyze how consumers perceive their brands, so that they can develop more effective marketing strategies (Berti & Loperfido, 2018). According to Bijmolt et al., (2021) shows that Multidimensional Scaling (MDS) can be used to simultaneously map brand positions based on consumer perceptions, taking into account different market segments. This research reveals that companies that customize positioning strategies based on a deeper understanding of consumer segments and their preferences will have a greater chance of increasing competitiveness in a competitive market.

To better understand market preferences, this study uses Multidimensional Scaling (MDS) to map people's perceptions of the attributes offered by BRI, BNI, Mandiri. This helps banks identify their competitive position, as well as find opportunities for repositioning if needed (Park et al., 2017).

LITERATURE REVIEW

Consumer Perception

Consumer perception is an individual's subjective view of a product or service based on their experience, information received, and interaction with the brand. Consumer perceptions play a role in determining loyalty and purchasing decisions. Consumers will form perceptions based on factors such as service quality, price, ease of access, and technological innovation. According to Bijmolt et al., (2021), it shows that the various product or service attributes faced by consumers, both functional and emotional, play an important role in shaping their perceptions of the brand.

Positioning

Positioning refers to the strategy that companies use to place their products or services in the minds of consumers against competitors. This strategy aims to form positive perceptions among consumers regarding certain attributes that differentiate the brand from competitors. According to Kotler & Keller, (2016), strong positioning focuses on differences that are relevant and valuable to consumers, and is able to create a unique position in the minds of consumers. This is in accordance with the research of Azmat & Lakhani, (2015) which states that positioning helps companies differentiate themselves in the financial and banking services sector by focusing on attributes such as technological innovation and customer service that significantly improve consumer perceptions of service quality. This research confirms the understanding of consumer behavior and perceptions in designing effective positioning strategies.

Consumer Perceptions and Positioning

Consumer perception is influenced by the positioning strategy implemented by the company. If companies succeed in positioning themselves in the minds of consumers, this will create positive perceptions and strengthen customer loyalty and increase market share. According to Mainardes et al., (2020) shows that the integrated quality of interactions and ease of access to various service channels strengthen emotional relationships and customer loyalty. This strategy not only increases customer satisfaction, but also creates a deeper connection with the brand, thereby contributing to an increase in market share in the long term. Research by Sultana, (2016) shows that the right positioning strategy can help banks maintain and increase customer loyalty by highlighting the service attributes that consumers want. In addition, according to Nargis et al., (2021) revealed that negative perceptions of bank services, such as employee behavior and ATM services can lead to negative positioning in the minds of consumers, which has a negative impact on customer loyalty.

RESEARCH METHOD

This research discusses customer perceptions of banking product attributes in Ngawi Regency, especially at BRI, BNI and Mandiri banks. The objective is to evaluate the suitability between customer perceptions of banking products and positioning strategies implemented by each bank. This research uses quantitative descriptive method with

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Multidimensional Scaling (MDS) analysis technique. The respondents in this study were 60 customers from BRI, BNI, and Mandiri banks in Ngawi Regency consisting of:

- a. BRI customers : 20 people
- b. BNI customers : 20 people
- c. Mandiri customers : 20 people

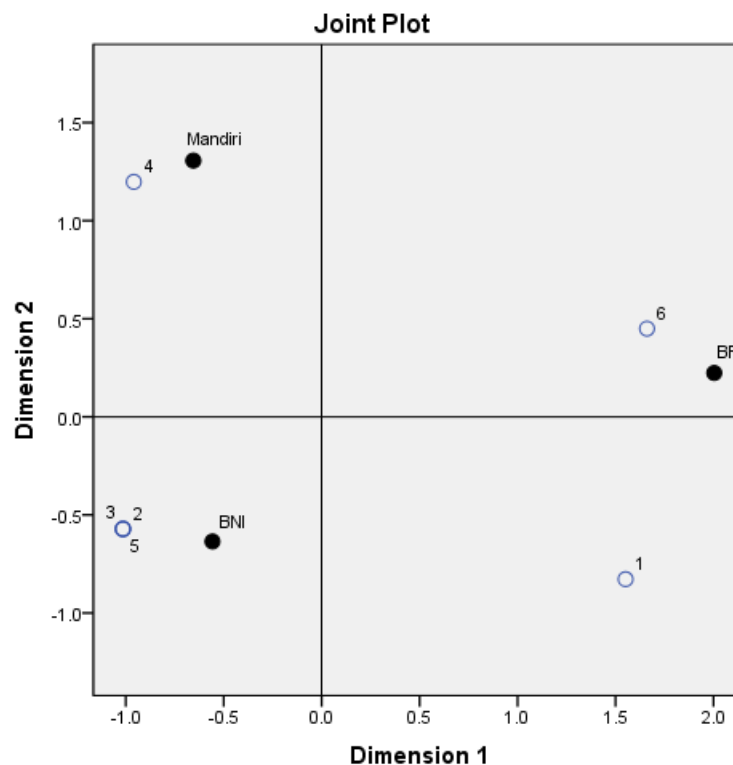
The data collected used a questionnaire with a likert scale, where respondents rated banking product attributes such as service quality, price, accessibility, and technological innovation. The likert scale allows respondents to respond to statements with five answer categories that have been provided.

FINDINGS AND DISCUSSION

The results of the Multidimensional Scaling (MDS) program processing obtained coordinates (stimulus coordinates) each bank shown in Figure 1.

Figure 1.

Stimulus Coordinates of Each Bank



Source: Author work

Based on the coordinates of Figure 1, a map of the position of each bank's product attributes can be generated as shown in Figure 2.

Figure 2 .*Positioning Map of BRI, BNI, and Mandiri***Final Column Coordinates**

	Dimension	
	1	2
BRI	2.003	.224
Mandiri	-.655	1.306
BNI	-.557	-.635

Source: Author work

Figure 2 shows the position of BRI, BNI, and Mandiri banks based on product attributes that are considered important by consumers, which are mapped in a two-dimensional graph with X-axis and Y-axis. The center coordinate (0,0) is used as a reference point and a straight line is drawn to divide the graph into four quadrants. Based on the results of the analysis, the following is an interpretation of the position of each bank in each quadrant:

Quadrant I: BRI is in the first quadrant with the coordinates of dimension 1 (2.003) and dimension 2 (0.224). This position shows that BRI excels in security attributes. The high value in dimension 1 indicates that consumers perceive BRI as a very strong bank in the security aspect of banking services, which is the main reason consumers choose this bank.

Quadrant II: Mandiri is in the second quadrant with the coordinates of dimension 1 (-0.655) and dimension 2 (1.306). This position shows Mandiri's superiority in information availability. The high coordinate in dimension 2 makes Mandiri seen as an informative bank, with the ability to provide clear and easily accessible information to customers. Mandiri enables consumers to access services and information quickly, especially through digital platforms.

Quadrant III: BNI is in the third quadrant with the coordinates of dimension 1 (-0.557) and dimension 2 (-0.635). This position shows BNI's excellence in price, accessibility and technological innovation. However, the negative values on both dimensions indicate that BNI is not very prominent in other aspects, but excels in these three key attributes. This combination of attributes gives BNI a unique position in the minds of consumers looking for banking solutions that are affordable, accessible and supported by modern technology.

Quadrant IV: Service quality attributes are in the fourth quadrant which is not specifically occupied by any of the banks. This indicates that no bank has a clear advantage in service quality based on consumer perception.

Figure 3.*Multidimensional Scaling Analysis*

History of Iterations				
Iteration	Penalized Stress	Difference	Stress	Penalty
0	.3834281		.1455828	1.0098523
47	.0000873 ^a	.0000147	.0000000	1.0055754

a. Current penalized Stress value less than the MINSTRESS criterion.

Source: Author work

Based on Figure 3, the iteration process starts with an initial stress value of 0.1455828 until it reaches a stress value of 0 after 47 iterations, indicating that the process of adjusting and refining the position of objects in these dimensions is very successful. MDS can be used with high confidence to integrate consumer perceptions or key characteristics of BRI, BNI, and Mandiri banks in this study.

CONCLUSIONS

This study concludes that the perceptions of BRI, BNI and Mandiri customers in Ngawi Regency vary based on the product attributes offered. BRI is perceived to excel in security, Mandiri in information availability, and BNI in price, accessibility, and technological innovation. However, no bank stands out in service quality. These results indicate that the positioning strategies implemented by each bank have not been fully effective in meeting consumer expectations on all important attributes. Banks need to consider repositioning or strengthening their strategies to correct weaknesses and improve competitiveness in a competitive banking market.

AUTHOR CONTRIBUTION

Author: Conceptualisation and Research Design, Data Collection, Methodology, Supervision, Writing Entire Paper, Conceptualisation, Data Collection and Analysis, Editing and Layouting. All Authors have read the final version of the paper.

Declaration of interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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