

## **Proposed Marketing Strategy to Increase the Penetration of Livin' by Mandiri through Strategic Partnership Program**

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### **Abstrak**

PT Bank Mandiri (Persero) Tbk launched Super App Livin' by Mandiri on October 2nd 2021, replace the old version of their mobile banking namely Mandiri Online (Livin' 1.0). In 2022, the management of Bank Mandiri arranged the target users of Livin' by Mandiri and distributed it to 12 Regional Offices across Indonesia. To achieve the target of Livin's user, Bank Mandiri Region VI/Jawa 1 conducted several acquisition program, one of them is Strategic Partnership Program. From 131 partners that has been joined the strategic partnership program in 2022, 106 partners are categorized as low acquisition because they only can acquired <50 users, only 3 partners who can acquired >500 users. This study aims to examine the proposed solutions to increase willingness of partner to distribute Livin' by Mandiri, so at the end the penetration of Livin' by Mandiri can be increased. The findings reveal that there are some problems which experienced by partner when distribute Livin' by Mandiri, such as technical issues, lack of product knowledge, partner has staff limitation, gimmick does not meet partner's preferences, promo has not been optimized, partners need reward and recognition program, and unconfident of partner to distribute Livin' by Mandiri. The study concludes that to increase willingness partner to acquire Livin's users, they need offline training, customization of gimmick, reward and recognition program, and accelerated referral fee payment. Future research will be need to explore the affect of these recommendations.

**Keywords:** Strategic Partnership, Livin' by Mandiri, Motivational Channel Members

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### **INTRODUCTION**

Nowadays, financial technology (FinTech) has emerged and can provide services like a bank, so banks have started to compete financial services. The rapid development of fintech has changed the business roadmap in banking asking more innovative solutions. Besides that, pandemic era makes banks have to accelerate digital transformation because the shifting of people behaviour. During pandemic, people have been forced to live with new normal. The lockdowns in Indonesia impacted to the business performance increased the need of contactless financial services. Bank Mandiri believes through digital transformation and innovation, there will be rapid of people's activities to digital channels. This was reflected in the significant increase in the use of digital financial products and services such as internet banking and mobile banking. So, Bank Mandiri launched a Super App Livin' by Mandiri (Livin' 2.0) on

October 2nd, 2021, replaced Mandiri Online (Livin' 1.0). There are many programs made by the head office and distributes to all Regional Offices, such as Livin' Activation Booth, Member Get Member program, and Strategic Partnership Program.

Regarding to the realization of strategic partnership program which shown in **Table 1**, from 131 partners that has been joined the strategic partnership program in 2022, 106 partners are categorized as low acquisition because they only can acquired <50 users, only 3 partners who can acquired >500 users.

**Table 1.** Number of Partners and Tier of Acquisition

		Tier 0-50	Tier 51-100	Tier 101-500	Tier >500
<b>Number of Partners</b>		106	11	11	3
<b>Total Partners</b>		131			

The primary objective of this study is to find out the needs and problems that experienced by partners and caused Livin's users acquisition to not run optimally, describe the strategies that can be implemented to increase the willingness partners to distribute Livin' by Mandiri to customers and describe how to implement those strategies.

#### ***A. Managing the Marketing Channel***

To make channel members can distribute the product/services to the target markets effectively and efficiently, the company should manage the marketing channel or can be called as channel management. Channel management refers to the process of managing intermediaries through which goods and services move from the producer to the consumer. According to Jyoti (2010), managing channel members is consist of selecting intermediaries, motivating channel members, controlling channel conflicts, and evaluating performance of channel members.

#### ***B. Finding Out the Needs and Problems of Channel Members***

Channel members have a crucial role in the success of products or services distribution. Therefore, it is important to identify their needs and problems to maintain a positive relationship. According to Anderson & Narus (1990), there are four factors that affect to the satisfaction of channel members, namely communication, product quality, pricing policies, and promotional support. There are some examples of sources of conflict in motivating channel members such as differences in objectives, dealing with customers. Differences in interest, differences in perception, compensation, and unclear territory boundaries (Jyoti, 2010).

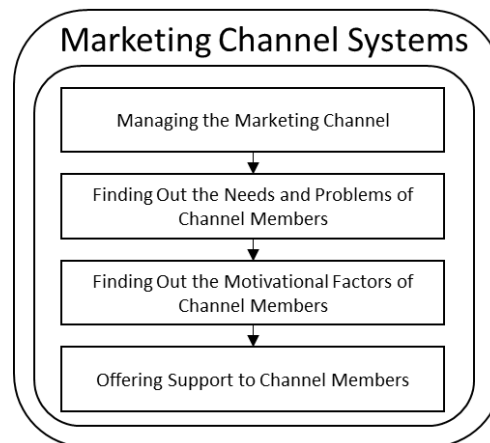
#### ***C. Offering Support to Channel Members***

The most fundamental aspects of channel management is motivating channel members. According to Peltier and Westfall (1998) proposed a framework for understanding and motivating channel members. There are five motivational factors or support that can influence channel members' behavior and performance,

namely reward and recognition, trust and cooperation, support and training, communication and feedback, commitment and loyalty.

#### **D. Conceptual Framework**

The objective of this research is to analyze the needs and problems of channel members that impact to the result of Livin's user acquisition, so at the end, author can give the recommendation so Bank Mandiri can increase willingness partners to distribute Livin' by Mandiri. The conceptual framework of this research shown in **Figure 1**.



**Figure 1.** Conceptual Framework of Marketing Channel Systems

## **METHODOLOGY**

### **A. Data Collection**

There are two types of data collection method that will be applied in this research, namely primary and secondary data collection. The primary data will be obtained through in-depth interview and observations while secondary data will be obtained through books, journal, yearly reports, articles, etc. The objective of this research is to find out the partner's obstacles in conducting livin acquisition which causes the number of users acquired to be very low (tier <50 users). So, the in-depth interviews will be conducted with partners in the tier 0-50 category from five business categories. From each business category there will be 3 (three) partners who will be interviewed because Author wants to find out the problems and needs of partners from each business category.

### **B. Data Analysis**

Author conduct internal and external analysis to analyse the data. The internal analysis is consist of 7P's Marketing Mix and STP, while external analysis is consist of PESTEL, competitor, and channel members analysis. To get the business solution, author will conduct SWOT analysis, followed by analysing the TOWS matrix and then choosing the best solution that can answer the objectives of this research.

## **RESULT AND DISCUSSION**

Based on interview result and analysis that had been conducted, there are several problems that experienced by partners such as technical issue when customers register Livin' by Mandiri, Partner has lack of Livin's product knowledge so if there

are customers who are confused about how to register Livin, the acquisition process is constrained, partner has staff limitation, gimmick that provided by Bank Mandiri does not meet the partner preference so the gimmick is considered unattractive by customers, promotional media has not been optimized so that customers do not know what benefits they get if they register Livin, sometimes there are delays in incentive payments, partners needs recognition for increase the motivation, partner feels insecure to offer Livin' because it has no special attributes. To describe the alternative solution to increase willingness merchant to acquire new user of Livin' by Mandiri, author conduct TOWS matrix which result 12 alternative solutions. (Table 1.)

**Table 1.** TOWS Matrix

<div style="text-align: center;"> <p>Internal</p> <p>External</p> </div>	<p><b>Strengths (S)</b></p> <ol style="list-style-type: none"> <li>1. Livin' by Mandiri has top features that are not available or limited in other banks such as smart top up e-wallet, peek at the balance, quick pick, and open ecosystem</li> <li>2. Has strong branding and physical evidence with new logo of Livin' by Mandiri</li> </ol>	<p><b>Weakness (W)</b></p> <ol style="list-style-type: none"> <li>1. Sometimes there are technical constraints when customers register Livin' by Mandiri</li> <li>2. Partner has lack of Livin's product knowledge</li> <li>3. Partner has staff limitation</li> <li>4. Gimmick that provided by Bank Mandiri does not meet the partner preference</li> <li>5. Promo media has not been optimized</li> <li>6. Sometimes there are delays in incentive payments</li> <li>7. Partners needs recognition for achieving user targets</li> <li>8. Partner feels insecure to offer Livin'</li> </ol>
<p><b>Opportunities (O)</b></p> <ol style="list-style-type: none"> <li>1. Shifting of people's behaviour to optimize the digital application when pandemic and endemic of Covid-19</li> <li>2. Government is preparing regulations and financing schemes to support digital ecosystem</li> <li>3. Digital banking penetration might increase the Indonesia's economic growth</li> <li>4. The number of millennials and gen z population reached 69 million</li> </ol>	<p><b>SO Strategies</b></p> <ol style="list-style-type: none"> <li>1. Improving acquisition flow in strategic partnership program <math>S(1,2,3) - O(1,4,5)</math></li> <li>2. Make a branding program in partners location <math>S(3) - O(1,4)</math></li> </ol>	<p><b>WO Strategies</b></p> <ol style="list-style-type: none"> <li>1. Make a clear complaint handling flow between partners and Bank Mandiri <math>W(1) - O(1,2,3,4)</math></li> <li>2. Conduct offline training and provide video tutorial to ensure partners understand about Livin' by Mandiri <math>W(2) - O(1,4)</math></li> <li>3. Livin promotion does not only rely on staff by selling directly, but can also rely on social media, whatsapp blasts, websites, etc. <math>W(3) - O(1,3,4)</math></li> <li>4. Provide gimmicks based on customer characteristics <math>W(4) - O(1,3,4)</math></li> <li>5. Placing promotion media at strategic points in the form of tripod banners or roll banners in partner's area <math>W(5) - O(1,3,4)</math></li> <li>6. Make a reward &amp; recognition program <math>W(7,8) - O(1,3,4)</math></li> </ol>
<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Have many substitutes in market</li> <li>2. Other banks have similar program to acquire new users of their mobile banking</li> <li>3. Signal constraints in some partner's area</li> </ol>	<p><b>ST Strategies</b></p> <ol style="list-style-type: none"> <li>1. Maintain the relationship with partners <math>S(1,2,3) - T(1,2)</math></li> <li>2. Make an agreement to divert part of the incentive for BTS procurement at the beginning of the program with the commitment of specific target users <math>S(1) - T(3)</math></li> </ol>	<p><b>WT Strategies</b></p> <ol style="list-style-type: none"> <li>1. Open opportunities for partners give feedback regularly <math>W(1-8) - T(1,2)</math></li> <li>2. Improve internal processes for making timely referral fee payments <math>W(6) - T(1,2)</math></li> </ol>

Regarding to TOWS matrix, there are 12 solutions are relevant as marketing strategy for Bank Mandiri based on internal dan external analysis. There are 4 of 12 solutions that are possible to be implemented by Bank Mandiri to increase willingness merchant to acquire Livin's users, namely WO (2): Bank Mandiri conduct offline training to improve product knowledge of partners, WO (4): Bank Mandiri provides gimmick based on customer characteristic such as give groceries to customers who come to traditional market/FnB merchant, give ticket vouchers to customers who come to destination, give discounted hospital fees or medicine to customers who come to

healthcare, give canteen ticket to students, etc, WO (6): Make reward and recognition program such as acquisition racing, certificate, attribute of Livin' by Mandiri, WT (2): Improve internal processes for making referral fee payments so that there is no delay in payment of referral fees to partner.

## CONCLUSION

Nowadays, companies cannot rely solely on themselves to distribute products or services to end users. To get a wider range of customers, intermediaries or channel members are needed who can assist companies in distributing their products or services. PT Bank Mandiri (Persero) Tbk conduct Strategic Partnership program that involves partners as part of channel members to distribute Livin' by Mandiri. In this research, author identifies the problems impacting the acquisition result of partners, such as technical constraint, lack of product knowledge, staff limitation, gimmick that provided by Bank Mandiri does not meet the partner preference, promotional media has not been optimized, there are delays in incentive payments, and partners need a recognition program. By addressing these issues through internal and external analysis, SWOT analysis, and make TOWS matrix, the strategic program can be improved.

There are 4 solutions are possible to be implemented by Bank Mandiri to increase willingness partners to distribute Livin' by Mandiri that will affect increase the penetration of Livin' by Mandiri in Strategic Partnership Program, such as conduct offline training to improve the product knowledge of partners, provide the customization of gimmicks, make reward and recognition program, and internal process improvement to speed up the referral fee payment process.

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