

THE INFLUENCE OF MARKET SEGMENTATION ON CUSTOMER DECISIONS IN CHOOSING BANK SYARIAH INDONESIA IN NORTH LUWU REGENCY

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ABSTRACT

Business strategies become more effective with market segmentation because each market has different characteristics. If markets are considered the same and products are similar, sales are not effective. This study aims to determine whether Geographic, Demographic, Psychographic, and Behavioral segmentation influences customer decisions in choosing Islamic banks in North Luwu Regency. This study uses quantitative methods with a population of people in North Luwu Regency totaling 330,600 individuals, and a sample of 100 respondents using the Slovin formula, with data collection through distributing questionnaires. The research method used is multiple linear analysis with the assistance of SPSS version 26 software. The results show that first, the Geographic variable partially has a positive and significant effect on customer decisions in choosing Islamic banks in North Luwu Regency. Second, the Demographic variable partially has a positive and significant effect on customer decisions in choosing Islamic banks in North Luwu Regency. Third, the Psychographic variable has a positive and significant effect on customer decisions in choosing Islamic banks in North Luwu Regency. Fourth, the Behavioral variable has a positive and significant effect on customer decisions in choosing Islamic banks in North Luwu Regency. Fifth, Geographic, demographic, psychographic, and behavioral variables simultaneously have a significant effect on customer decisions in choosing Islamic banks in North Luwu Regency. The Adjusted R-square result is obtained at 0.823 or 82%. The remainder is explained by other variables that are not described.

Keywords: Market Segmentation; Customer Decisions; Islamic Bank

ABSTRAK

Strategi bisnis menjadi lebih efektif dengan adanya segmentasi pasar karena setiap pasar memiliki karakteristik yang berbeda. Jika pasar dianggap sama dan produk yang dijual serupa, penjualan menjadi tidak efektif. Penelitian ini bertujuan untuk mengetahui apakah segmentasi Geografi, Demografi, Psikografi, dan Perilaku berpengaruh terhadap keputusan nasabah dalam memilih bank syariah di Kabupaten Luwu Utara. Penelitian ini menggunakan metode kuantitatif dengan populasi masyarakat di Kabupaten Luwu Utara yang berjumlah 330.600 jiwa, dan sampel sebanyak 100 responden dengan menggunakan rumus Slovin, dengan pengumpulan data melalui penyebaran kuesioner. Metode penelitian yang digunakan adalah analisis linier berganda dengan bantuan software SPSS versi 26. Hasil penelitian menunjukkan bahwa pertama, variabel Geografis secara parsial berpengaruh positif dan signifikan terhadap keputusan nasabah dalam memilih bank syariah di Kabupaten Luwu Utara. Kedua, variabel Demografis secara parsial berpengaruh positif dan signifikan terhadap keputusan nasabah dalam memilih bank syariah di Kabupaten Luwu Utara. Ketiga, variabel Psikografis berpengaruh positif dan signifikan terhadap keputusan nasabah dalam memilih bank syariah di Kabupaten Luwu Utara. Keempat, variabel Perilaku berpengaruh positif dan signifikan terhadap keputusan nasabah dalam memilih bank syariah di Kabupaten Luwu Utara. Kelima, Variabel geografis, demografis, psikografis, dan perilaku secara simultan berpengaruh signifikan terhadap keputusan nasabah dalam memilih bank syariah di Kabupaten Luwu Utara. Hasil Adjusted R-square diperoleh sebesar 0,823 atau 82%. Sisanya dijelaskan oleh variabel lain yang tidak dijelaskan.

Kata kunci: Segmentasi Pasar; Keputusan Nasabah; Bank Syariah

INTRODUCTION

In the current business era, rapid transformation, dynamic markets, and technological advancements influence competition. Companies need new strategies to survive and formulate effective strategies. Market segmentation is important to reach the target market optimally. The



combination of market segmentation and smart target selection has a positive impact on BSI KCP North Luwu, becoming a crucial factor in facing competition with diverse consumers. BSI must segment the market wisely to establish the right market segments with strong confidence. Market segmentation distinguishes the needs of various market groups in business planning. This is important because each group has differences in conditions and situations. Business strategies become more effective with market segmentation because each market has different characteristics. If markets are considered the same and products are similar, sales are not effective. Islamic banks are financial institutions that facilitate the economic mechanism in the real banking service sector for customers (Ham & Firmansah, 2021).

Bank Syariah Indonesia KCP North Luwu Regency implements Sharia-based marketing strategies to succeed in competition, utilizing market segmentation and marketing strategies to maintain and increase the number of customers as well as the sustainability of its business. Technological advancements provide a positive impact on the banking industry by delivering products to customers more quickly and efficiently. However, challenges arise in selecting market segments due to market heterogeneity, whether to include the entire population or only specific groups.

Islamic banks themselves are financial institutions that provide credit or financing as well as other services in payment and money circulation, operating in accordance with Sharia principles (Sudarsono, 2012). According to Ascarya, Islamic banks are banks with profit-sharing schemes that serve as the main foundation in all their operations, including funding products, financing, and other products (Ascarya, 2008).

In February 2020, Bank Syariah Indonesia (BSI) was officially established through the merger of three national Islamic banks, namely Bank Syariah Mandiri, Bank BNI Syariah, and Bank BRI Syariah. The establishment of BSI has transformed the structure of the Islamic banking system in Indonesia, forming polarization, and becoming a new pillar of strength in the Islamic economy in Indonesia. The merger of the three Islamic banks underwent a thorough examination process, signing of merger documents, disclosure of information, and obtaining business approval from the Financial Services Authority (OJK) was successfully completed (Srimaharyanto, 2020).

Market segmentation separates the market into groups of buyers according to specific product types, requiring its own marketing mix (Kotler, 1994). This process involves grouping diverse markets into potential consumers with similar needs or characteristics, who respond similarly when shopping. Because the market is heterogeneous, producers face difficulty in catering to it comprehensively. Therefore, marketers must choose to focus on specific segments that are typically homogeneous and align with the company's ability to meet demand.

By categorizing customers into specific segments, they will respond to marketing strategies within the banking system. Segmentation also serves as the basis for determining target markets and locations, enabling banks to tailor services to customer needs and improve decision-making efficiency. Therefore, segmentation is a wise decision. Banks should consider other factors such as customers' personal characteristics and backgrounds, which influence their decisions and evaluations of banking products. According to Roni Andespa (2016), factors such as gender, age, education, occupation, life cycle stage, economic conditions, lifestyle, personality, and self-confidence level also affect their purchasing decisions.



The majority of the population of North Luwu, consisting of the Rongkong, Seko, and Rampi ethnic groups, is dominated by Muslim communities. Additionally, there are also Toraja, Makassar, Bugis, and other ethnic groups scattered throughout the region. Various aspects such as geographical, demographic, psychographic, and behavioral factors, as well as strong Islamic traditions, influence the consumption behavior and lifestyles of the people of North Luwu. These conditions create various perceptions that affect the decisions of the community in choosing financial institutions, including banks.

The presence of the Islamic Banking sector in North Luwu, particularly in Bank Syariah Indonesia KCP North Luwu, holds great potential for growth. However, the community's interest in this sector remains low due to a lack of promotion and access, particularly regarding the shortage of ATMs. Initial observations indicate that most residents of North Luwu prefer Conventional Banks due to a lack of understanding and perceived benefits from Islamic Banks. Therefore, a market segmentation strategy is needed, considering factors such as geographic, demographic, psychographic, and behavioral aspects, to understand consumer needs and preferences and enhance the competitiveness of Bank Syariah Indonesia in the banking market.

RESEARCH METHODS

This research is a Survey study with a Descriptive method. The Descriptive Survey method is a research method that samples a population using a questionnaire as a data collection tool. Population is the object/subject that meets certain criteria chosen by the researcher, which is then studied to draw research conclusions. (Sugiyono, 2016: 61). The population of this research is the community of North Luwu regency. The sample determination is done using the Slovin formula on the population of North Luwu, which amounts to 330,600 people.

Relevant information is collected through the use of questionnaires distributed to respondents from the research sample, with the aim of gaining a deeper understanding from the respondents. Their evaluation of a series of statements is measured using a Likert scale. This data is ordinal data. The data source in this research is Primary data, obtained through the responses to questionnaires from research respondents. The data collection technique to obtain research data involves using observation, questionnaire, and documentation methods.

The data analysis employs Multiple Regression, preceded by several tests such as normality test, validity and reliability test, as well as hypothesis testing using T-test to measure the influence of independent variables consisting of Demographic, Geographic, Psychographic, and Behavioral variables on the dependent variable, which is customer decision in choosing Islamic Bank. This study employs two types of variables, namely independent variables consisting of segmentation elements such as Geographic, Demographic, Psychographic, and Behavioral segmentation, and the dependent variable, which is Customer Decision in choosing an Islamic bank.



RESULT AND DISCUSSION

Table 1. The Result of Linier Regression

		Unstandardized Coefficients		Standardized Coefficients	T	Sig
Model		B	Std. Error	Beta		
1	(Constant)	-1.378	1.168		-1.179	.241
	GEOGRAFIS	-.500	.192	-.049	-2.602	.011
	DEMOGRAFIS	.157	.034	.087	4.646	.000
	PSIKOGRAFIS	.395	.024	.362	16.343	.000
	PERILAKU	1.007	.030	.741	33.394	.000

The constant value of -1.378 indicates that when the average value of the independent variables (geography, demographics, psychographics, and behavior) remains constant, there is an increase of 1.378 units in Customer Decisions. The geographic regression factor (X1) has a value of -0.500, indicating that each increase in the geographic value will result in an increase of 0.500 units in Customer Decisions. The demographic regression factor (X2) with a value of 0.157 indicates that each increase of 1 unit in the demographic value will result in an increase of 0.157 units in Customer Decisions. The psychographic regression factor (X3) with a value of 0.395 indicates that each increase of 1 unit in the psychographic value will result in an increase of 0.395 units in Customer Decisions. The behavioral regression factor (X4) with a value of 1.007 indicates that each increase of 1 unit in the behavioral value will result in an increase of 1.007 units in Customer Decisions.

The purpose of this test is to separately assess the contribution brought by each independent variable to the dependent variable. The decision-making basis in this analysis is if the significance value (Sig) is less than 0.05, then the independent variable (X) has a significant influence on the dependent variable (Y). Additionally, if the t-value is greater than the critical t-value, then H0 will be rejected and H1 accepted, indicating the influence of the independent variable on the dependent variable.

Based on the table above, in the columns for t and sig, it can be explained as follows: The geographic variable shows a t-value smaller than the critical t-value, which is $-2.602 < 1.985$, with a significance level of $0.011 > 0.05$. In this context, H0 is rejected, and H1 is accepted, indicating that partially, the geographic variable has a negative and significant influence on customer decisions in choosing Sharia Banks in North Luwu Regency.

The t-value for the demographic variable exceeds the critical t-value, with $4.464 > 1.985$, at a significance level of $0.000 < 0.05$. Therefore, H0 is rejected and H1 accepted, indicating that partially, the demographic variable has a positive and significant influence on customer decisions in choosing Sharia Banks in North Luwu Regency.



The t-value for the psychographic variable exceeds the critical t-value, with $16.343 > 1.985$, at a significance level of $0.000 < 0.05$. Therefore, H_0 is rejected and H_1 accepted, indicating that the psychographic variable has a positive and significant influence on customer decisions in choosing Sharia Banks in North Luwu Regency.

The behavioral variable has a t-value that exceeds the critical t-value, with $33.394 > 1.985$, at a significance level of $0.000 < 0.05$. Therefore, H_0 is rejected and H_1 accepted, indicating that the behavioral variable has a positive and significant influence on customer decisions in choosing Sharia Banks in North Luwu Regency.

The F test is used to evaluate the combined impact of independent variables on the dependent variable. This test compares the calculated F-value with the critical F-value at a significance level of 5%. The decision is made based on whether the calculated F-value is greater than the critical F-value, indicating a joint influence of the independent variables on the dependent variable. Additionally, if the significance value is < 0.05 , then there is a joint influence of the independent variables on the dependent variable. The results of the F test can be seen in the following table.

Table 2. F Test

Model		Sum of Squares	D f	Mean Square	F	Sig.
1	Regression	1895.707	4	473.927	689.779	.000b
	Residual	65.272	95	.687		
	Total	1960.978	99			

Based on the results in the table, it can be seen that the calculated F-value (689.779) exceeds the critical F-value (2.47) at a significance level of $0.000 < 0.05$. This indicates that the independent variables, namely geography (X1), demographics (X2), psychographics (X3), and behavior (X4), collectively have a significant influence on the dependent variable, which is customer decisions in choosing Sharia Banks in North Luwu Regency, or in other words, H_0 is rejected and H_1 accepted.

Discussion

In this study, the researchers collected primary data through survey distribution or questionnaires to respondents, with a predetermined sample size of 100 respondents. The aim of this research is to evaluate the impact of market segmentation based on demographic (X1), geographic (X2), psychographic (X3), and behavioral (X4) variables on customer decisions (Y) through analysis and discussion of the research findings.

The Influence of Geographic Segmentation Variables on Customer Decisions in Choosing BSI in North Luwu Regency

The research results indicate that geographic segmentation divides the market based on location such as country, province, city, or neighborhood. Partial tests show that the geographic variable has a negative and significant influence on customer decisions to choose Sharia Banks in North Luwu Regency, as well as in Belopa District. However, in Palopo City, the t-test results



show that geographic segmentation variables do not significantly influence customer decisions in choosing Sharia banks. This finding is consistent with previous research that shows a significant negative influence of location on purchasing decisions in the restaurant industry. Therefore, the conclusion of this study is that geographic factors, particularly the distance from home to Sharia banks, can influence customer decisions. If the distance from home to Sharia banks increases, the decision to choose Sharia banks tends to decrease, but easily accessible locations can increase customer decisions to choose Sharia banks.

The Influence of Relationship between Demographic Segmentation Variables on Customer Decisions in Choosing Sharia Banks in North Luwu Regency.

Demographics encompass societal differences such as age, gender, education, occupation, and income. Partial tests indicate that demographics have a positive and significant influence on customers' decisions to choose Islamic banks in North Luwu Regency. Similar findings were also found in Belopa District and Palopo City, where demographics, especially age, occupation, and income, have significant effects. Previous research also supports these findings, showing that income has the greatest influence on customers' decisions to choose Islamic banks. The conclusion of this study is that age, occupation, and income positively affect customers' decisions to choose Islamic banks. The higher a person's age, occupation, and income, the more likely they are to choose Islamic banks due to financial considerations and job needs.

Psychographic Segmentation Variables and Customer Decisions in Choosing Islamic Banks in North Luwu Regency

Psychographics involves identifying personality traits, attitudes, and lifestyles that influence an individual's purchasing behavior. In this study, psychographic variables, including social class, lifestyle, and personality, were partially tested for their influence on customers' decisions to choose Islamic banks. Partial test results indicate that psychographics have a positive and significant influence on customers' decisions to choose Islamic banks in North Luwu Regency, Belopa District, and Palopo City. These findings are consistent with previous research, which shows that psychographic segmentation has a positive and significant influence on increasing the number of customers in Islamic financial institutions. The conclusion of this study is that psychographics play an important role in customers' decisions to choose Islamic banks, as it indicates that potential customers have diverse social classes, lifestyles, and personalities, yet still have equal opportunities in choosing Islamic banks according to their needs and individual preferences.

Customer Behavior Segmentation Variables in Choosing Islamic Banks in North Luwu Regency

Value to customers, which in turn can shape attitudes and loyalty towards the company. Behavioral segmentation involves grouping markets based on knowledge, attitudes, usage, and response to a product. Partial test results indicate that behavioral variables have a positive and significant influence on customers' decisions to choose Islamic banks in North Luwu Regency, Belopa District, and Palopo City. This research aligns with previous findings that show behavioral segmentation has a positive and significant influence on increasing the number of customers in Islamic financial institutions. The conclusion of this study is that customer behavior plays an important role in their decisions to choose Islamic banks, particularly due to the variety of products and services offered by the bank. The opportunity for diverse product usage adds



Geographic, Demographic, Psychographic, and Behavioral Segmentation on Customer Decisions in Choosing Islamic Banks in North Luwu Regency.

The F-test hypothesis results indicate that the independent variables, namely geography (X1), demographics (X2), psychographics (X3), and behavior (X4), collectively have a significant influence on customers' decisions to choose Islamic banks in North Luwu Regency, with the rejection of H0 and acceptance of H1. These results indicate that geographic, demographic, psychographic, and behavioral variables collectively contribute to 96.7% of the influence on customer decisions. However, there are other factors outside of these variables that also affect customers' decisions to choose Islamic banks in North Luwu Regency.

CONCLUSIONS AND SUGGESTIONS

The conclusion of this research is based on the analysis of primary data obtained directly by the researcher through the distribution of questionnaires both online and offline, and has been analyzed using SPSS Version 26 software, with the following results:

1. Based on the partial test results, there is a significant negative influence of geographic segmentation (X1) on customer decisions in choosing Islamic banks in North Luwu Regency. This shows that geographically, geographic segmentation has a significant negative influence on customer decisions to choose Islamic banks in North Luwu Regency.
2. Based on the partial test results, there is a significant positive influence of demographic segmentation (X2) on customer decisions in choosing Islamic banks in North Luwu Regency. This shows that demographically, demographic segmentation has a significant positive influence on customer decisions to choose Islamic banks in North Luwu Regency.
3. Psychographic segmentation (X3) has a positive and significant influence on customer decisions in choosing Islamic banks in North Luwu Regency. This means that H0 is rejected and H1 is accepted, indicating that the psychographic variable has a positive and significant influence on customer decisions to choose Islamic banks in North Luwu Regency.
4. Based on the data analysis, it is found that behavioral segmentation (X4) has a positive and significant influence on customer decisions in choosing Islamic banks in North Luwu Regency. Therefore, it can be concluded that H0 is rejected and H1 is accepted, indicating that the behavioral variable has a positive and significant influence on customer decisions to choose Islamic banks in North Luwu Regency.
5. Geographic, demographic, psychographic, and behavioral segmentation collectively have a significant influence on customer decisions. Thus, it can be concluded that when these segmentation variables increase, customer decisions in choosing Islamic banks in North Luwu Regency also increase. The contribution of geographic (X1), demographic (X2), psychographic (X3), and behavioral (X4) variables to customer decisions reaches 96.7% of the total 100%. However, there are still other factors that also influence customer decisions in choosing Islamic banks in North Luwu Regency.



Based on the results of the research conducted, the researcher provides the following recommendations or insights: Subsequent researchers are encouraged to add other variables to identify other factors outside of geographic, demographic, psychographic, and behavioral segmentation variables that influence customer decisions in choosing Islamic banks. Additionally, expanding the scope of the study is recommended.

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