



Proposed Customer Acquisition Strategy for Mobile Banking Application

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ABSTRACT: Digital technology has produced numerous benefits and simplified workers. Nonetheless, this exponential growth in digital technology has increased competition, significantly impacting the finance industry. This significant development in banking presented a vast opportunity that had to be carefully analysed and managed, resulting in intense competition among digital banking products such as mobile banking services, which have helped macro, micro, and small enterprises in Indonesia gain access to more convenient financial services. A regional bank owned one of Indonesia's provinces, launched a successful mobile banking app with revolutionary features that made transaction easier. The bank updated their mobile app in 2022 as part of their ongoing implementation change from a focus on products to one on customers. In response to user feedback, the new version enhances consumer experience in terms of UI UX and other factors. However, once a market-leading application ranked among the top 10 digital banking products in Indonesia, the mobile banking is presently experiencing a decline in the number of app activations and is being replaced by competitors. Additionally, the bank has difficulty measuring the mobile banking's digital marketing campaigns. Beginning with an internal and external analysis, a customer acquisition strategy was proposed for mobile banking services product utilizing the RACE planning framework and a digital marketing implementation strategy.

KEYWORDS: Banking Industry, Customer Acquisition Strategy, Digital Marketing, Digitalization, RACE Planning Framework.

INTRODUCTION

There is persistent and ongoing pressure on businesses in the modern world to adopt digital technologies and adapt their business models to the new reality, particularly among banks and other financial institutions. These companies are beginning to put forth their best effort for business success, even though the industry is still young, unpredictable, and fraught with new challenges. This significant development in banking was a significant chance that had to be cautiously monitored and managed, resulting in digital products such as mobile banking services that were frequently received and utilized by many individuals. BI, the Central Bank of Indonesia, reports that approximately 3,2 billion mobile banking transactions have been conducted since the beginning of May 2022. This value has increased by 676.87% from the same time last year, which is equivalent to 1.90 billion transactions. In addition, between January 1 and May 13, 2022, mobile banking transactions totaling 3.888.09 trillion Rupiah increased by 43.76 percent year-over-year to a total of 2.704.61 trillion Rupiah. Payment transactions increased by 57.31 percent year-over-year to a total of 221.56 trillion Rupiah. In response to the desire of consumers to conduct transactions with convenience, efficiency, and adaptability using their fingertips. PT Bank Central Asia Tbk's BCA Mobile leads competitors. BCA's President Director Jahja Setiaatmadja remarked that establishing a unified digital solution is currently the main capital for keeping BCA competitive in banking transaction markets. MyBCA will also become an integrated services app. Due to many issues, the bank discontinued the the mobile banking services app in 2021. The corporation released the new enhanced app in 2022. The bank decided to make the new application separately and only provide mobile banking services for the mobile banking product, instead of integrating the popular digital wallet owned by the bank. According to data and an interview with the Head of Marketing Department, user activations are dropping between 2020, 2021, and 2022. Although in a solid position, the bank targeted user activations dropped, offline marketing campaign events drove most user activations in 2022. 45 activities include KJP distribution, schools and universities, city town hall events, and more. The marketing staff distributes savings account products during offline events to promote the mobile banking. This indicates that the mobile banking application needs a new strategy, such as a customer acquisition strategy to target specific audiences and communicate via multiple channels (both offline and online) to expand the consumer base or just to determine if the company is targeting the right consumer. The research should suggest a customer acquisition approach for the new version of the mobile banking services application.



LITERATURE REVIEW

1. STRATEGY

The definition of strategy is a collection of integrated commitments, actions and decisions that are used to explore superior competencies in gaining competitive advantage and competitive strategies (Wandebori, 2019). According to Porter (1969), the essence of strategy is choosing to perform activities differently than rivals, it is the creation of a unique and valuable position involving a different set of activities. The objective of strategic management is to increase a company's organization's ability to compete in the market. Typically, strategic management considers the optimal allocation of employees and assets to attain these objectives.

2. CUSTOMER ACQUISITION

Companies attract prospective customers through customer acquisition. An efficient customer acquisition plan helps firms acquire new customers, retain existing ones, and increase revenue. No matter how good your customer retention plan is, customers will go, thus you must fill the gaps to keep your company going. Gaining new customers includes persuading customers to buy a company's goods and services, which refers to customer acquisition. Businesses that are just getting off the ground, growing, offering low switching costs, and infrequent repeat purchases need to acquire customers. Before selecting how to acquire them, a business must select the ideal clients (Majid, 2020; Sağlam & el MONTASER, 2021; You & Joshi, 2020). Customer acquisition is important even where customer retention is justified as the core strategy, it has been observed that 25% or more of customers may need replacing annually (Sellers 1989; Hanan 2003; Buttle 2004).

3. DIGITAL MARKETING

Digital marketing is described as marketing efforts that include branding and use various web-based media. Social media has become an essential part of many people's lives across the world. Digital and social media technologies and applications have also been widely employed to raise public awareness of government services and political campaigns at a minimal cost (Rowley & etc, 2017). The foundation of digital marketing is making the company 'simple' to contact customers by being present in the media with direct access to customers. This is an example of horizontal method. Since customers must be served horizontally, when marketers and customers are on the same line, both can reach each other and customer satisfaction with service may be met (Kertajaya, 2009).

4. CUSTOMER ANALYSIS

Consumer analysis is a thorough comprehension of the consumer base. It enables businesses to optimize their strategic marketing process to create targeted advertisements, customize and prioritize specific features during product development, and adjust their current business plan to meet the ever-changing requirements of their customers. Using three analysis; STP analysis stands for segmenting, targeting and positioning initials that summarize the core of strategic messaging (Wilson, 2005); Value Proposition to create value and the best value proposition. The Value Proposition Canvas was created by Dr. Alexander Osterwalder as a framework to ensure that the product and the market are compatible. It is a precision modelling instrument for the connection between two consumer segment components and the value proposition; 7P existing marketing mix, the collection of marketing instruments that can be utilized to create a comprehensive marketing strategy. Product, price, promotion, place, people, process, and physical evidence.

RESEARCH METHODS

The research design is a strategic plan of action that connects the research questions to the research execution or implementation. Each step of the research for this final project is shown in the figure obtained. External analysis, internal analysis, and customer analysis will be used in alongside theories to resolve business difficulties. Following the analysis, the next stage is to do a SWOT analysis and a TOWS matrix analysis. Following that, the strategy may be determined, along with an explanation of how it will be implemented into the bank's mobile banking application services offering, which should aid in the resolution of the business issue, incorporate primary and secondary data. For the primary data, the author interview with the bank employees who are familiar with the daily business process of the mobile banking application. The author got information for the secondary part of this project from the company's internal data, papers, books, and previous theses. Qualitative methods include text, visual, and design aspects and distinct data analysis steps. This strategy is chosen to describe field circumstances more precisely, clearly, and comprehensively.



RESULTS

1. CUSTOMER ANALYSIS

16 participant interviews focused on the needs and expectations of mobile banking application users (both the mobile banking users and non-users). Allows the author to comprehend the market's view of mobile banking product use and the buyer's readiness stage for the mobile banking app; Awareness, Knowledge, Liking, Preference, Conviction. Based on the interview, the author categorized several needs of the mobile banking usage.

<i>Categories</i>	<i>Interpretation</i>
Lifestyle	Budget-minded professionals. In the interview, busy professionals wanted fast transactions and seamless interaction with other apps to manage their time. The budget-conscious want the mobile banking product's discounts and cashbacks.
Worker	The interviewees included a construction company owner and a business property owner in this category for self-employed professionals. Both said they have personal and company bank accounts and need the mobile banking's expenditure monitoring, invoicing, and 'fast menu' said the mobile banking's tax services feature help their enterprises.
Setting	For urbanites. People want QR code payment for online and in-store purchases.

Understanding mobile banking users' needs in these areas helps banks design products with better experiences, features, and marketing. Addressing functional, social, and emotional demands may help banks engage and satisfy customers. The author analyses potential consumers' buyer's readiness stage, which goes from awareness to consideration to decision making, it increases the relevance of marketing messages, making it more likely to resonate with potential customers.

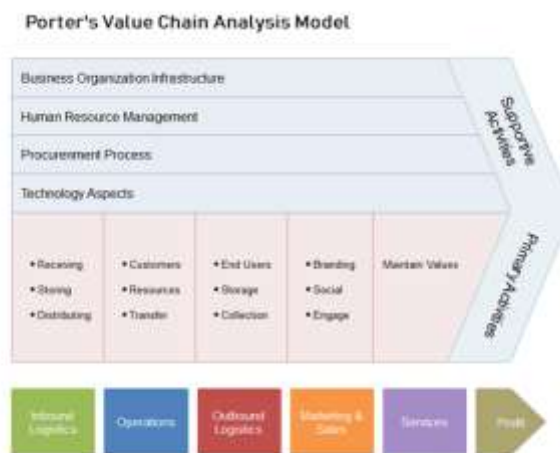
2. RESOURCE-BASED VIEW

<i>Resource</i>	<i>Capabilities</i>
Financial Resource	Capital reserve funds for lending, liquidity management, investment decisions, and expansion.
Organizational Resource	Bank's hierarchy, roles, and responsibilities. Include departments, divisions, and reporting lines.



Physical Resource	149 regional development office units, consisting of 1 headquarters located in Jakarta 16 branch offices, 30 sub-branch offices, and 102 cash offices.
Technological Resource	Central banking systems, mobile banking apps, internet banking platforms, ATMs, and data management support banking operations.
Human Resource	Diverse workforce. All workers rotate jobs enough.
Innovation Resource	R&D team develops new products and services to improve bank operations, customer experience, and profitability. Focusing on cybersecurity.
Reputational Resource	Forbes' 20 Best Indonesian Banks and World's Best Banks for 2022. Best BUMD bank 2023.

3. VALUE CHAIN ANALYSIS



- Inbound Logistic: IP (Intellectual Property) It uses no raw resources. Thus, before launching the application inbound logistics include licencing and patenting; as the new versions focus primarily on mobile banking capabilities, hiring professionals with mobile banking experience.
- Operation: Research, Product Management, Development
- Inbound Logistic: available in iOS and Android, and can be downloaded via App Store & GooglePlay
- Marketing and Sales: Social media advertising in various platforms; Printed ads; Offline acquisition from events.
- Services: 24/7 service and assistance for customers uses multiple sites for application evaluations and Chatbot AI complaints.

SUPPORT ACTIVITIES

- Firm infrastructure: Include all the administrative, financial, legal and operation divisions responsible for the mobile banking application product.
- HR Management: Due to the bank's employment procedure, all current employees have a fair opportunity to experience job rotation within a specific time frame.
- Technology development: The bank's most recent application removes the e-wallet payment functions and focuses on mobile banking. Due to Indonesia's dynamic mobile banking market, the bank will constantly innovate to improve its app. The app's "stiff" UI and UX have been criticized recently compared to other mobile banking apps. The team noted the criticism and is immediately using it to redesign the app's user interface and experience.
- E-procurement: Contrary to conventional procurement. The bank uses technology to make its procurement processes more efficient, transparent, and quick. E-sourcing, e-tendering, and e-catalogue are utilized by the bank.



4. PORTER'S FIVE FORCES



THREAT OF NEW ENTRANTS

Threat of new entrants in the mobile banking market is considered to be low, given the industry's barrier to entry remains high. This can be seen in existing players controlled by banks such as Mandiri, BRI, BCA, and others. These existing players were well-known BUMN holding corporations with substantial resources and capabilities, backed up by a competitive advantage. As a result, capital readiness is required for new entrants to enter and compete in the business.

BARGAINING POWER OF SUPPLIER

Bargaining power of suppliers will be low, because this new and expanding market offers numerous choices and alternatives. The availability of resources such as technology that is easily available and updated is met since human resources with expertise can be located anywhere. Either hire people to form specific departments or hire competent third-party developers. The procedure of replacing or employing new employees is likewise simple.

THREAT OF SUBSTITUTE

Although global mobile banking is expected to reach USD 1,359 million in 2028 growing at a CAGR of 11.9% (Vantage Market Research, 2021), On the market, the prospect of substitutes still exists. Indonesia continues to favor digital wallets, which dominate the financial services sector. The market for digital wallets is projected to grow at a CAGR of 29.5% between 2022 and 2027. This type of payment system, such as GoPay, DANA, OVO, and LinkAja, is developing rapidly due to the increasing popularity of e-commerce, which involves conducting online business transactions using smartphones. Numerous digital wallet companies use reward systems to retain existing customers and recruit new ones. With the rapid growth of digital technologies and internet penetration in Indonesia, it is possible that future technological innovation will disrupt the mobile banking market, and people will become more inventive. Therefore, the threat of substitutes is considered high.

BARGAINING POWER OF BUYERS

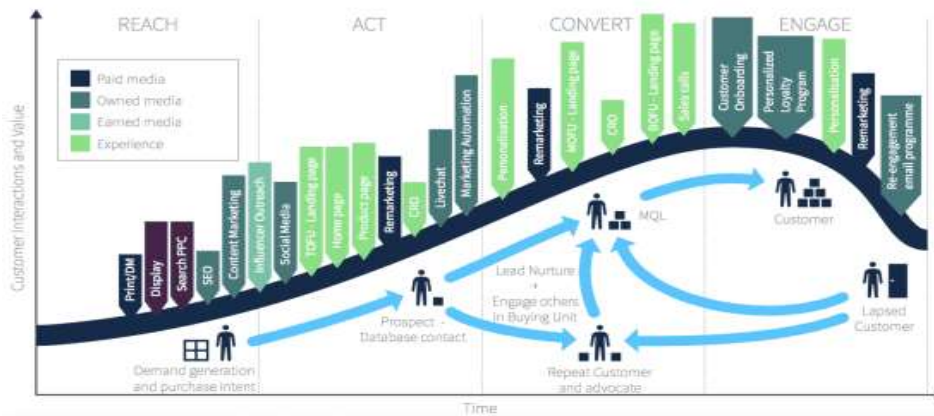
Consumers that use their mobile devices for banking are not the typical 'buyer' typically considered in 5 forces research. The use of mobile banking is seen as complementary to more conventional banking arrangements. This results in mobile banking users to be relatively medium in terms of buyer power. Mobile banking products still need customers to open savings accounts and submit identification and other documentation. Dissatisfied mobile banking customers cannot easily swap banks. Before closing the account, they must re-fill paperwork. Indonesia's internet penetration is rising, according to APJII's 2022 Indonesia Internet Profile report. Internet penetration was 77.02% in 2021–2022. 2019–2020 had a 73.70% increase. The poll also found that consumers start using the internet for financial services. Tech's quick expansion and Indonesia's high internet penetration have led many clients to use mobile banking, often several times.

COMPETITOR RIVALRY

Living' by Mandiri, BRImo, and BCA Mobile are BUMN-holding banks' most popular mobile banking apps. This trio always leads application tech updates. GoMobile by CIMB Niaga, Mega Mobile, and Citi Mobile are well-reviewed private banks. Digi BJB by BJB and other BUMD banks compete in mobile banking. Competitors have different advantages. This condition concludes that competitive rivalry is considered high.

5. PROPOSED CUSTOMER ACQUISITION

To reach more customers in this competitive market, the bank must come up with an appropriate marketing plan to penetrate the market via numerous channels. Based on the data analysis results presented in the previous chapter, Bank DKI should concentrate on promoting and introducing the application to the Gen Z market. This research proposed a customer acquisition strategy as a business solution for the mobile banking application product using the RACE Planning Framework. RACE is comprised of four phases or marketing activities aimed to assist brands in engaging their customers throughout the customer lifecycle.



A. Reach

Reach means raising brand awareness in areas beyond the reach of your company but not beyond your influence. Potential customers are at the first stage of the marketing funnel, looking for the best option. Pay-per-click (PPC) advertising appears in videotron, pops up on ATM machines, and is printed in the form of banners. Display advertising appears in videotron, pops up on ATM machines, and is printed in the form of banners. Social media marketing, because the benefit of social media is that it connects everyone from B2B to B2C. Some of the major concerns in the context of using social media marketing include sharing instructive and useful information, highlighting mobile banking features, leveraging user-generated content, and readily monitoring and analysing results.

B. Act

Act, which is short for "interact," the bank starts bringing in business leads. It's all about giving prospects something of value to help get the friendship off to a good start. The future conversion rate will depend on how many leads are brought in and how good the relationship is. Using content marketing is crucial for acquiring new users and retaining current customers, marketing automation software to customize the content to aligning the message, convert the step is a conversion to sale which can occur both online and offline/ it entails convincing the audience to take the critical next step of becoming paying customers, regardless of whether the payment is made through online e-commers or offline channels.

C. Convert

The conversion to selling process might take place both online and offline. It requires persuading individuals to take the essential next step of becoming paying customers, whether the payment is done through online e-commerce or online platforms. Using public relation to try soft sell the company's product and services, partnership/multichannel selling could be in a form of collaboration with e-commerce platform to reach wide user base who frequently do transactions online. Collaboration with retailers and merchants which allow the mobile banking to offer incentives and reward offers into the mobile banking application, and collaboration with providers of digital wallet which are garnering significant popularity.

D. Engaging

When it comes to re-engaging users of the mobile banking app, utilizing multiple effective which are email marketing, in-app notifications, SMS and CRM to facilitates customer comprehension and eventually strengthen the customer relationships and loyalty by leveraging CRM capabilities.



Action Plan	KPIs
Reach	Value per visit, followers on social, clicks
Action	Leads lead conversion rate, number of times on page/site, shares, comments, and likes
Convert	Number of offline & online activations
Engage	User loyalty, satisfaction & advocacy

CONCLUSION AND SUGGESTION

The bank experiences a decline in their activation number of the app. Once a market-leading application, they are now being gradually replaced by competitors. This happened due to the market situation that is continuously evolving, influenced by various factors such as regulatory changes, market competition and the most important was customer preference. According to the marketing team of the bank who were interviewed, they are still having trouble measuring the effectiveness of their marketing campaigns, particularly their digital campaigns. Because the product is a digital product, it is not aligned with it. This suggests that the mobile banking application requires a new strategy, such as a customer acquisition strategy to target specific audiences and communicate via multiple channels (both offline and online) with the aim to expand the consumer base, rather than just to determine if the company is targeting the appropriate consumer. It is planned that the research will suggest a customer acquisition strategy for the new mobile banking app version. In order to acquire more customers, the JakOne Mobile team should increase their digital marketing presence, since, according to the interview results, they are presently only successful in offline event activation. This research therefore proposes a customer acquisition strategy emphasizing digital marketing initiatives utilizing the RACE framework and its KPIs to concentrate more on acquiring the appropriate customers. Bank DKI needs to focus on developing display, pay-per-click, social media advertising, referral, content marketing, marketing automation, public relations, partnership/multichannel selling, re-engage channel, and CRM.

Some recommendation for further researchers to explore to acquire insight into studies on the topic of mobile banking services product: increase findings and literature's in relation to customer acquisition strategies, particularly for digital banking products. For the bank: focusing on the digital marketing campaign, identify the appropriate instruments for measuring the effectiveness of each digital marketing channel. If the available resources for the mobile banking's digital marketing initiatives are insufficient, find a third party with expertise in the field, such as creative agency.

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