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**SMART MARKETING TRANSFORMATION STRATEGY
BRANCH AT BANK MANDIRI REGIONAL II
PALEMBANG**

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Abstract. The purpose of this study is to analyze, prove marketing transformation strategies, and find out the factors that become obstacles in the implementation of transformation strategies in smart branches at bank mandiri regional II Palembang. The research method used in this study is qualitative method. This type of research is a case study with a single case study design. In this study using a descriptive research design. The smart branch marketing transformation strategy at Bank Mandiri Regional II Palembang has been quite effectively implemented, this digital banking 5.0 innovation by Mandiri offers a different experience from other banking services because the ease, speed and accountalization of solving customer needs is very structured and measurable in accordance with customer needs.

Abstrak. Tujuan dari penelitian ini adalah untuk menganalisis, membuktikan strategi transformasi pemasaran, dan mengetahui faktor-faktor yang menjadi kendala dalam penerapan strategi transformasi pada smart Branch di bank mandiri regional II Palembang. Metode penelitian yang digunakan dalam penelitian ini adalah metode kualitatif. Jenis penelitian ini adalah studi kasus dengan desain studi kasus tunggal. Dalam penelitian ini menggunakan desain penelitian deskriptif. Strategi transformasi smart Branch Marketing di Bank Mandiri Regional II Palembang telah diterapkan dengan cukup efektif, inovasi digital banking 5.0 karya Mandiri ini menawarkan pengalaman berbeda dengan layanan perbankan lainnya karena kemudahan, kecepatan dan akuntalisasi penyelesaian kebutuhan nasabah sangat terstruktur dan terukur. sesuai dengan kebutuhan pelanggan.

INTRODUCTION

During the pandemic, bank performance fluctuated on the deposit side and on the rental financing side, which decreased quite constantly, at 42%. Meanwhile, in terms of equity financing, it was observed to be stable at 9.36% and is even expected to experience a significant increase of 16.24%. To cope with these changing conditions, especially in the digital world, banks must quickly innovate following the times in terms of service and marketing. Marketing is a homework that management must do to assess needs, measure their level and intensity, and determine if there are profitable opportunities (Kasmir & Others, 2015). Meanwhile, according to Yulianti et al (2019: 1), marketing is a total system of business activities designed to plan, determine prices, promote and distribute goods that can satisfy desires and achieve the target market and company goals.

Marketing Strategy itself is used by companies with various strategies in marketing their products, where this is because the current conditions are very tight, if the company does not use the right strategy, then the company will lose in the competition for market share. Marketing strategy is the main key for every bank in marketing its products and maintaining the loyalty and trust of its customers so as not to move their funds. The Bank has products and services to be able to carry out its activities. Bank products and services have different characteristics depending on the bank that issued them. The rapid development of technology today makes people's lifestyles change leaving traditional patterns towards a more modern direction by utilizing information technology, telecommunications and the internet. One of the new innovations can be achieved by developing bank products and services through the digitalization transformation process.

Digital transformation can be interpreted as the integration of digital technology into all aspects and operations of an organization, which in turn leads to infrastructural changes in the way an organization operates and delivers value to its customers (McGrath & Maiye, 2010). Digital banking services are electronic banking services developed by optimizing the use of customer data in order to serve customers more quickly, easily and according to needs (customer experience), and can be done completely independently by customers, by paying attention to security aspects. In this increasingly modern era, people's needs for banking services are increasing and must be prioritized according to their respective needs (Listyawati, 2020). Therefore, companies have begun to develop strategies to support customer needs in transactions such as digital *branches* (Rahmayati, 2021).

Digital banking is an essential tool for survival and is causing fundamental changes in the banking industry around the world. Currently, banking services are offered to customers without requiring their physical presence in the bank in a short time and with minimal costs (Susanto, Aries, 2013). The emergence of digital banking services raises several characteristics that characterize banks that implement a digital branch system. The following are the characteristics of digital banking services, including: (Suherman, Musnaini, Wijoyo, H., & Indrawan, I. 2020) a) *Self Service*, b) Single channel, c) *Anytime and anywhere*, d) Financial and non-financial product and services, e) Customer needs rather than product based oriented.

The services offered by *smart branch* by Mandiri itself are modern and comfortable room design, reliable and trusted staff, fast and safe new processes, and of course digital-based service

processes. The features available at smart branch by mandiri ATM Deposit Withdraw, *Customer Service Machine*, *Video Conference Box (V-Box)*, branch services via livin and eForm at Smart Branch, are very different from services at conventional branch offices where customers have to queue to make deposits or withdrawals a long process that takes a lot of time just to make one transaction, And also from the bank's own internal side to reduce fraud and reduce human error.

Smart branch itself is very easy and provides comfort to customers, especially in the city of Palembang itself for *smart branches by Mandiri* there are eight smart branches by Mandiri. But it does not deny that there are still many customers who do not know the advantages offered by smart branches themselves, making some customers move to conventional branch offices. One of the factors is that customers do not know much about the advantages that will be obtained when doing banking activities at smart branches, this is also a result of ineffective brand awareness on smart branches themselves.

Research related to digital branch acceptance has been conducted previously including by Wulan Pinontoan (2013) with the title The Influence of E-Banking, Service Quality, Communication Quality and Customer Loyalty Trust at PT. Bank Mandiri Manado Branch. The results of the study stated that E-banking, service quality, communication quality and trust have a positive effect on customer loyalty. Partial testing results found that E-banking variables, service quality, communication quality and trust affect loyalty. The relationship between customer loyalty and E-Banking, service quality, communication quality and trust is very close. At PT. Bank Mandiri Manado Branch is shown by the value of the coefficient of determination of 0.652 or 65.2%.

Furthermore, related research was also conducted by Ratnaningsih and Alifiana Ahmad (2021) with the title The Influence of Marketing Strategies, e-Banking Services and Consumer Loyalty on Customer Satisfaction at PT. BRI Rajawali Surabaya Branch. The research states that marketing strategies, E-banking services, consumer loyalty have a simultaneous influence on the dependent variable of customer satisfaction. Marketing strategy variables do not have a significant effect on customer satisfaction (y) partially. Based on the t-test, the e-banking service variable has a partial influence on the customer satisfaction variable. Consumer loyalty variables, based on the t-test consumer loyalty variables have a partial influence on customer satisfaction variables.

Based on the description above, which discusses the lack of banking activities at smart branches *itself, it is not optimal* for brand awareness or promotion for Bank Mandiri customers themselves to carry out banking activities at smart branches that will get convenience and efficiency of customer time. Therefore, research is needed to find out the transformation strategy needed from conventional branch offices to smart branches by mandiri along with the features offered and also the factors.

RESEARCH METHODS

The research method used in this study is qualitative method. Qualitative method as a research procedure that produces descriptive data in the form of written or spoken words of people or observable behavior (Moeleong 2006: 4). In qualitative research, researchers become the main instrument in collecting data that can be directly related to the instrument or object of research. (Sugiyono 2005:2). This study uses explanatory research because it aims to obtain information in

the form of information and data about everything that is not yet known because it is basic. For this type of research in this research is a case study with a single case study design. The reason for using this case study is because case study research allows researchers to gather relevant information covering the dimensions of a particular case or several small cases in a wide range. The location in this study is *Smart Branch* Area Palembang Bank Mandiri Regional II. The study was conducted for a span of approximately 6 months, Data collection techniques in this study were Observation, Interview and Documentation. Data analysis techniques using the concept of Miles and Huberman, namely data analysis techniques that are carried out interactively and take place continuously at the research stage to completion (Sugiyono 2017: 244). So that the author gets a general idea of the Smart Branch marketing strategy in increasing the number of transactions / customers at *Bank Mandiri Regional II Palembang* Smart Branch.

RESULTS AND DISCUSSION

The author tries to collect information from branch offices that run smart branch self-services, and the results of interviews that the author got from several speakers, namely:

Table 1. Structured question interview marketing transformation strategy *smart branch* PT. Bank Mandiri Regional II Palembang

No	Question	Respondents	Answer
1	What is the Transformation Strategy for smart branch deployment?	Yeni Purwati, Branch Operation Supervisor Mandiri Cabang Eunuch Hasan	Each employee must have individual targets where previously in conventional branches there was none, then each account has a level every day to achieve. Every employee must be more massive in finding customers in all products that must be sold, door to door implementation must also be done for the achievement of targets
2	What are the branch office products from the implementation of smart branch services?	Zahrul Addini, Head of Bank Mandiri Veteran Branch	The products are, KPR, KSM, Card Credit and savings.
3	How is the strategy implemented Smart Branch Transformation ?		The focus of the strategy, is to emphasize efforts on how human resources from conventional offices can immediately adapt to smart branches and then be able to develop marketing strategies. In addition, it is also necessary to provide education to the public to be

		more familiar with digital banking and smart branch service facilities to the general public
4	How are the efforts given to Bank Mandiri's human resources to implement the smart branch program?	Maximize your potential to find customers to use more self-service, especially digital products.
5	Are there any features that support Performance of the head of the inner branch Maximizing Branch Heads Run the Smart Branch service ?	There is an LMS feature, or lead management system that makes it easier for branch heads to conceptualize and direct teams to identify customers so that the intended ecosystem to be offered products is more complex and clear
6	What business strategies can be Implemented in Smart Services Branch?	This smart branch service system emphasizes a business case strategy that develops the ecosystem

Source: Processed by researchers (2023)

Based on the answer from the internal key about the Smart branch system, it is still relatively new among the public, therefore not all Branch Offices owned by Bank Mandiri carry the Smart branch concept with the main reason, namely the lack of customer literacy about digitalization in the branch office environment. However, the lack of internal readiness of branch offices and the lack of human resources who understand digitalization are also reasons why not all branch offices carry the concept of Smart branch. This digitalization is very likely to be applied if the management of Bank Mandiri can optimize the entire operational team in the smart branch to spearhead marketing development strategies that master their fields and are able to provide good education and understanding to the wider community in order to recognize digital banking as a service that can be used to facilitate the needs of banking services. (Doni Rivoli, Head of Bank Mandiri Demang Branch) The implementation of digital branches by Bank Mandiri is currently running quite optimally, although its use is in great demand by the millennial generation, it does not rule out the possibility that everyone can try digital smart branch services at Bank Mandiri.

In fact, there is nothing different from the output produced by bank mandiri smart branch with conventional bank mandiri, it's just that the experience of self-service or self service is the differentiator, then customers are accompanied by smart branch employees and in their services are integrated with the Lead management system feature, where this service can make it easier for branch heads to conceptualize and direct teams to identify customer problems. (Independent. 2023). Even

though it has been running, it does not mean that there are no obstacles and problems, the author tried to find out more by interviewing several respondents and found several obstacles that were summarized.



Figure 1. Photos of Smart Branch service activities

Inhibiting Factors in the Implementation of *Smart Branch Transformation Strategy*

The continuous competition of society in the development of sophisticated and secure information technology that provides accurate and real time information causes several sectors to experience changes due to these technological developments and innovations, including the banking sector. Currently, banks are competing to provide services using information and communication technology to position themselves as a bank that is more valuable than its competitors. As well as the implementation of smart branches at bank mandiri in the Palembang City area, currently in Palembang City 8 smart branch places have been established with details of 1 Hybrid Branch, 6 Upgrade Branches, and 1 digital box, which are distributed in the Palembang city area in order to even out the quality of digital banking services and at the same time familiarize the public to start switching to a digital system (mandiri, 2023) Until now, smart branches in the city of Palembang have been running quite effectively, of course, this is supported by a more complete organizational structure compared to other conventional branch offices. Even though it has been running, it does not mean there are no obstacles and problems, the author tried to find out more by interviewing several respondents and found several obstacles summarized in the table below:

Table 2. Structured question interview on Inhibiting Factors of Smart Branch Marketing Transformation of PT Bank Mandiri Regional II Palembang

No	Question	Respondents	Answer
1	What are the inhibiting factors for the implementation of digital smart branch services?	Yeni Purwati, Branch Operation Supervisor Mandiri Branch Hasan Kasim Branch	<ul style="list-style-type: none"> - There is still a lack of general banking human resources in Smart Branch, plus if there are General Banking human resources who are sick or on leave, they cannot be replaced by other employees who have not participated in smart branch profiling because they have not mastered digital services. - The debtor's need for smart branch products that is still unmet - Systems that sometimes still often experience trouble or require maintenance which results in less effective implementation of the smart branch practice itself.
2	What are the inhibiting factors for the implementation of smart branch digital services?	Doni Rivoli, Head of Bank Mandiri Demang Branch	HR Employees who have not optimal in carrying out performance. Less discipline, less effective in controlling and monitoring customers
3	What are the inhibiting factors for the implementation of smart branch digital services?	Zahrul Addini, Head of Bank Mandiri Veteran Branch	<ul style="list-style-type: none"> - Customer adaptation from conventional branches to smart branches is still poorly implemented and still needs adjustment - Smart branch digital services are not widely known to the general public

Source: Processed by researchers (2023)

Obstacles often occur and arise along with the implementation of digital branch services, all obstacles still boil down to internal and external problems. In applying the principle of this digital smart branch, of course, there are various obstacles and obstacles, but all these obstacles and obstacles can be responded to with good solutions. Judging from the many obstacles both from internal and external from the implementation of digital innovation by implementing Bank Mandiri's smart branches, we can conclude that it is not easy to bring renewal if it is not

accompanied by improving the quality of human resources and public knowledge. Slowly, the increase in the introduction of digital smart branch services must continue to grow in the community so that people can get used to it and can develop following the times.

Implementation of *Smart Branch* Marketing Strategy in Palembang City Area

The implementation of Mandiri smart branch in the Palembang city area has been more or less carried out well, adjustments and adaptations in several fields are still very necessary, especially regarding education to customers who still need to be improved, socialization of the use of smart branches must be intensified so that people understand and master today's advanced technology programs. The use of smart branches is considered easier and more efficient to reduce face-to-face services, because customers can choose and determine directly the menu they need to solve their problems. Smart branch is able to increase the time efficiency of customers because everything done in providing services is done by a direct system and the implementation is not as long as the customer faces a teller who still uses a formal concept with various remarks and existing SOPs.

Obstacles in the Implementation of Smart Branch Marketing Strategy in Palembang City Area

The implementation of smart branches is certainly not carried out so easily, as a new product, of course, various adjustments must be made, not directly acceptable to the public because education and understanding are needed to be able to use this smart branch service. There are several things that become obstacles in using smart branch services including:

- a) Lack of human resources and not optimal work power is one of the reasons for the hampering of the implementation of smart branches, even though it is a digital-based service, there are still several smart branch branches that use human resources in them, these workers must master and have knowledge of smart branches and must receive training so that not necessarily every Bank Mandiri employee can fill the formation at the smart branch.
- b) Customer needs that have not been accommodated, smart branch is indeed one of the breakthroughs that is quite good, with a variety of new service support offered, it's just that all of them are still limited in the sense that the service products provided are not all there, some services still require customers to face Bank Mandiri employees for resolution.
- c) Systems that need maintenance, as a new product, of course, there are still some adjustments in the existing features in the smart branch service, there are still things that must be updated and perfected to make a solid system, that's why in some time often smart branch services have obstacles because of the need for maintenance in the applicable system.
- d) Lack of adaptation, the community must of course be given education and understanding, not all people are able to accept progress, one of which is the smart branch service, for ordinary people, of

course, they will be confused with this service, but for people who are technologically literate, this service feature is very helpful and makes it easier for them to get services more simply and effectively



Figure 2. Photo of Researcher Interview with *Expert Judgement*

Inhibiting Factors in the Implementation of *Smart Branch Transformation Strategy*

Open interviews with customers

Researchers also conducted interviews with customers from Bank Mandiri who had used Smart Branch banking services.

Table 3. Results of Open Interview with Customer Sample I, name of correspondent Erlangga

No	Question	Answer
1	What makes you prefer to make transactions in smart branches?	Because of the time efficiency that can be managed better and smart branch service is faster.
2	What do you think smart branch employees perform towards customers?	The performance of employees in the smart branch is responsive and solutive enough to solve problems
3	What is the difference between transacting at conventional branches and smart branches?	The difference is in the speed of service, because this smart branch is simpler
4	Do you think the quality of marketing in the smart branch is satisfactory?	Not because there are still many who do not know the location of smart branches anywhere. And indeed there must be socialization for the community

5	How is your experience in banking activities at smart branches?	I think it is quite interesting and satisfying, we will get a new experience in smart branch services
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Source: Processed by researchers (2023)

Table 4. Results of Open Interview with Customer Sample II, correspondent name Candra Stanto

No	Question	Answer
1	What makes you prefer to make transactions in smart branches?	Because, the service emphasizes more on the concept of transaction implication (simplification) which makes the service more efficient
2	What do you think smart branch employees perform towards customers?	Very good and responsive in serving customers
3	What is the difference between transacting at conventional branches and smart branches?	The difference lies in the digitization of services that can all be accessed online
4	How is your experience in banking activities at smart branches?	I got experience of fast and simple service in solving problems
5	What are your suggestions and criticisms for better service in smart branch?	Must intensively campaign smart branches, socialize and multiply smart branch branches

Source: Processed by researchers (2023)

The obstacle that exists in the research and implementation of this research is the need for time to improve human resources because strict training and monitoring are needed and not all human resources can be trained at the same time. Massive training can disrupt the process of activities in the branch so that it can not optimally perform the smart branch. The weakness in this study is the implementation of marketing patterns that are less effective and efficient because each branch has its own policies and work patterns. The uniqueness of this research is that the research is carried out qualitatively where the instrument of this research is the researcher himself so that the researcher must have theoretical abilities and extensive knowledge to be able to ask, analyze, and build an effective and efficient distribution channel

CONCLUSION

The smart branch marketing transformation strategy at Bank Mandiri Regional II Palembang has been quite effectively implemented, proven in the city of Palembang, especially in Regional II Palembang City there have been a total of 8 smart branches established. This digital banking 5.0 innovation by Mandiri offers a different experience from other banking services because the ease, speed and actualization of solving customer needs is very structured and measurable according to customer needs. Inhibiting factors in the implementation of the smart branch transformation strategy at Bank Mandiri regional II Palembang certainly exist and are still a barrier to the smooth implementation of digital banking, these obstacles arise both from internal and external problems and

the estuary is still dealing with human resources that are still not qualified and lack knowledge so that they cannot maximize the potential of easy services from smart branches, In addition, because this smart branch is classified as a new program, the application still often experiences problems and errors.

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