



# Impact of Sharia and Emotional Marketing to Customers Decision of Islamic Banking Products

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## Abstract

The development of Islamic banking industry in Indonesia continued to show a positive trend in line with the development of the Islamic banking system in accordance with the Indonesian market. Islamic banking could encourage the growth of the regional economy in order to achieve balanced economic structure. However, the performance of the Islamic banking industry is still far below the conventional banking industry performance. This study aimed to analyze the sharia marketing, emotional marketing, and customers decision of Islamic banking products and to analyze the influence of sharia marketing and emotional marketing to customers decision of Islamic banking products. This study is a descriptive-verification with design research is causality. Unit analysis of this study are customers of Islamic banks that spread at Bank Muamalat Indonesia; Bank Syariah Mandiri; Bank CIMB Niaga Syariah; BCA Syariah; and Bank Mega Syariah. Data analysis techniques used in this research is path analysis. Results of this study showed that sharia marketing and emotional marketing has positive and significant impact to customers decision of Islamic banking products, either partially or simultaneously. These findings illustrate that the Islamic banking industry needs to be improve its performance through improved customers decision of Islamic banking products, which the supported by the strengthening aspects of sharia and emotional marketing.

**Keywords:** Sharia Marketing, Emotional Marketing, Customers Decision

## 1. Introduction

The World Bank estimates that Indonesia's economic growth in 2015 will remain stable. Just be increased slightly from 5.1 percent in 2014 to 5.2 per cent. Economic growth is visible in the banking industry that targets asset growth reached 15.92 percent or Rp 851 trillion in 2015. The banking industry has a very important role in economic development. As a agent of depelovement, especially for government-owned banks, the banks are expected to able to maintain monetary stability (Kasmir, 2013). Maintaining financial stability of which can be done by adjusting the velocity of money in the community through the role of banks as financial intermediary. The role of banks as financial intermediaries will support the economic activity (Sri Susilo et al., 2012).

Along with the growth of the banking industry, the development of Islamic banking industry in Indonesia continued to show a positive trend. The development of the role of Islamic banking in Indonesia can not be separated from the banking system in Indonesia in general. Islamic banking system is well regulated in Law No. 10 1998 where Commercial Bank is a bank conducting business in a conventional or sharia activities are giving services in payment traffic. The role of Islamic banks in promoting the region's economic growth increasingly strategic in order to realize a more balanced economic structure.

Based on data from the FSA, until the end of December 2014, the Islamic banking industry is composed of 12 Islamic Banks, 22 Sharia, 163 SRB with the achievement of total assets of Rp 272.34 trillion, with a market share of 4.88 percent. Meanwhile, the number of actors Sharia Non Bank Financial Industry there are 98 institutions out of microfinance institutions (MFIs). The agency consists of Islamic insurance with assets of Rp 22.36 trillion Islamic finance business with assets of Rp 23.29 trillion, and other Islamic institutions with the financial assets of Rp 12.86 trillion. Overall, the market share of Sharia Non Bank Financial Industry reached 3.93 percent compared to total assets Non Bank Financial Industry in general. The market value of shares traded on the sharia capital market reached USD 2946.89 trillion and corporate sukuk traded reached Rp 7.1 trillion, as well as Islamic mutual funds amounting to Rp 11.16 trillion. However, the performance of the Islamic banking industry is still far below the conventional banking industry performance. In fact, the Financial Services Authority (FSA) presented the Islamic banking industry's performance in 2014 was the lowest compared to previous years.

The decline in the performance of Islamic banking is caused by many factors, when it should be sharia banking in Indonesia continues to increase because Indonesia is a country with a Muslim majority population as well as the fatwa of the Indonesian Ulema Council (MUI), which states that the conventional bank interest unclean. Factors thought to be linked to the performance of Islamic banking is with regard to marketing, which in the context of specific marketing is associated with marketing sharia and emotional marketing.

Sharia marketing is a business discipline strategy that directs the process of creation, supply and change the value from the initiator to its stakeholders that the entire process in accordance with the contract and the principles muamalah in Islam. This means that in sharia marketing, the whole process of both the creation process, the bidding process, and the process (Kertajaya and Sula, 2006). Thought spiritualism is a notion that is more emphasis on the moral, spiritual, and material aspects of the exclusion of human life (Afzalur Rahman, 2010). The understanding becomes important philosophies that guide you in your marketing so that spiritualism become an important pillar of the emerging sharia marketing.

Emotional marketing is the work done by the company to create an ongoing relationship with customers, so that they feel valued and cared for, which in turn will make them loyal to the company. Emotional marketing strategy can increase ketinggian emotions and can be used to create or reinforce the brand identity and organize customer experience. Robbinete and Brand, (2001). Barlow and Maul (2010) states that the emotional value is the economic value of the customer's feelings when they feel a positive experience after using the products and services company. Meanwhile, according to Sweeney and Soutar cited by Tjiptono (2007: 298) definition of emotional value is a utility that comes from feeling or affective or positive emotions that result from using the product.

Purchasing decisions is a process that can not be separated from the properties of customer engagement with the product. Mowen and Minor (2002) states that the level of involvement of customers in the purchase is influenced by personal interests perceived and generated by the stimulus. Therefore, there are customers who have high involvement in the purchase of a product, and there are also customers who have low involvement on the purchase of a product. Kotler and Armstrong (2012) states that the purchase decision is a step in the purchasing decision process in which consumers actually buy the product. In the evaluation phase, consumers formed a preference for brands in the choice set. Consumers also may form the intention to buy the most preferred product.

**Table 1:** Previous Research

Findings	References
Recent studies have shown that most of the choices purchasing decision is the result of a careful analysis on the advantages and disadvantages associated with affective and emotional aspects. Psychology literature recognizes that the ever-present emotional state can influence each stage of the purchasing decisions in the purchase decision process. Consumers build an emotional connection with the company	Consoli (2009)
Research results showed that the age, gender and religion caused customers are more likely to invest their money in the scheme of sharia. By contrast, earnings, entrepreneurs and students led customers tend to choose sharia scheme as a place for investment. The highest positive impact came from religion, and the highest negative impact came from the students. Although the majority of Indonesian people are Muslim, total chances of people to choose lower Syariah scheme.	Mariyono (2013)
A revolution in the science of emotion has emerged in decades terakhir, with the potential to create a paradigm shift in thinking about decision theory. The study reveals that emotion is a strong driver, pervasive and predictable decision-making.	Lerner et al. (2014)
The research found that spiritual marketing that has been done to have a significant impact on consumer behavior in choosing kosher food. Variable marketing dominant spiritual influence consumer behavior in choosing halal food is a spiritual product.	Nurbasari (2015)
The results of this study found that in order to achieve a high level of purchasing decisions, the company must carry out the emotional marketing activities through: a) use symbols that emotional advertising; b) carry out advertising activities that can evoke emotional target; and c) create the element of identification that can evoke an emotional attachment with customers	Khuong dan Tram (2015)

## 2. Methods

This study is a descriptive-verification. The study design is causality with its time frame are limited at one point or cross-sectional. The population of this study are customers of Islamic banks at West Java province. Samples are customers of Bank Muamalat Indonesia; Bank Syariah Mandiri; Bank CIMB Niaga Syariah; BCA Syariah; and Bank Mega Syariah. This study used a non-probability sampling method that taken by accidental sampling. Data analysis techniques used in this research is path analysis.

## 3. Results and Discussion

Sharia marketing variables translated into 8 questions. Recapitulation score of sharia marketing found that the average score of sharia marketing is 4.07 which is included in the classification of a high score. Statement indicators using Islamic banking products because the products fit my needs which earned an average score was higher, at 4.38 which is included in the classification score is very high. While the statement indicator using Islamic banking products as thick with ethical values earned an average low score, that is equal to 3.94 are included in the classification of high scores.

Emotional marketing variables described in the 8 question. Recapitulation score of emotional marketing found that the average score of emotional marketing is 4.05 which is included in the classification of a high score. Statement indicator using Islamic banking products will keep me from sin obtain the average score was higher, at 4.26 which is included in the classification score is very high. While the statement indicator prompt delivery of Islamic banking earned an average low score, that is equal to 3.90, which is included in the classification of a high score.

Customer decision variables described in the 9 question. Recapitulation score of the customer's decision found that the average score in the Islamic banking customer's decision amounted to 4.09 are included in the classification of a high score. Indicators statements using Islamic banking products because it is tied to the brand's image as a valuable islamic bank obtain the average score was higher, at 4.24 which is included in the classification score is very high. While the statement indicator Islamic banking products as superior to the spiritual side as compared with conventional banks earned an average low score, that is equal to 3.90, which is included in the classification of a high score.

The results of the hypothesis testing has proven that sharia marketing and emotional marketing has positive and significant impact on customers decision of Islamic banking products. Based on the test F and Sig. it appears that the value of F is equal to 66.348. While the value of F table with alpha of 0.05 and a parameter 125 is equal to 3.952, thus the value of F larger than F table, so it is evident that sharia marketing and emotional marketing affect the customer's decision simultaneously. Moreover, it appears also that sig. of 0.00 which means below the value of 0.05, which means that sharia marketing and emotional marketing has positive and significant impact on customers decision of Islamic banking products. Equation path the influence of sharia marketing and emotional marketing to the customer's decision of Islamic banking products is:  $Y = 0,574.X1 + 0,483.X2 + \square$

The calculation result of path analysis found that the total contribution of the influence of sharia marketing to the customer's decision amounted to 45.35%. The total effect is obtained from the direct influence of sharia marketing to the customer's decision amounted to 32.95%; as well as indirect effect through emotional marketing of 12.4%. The total contribution of emotional influence of marketing on the customer's decision amounted to 35.73%. The total effect is obtained from the direct influence of emotional marketing to the customer's decision amounted to 23.33%; as well as indirect effect through sharia marketing of 12.4%. Thus, the total effect of sharia marketing and emotional marketing to the customer's decision simultaneously is equal to 81.08%. Based on the classification guidelines for testing the effect of the magnitude is very strong in the classification.

The influence of sharia marketing on customers decision of Islamic banking products have been confirmed by Assadi (2003), Esso and Dibb Sally (2004), Babakus et al (2004), and Cornwell (2005), that argue consumer behavior is influenced by many aspects, such as cultural, social, personal, and psychological characteristics. Factors that are considered the biggest cultural influence on the desires and behaviors is their beliefs. Religion is a key element in the culture of life that influence purchasing behavior and decision making, as revealed by the research results. Religion is a system of beliefs and practices that a group of people interpret and respond to what they feel is supernatural and holy (Johnstone in Shafie and Othman, 2008). In general, religion arrange anything is allowed and what is forbidden to do, including consumer behavior (Shafie and Othman, 2008). Cloud (2000), Fam et al (2004), and Wirthington (1988) states that religion is the belief and values are expressed in interpreting life becomes a habit.

The influence of emotional marketing on customers decision of Islamic banking products have been confirmed by Frijda (1988), Loewenstein et al. (2001), Ekman (2007), Gilbert (2006), Keltner and Lerner (2010), Keltner et al. (2014) suggest that emotional factors are among the factors that become the drivers to avoid feeling the negative and enhance the positive feelings associated with the decision taken. Every decision made solely based on the influence that emotional marketing, it is corroborated by the results of research conducted by Consoli (2009); Lerner et al. (2014); and Khuong and Tram (2015).

#### 4. Conclusions

Sharia marketing and emotional marketing has positive and significant impact to customers decision of Islamic banking products. Performance of sharia marketing needs to be improved through promotion and dissemination to customers that Islamic banking is a bank that adheres to ethical principles so as to avoid customers from losses in carrying out banking activities. Besides that, performance of emotional marketing needs to be improved through increased employee ability of Islamic banks in providing service excellent such as the service provided by conventional banks.

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