Analysis of Market Segment and Consumer Behavior towards Islamic Banking in Yogyakarta and Its Marketing Implications

Abstract

The purpose of this study is to identify the segmentation and behavior toward Islamic Banking in Special Region of Yogyakarta. The survey was conducted in March-April 2006 in Bantul, Sleman, and Yogyakarta. The survey was conducted by doing a face to face interview and questionnaires distribution to 312 respondents. The analytical tools applied are cluster analysis, factor analysis, and descriptive analysis.

The result of the study for segmentation aspect showed the characteristics and size of each market segment of Islamic banks. The market segment consists of syariah loyalist, floating more syariah, floating less syariah, and conventional loyalist. Further, market segment will be analyzed in relation with customers' category, region, and occupation.

From the behavior side, there were two aspects analyzed: (1) factors that influence customers in choosing Islamic banks and (2) customers' preference toward Islamic banks. It was found that there are five factors that influence customers in choosing Islamic banks: accessibility of location, service quality, product pricing, banking facilities, and building physical appearance.

Both results of market segmentation and consumer behavior toward Islamic Banking are important factors for Islamic Banking in formulating marketing strategy.