# A Case Study of Blue Ocean Strategy in Indonesian Sharia Bank Ambarukmo Yogyakarta

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*With intense competition in the field of in this banking sector, the bank must develop an appropriate strategy in order to survive for outperform competitors. Destination study this create a innovative products and to identify and analyze the position of Islamic banking in determining strategy the right way to attract potential customers. Method from study this is use qualitative with field research assistance using survey to Bank Syariah Indonesia customer KC Ambarukmo. Collected data used for ERRC Grid or framework 4 step work for produce Blue Ocean Strategy. After analyze survey results using ERRC Grid generated a product innovative called MASPRO is aimed at to less students capable and accomplished as well as productive. Product innovative this uses Blue Ocean Strategy. Based on results study could concluded that product MASPRO could make a breakthrough for outperform competitors. Supported with enthusiasm customer as respondent to product innovative.*

*Keywords: Blue Ocean Strategy, Maspro, ERRC Grid, Islamic Banking*

## A. Introduction

Banking is an important service industry in supporting development financing, both as a fundraiser, as an institution that facilitates the flow of money from the community and towards the community. In this case the bank is a public financial intermediary and as an agent of development. According to the Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1998 concerning banking, what is meant by a bank is a business entity that collects funds from the public in the form of savings and distributes them in the context of improving the standard of living of many people (Kasmir, 2005, hal. 23). Islamic bank as one of the entity banking in Indonesia also does not free from the above role. Besides that, Islamic banks must also capably increase quality financing (Sari, 2016) and profitability (Rofiatun, 2016) for could compete good with Islamic banks and conventional banks.

Consumer behavior is the study of *buying units* and exchange processes that involve the acquisition, consumption, and disposal of goods, services, experiences, and ideas (C. Mowen & Minor, 2002). The behavior of bank customers can be influenced by several factors such as customer confidence in the bank concerned, customer satisfaction with transaction services, confidence in referents and past experiences of consumers. The decision to purchase goods/services including banking services is strongly influenced by cultural, social, personal, belief, location, and psychological factors. For banking services, such as consumer behavior after choosing a savings product will determine consumer interest in making transactions at the bank (Purba & Lubis, 2013).

because of that role banking is very important and is fundamental to _ enhancement economy Public To use launch and improve economy Public start from SMEs and medium to top . The number of newcomer banks that have sprung up will create competition. The basic principle in winning the competition is to *be different* , if you can't be different, you will die. Making a difference that is difficult for our competitors to imitate, for that we must take full advantage of the popularity of the name and presence in an effort to win the competition (Diana, 2012). With intense competition in the field of In this banking sector , the bank must develop a strategy in order to survive and maintain bank assets and stocks or mutual funds no experience *stagnation* . One of them is by implementing the *Blue Ocean Strategy* (Blue Ocean). Currently, there are many companies or business units that use *Blue Ocean Strategy* to be able to develop and increase the *profit* of the business.

*Blue Ocean Strategy* (BOS) is part of the business strategy process . BOS is a business strategy that applies control of *uncontested market space. market space* ) thus making competition irrelevant again only _ focused on innovation . The market that is not contested becomes the *Blue Ocean* , where a business unit or The company plays alone without any competitors in it. Meanwhile, the condition where the market space is where the market space is being fought over by many parties in any way that justifies any means as if to bleed or is referred to as the *Red Ocean* . (Kim and Mauborgne, 2005). Approach with *Blue Ocean Strategy* emphasize on idea or equality between value and innovation. The combination of innovation and value requires ways to provide benefits to consumers and companies.

Basically the Blue Ocean Strategy aims to form an organization that focuses on strategies that have new ideas and innovations and avoid existing markets. This concept is well applied by companies engaged in service providers and services such as banking which currently has many competitors. By applying the Blue Ocean Strategy, banks can design appropriate strategies to increase the number of customers or prospective customers who want to use the products from the banking industry. Not only that, this concept also functions in the implementation of strategies with actions carried out using the completeness of the existing perspectives and makes it easier to control the performance of all plans.

## B. Literature Review

Karya (2013) analyzed about the Blue formulation ocean strategy at PT. Gudang Garam Tbk. The new Strategy Model is expected to be a solution to the problems faced by the cigarette industry in 2013 and 2014, including: intense competition, rising raw material prices, pressing government regulations, increasing public awareness of health and the environment. The company under study is PT. Gudang Garam Tbk., along with its industrial scope, using data released in the period 2013 – 2014. The data collection method uses primary and secondary data. Primary and secondary data analysis used VRIO Analysis, Porter 's 5 Forces Model, and PESTLE Analysis. While the Blue Ocean strategy formulation stage uses Blue Ocean analysis tools from principles 1 to 4, namely: Canvas Strategy, 4 Action Framework, ERRC Grid and Blue Ocean Idea (BOI) Index. The results of internal and external analysis show that the Current Strategy of PT. Gudang Garam Tbk. has the nature of Red Ocean Strategy (ROS) with the following characteristics: compete in the same market, carry out the same strategy. The company's condition when mapped has not yet reached the level of competitor number 1. The formation of a new element curve has resulted in 4 additional new value elements, namely: Product diversification, 10-packed products, environmentally friendly packaging and flexible ashtrays. The results of the analysis of the formation of the New Strategy as a synthesis of the SO Strategy and the BOS Canvas Strategy, resulted in 10 (ten) New Strategy points for PT. Gudang Garam Tbk. This strategy is verified with the BOI Index, showing the New Strategy meets

the rules in terms of Utility, Price, Cost and Adoption. This new Strategy Model has the hope of pushing companies out of the Red Ocean towards the Blue Ocean.

Another researcher who uses the Blue Ocean Strategy is a study entitled Blue Ocean Strategy to determine the new business canvas model at PT. Pelabuhan Indonesia IV (Persero) conducted by Jose Bemy Rohy, Abd. Rahman Kadir, Syamsu Alam (2014). This study aims to formulate and implement appropriate investment funding strategies in various business units located at PT. Pelabuhan Indonesia IV (Persero) based on scientific analysis and argumentation, data collection using primary and secondary data. In terms of the way or technique of data collection, the data collection technique can be done by observation, interviews, and documentation. Analysis of primary data and secondary data using SWOT Analysis, Business Model Canvas, and Blue Ocean Strategy. The results of the study explain that the choice of WO is to improve internal weaknesses by empowering existing external opportunities. The W-O strategy that is formulated is different from the current strategy. The current strategy of PT. Pelabuhan Indonesia IV (Persero) only meets the utility criteria, sometimes it meets the price and cost and does not meet the adoption criteria. These results show that the new strategy has the feasibility of being a Blue Ocean Strategy. A series of Blue Ocean Strategy consisting of the buyer's utility, rate, cost, and delivery at PT. Pelabuhan Indonesia IV (Persero), is a consideration for PT. Pelabuhan Indonesia IV (Persero) in determining appropriate investment policies for each business unit of PT. Indonesian Port IV (Persero).

In the journal entitled "Formulation of Blue Ocean Strategy as a Competitive Strategy in CV. Gama Abadi" by Michael Christian Kosasih and Ratih Indriyani (2014) which discusses competitive strategies in family companies at CV Gama Abadi. The CV Gama Abadi family company already has a competitive strategy that has been used before. Then the researchers tried to formulate a new strategy using the formulation of the Blue Ocean strategy. The type of research used is descriptive qualitative research. Data was collected by means of interviews and direct observation in the field. Determination of interview sources using purposive sampling technique. Then the researchers conducted a triangulation test of sources for the validity of the data. From the results of research at CV Gama Abadi using a cost leadership strategy which is included in the Red Ocean which is full of competition. Then the researcher tries to formulate a new strategy to create value innovation using the six principles of strategy formulation. This new Blue Ocean Strategy can be a consideration for companies to make decisions related to competitive strategies.

Then the journal entitled Blue Ocean Strategy on hospital service strategies made by Arief Rachman S, Sugih Arto Pujangkoro, Rosnani Ginting (2013). The company responds quickly to any changes in the market, and continuously benchmarks in order to achieve a good level of performance. As a result, this strategy leads more and more companies to a competitive path that destroys, kills and bleeds each other which is termed the red ocean. The purpose of this research is to design a service strategy that focuses on creating an undisputed market space through a value innovation process. The value innovation process is carried out through the Blue Ocean Strategy approach using two analytical tools, namely the strategy canvas and the ERRC grid. The strategy canvas serves as a visualization tool for offerings made on existing competitive factors, while the ERRC Grid serves as a strategic step for the company to create new market segments. The results of the value innovation process show that in the design of the new strategy, the company eliminates and reduces several factors that are considered unimportant in the competition. In addition, there are several strategies created that have never been offered before in the market space, such as providing membership cards for post-hospitalized patients to access free health checks and so on. Finally, the results of this study indicate that the company's new strategic design has fulfilled the three characteristics of the Blue Ocean Strategy in creating an undisputed market space, namely focus, divergence, and an alluring motto.

The next journal that discusses the determination of the competition strategy for automatic tank gauging sales by Nissyia Mazhaly et.al (2014) which discusses the implementation of strategies using the Blue Ocean Strategy to face competition in sales of Automatic Tank Gauging in Indonesia. This research was conducted at PT Bona Metal Packaging which competes in selling Automatic Tank Gauging in Indonesia. The competition is in the Red Ocean which causes many competitors to make or sell the same product. So, the author applies the Blue Ocean Strategy and with the help of the SWOT analysis so that he can find new markets by creating new market shares.

The final project research that uses the application of a marketing strategy using the Blue Ocean Strategy is the work of Abidha Aghniyafi (2014). The research was conducted at TS Aluminum Yogyakarta. In this study, Blue Ocean Strategy is used as a method to design a strategy that provides more value to consumers at a minimal cost. From the results of data processing that has been carried out, the strategy that needs to be implemented by TS Aluminum is the Make to Order and Trade in Strategy which has never been offered by competitors. In addition, it is also necessary to reduce the attributes of the buyer's value which has turned out to be an arena of competition, namely processing time, while the attributes that need to be improved are product variety, product quality, and ease of offer.

## C. Research Methodology

This study uses a field research design and collects data at Bank Syariah Indonesia KC Ambarukmo Yogyakarta Yogyakarta. This research is quantitative research and uses data in the form of scoring. The research subject is the customer or Employees of Bank Syariah Indonesia KC Ambarukmo Yogyakarta Yogyakarta who were at the location when the research was carried out. And the object is about perception customers towards services, products, and loyalty take funding and financing in sharia banking.

Data collection techniques using method a sticky (questionnaire). The method in this study is a technique that uses questions using tiered alternative answers, to obtain information used in this research. Each question item is classified into four alternative answers that have a value for each answer consisting of levels 5-1. In the answers to the questionnaire provided answers consisting of components Strongly Agree, Agree, Moderately Agree, Disagree, Strongly Disagree. And the Questionnaire consists of two parts, in the first part the customer's personal data component, and the second component consists of customer assessments related to services and products.

The analysis used to determine customer decisions in choosing musyarakah financing products is the multiple linear regression method with the general equation:

$$Y = a + b1\ X1 + b2X2 + e$$

Where is the description:

Y = About Islamic Bank
a = Constant
b = Regression Coefficient
X1 = Blue Ocean Strategy
X2 = Business Win
e = Standard error

## D. Hasil Penelitian dan Pembahasan

### *Analysis Multiple Linear Regression*

The test results of the multiple regression model on the *Blue ocean strategy variable* ($X_1$), and business wins ($X_2$) affect the Islamic banking sector as shown in table 1.

**Table 1. Regression Results Factors Affecting Fields Islamic banking**

| Variable Independent | Regression Coefficient | t-count | Probability |
|---|---|---|---|
| Constant | 2,981 | | |
| *Blue ocean strategy* | 0.477 | 6.178 | 0.000 |
| Business win | 0.202 | 2.034 | 0.048 |
| F count | 26,321 | | |
| Sig F | 0.000 | | |
| *adj. R square* | 0.590 | | |

Source: Regression data, 2021

In this study used multiple linear regression equation model as follows:

$$Y = 2,981 + 0,477\ X_1 + 0,202\ X_2 + e$$

Based on the various parameters in the regression equation regarding the factors that affect the field of Islamic banking , it can be interpreted as follows:

### Constant (Coefficient a)

The constant value is 2 . 981 which means that if there are no independent variables that affect the field of Islamic banking then the field of Islamic banking will be 2,981.

### *Blue ocean strategy* coefficient ($b_1$)

*Blue ocean strategy* (X1 ) has a positive influence on the field of Islamic banking, with a regression coefficient of 0.477 . With this positive influence, it means that the *blue ocean strategy* and the Islamic banking sector show a unidirectional relationship. The better the *blue ocean strategy factor* will cause the Islamic banking sector to also increase, as well as the declining *blue ocean strategy* factor , the Islamic banking sector will also decline.

### Business Winning Coefficient ($b_2$)

Business win ($X_2$) has a positive influence on the field of Islamic banking, with a regression coefficient of 0, 202 . With this positive influence, it means that there is a unidirectional relationship between business and sharia banking. Winning business is getting better resulting in the field of Islamic banking will also increase, as well as Winning a bad business then the field of Islamic banking will decline.

### Hypothesis Test

### F Test (Concurrent Test)

The results of the F test as shown in table 4.14 obtained a calculated **F** of 26.321 and a probability of 0.000. Because **Sig F < 0.05,** Ho is rejected and Ha is accepted, or it can be concluded that there is a simultaneous effect of the *blue ocean strategy variable* and business winning on the Islamic banking sector. To determine the size of the influence of the independent variables on the dependent variable, it can be seen from the size of the *adjusted R square* . The results of the coefficient of determination

can be shown in table 4.14, it can be seen that the magnitude of the coefficient of determination (Adj.R Square) = 0.590 which indicates that the independent variables together have an influence on the dependent variable by 59%, the remaining 41% is influenced by other independent variables that are not independent. entered in the model.

## Hypothesis Testing (Partial Test)

Based on Table 4.14, it can be seen that the value of sig t for each independent variable is known and can be used as a basis for decision making by comparing it with a significance level of 0.05.

## Testing t arithmetic on the *Blue ocean strategy variable* ($X_1$)

The results of the significance test show that the *Blue ocean strategy variable* ($X_1$) has a sig t. value of 0.000 which means p value $< 0.05$. This value can prove that Ho is rejected, which means that there is a significant influence of the *blue ocean strategy variable on the* Islamic banking sector. Thus, the first hypothesis which states that the *blue ocean strategy variable* has a positive effect on the Islamic banking sector, **can be supported**.

## T-test on the Business Winning Variable ($X_2$)

The results of the significance test show that the Business Winning variable ($X_2$) has a sig t value of 0.048 which means p value $< 0.05$. This value can prove that Ho is accepted, which means that there is a significant influence of the business winning variable on the Islamic banking sector. Thus the second hypothesis which states that "The business winning variable has a positive effect on the Islamic banking sector ", **can be supported** .

## Framework 4 Step Work

First step for formulate *Blue Ocean Strategy* as discussed in Chapter II is framework 4 step work. Innovation score need analysis 4 work steps to be conducted under this with use method *ERRC Grid* based on results from perception consumer on research variables.
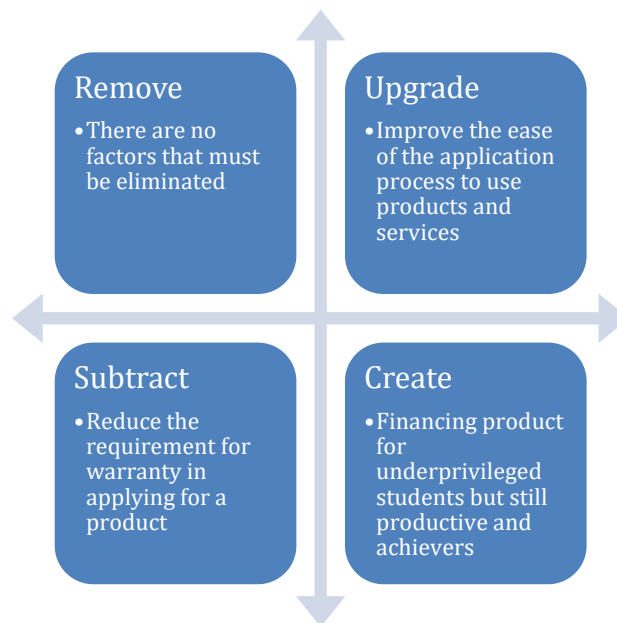


Under this is analysis from the ERRC grid above.

## Remove

From all over variable data series x1 and x2 show that response from customers are very positive and not there is score are you serious or bad in respond products, services and services of Bank Syariah Indonesia KC Ambarukmo

**Upgrade**

Based on results descriptive variable winning business lower response services and information provided by BSI KC Ambarukmo, shows that those two points have below - average value of all winning variables business. So from that need conducted enhancement from side service and information to customer.

**Subtract**

Based on data from variables x1 and x2 are not there is data that shows response dissatisfaction customers who must reduced from whole Suite variable and also because whole aspect in Indonesian Islamic Bank has through the analytical test enough good in guard stability product for satisfaction customer.

**Create**

Based on results descriptive variable *Blue Ocean Strategy* can be concluded that product Innovative aimed at to less students _ capable however permanent productive could received with well by customers. This data collected from job data respondent where majority from respondent customer the is student with percentage of 44%. With use This *ERRC Grid* for get *big value* based *lower cost* and reconstruct elements customer in make something score curve new so that could infer data from respondent on descriptive variable *Blue Ocean Strategy* has give value strongly agree to product innovative, successful create product new that is **MASPRO** *(Students productive)* who can Becomes consideration of Sharia Bank KC Ambarukmo in create *Blue Ocean Strategy* in the product.

MASPRO is product the resulting innovative from respondent for increase service to customers and created with use This *ERRC Grid* focused on to student, because student is agent change that plays a role important for development country in all field and as we _ know many less students _ capable however achievement and productive like work for pay off cost study because originated from family medium to bottom. From here could seen a opportunity for help student in complete the study period and can also Becomes reference form care for Bank Syariah Indonesia from the Education sector towards generation successor nation.

Advantages from this MASPRO product is is unique product and not _ denied if product this could realized at Bank Syariah Indonesia will Becomes the only one product only _ owned by an Indonesian Islamic Bank that does not owned competitors another. With thereby if product this only the only and no in competitors _ else, then succeed created *Blue Ocean Strategy,* because *BOSS* created if there is product innovative and unique that is not owned by other competitors and can said succeed To do *divergence / Motion Avoid* from *Red Ocean.*

**Significance** *Blue Ocean Strategy*

The results of the study found that the *blue ocean strategy* significant effect on the field of Islamic banking. This means that the better the customer's perception of the *blue ocean strategy* the increasing desire to use Islamic banking. *Blue Ocean strategy* _ is basically a ploy to beat competitors through offering innovative product features with without existence friction in competition , and has been ignored by competitors. The features of these products are usually also radically different from those already on the market. The essence of the *Blue Ocean strategy* is to identify and explore potential and new things in the form of idea or innovation that will applied to a new market that is still not realized by other players, thus a company can walk alone to dominate the market.

*Blue Ocean Strategy* aims to form an organization that focuses on strategies that have new ideas and innovations and avoid existing markets. This concept is well applied by companies engaged in service providers and services such as banking which currently has many competitors. By applying the *Blue Ocean Strategy* , banks can design appropriate strategies to increase the number of customers or prospective customers who want to use products from Islamic banking.

*The Blue Ocean Strategy* implemented by Bank Syariah Indonesia KC Ambarukmo is to increase innovative products, attract interest and maintain customer loyalty to the BSI Ambarukmo Branch Office. Innovative products are aimed at Agents of Change/Students who are underprivileged but still productive (Part-time jobs & Achievements), on average these students work as *online drivers* . Bank Syariah Indonesia KC Ambarukmo offers attractive and innovative products aimed at young people, especially students who are unable to be independent by having income while still being able to carry out lecture activities.

### E. Conclussion

Based on results study so could concluded that MASPRO products can make a breakthrough for outperform generated competitors _ with use Blue Ocean Strategy. MASPRO is product Innovative aimed at to student not enough capable, productive and accomplished. This MASPRO product is is unique product and not _ owned by competitors another. Blue Ocean Strategy can apply with good at Bank Syariah Indonesia KC Ambarukmo Yogyakarta because according to questionnaire survey results showing that Bank Syariah Indonesia customer KC Ambarukmo specifically students are very enthusiastic to product innovative which in the case this is MASPRO. Recommended to Bank Syariah Indonesia KC Ambarukmo for apply this MASPRO product, because product this unique and not denied if product this could realized at Bank Syariah Indonesia will Becomes the only one product only _ owned by an Indonesian Islamic Bank that does not owned competitors another. The development of competitive and innovative Islamic bank products needs to be improved, because the market is still very wide open and the advantages of conventional bank strategies are opportunities for Islamic banks to be more creative and innovative in making new products.

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