

Marketing Effectiveness in Islamic Financial Cooperative: A Case Study

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Abstract

Cooperative is a model of kinship economic form in Indonesia which supported by national constitution. As a "Muslim majority country", value of Islamic religion brought to every segment of life, including cooperative as an economic form based on kinship. Islamic Financial cooperative was a role model of religious based of alternative kinship economic form, and their existence supported by government and cause of high growth in amount. This study tries to find role model of Islamic financial cooperative of marketing effectiveness through study case. The Subject of this study was an Islamic financial cooperative (BMT) in Bandung city, Indonesia. This study was meant to be explanatory, using case study approach in one of the Islamic Financial cooperative, well known as Baytul Maal wat tamwil (BMT), used to explain factors that creating marketing effectiveness and marketing metrics that can be implemented in this form of economic. The factors was based on Kotler (1977) and Carson (1990) marketing effectiveness theory, as for marketing metrics proposed to be used as a measurement; based on Hooley & Lynch (1984), Ambler (2004). Marketing effectiveness in this study viewed as ability of organization to attain their objectives, how was the process of marketing effectiveness achieved in Islamic financial cooperative. The factors of marketing effectiveness used was proposed by Carson, which are : limitations of marketing expenditure, marketing expertise, and marketing impact; Marketing planning vs. operation, levels of generalization, marketing planning adapted to small firm, stages of marketing, level of activity. This study academically open up conditions of marketing effectiveness in Islamic financial cooperative that rarely explore.

Keywords : Islamic Financial Cooperative, Marketing Effectiveness, Marketing Metrics.

1. Background

The development of Islamic financial cooperative in Indonesia, as a religion based financial institution, are growing in dynamic. In mid 1990, the amount of Islamic financial cooperative reached 3000 unit. In year 2000, registered unit was 2.938 in 26 provinces. December 2005 reported that the number decreased to 2.017 active unit. In June 2006, according to Executive director of *Pusat Inkubasi Bisnis Usaha Kecil* (PINBUK), Aslichan Burhan, Islamic Financial cooperative, are common known as *Baytul Maal wat Tamwil* (BMT) already reach amount of 3.200 unit with total asset of 2 trillion rupiahs. Mohammad Naufik, Director of Center for Islamic Economics and Business Resources Development (CIEBERD) in *Air Langga* University, said that one of the example how interesting Islamic financial institution was shown by financing to deposit ratio in Islamic bank that reached around 103 % to 105 % in 2007 and 2008. While conventional bank loan to deposit ratio (LDR) reach only 66,32 % to 74,58 %.

The ability of Islamic bank to survive, brings positive influence to Islamic financial cooperative, because many of these cooperative financial and capital activity related to Islamic bank. Islamic financial cooperative, well known as BMT, is a religion base financial cooperative using Islamic rules as their basic operated rules. The "customer" of BMT is middle to low economic level scale & small industry. In Indonesia, widely known that small business generate 53% of Indonesia domestic product. (Jawapos, 30 Desember 2008).

Marketing makes a fundamental contribution to long-term business success (Rossano Eusebio, Joan Llonch Andreu and M. Pilar Lopez Belbeze, 2006). In marketing terms operational measures of the marketing process are marketing effectiveness. The output measures are performance measures, e.g. profit, share etc (Paul Connor And Caroline Tynan, 1999). Measuring marketing is crucial for organizations, many studies report that marketing effectiveness could affect the performance of a company (Kwaku Appiah-Addu, Alan Fyall, Satyendra Singh, 2001).

For all this time marketing effectiveness always relates to profit organizations. Unfortunately none of it discusses or mentions about marketing effectiveness in non-profit organization. As we may know, non-profit organization actually also conducts marketing function. This study focuses on marketing effectiveness in non-profit organization, in particular cooperative, to be more specific Islamic financial cooperative. Cooperative is a role model of ideal economic form in Indonesia, this was mentioned in Indonesia constitution¹. As an economic kinship based institution, cooperative was designated to increase the wealth of its member. Cooperative, particularly Islamic financial cooperative is growing in fascinating way, as we explained in the first paragraph. The chance for growth will be more open since Indonesia is a country with vast number of Islamic follower.

This research aims to reveal marketing effectiveness in Islamic financial cooperative world. So there will be basic understanding relate to impact of marketing effectiveness in Islamic financial cooperative area. The research will be limited in Bandung city, focus on Islamic financial cooperative. The objects of this study are Islamic financial cooperative (BMT) that had operated more than 2 years, have legal permit under supervision of Indonesian National Cooperative and Small-Medium Enterprises Department (*Departemen Koperasi dan Usaha Kecil Menengah*).

To get a big picture of marketing effectiveness in Islamic financial cooperative (BMT), so in a way able to support cooperative, as main model of kinship economic form in Indonesia, to grow, develop and have a role in our economic development. This study also expect to fill small spot in marketing body of marketing knowledge relate to cooperative business activity, in particular Islamic financial cooperative (BMT).

2. Theoretical Foundation

The pressure to measure the performance of marketing better has become relentless. The needs of measuring marketing performance has been driven by a number of factors. Perhaps first and foremost, the post - 2000 economic downturn sent many corporate leaders on a mad scramble to cut costs, and marketing budgets are notoriously seen as soft targets in this regard (Sheth and Sisodia, 1995), investors and analysts are also increasingly asking for information on the marketing performance of firms (Haigh, 1998; Mavrinac and Siesfeld, 1997). Also many authors citing lack of marketing awareness as a key cause of company failure [3]. This such of conditions inspired many research points to a multiplicity of marketing effectiveness.

Connor and Tynan (1999) mentioned that different research aims offering original thoughts on a comprehensive measure of marketing effectiveness have relied principally on the adaptation and adoption of three key instruments namely kotlers (1977), Hooley and Lynch (1985), Carson (1990). In this study we also bring in marketing metrics (Farris, Bendle, Pfeifer, Reibstein, 2010), since there was reported by Shaw (1998) and Ambler (2000) on the increase of use in marketing metrics method and as an part of answers of the research questions.

2.1. Defining Marketing Effectiveness

Effectiveness is recognized as one of the three fundamental performance dimensions for assessing and controlling marketing organizations [6]. Others believe that marketing effectiveness related with process and ability to achieved objectives. Some of the Marketing effectiveness definitions founds are as follow [6]:

- Traditionally was defined as the marketing organization's ability to attain its intended goals, given organizational capabilities, competition, consumer preferences, and other environmental conditions (Kerin and Peterson, 1998).
- In marketing terms operational measures of the marketing process are marketing effectiveness. The output measures are performance measures, e.g. profit share etc [12].
- Marketing effectiveness is a fundamental performance dimension of the marketing organization, traditionally viewed as an output variable predicated on goal attainment [11].
- Kahn and Myers (2005) agreed that ability to attain sizeable and/or multiple marketing goals would be attributed to greater marketing effectiveness for an organization [9].
- Most of the opinions point that marketing effectiveness relate to "how" and "what" is the result of marketing activity.

2.2. Measuring Marketing Effectiveness

Here are some of the theories related to measuring marketing effectiveness that often use in marketing effectiveness studies.

Hooley and Lynch (1985) develop marketing effectiveness measurement. In their questionnaire², the fifth part was about marketing effectiveness measured in terms of profitability, sales volume, market share, brand awareness, return on investment and coverage of market segment.

Marketing metrics, that are measures that can view marketing dynamics from various perspective and arrive at "triangulated" strategies and solution (Paul W. Farris, Neil T. Bendle, Phillip E. Pfeifer, David J. Reibstein; 2010). These marketing metrics project started In the United Kingdom. Several marketing trade organizations recently came together to sponsor the Marketing Metrics Project (Ambler, 2003), and the Chartered Institute of Marketing issued its own substantial report on marketing effectiveness (Chartered Institute of Marketing, 2001).

In the United States the influential Marketing Science Institute declared marketing metrics a key research priority in four consecutive biennial reports (Marketing Science Institute, 1998, 2000, 2002, 2004), supported by several well-attended joint conferences of academics and practitioners (Debruyne and Hubbard, 2000; Bahadir and Tuli, 2002; Bruno, Parthasarathi and Singh, 2005) and a special section of the October 2004 issue of the Journal of Marketing (Lehmann, 2004). The American Marketing Association followed up with a major study among its members on marketing accountability (American Marketing Association, 2005).

Other US-based organizations, such as the Marketing Leadership Council (Marketing Leadership Council, 2001, 2002, 2003) and the CMO (chief marketing officer) Council (CMO Council, 2004), have also issued their own reports on improving performance measurement. Research points to multiplicity of marketing metrics increasingly used reported by Shaw (1998) and Ambler (2000). Clark (1999) identified about 20 measures and points some financial and nonfinancial measures (metrics), common use for measuring marketing performance in history as listed in Table II.1

Table II.1. Marketing Metrics Choices
Source: Clark (1999)

Measures	Authors
Single financial Output Measures	Profit Sevin (1965); Goodman (1972)
	Sales Revenue Feder (1965)
	Cash flow Buzzell and Chussil (1985); Day and

²The questionnaire (Hooley and Lynch, 1985) consist of 50 questions related to three major areas: Attitudes towards marketing, Marketing organization and marketing practice. The first part contained questions pertaining to the respondent company background. The second parts contain questions about respondents marketing attitudes. The third parts comprised questions about corporate strategy. The fourth part consisted questions about marketing strategies adopted by the company. The fifth part deal with performance measurement. Companies were given a rating between 1 and 3. Number "1" for "much worse than other companies in the industry, number "2" for on target, number "3" was for "worse than other companies in the industry. Companies with a rating of 1 for all criteria were classified as "better (top) performers", where as the others were categorized as "others (worse) performance".

Non-Financial Measures		Fabey (1988)
Market Share		Buzzell and Gale (1987); Jacobson (1988); Szymanski, Bharadwaj, et al (1993)
Quality of Service		Bucklin (1978)
Adaptability		Walker and Ruckert (1987); Bhargava, Dubelaar, et al (1994)
Customer satisfaction		Oliva, Oliver et al (1992); Peterson and Wilson (1992); Anderson and Sullivan (1993); Seines (1993); Donaher and Mattson (1994); Halstead, Hartman et al (1994); Hauser, Simester et al (1994); Percy and Morgan (1995); Spreng, MacKenzie et al (1996); Fornell, Johnson et al (1996); Anderson, Fornell et al (1997)
Customer Loyalty		Oliva, Oliver et al. (1992); Anderson and Sullivan (1993); Selnes (1993); Teas (1993); Dick and Basu (1994); Reichheld (1994); Jones and Sasser (1995); Fornell, Johnson et al (1996) Teas and Palan (1997); Voss, Parasuraman, et al (1998)
Brand equity		Barwise (1993), Keller (1993); Aaker and Jacobson (1994); Ambler and Barwise (1998), Haigh (1998); Keller (1998); Selnes (1993); Simon and Sullivan (1993), Lassar, Mittal et al (1995)

Ambler and Riley (2000) tested a total of 38 measures, Davidson (1999) proposed ten key important measures of marketing effectiveness from the many hundred noted by Meyer (1998). Kokkinaki and Ambler (1999) deduced that marketing activity measures and summarized in six categories: financial measures (such as turnover, contribution margin, and profits), measures of competitive market (such as market share, advertising share, and promotional share), measures of consumer behaviour (such as customer penetration, customer loyalty, and new customers gained), measures of consumer intermediate (such as brand recognition, satisfaction, and purchase intention), measures of direct customer (such as distribution level, the profitability of intermediaries, and quality of service) and measures of innovativeness (such as new products launched and revenue from these products as a percentage of total turnover).

But then, later Ambler (2004) comes up with result of primary metrics commonly used by firms in UK and able to reach the top level management. Those are; Awareness, Perceived quality, Consumer satisfaction, Relevance to consumer, Perceived differentiation, Brand/product knowledge, Number of new customers, Loyalty/retention, Conversions, [Trade] Customer satisfaction, Number of complaints, Relative consumer satisfaction, Number of new products, Revenue of new products, Margin of new products, Sales, Gross margins, Profitability. These Metrics categorized into four into six constructs, which are Consumer attitudes, Consumer behavior, Trade Customer, Relative to Competitor, Innovation, Accounting.

Farris, et al (2010) had done surveys to 194 seniors marketing managers and executives to asked them to rate the usefulness of particular metrics in monitoring and managing their business. This survey ask managers to give ratings with respect to how these metrics are actually used but does not inquire about the reason. From 110 metrics there are list of important metrics rank according to type of business. Here are some rank list of top 40 marketing metrics in service sector (see Table II.2).

Table II.2. Rank of Marketing Metrics in Service Business
Source : Farris, W (2010)

Rank	Marketing Metrics	Rank	Marketing Metrics	Rank	Marketing metrics
1	Net Profit	13	Average Acquisition cost	27	PayBack
2	Retention rate	13	Average retention cost	27	Internal Rate of Return
3	Customer Satisfaction	17	Return On Sales	33	Volume Projections
4	Customers	18	Sales Potential Forecast	33	Sales Force effective
5	Return On Investment	18	Compensation	33	Brand Awareness
6	Margin %	18	Customer Profit	33	Price Premium
6	Willingness to recommend	21	Unit Margin	33	Average Price Per Unit
8	Target revenues	21	Consumer Beliefs	33	Top Of Mind
8	Sales Total	21	Sales Pipeline	33	Relative Market share
8	Variable and Fixed cost	21	Likeability	33	Recency
11	Loyalty	21	Consumer Knowledge	33	Click trough rate
11	Annual Growth	21	Customer life time	41	Market Penetration
			Value		
13	Target Volume	27	Net Present Value	41	Purchase habits
13	Dollar Market Share	27	Economic Profit	41	Impressions

2.3. Creating Marketing Effectiveness

A. Creating Marketing Effectiveness According to Phillip Kotler (1977)

Many studies use Kotler's (1977) characterization of marketing effectiveness. Kotler set up propose five components that can guide a company to reach marketing effectiveness: customer philosophy, integrated marketing organization, adequate marketing information, strategic orientation, and operational efficiency:

- Customer philosophy does management knowledge the primacy of the marketplace and customer needs and wants in shaping company plans and operations.
- An integrated marketing organization is the organization staffed so that it will be able to carry out marketing analysis, planning, implementation and control?
- Adequate marketing information does management receive the kind and quality of information needed to conduct effective marketing?
- Strategic Orientation does marketing management generate innovative strategies and plan for long-term growth and profitability.
- Operational efficiency are marketing plans implemented in a cost-effective manner and are results monitored for rapid corrective action?

This instrument considers the best known, most frequently cited and widely used out [1].

B. Creating Marketing Effectiveness According to Carson (1990)

Carson six exploratory models are a particularly useful basis for a qualitative enquiry into marketing performance and are grounded in the SME sector (Jane Moriarty, et al. 2008). According to carson study marketing effectiveness can be attain if company pay attention to these conditions: overcome the limitation (*Marketing limitations*), adopting theory of marketing concept and synchronize it with their context of marketing activity in real (*Level of Generalization* and *Marketing planning adapted for small firms*), able to connect between marketing planning and marketing operation in field (*Planning versus operations*), understand their positions in marketing stages category (*stages of marketing development*), and able to understand their pattern of marketing activity Level of Marketing effectiveness activity (*Levels of Activity*).

Marketing Limitations, have been summarized as, limited resources, which can be described fully as:

Limitations of Expenditures: Approximation can be described in three ways :

Minimal defined as a circumstances where no money or time is spent on marketing activity, or where it is spent on the minimum basis that make company possible to exist and to reach some customers. It is likely that the owner or manager is simply reacting to orders placed by customer. Limited defined as a circumstances where money and time spent on marketing activity is done so as a part of a planned attempt to generate more sales and to expand the market base. In this circumstances it is likely that the manager/owner spent more time in marketing activity rather than in other business function. Substantial defined as a circumstances where the company is marketing driven. The owner/manager spent most of the energy to communicate with customers and the market in general.

Limitation of expertise - the refers to the owner's and other's marketing background.

Limitations of impact these refer to an evaluation of a combination of marketing factors derived from the limitations of resources and expertise assessments. The same categories devised for describing limitations of expenditure, minimal, limited, and substantial, are used.

Levels of generalization

General concept, theories and approaches in marketing are acceptable in the "general" sense but that they must be adapted for use in the situation specific. The criteria for assessing levels of generalization use three categories. These are general concepts, industry-specific and situation specific.

Planning versus Operation

This describes two distinctive kinds of marketing decisions inherent in marketing activity and speculates how it can be difficult for many small firms to maintain a balance between two, marketing planning and marketing operations. The categories used to describe how planning activity is carried out and how it relates to marketing operation are, minimal and balanced.

Marketing Planning Adapted for Small Firms

The categories used here for describing company's ability to adapt marketing planning concepts and apply marketing techniques to suits its own circumstances are, limited adaptation and substantial adaptations :

Stages of Marketing Development

This marketing development can be described in four distinct stages:

Stage 1: Reactive stage..

Stage 2: Tinkering marketing..

Stage 3: Entrepreneurial marketing.

Stage 4: Proactive marketing..

Levels of Activity

This part, examines the techniques and operation of marketing practices whilst still taking account of the planning dimension. It mean that small firm will do marketing in various degrees of different levels activity depending on multiplicity of circumstances, not least of which may be their stage of marketing development. The degrees of marketing can be generally defined as follows: Little or no marketing (non simplistic), Implicit and simple marketing (implicit), Explicit and sophisticated marketing (sophisticated)

2.4. Islamic Financial Cooperative (BMT)

Islamic Financial Cooperative, known in Indonesia as *Baytul Maal wat Tamwil* or in short BMT (in this paper we will use term BMT to make things more simple), was cooperative institution which used religion rules as a basic of their operational activity, mainly this rule taken from Islam, as a fast growing religion in the world. The main source of rules in Islam is *Al-Qur'an* (the holly books of Islam) and *Hadits* (guidance told by Islam prophet, Muhammad SAW).

The BMT itself have two function, *Baytul Maal* and *Baytul Tamwii*, which mean function of social activity and function of financial empowerment. The social activity function mean gathering and distribute charities (Islam terms: *Zakaah*, *Infaq* and *Sodaqoh*), in form of money or else, to the poor and pupil who in need, under certain conditions. The financial empowerment function mean financing products and saving products, both of them using profit sharing for member and BMT itself.

BMT as a cooperative have mission to increase welfare of it members. Members of BMT consist of three kinds: founders, members, pre members. Founders define as individuals that join and pay base and compulsory savings, founder entitle end of year profit sharing; members allow to use financing products with certain profit sharing conditions and savings service as long they pay voluntary savings, while pre member they only allow to use the saving product which have profit sharing system in it.

The financial products of BMT are gathering fund and financing. Gathering fund itself can be divided into four kinds, which are: Capital (base and compulsory savings), Bounded Investment, unbound investment. These gathering fund product limited by two kind of conditions, named *Mudharabah* and *Wadiah*. *Mudharabah* is agreement between investor (shahibulmaal) and investee (mudharib), to run the business with profit sharing agreement and if it loss, the investor have to deal with the capital lost. *Wadiah* is similar with savings, but under condition that cooperative allow empowering the fund and when the money is needed by the member, they can have it all plus bonuses which is given under cooperative terms and conditions.

BMT have three level organization structures, member convention as the highest structure; board administrator where policy are planned and made, in this structure there will be chairman, secretary and accounting; and the third is managerial level, where all the policy implemented. (Provided in Fig.II. 1).

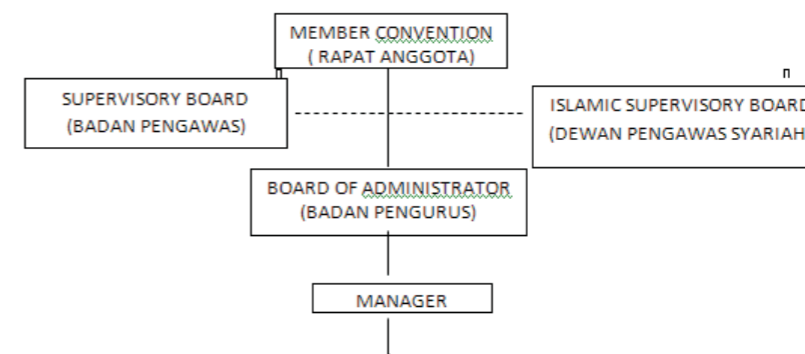


Figure. II. 1. Standardized BMT Organization Structure

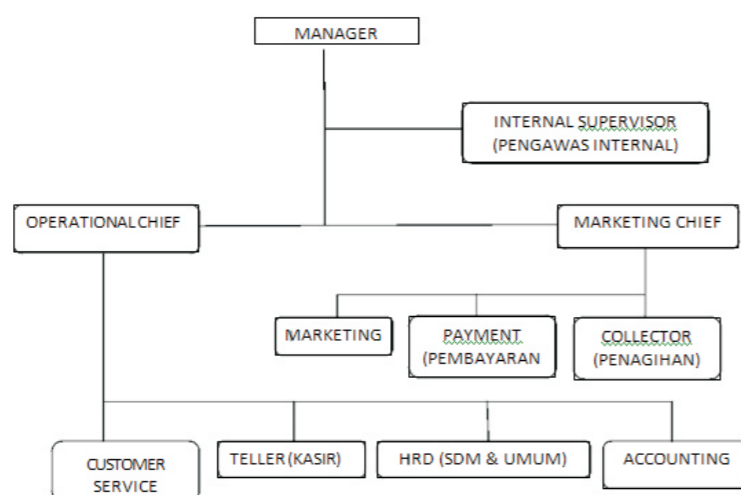


Figure. II. 1. Standardized BMT Organization Structure

2.5. Synthesis

Some of the Marketing effectiveness definitions founds are as follow [6]

- ❑ Traditionally was defined as the marketing organization's ability to attain its intended goals, given organizational capabilities, competition, consumer preferences, and other environmental conditions (Kerin and Peterson, 1998) [9].
- ❑ In marketing terms operational measures of the marketing process are marketing effectiveness. The output measures are performance measures, e.g. profit share etc (Paul Connor & Caroline Tynan, 1999) [12]. Marketing effectiveness is a fundamental performance dimension of the marketing organization, traditionally viewed as an output variable predicated on goal attainment (Kwaku appiah addu, et-all, 2001) [11].
- ❑ Kahn and Myers (2005) agreed that ability to attain sizeable and/or multiple marketing goals would be attributed to greater marketing effectiveness for an organization [9].

Most of the opinions point that marketing effectiveness relate to "how" and "what" is the result of marketing activity. In this study these definitions resulted on process ("how to" and "what") of attaining "organization objectives". And to measure marketing effectiveness, Hooley and Lynch's (1985) develop instrument of marketing effectiveness which was reported used by Lai, et al (1992) and Ghosh, et al (1994) to measure international marketing effectiveness.

The performance measurement was in term of profitability, sales volume, market share, brand awareness, return on investment and coverage of market segment. Clark (1999) suggest two types of measurement; financial and non financial measurement, and Ambler (2004) going more specific and pull out 19 important metrics to asses marketing effectiveness which accepted by board of director in companies.

For Hooley and Lynch (1985) and Clark (1990) methods, most of their choices of variable marketing measurement are concluded in Ambler (2004) study, except marketing share and coverage of marketing segment.

The Latest survey from Farris, et all (2010) about rank of marketing metrics that is usually used, shown 110 metrics common use in service business, but this list didn't show reason for using top rank metrics. Therefore in this study, Ambler (2004) study will be propose as a primary marketing metrics, because Ambler study clearly show the purpose of metrics proposed.

In creating marketing effectiveness, Kotler (1977) suggested that a company will reach marketing effectiveness when they pay attention to following factors: customer philosophy, integrated marketing organization, adequate marketing information, strategic orientation, and operational efficiency.

Kotler's methods was considered as the best known, most frequently cited and used out (Webster, 1995), most of research using this method was looked for relation between marketing effectiveness and other variables (Dunn, et al, 1986; Nortburn, et al, 1989; Dunn, et al, 1994; Webster, 1995; Apiah-Adu and Singh, 1997) [14].

Carson (1990) advised that in order to attain marketing effectiveness, companies should overcome and pay attention to: Marketing Limitation, Level of Generalization, Marketing Planning versus Marketing Operation, Marketing Planning Adapted to small firms, and Stage of Marketing. Of these two theories, Carson was given more attention, because his methods were matched with the methodology of this study, that is qualitative method, while kotler theory more to use as in quantitative studies.

Another reason is Kotler method was never been specified for certain industries or business area, while Carson method was specified for Small-Medium Enterprises (SME's), and as we had simply observe that BMT had a certain characteristics which is similar to SME's such as mentioned by Schollhammer and Kuriloff (1979) [16], which are:

- a. Scope of operation.
- b. Scale of operations.
- c. Ownership.
- d. Independence.
- e. Management style.

Four out of these five criteria match with the condition of BMT, in this study. In scope of operation, BMT market areas are in Bandung city; as for scale of operations, they only operated mostly in five districts out of total amount 30 districts in Bandung city; BMT T managed by the owner, in this case founder; In BMT T, chairman and general managers have ultimate authority and effective control over the business; In BMT T, the general managers know personally all the employees and he responsible for almost every aspects of daily operational activity, this is also one of the reason why he become key informant.

Table II.3. Definitions of Marketing Effectiveness

No	Journal's Title	Authors	Year	Definition
1	In : Marketing effectiveness as a process and outcome, Khan & Myers.	Kein and Peterson	1998	Traditionally was defined as the marketing organization's ability to attain its intended goals, given organizational capabilities, competition, consumer preferences, and other environmental conditions.
2	In : Marketing effectiveness as a process and outcome, Exploring redeveloping health.	Paul Connor & Caroline Tynan	1999	In marketing terms operational measures of the marketing process are marketing effectiveness. The output measures are performance measures, e.g. profit share etc.
3	Marketing effectiveness and business performance in the financial industry.	Kwaku Appiah	2001	Marketing effectiveness is a fundamental performance dimension of the marketing organization, traditionally viewed as an output variable predicated on goal attainment.
4	Marketing effectiveness as a process and outcome.	Kenneth B.Kahn, Mathew B.Myers	2005	Ability to attain sizeable and/or multiple marketing goals would be attributed to greater marketing effectiveness for an organization.

Table II.4. Studies of Measuring Marketing Effectiveness

No	Journal Title	Researchers	Scope of Study	Methodology	Research Findings
1	Marketing metrics: The Definitive guide to Measuring marketing performance. Pearson Education, Inc. New Jersey, 2010	Paul Farris W, Neil T. Bendle, Phillip E. Fleiler, David J. Reibstein	Marketing effectiveness/ assessing marketing performance	Literature Study	Metrics to measure marketing performance
2	Effective Marketing in Taiwan: Profiles of the top Performers. European Journal of Marketing, 1992.	WB Huang, La Graham, J.Y. Hooley, Jim Lynch, Oliver Taylor	Marketing effectiveness in Taiwan companies	Quantitative using Questionnaire, comprise of 50 questions with three categories	General: Marketing effectiveness characteristic of top performers companies Specific: 1. Attitude toward marketing - More oriented. - Chief executive have wide commitment to marketing. - More aggressive in terms of growth and expansion over the next five years. - Long term oriented. - Demonstrate much stronger and more significant level of directional support for training in marketing.
3	Top Performing Organizations of Australia, Zealand, Singapore: A comparative study of Marketing effectiveness. Marketing Intelligence & Planning, 1994	BC HP, Ghosh, School, Taylor, Kwan, Leo Sock Kim	Marketing effectiveness	Measure Marketing effectiveness	2. Marketing Organization - Have higher and more significant level in a separate marketing department. - Employ a product or market management approach, except for case in Australia and New Zealand, high performers in those area, they prefer all product being under one manager. - Have a higher level of close relationship with other functional area (production, R & D finance and sales). 3. Marketing Practices - Involved more in marketing planning. - Engage in "annual and longer term" marketing planning. - Commitment to the centrality of marketing in corporate success. - Show stronger commitment. - Have consistently more outgoing and aggressive approach. - Emphasize more on winning market share from competitor. - Attack the whole market. - Take on any competition - Greater willingness to take business building risks. - Believe that the quality of their products is higher than their main competitors.

Table II.4. Studies of Measuring Marketing Effectiveness

4	Marketing Performance Measures: History and Journal of Marketing Management, 1999.	Bruce H. Clark	Historical measuring performance marketing.	of the Literature Review	<ul style="list-style-type: none"> - Attack the whole market. - Take on any competition. - Greater willingness to take business building risks. - Believe that the quality of their products is higher than their main competitors. - Have better perceived competitive advantage in terms of factors such as product performance, product design, personal selling, etc. - Less likely to copy competitors - More likely to adopt a proactive leadership.
5	Assessing Marketing Performance: Reasons for Metrics selection. Journal of Marketing Management, 2004.	Tim Ambler, Flora Kokkonaki and Stefano Puntori	Choosing primary metrics in UK industries	Quantitative, using questionnaire develop themselves.	Primary metrics common used and paid attention by top management in UK industries.

Table II.5. Creating Marketing Effectiveness

No	Title	Author(s)	Scope of study	Methodology	Result
1	From Sales obsession to Marketing effectiveness. Harvard Business Review 1977.	Phillip Kotler	Marketing effectiveness factors	Literature Review	General: Proposing Marketing effectiveness factors Specific: Questioner to measure Marketing Effectiveness by measuring following factors: 1. Customer philosophy 2. Integrated Organizations 3. Adequate Informations 4. Strategy & Operations
2	Marketing effectiveness and business performance in the financial service industry. Journal of Services Marketing, 2001.	Kwaku Appiah-Adu, Alan Fyall, Satyendra Singh	Examine Link between effective marketing practices and business performance (customer retention, sales growth, and profit margins) in the financial services industry	Quantitative using General k o t l e r ' s f 1 questionnaire which was consist of 5 topics with 31 questions on 7 Likert scale.	There is strong relationship between the Marketing effectiveness and business performance. Specific: - There is significant and positive association between all the effectiveness components and customer retention. - Customer philosophy is the strongest predictor. - Significant and positive relationship between marketing effectiveness factors and sales growth. - Adequate marketing information is the strongest predictor. - There is significant and positive relationship between marketing effectiveness and profitability. - Customer philosophy is the strongest contributor in this relationship.
3	Marketing Culture and Marketing effectiveness in service firms. Journal of Services Marketing, 1995.	Cynthia Webster	To Hypothesized relationship between marketing culture and Marketing effectiveness.	Quantitative using o t l e r ' s f 1 marketing effectiveness questionnaire and Webster marketing culture dimensions and individual scale items.	General : - There is a strong positive relationship between the kind of marketing culture a service firm has and its degrees of marketing effectiveness. - A distinct marketing culture may be required if a particular level of marketing effectiveness is desired.

Table II.5. Creating Marketing Effectiveness

						Specific: - Each dimension of marketing culture makes a significant contribution to the explanation or prediction of each of the four components of marketing effectiveness. - Each marketing culture dimensions is positively related to the dimensions of effectiveness.
4	Some exploratory models for assessing small firms marketing performance: a Qualitative approach. European Journal of Marketing, 1990.	Carson D.	Small and Medium Enterprises 150 (IV Belfast.	Qualitative methods using Participatory Action Research.	Constructs and Variables to measure marketing performance IQ 50 (IV : KIF1 \$ Iff marketing Limitation, Level of Generalization planning versus operation, marketing planning adapt to small firm, Stage of Marketing, Levels of Activity.	
5	Assesing Marketing in Small Medium-sized Enterprises. European Journal of Marketing, 1994.	Peter B. Fuller	Furniture Industries in Ireland.	Qualitative methods using Carson (1990) measurement model.	Description of Marketing Practices in furniture industries and some refinement suggestion of Carson model.	

3. Research Design

The figure bellow explain the overall process in the study:

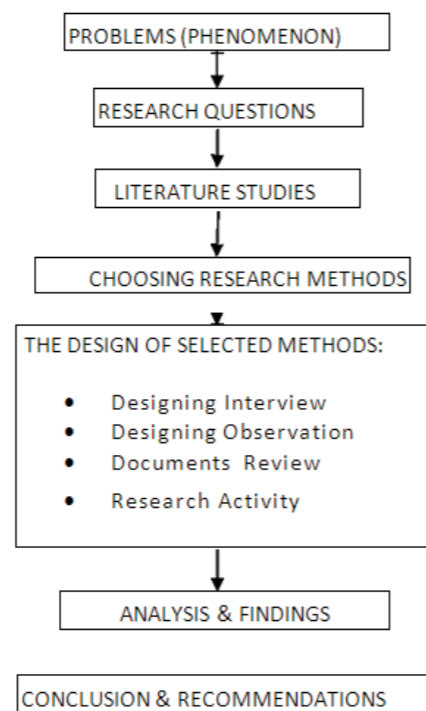


Fig. III.1. Research Process

3.1. Study Approach

This research using qualitative method, because there is certain phenomena that interesting with no academic information explain about it. In this research, literature study relates to marketing in Islamic financial cooperative are rare and as far as the search been done, none of it was found, but the possibility to get information from practitioners and to observe was quite sufficient in a certain way. Consider the lack of information and literature related to marketing effectiveness in cooperative, the need of using qualitative methods is reasonable.

3.2. Research Strategy : Case Study

This research use case studies as a type of qualitative research. Because the Case studies research represents a much broader view. Case study is not intended as a study of entire organization, rather is intended to focus on a particular issue, feature or unit of analysis (Khairul Baharein, 2008). A *case study* may be understood as the intensive study of a single case where the purpose of that study is - at least in part - to shed light on a larger class of cases or population (John Gerring, 2007, p. 19).

Anderson (1993)³ sees case studies as being concerned with how and why things happen, allowing the investigation of contextual realities and the differences between what was planned and what actually occurred. According to Yin (in Hancock and Dawson, 2006) case study is conducting an empirical investigation of a contemporary phenomenon within its natural context using multiple sources of evidence (Yin, 2003). And Merriam make it simpler (in Hancock and Dawson, 2006), people use the term *case study* as a catchall category for research that is not a survey, an observational study, or an experiment and is not statistical in nature.

In fact, researchers from many disciplines and many paradigms (qualitative and quantitative) call their work case studies, and they generally agree on several important characteristics that define case study research (Hatch in Hancock and Dawson, 2006, p. 30): *First*, although case study research sometimes focuses on an individual representative of a group (e.g., a female principal), more often it addresses a phenomenon (e.g., a particular event, situation, program, or activity). *Second*, the phenomenon being researched is studied in its natural context, bounded by space and time. *Third*, case study research is richly descriptive, because it is grounded in deep and varied sources of information. It employs quotes of key participants, anecdotes, prose composed from interviews, and other literary techniques to create mental images that bring to life the complexity of the many variables inherent in the phenomenon being studied. Information is explored and mined in the case study environment for a more thorough examination of the given phenomenon.

Case study in this research done in three BMT ?s (Islamic financial cooperative). These BMT ?s was chosen because of the reference from practitioner which is key informant in this study, beside that, it was their willingness to share information and help to complete this study, even though at the end there are several things limited to share, caused by privacy and security of their business . These three BMT ?s had been operated more than two years, they have legal financial cooperative license in 2007 and under supervision of Indonesia cooperative department. Most of the asset of these BMT ?s are above 5 00 million rupiahs and less than 2 billion rupiahs. These BMT ?s connected to each other through their own networking, which is BMT ?s organizations.

In this study we define marketing effectiveness as a way or process of organizations to attain their objectives.

1. Measuring marketing effectiveness

In this study we will use Ambler (2004) theory of metrics to measure marketing effectiveness. All of the metrics propose by Ambler was applicable, but in practice the metrics used was finite. The metrics from Ambler (2004) are:

Awareness, perceived quality, consumer satisfaction, relevance to consumer, perceived differentiation, brand/product knowledge, number of new customers, loyalty/retention, number of complaints, [Trade] customer satisfaction, relative consumer satisfaction, number of new products, revenue of new products, margin of new products, gross margins, profitability, sales, conversions.

2. Creating Marketing effectiveness means paying attention to the factors that help them to attain marketing effectiveness. The factors that will be use proposed by Carson (1990). These factors are :

- ✓ Marketing Limitation which are related to limitation of marketing expenditures, limitation of marketing experts, limitation of marketing impact in the BMT.
- ✓ Level of Generalization. Explained on general theory or concepts that is customize to market conditions of BMT.
- ✓ Planning vs Operation means the implementation of marketing planning and the practices in reality. Marketing Planning Adapted to Small firm. Do all the target in BMT marketing plans achieved in reality.
- ✓ Stages of Marketing. What types of marketing this BMT conduct at the moment. - Level of Activity. What are the techniques they used in marketing activity.

A. Cooperative Profile

In these part will be explain the profiles of Islamic Cooperatives where case study held. The information will relate to historical information, achievement relate to main activity, and recent conditions.

> BMT T

Started on December 10th, 2006, they got license in March 21, 2007. At the moment (July 2010) they have 2,2 billion assets, 21 employees, 4 branch office and 4548 product user.

> BMT W

As a part of *syariah* (Islamic) cooperative, this BMT was started on April 19th, 2007 and licensed on April 19th with first time capital 22 millions. At the moment, It have 4 employees, and one manager who is also head of staff, one office, 320 product user, 225 of them are member, and the rest are pre member. Work Capital at the moment is 360 millions, with 660 millions as assets.

> BMT V

Started on July 2006, this cooperative got it licensed on January 22th, 2007. At the moment they have 1,1 billion rupiahs, 70 million rupiahs as work capital, one office, From 1000 product user, 300 of them are member and the rest are pre member.

All of these BMT ʼs chosen as a place to gather data related to this study because of recommendation from key informant. All of these three BMT ʼs are connected to each other from organizations, which is ABSINDO (*Asosiasi BMT seluruh Indonesia*) and PUSKOPSYAH (*Pusat Koprasi Syari 'ah*). These three BMT's also related to each other caused by membership to each other, they become member to other BMT because the use of funding product, particularly short- term funding product. According to key informant, these three BMT recommended because of their current assets. BMT T achieved 2 Billions, BMT V got 1,1 Billions, BMT W earned 700 million. Also these BMT ʼs got their cooperative license in 2007.

B. Informants Profile

We choose 1 key Informant and 8 ordinary informants. Person who was chosen as key informants are general managers in the BMT T, we define general manager as a person who in charge in daily operation of the BMT or several branch managers, conduct daily operational which also responsible for implementing every decision made by board of director. He was chosen because he had involved as operational worker since the beginning he started to work, he is focusing in BMT, he know more because he got involved in several positions on several BMT organizations, in this study we can not reveal his positions caused by credential. Another reason for choosing key informant caused by the cooperation willingness, and particularly willingness to share data and helping this study.

While Ordinary informants are managers in other two BMT ʼs related to this study and staffs in the BMT T and referenced by key Informant. This research conceal identity of BMT and informants for confidentiality reasons. This conducted to clarify that this research intended for academic purpose only.

C. Interview Questions

In order to get information, this study posed several questions, to key and ordinary informants. The question posed to gain more deep information relate to marketing effectiveness in BMT. The questions posed to the key informant and ordinary informant. In practice these questions maybe develop as the researcher dig more precious information.

Basically the entire questions were designed to cover certain objectives. As explained by Greenhalg & Taylor (1997), this study also posed structured, semi-structured, and unstructured questions. Structured questions evolve when researcher asking each respondent the same question in the same way. The questions may even be phrased in such way that a limited range of responses can be elicited; semi structured questions involve a series of open ended questions based on the topic areas the researcher wants to cover. The open ended nature of the questions based on the topic areas the researcher wants to cover. The open ended nature of the questions defines the topic under investigation but provides opportunities for both interviewers and interviewee to discuss some topics in more detail. Unstructured interviews arise when researcher goes into the interview with the aim of discussing a limited number of topics, sometimes as few as one or two, and frames the questions on the basis of the interviewee previous response.

The interview questions was based on Carson model of marketing effectiveness, the questions fully related to factors of marketing listed in Carson theory.

There are two type of questions posed to informants. The questions was posed using *Bahasa Indonesia*. Structured Questions was given to key Informant and unstructured questions delivered to ordinary informants. The use of structured question designated to attain more specific answers related to the research questions. The choice of unstructured questions in doing this study was because it provides sufficient flexibility to approach different respondents differently while still covering the same areas of data collection.

The Interviews were recorded in electronic recorder, to make sure all of the information needed was available. All the result of interview were given name based on time and interviewee initials or his position in BMT. Structured question was made based on the point that Carson explain in his study, the questions was comprised of 18 questions. (see appendix).

4. Findings and Analysis

This study was conducted in April until July 2010. The study was done in three BMTs: BMT T, BMT V and BMT W. In-depth interview and document review was used during the study. Semi structured question was posed to every manager and chairman in BMT's above. This questions were related to their institutional history and growth of their institution, variables that they used to measure marketing effectiveness in their BMT. During the process, BMT T was decided as an object of case study. This choice caused by the conditions happened in other two BMT.

In BMT V the manager was resigned, this condition caused chairman acted as a manager in BMT V. The chairman had several businesses and often not in place because of it, mostly he come to the office just for short time. Researcher decided this conditions will cause difficulty in conducting study, the rare presents of key actors in BMT will caused difficult in search of data and information.

As for BMT W, there is no manager in BMT W since the beginning of 2010, the chairman also conducted as manager, the chairman had several business and social activity, and he is in his final year of undergraduate study program, so we decided it will be difficult to get sufficient information in BMT W . So the choice come to BMT T, because they have manager that focus in his job, he had all the access to data sources, he is in charge for daily operational of the branches and the decision maker. Here we conclude some important information relate to those three BMT's which was used to decide the case study object (see Table IV.1)

Table IV.1. Three BMT's Information

	BMT T	BMT V	BMT W
Informant	General manager	Chairman acted as manager	Chairman acted as manager
Started	March 2007	January 2007	April 2007
Asset in 2009	1,3 billions	1,1 billion	606 milions
Capital in 2009	105 millions	76 millions	115 millions
Amount of Product user (2009)	4548	1000	400
Case study choice	Chosen	Not chosen	Not chosen

It was discovered that BMT T had reach their objectives higher than the others two BMT's. They got higher asset, more workers, more product user and more open and willingness in helping this study. So BMT T become the case study.

BMT T got their cooperative license in March 2007. At the moment (May 2010) they have 21 employees, four branch offices in different district, 2 Billion Assets and 105 million capital. They attained 4548 product user for their overall financial product, most of them trader. They claimed that in 2008-2009 periodic, their profit increase 400 %. They have five fundraising products and five lending products. Most of their customers are women/mothers. BMT T is marketing driven institution, they consider marketing is extremely important activity that can influence them directly. They try to win the full trust of their customer.

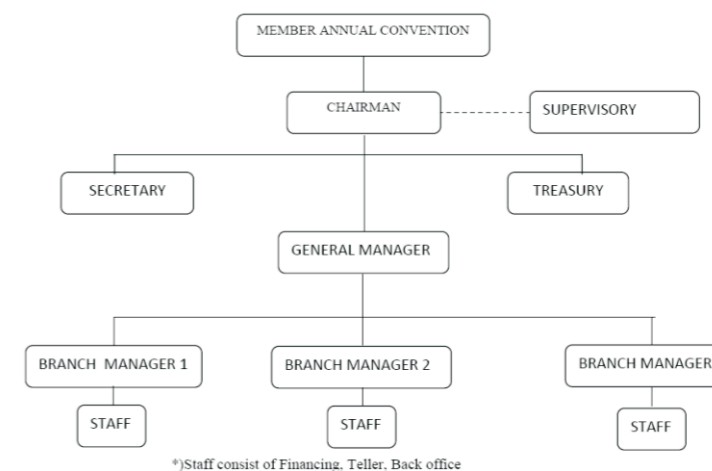


Fig.IV.1. Organization Structure of BMT T

The study was started since April 2010 until July 2010. Ten times interviews was conducted and posed to five informants, seven times observation was made. The key informant was general manager and ordinary informant was chairman, branch manager and staff. The question posed to the informants was structure and semi structured question, related to marketing activity and achievement (see appendix). All of the interview and observation was done in the office of BMT T in branch one and branch two as headquarters

The observation was conducted by watching daily working activity in three different duration of time, two meetings: daily and monthly meetings, joint general manager in his works, especially in fund raise activity. This observations catch was to complete extra information that did not covered by interviews and documents review activity. In Observations, we discover the pattern of work and methods that was used in marketing activity.

Interview was conducted to one key informant and 7 ordinary informants. Most of the interview was conducted in formal conditions with informal atmospheres, this method was chosen because the informants are young and they like to be in "loose" situation.

General Managers was in charge of daily operational activity. He had authorities in running BMT. His action related to BMT T development, either success or failure conditions. He did not have any marketing educational background. In the first year he authorized to control the BMT and he lost 20 million rupiahs and had 30 % of non-performing loan. At that time the problem was unaware of the existence of BMT ʼs Organizations. He then joined one of the BMT Organizations and invited to join the basic training of BMT matters for six days, marketing included as a subject of the training.

He learned until he got invited in the BMT ʼs advanced training and become key note speakers in many BMT ʼs related training or seminars and become founder of another BMT ʼs Organizations. General Managers was focused in his job and supervise the task activity of his staff. He started his job in the BMT from the tactical operational level, before reach his position at the moment. GM also responsible for planning the institution targets and supervises the process of attaining BMT T objectives.

Chairman of BMT T also did not have any marketing experience nor educational background. He was studying science in his undergraduate education. He gained his marketing knowledge from trainings. As a chairman he decided many strategic things. His positioned gave him final authority of decision making. He realized that marketing was as important as capital in his organization

(Dialogue #1471)

N : porsinya hampir sama seperti kalau kita bicara tentang pengadaan modal ketika pertama kali. BMT T tidak akan berjalan tanpa pasokan modal yang cukup//

Therefore he really had certain interest on things that relate to marketing, directly influence or indirectly influence. BMT T had a branch Manager, in branch one, where also BMT T head quarters placed, graduated from garment studies, working in BMT T was his first job and had no marketing related experience. He had been working in BMT T for 1,5 years. He started from the lowest position job in BMT, collector, and bit by bit he reached this recent positions. He is responsible to supervise daily target in attaining institutions goals and deliver tactical decisions. When the study was conducted, he was in charge of one account officer, 2 collectors and 1 teller/Back office.

General Manager or branch manager go outside to look for new customer for their fundraise products.

4.1. Marketing Activity

The marketing activity was consisting of two things; marketing to get customer for lending program and marketing to attract investor (fundraise). The sources of fund were classified into three categories, first party, second, party and third party. First party was founders; second party was institution, can be another BMT or organizations, companies; third party was member/pre member (public).

Those duties were assigned to two positions in BMT T organization structure. Account officer was assigned to do marketing for funding program and general managers or branch managers assigned to do marketing for attracting investor (fundraise). Usually general managers visit big institution, while branch manager go for smaller institution or individual, for example general manager after for company social responsibility fund or grant from government while branch manager more focus to visit kindergarten and some rich person. This specific position in doing marketing doesn ʼt mean other staff didn ʼt have to do marketing, every staff on duty outside the office always prepared themselves with promotional tools, such as brochure and registration forms, in case they have to respond new customer or lending proposal immediately.

In the observation the promoting activity was asking reference to the loyal customer, if there is person or institution that can be visit to be offer for financial product, whether funding or fundraise product.

BMT T use common promotional tools, from simple copied until fine print colorful brochures are tools that they used, sometimes they just make instant promotional tools, print it by themselves and copy it as much as they need. Company profile and financial report will be use whenever they after for big amount of money from particular fund source, it can be institution or billionaires. They use banner for incidental promotion events, such as exhibition, sponsorship events. They did not use any media advertisement, because of constitution did not allow cooperative to do such of things. They try to put use their personal as tools of promotion by adding name "BMT T" after their name.

The measure of marketing effectiveness, viewed from stakeholders in BMT T was amount of member, assets, and Profit, namely *Sisa Hasil Usaha* (SHU).

Z: Sebenarnya disebut BMT itu pemasarannya berhasil menurut versi praktisi, antum sebagai paktisi seperti apa?

D: Pertama pertumbuhan ya, Pertumbuhan anggota, Pertumbuhan asset, Pertumbuhan laba

Z: Ada indikator yang lebi h spesifik lagi, atau apakah yang disebut antum sifatnya.... D: Baku?

Z: Umum atau baku.

D: Klo anggota ya, orang akan melihat itu, kebanyakan ketika kita bertemu dengan dinas yg akan ditanya pertama anggota, kedua berapa asetnya, ketiga berapa SHU yang didapat

Z: Apakah itu menjadi parameter dari kacamata sisi manajemen?

D: Betul,

Itu juga jadi parameter

pertumbuhan anggota dalam sebulan berapa, pertumbuhan asset dalam sebulan berapa.

Z: Bagaimana persepsi anggota tetap mengenai keberhasilan pemasaran dari BMT ini? Apa parameter nya?

D: Klo yang terjadi para pendiri itu penyimpan dana di BMT T yang dilihat itu 2 hal, asset berapa dan laba berapa, klo anggota tidak terlalu

Z: Oh gitu jadi fokusnya langsung ke keuangan

D: Betul

Z: Bagaimana kalo Bank? Bank kan selama ini memang, dari ngobrol kemaren kan sumber dana itu bukan hanya dari simpanan, tapi juga dar....

D: Klo Bank itu nambah satu lagi penyaluran dananya, keberhasilan penyaluran dana itu berkaitan erat dengan penambahan anggota.

The stakeholder in this case was management, investor, member, government.

4.2. Marketing Strategy

One of the main strategy they used to get customer is they offer "pick up" services (in Indonesia: *jemput bola*). They will visit customer for every transaction happen, whether it ʼs paying installment, put savings, or withdrawal.

Marketing expenditure was allocated 600.000 rupiahs out of 307 million total expenditure.

They more focused on direct selling marketing, looking for references from loyal customers:

D: Ketika Promosi kita minta bapak referensikan ke siapa? Datangi yang direferensikan, itu lebih efektif, atau kita datang langsung, minta janji, ibaratnya direct selling lah... Common promotional tools was also used, such as brochure, business cards, company profile for fund raise activity, and they having it efficiently.

Z: Tapi tetep, peralatan marketing tetep? D: Betul company profile, brosur, kartu nama.

Company profile simpen, kalau nggak jadi kita tarik lagi, lebar...

Marketing strategy and evaluation conduct daily through meeting and briefing.

The GM was authorized to set up objectives for BMT T. He set up two kinds of objectives for the BMT and himself

D: Kalo targetan intern udah beda lagi akh

Z: Oh ada dua macem

D: Targetan keluar targetan yang pesimis lah, rendahnya. Kalau targetan dalam dahsyat, ane itu yang bikin targetan itu, presentasikan ke pengurus, pengurus ACC, kama kan saya sendiri yang punya gawean.

Z: Karna antum yang apruk-apruk ka ditu-kadie

D: Nah dahsyat kan, SHU yang dirancang ku ane itu, mudah2an jadi, sampe dengan mei kemarin ane Cuma lost 4 juta, targetan 46 juta laba ya, ane dapet 42.

Z: Ini targetan yang antum buat?

D: Ni SHU tahun berjalan, tahun kemaren kan 82, allhamdulillah dapet bulan kemaren aja karna ada karyawan baru (suara tidak jelas) saya hutang 4 juta bulan depan, bulan depan itu harus dapet 66 juta, naeknya 20 juta asset.

General managers opinioned that he didn't need to get involved in detailed in directing his staff marketing activity:

D: //saya punya prinsip gini, kalo kita, jangan terlalu ikut campur terlalu dalam//saya Cuma kasih gambaran, kondisi BMT T begini loh, laporan keuangan pusat segini, keadaan kita kurang, kurang, kurang//mangga, antum mau gimana? Lalu kita butuh dana sekian, antum mau bantu berapa?//

In reality, the marketing objectives was obvious and understandable by all the employees because the objectives in one year reveal in amount of money they should earn, usually divided into monthly and working days achievement in whole year. The marketing target was decided by chairman board and general managers. General managers later on decided that priority of marketing activity is fund raising, how to persuade person or institutions so they willing to put their money in BMT T. As for funding program, he believes that simple marketing activity will be sufficient, because in reality many people look for funding program. The general manager (GM) understood well about the nature of their marketing activity, because he started from the lowest position in this BMT, which is marketing collector. He is active to search for extra knowledge. He personally involved in marketing activity and set a certain objective for himself, especially relate to fund raising, attracting investor. This BMT aware of the existence of other BMT in their market area but they did not consider other BMT as threat, but as a benchmark.

In opening new market area, general manager drop himself in the area and started with visual observation in a certain specific time, information used relate to how active the market is (amount of trader, amount of money traffic per day, status of place) then how legal is the business activity. Direct survey by attending the market and having interview with the local seller will be the last step before decision to open a branch or entering the market targets was conducted. While for collecting fund, they usually offer for saving product, investment or deposit, by offering interesting profit sharing, usually above common bank rate. The marketing area was decided based on district around the branch offices, the objectives was to reach 8 until 10 districts pre branch office, but in reality they only able to cover 2 or 3 districts.

a. Lending Strategy

The general manager realize that the only thing differentiate their institution from non- Islamic financial institution is margin (#230), so they try to reach win-win solutions in attracting their customers and negotiate on margin in lending products. BMT T realize that fast and simple procedure are among things which will influence customer to stay loyal to them, so they try to make more simple and "creative" procedure. They even dare to make a trial lending for new customer or new market area

D: Sama juga sih, kita juga hati-hati menampung anggota, pembiayaan pertama biasanya tidak disarankan jadi anggota, kita test dulu, bagus gak dia, kalo misalnya bagus, hayuk, yang keduanya kita potong pembiayaan, kalo misalnya jelek, selesai pembiayaan satu kita DO, hapus.

Z: Cari pelanggan lain.

The strategy to make sure the credibility of lending users, are by small investigations or by implementing cash collateral. If the lending above than 2 millions, then another collateral should be use.

BMT T provide their customer with many simplicity in the procedure, interesting equivalent rate or profit sharing higher than bank rate, even re-negotiate funding payment, in term of Installment time or amount of installment payment

b. Fundraise Strategy

Using Islamic idealism to find customer is something philosophical for BMT T. They believe and proof that religious based customer was more loyal than just customers .

Z: Gimana sih konsep pemasaran yang dikenalkan?

D: Yang pertama kali, yang sampe sekarang terngiang-ngiang itu, kita harus bisa mencari nasabah yang fanatic, jadi segmentasinya harus jelas.

Z: Fanatik? Okay, tolong definisikan?

D: Fanatik ituuuu, ini versi saya, siapapun si nasabah ini, dia akan mempertahankan keanggotaannya di BMT T, apapun yang terjadi di BMT T, pendekatannya melalui idealisme.

Z: apa?

D: Pendekatannya melalui idealisme.

Z: Idealisme, okay.

D: Agama, sifat riba, hijrah masuk ke BMT T, biasanya kita kalau closing di majlis ta 'lim, keanggotaannya lebih lama, dibandingkan dengan kita closing secara bisnis, berapa sih bagi hasil di BMT T? berapa ininya?

Z: Ooh gitu

D: Ketika turun, mereka ancang-ancang mau pergi. Tapi kalau orang-orang yang punya idealis, mereka bertahan

They prefer not to use information on profit sharing, because it will be different time to time, depend on profit gain by BMT T, they will explain about profit sharing if the customer question about it. BMT T had adapted a lot of strategy from other type of financial business. They adapted Bank strategy to get people to put savings. BMT T stimulate their future customer by not only offering higher than bank equivalent rate, but they also give away presents, they offer presents so customer had/willing to put their money in a long time. Recently they did it by offering customers one gram gold ring to attract customer to deposit their money for 5 millions rupiah per year.

Since 2009 he created strategy to support achievement of fundraise marketing, he set up system for rewards and punishment relate to targets attained or unattained. D: *Lumayan akh kalau teman-teman di lapangan closing 1 orang dari tabungan aja dia dapet 2500, kita punya 3000 setiap pembukuan itu, 2500 buat marketing, 500 buat BMT T//*

4.3. Case Analysis

In this part we will use Carson (1990) method to analyze the case. The choice of using Carson method are; this method was designated to be use in Small industry and Enterprises; all criteria in Kotler (1977) was concluded in Carson method. Kotler's customer philosophy was concluded in "marketing planning adapted to small firms" and "level of generalization" criteria of Carson, because in his point, kotler explain that customer philosophy relate to market place, customer needs and wants, and Carson through his both criteria above point that the strategies will be shape by the conditions of market and customer needs. Integrated marketing organization variable conclude in planning versus operation of Carson, where in these both variable discuss about organization of marketing in a company an institution. Kotler's operational efficiency criteria concluded with level of activity criteria of Carson.

Ability of BMT T to attain their objectives showed their marketing effectiveness. It was shown in their financial documents that they able to reach more than their planned in terms of assets, except in the first semester of 2007 which was caused by the "learning by doing" conditions done by the top management in this BMT, in particular their general manager. Chairman and general manager consider the growth of profit, asset, amount of members, and amount of fund distributed as an parameter of their marketing activity success.

4.4. Measuring Marketing Effectiveness Instrument

Marketing effectiveness instrument of measure in BMT T will be propose to use marketing metrics by Ambler (2004) with an additional marketing performance measurement from Hooley and Lynch (1985) which is market share, return on investment, coverage of market segment. The reason for adding these three measurement because knowing market share for BMT T is crucial so they can focus to offer their services to more customers relate to their competitor, and market segment will lead them to the group of potential customers. As for return on investment measurement related to market expands system they have: having more branch offices, they need to discover how financially building the branch offices bring good to them. So the complete list of marketing metrics can be use in BMT as listed :

Awareness, Perceived quality, Consumer satisfaction, Relevance to consumer, Perceived differentiation, Brand/product knowledge, Number of new customers, Loyalty/retention, Conversions, [Trade] Customer satisfaction, Number of complaints, Relative consumer satisfaction, Number of new products, Revenue of new products, Margin of new products, Sales, Gross margins, Profitability. These Matrics categorizes into four into six constructs, which are Consumer attitudes, Consumer behavior, Trade Customer, Relative to Competitor, Innovation, Accounting.

All of these metrics, except two, conversions and sales, are applicable in BMT T. But in implementation, BMT T measures their result of marketing using 3 factors only, amount of members, assets and profit (SHU) growth. So we will suggest metrics from Ambler which are :

1. Asset. No metrics showed amount of asset, this will remain used asset.
2. Profit : Gross Margin, return on investment, market segment.
3. Amount of member: Total number of customers, number of new customer , Loyalty.

We found out from in-depth interview, that BMT T implemented measurement such as profit, asset, amount of member.

- a. Profit means advantages that cooperative earned from transaction with their product user, or Advantages that Islamic financial cooperative earned from saving or lending products, usually in currency. In cooperative the term used was *sisa hasil usaha* (SHU).
- b. Asset means Belongings of BMT, anything that tangible and intangible that can produce value, included in it, buildings, vehicles, software, amount of debt, amount of money invested inside or outside institution
- c. Amount of member means number of product user for lending product and fundraise product (fundraise).

These three measurement was used in BMT as measure of marketing effectiveness because this is the most paid attention measures noticed by their stakeholder, such as Bank, personal investor, even government institution.

Z: *Sebenarnya disebut BMT itu pemasarannya berhasil menurut versi praktisi, antum sebagai praktisi seperti apa?*

D: *Pertama pertumbuhan ya, Pertumbuhan anggota, Pertumbuhan asset, Pertumbuhan laba. Klo anggota ya, orang akan melihat itu, kebanyakan ketika kita bertemu dengan dinas yg akan ditanya pertama anggota, kedua berapa asetnya, ketiga berapa SHU yang didapat.*

4.5. Creating Marketing Effectiveness

The factors that influences marketing effectiveness according Carson (1990). Limitation of Expenditure BMT T use simple own printed and multicolor-fine print brochure, these brochure are different, based on purpose and target customer. Simple-own printed brochure was used to find customer for lending product, usually use in traditional market or home base business area. While multicolor fine-print brochure use to attract costumer for fundraise purpose. There are four types fine-print brochure for fundraising program They use banner once a year for events sponsorship or when there is an exhibition they involve in. They will us "own-print" company profile to enter the larger scale investor, and if their offer does not work, they will come back to take the company profile back, so they can use it for another customer. They did not use any professional designer service for any promotional tools, They prefer to use their own employee skill for designing promotion tools.

The general manager prepare small promotional tools for 600.000 rupiahs from their 300 million total expenses. Because of these condition, their expenses in marketing can not consider as substantial, therefore this BMT categorized as limited in their marketing expenditure.

Limitation of Experts.

This BMT never use any particular expert service in marketing activity. The managers/General managers learned about marketing from, short courses, experience, comparison study to other BMT's and books. The General manager had join one week course of BMT, held by one of the BMT organization, related to everything in running BMT, and "marketing of BMT" is one of the subject that he learned during the course of BMT and many BMT related learning. None of the employee in this BMT have marketing knowledge background nor marketing worked experiences. But because the general managers often involved in many courses related to BMT, and become keynote speakers in BMT's Training, consequently the general manager matched the *category appreciation level learned* in marketing. So they didn't run marketing instinctively, but based on their knowledge and experiences.

Limitation of Impacts

BMT T, after more than two years operated, they have 4 rented branch office, which one of the office used also as main office, their assets reached around 1,3 billion, with 105 millions as their capital work (per 2009). At the moment they have 21 employees (per may 2010) and around 4000 product user. They mapped their marketing area based on district (kecamatan) in their four branches, for now they focusing in 4 areas and in the next semester of 2010 they planned to open another 2 branch area. Such conditions matched with limited impact in marketing limitation criteria, because of the growth of product user and the expand of area in Bandung city was still finite to several districts, while Bandung has 30 districts.

Level of Generalization

One of the principle in BMT T on marketing strategy is to find, what so called "fanatic costumer", people who use their product based on religious/ideology reason. In their daily implementation, to collect as many investor and product user, they used direct selling technique. The marketer come directly visit to the new costumer which was recommended by other loyal customer, by carrying brochure, company profile, leaflet and registration forms, in case they need to respond consumer needs on the spot. Reference system was admitted as an effective way to get member, this mean visit a person based on other person information. The General managers consider mouth to mouth marketing as a good marketing technique, common marketing activity using promotional tools such as brochure, banner, and proposal also conducted. Satisfied consumer is very important to them, because they can generate more consumer, therefore they try to please consumer by providing product that is suitable for consumer.

.....Kalo BMT lain punya 1 sampai 3 produk, kalo kita PALUGADA, "apa lu mau gua ada".

they dare to customize (read: break common rules) conditions for funding product user by making simple the procedure and conditions to be their member (read: product user).

.... ketika pengajuan pertama, kita tidak paksa mereka jadi anggota, sambil kita liat juga prospeknya, ketika mereka ajukan yang kedua, kita potong seratus ribu dari pinjaman untuk jadi simpanan pokok.

And they developed system to increase the output of their marketing activity, by preparing bonus for they who succeed and punishment for they who failed to attain the targets.

Pick up services (Indonesia: *jemput bola*) is one of their characteristic in marketing or promotional activity

....Kalo yang membedakan dengan yang lain, yaitu system penjemputan, jemput bola. Menabung, menarik bisa lewat telepon. Kalo yang lain bisa pake ATM, kalo kita lewat telepon.

They also offer attractive equivalent rate, profit sharing and prizes for their fund collecting activity and follow strategy such as giving prizes/door prizes to attract their customer, following other financial institution tactics. Therefore they were consider adopted **situation-specific marketing** because many concept were adopted from other financial institution, and then they modify it to suite their marketing environment.

Planning vs Operation

Interview and observations show that BMT T tend to have **balancing** in marketing planning and marketing operations. Specific jobs of marketing are designated to 2 persons, managers/ branch managers and Account officer. And marketing has two purposes in BMT T, marketing for fundraising and marketing for lending (funding). Fundraising was a task of general manager or Branch manager, the different is the scale, every person who responsible for fundraising will be asked the amount of fundraise they will achieve as a standard plan.

There are monthly, weekly, and daily meeting or evaluation briefing, related to decision making or problem solving, as a way of control to the marketing activity and its result. All the activity carried out to achieve the target that had been made for certain periods of time. All employees are encouraged to do marketing beside their own particular job. And everyone going for the same type of target market told by general managers or branch managers, which are traditional market trader, house businesses, and school. And there were monthly meeting where all the employee gather and evaluate every branch offices, relate to monthly achievement and many other things. At the end of the meeting, branch managers were directed to add more gross income which meant adding more new member or persuade old member to do more funding transactions or put more savings.

The general managers and chairman aware of how BMT was marketing driven organization, that is why they focusing his effort 70% for marketing. And It shows from the biggest concern in their daily decision made was relate to marketing activity. Chairman of BMT T mentioned that they only made annual term (short-term) planning, they don't have any long-term planning for marketing, because he said BMT supervision from government are still weak, so they afraid of the condition.

Marketing Planning Adapted to Small firms

BMT T try to keep up with their marketing planning. Marketing planning as standard of their marketing activity. If the plans (general manager) told them to focus on one side of marketing, either looking for funding customer or fund raise customer (investor). All the marketing targets was obtained and evaluate every day, week, month, and year to make sure all of the workers in BMT T keep up with the marketing plan. General manager gave instruction on marketing activity and supervise highly, such as amount of visit done by marketing staff. Marketing planning was adapted *substantially*.

Stages of Marketing

BMT T simply in the *proactive stage of marketing*, even though they don't have or use marketing expert services, but they do have staffs designated for marketing, Account Officer for lending program marketing and Branch Manager/General Manager for fundraise program marketing, so there are separate positions to do marketing task, though in reality, Account officer and managers (general/branch) also caught up with other jobs unrelated to marketing activity, but everyone in any position were encourage to do marketing related to efficiency and effectiveness. Mapping of marketing area was done, and everybody obligate to explore the area within reach of their branch office.

The general manager does not have any marketing background but experiences educated him to be able to plan and integrates marketing activities. The learning period involve some comparison study to other institution, short course relate to BMT matters, and use of books. The BMT have systematic common activity in running and evaluate their marketing activity, target made and evaluated systematically, monthly, weekly, even daily, based on guidance of general managers to the branch managers. They provide annual reports for member committee to inform the growth of the BMT.

This BMT build network with other BMT's to strengthen their position in marketing, especially their services to the customer. They also attract other BMT's to join as a member in their cooperative, therefore they have strength to cover any short term financial needs.

Level of Activity

Explicit and sophisticated marketing is appropriate level designated to BMT T, they already realized that marketing is something important for the survival and development of their organization. BMT T well informed on their market segment, who dominate as their product user, what BMT T hope, wants, needs and how to achieve. They tend to optimize their marketing activity with available resources. The objective of marketing activity is clear and supervise periodically. They have daily, weekly, monthly, and annual meeting as a time for direction and evaluation. The marketing result was watch carefully. Ability to attain the goals was something encouraged by the bonus system prepared by general manager. On the contrary, punishment system also provide to make sure that everyone really serious in attaining the goals. Everybody in any position encourage to be involved in the marketing activity.

BMT T realize that fast and simple procedure are among things which will influence customer to stay loyal to them, so they try to make more simple and "creative" procedure. BMT T spoil their customer with many simplicity in the procedure, interesting equivalent rate or profit sharing higher than bank rate, prizes, even re-negotiate funding payment, in term of payment time or amount of payment. They try to make customer feel comfortable and put their trust on them.

The general manager understands the nature of their marketing activity. Because he was started from the lowest position before he was in recent condition. He is active to search for extra knowledge. He personally involved in marketing activity and set a certain objective for himself. He also provide many strategy to do lending marketing or fundraise marketing This BMT aware of the existence of other BMT as competitor but they did not consider other BMT's as threat, but as a benchmark.

In opening new market area, everything usually started with visual survey for certain specific time, information used relate to how active the market is (amount of trader, amount of money traffic per day, status of place) then how legal is the business activity. Direct survey by "jump in" to the market and having interview with the local seller will be the last step before decision to open a branch or entering the market targets was conducted. While for collecting fund, they usually offer for saving product, investment or deposit, by offering profit sharing, usually above common bank rate. With the conditions of marketing effectiveness explained above, BMT T Able to attained their objectives in 2009, they growth more than 100 % in Assets and 400 % in profit. This numbers will relate to the increase amount of members (product user).

5. Conclusion

Overall this case study has successfully responded to the research question and describe what is marketing effectiveness in Islamic credits cooperative. The use of in depth-interview and observation had been paid as the results emerged and generated following conclusions:

- (1) Marketing effectiveness in this study defined as process (how to and what) of BMT in attain their objectives.
- (2) The measurement of marketing effectiveness that was proposed by Ambler (2004) are applicable for using in BMT T, but in practice top management of BMT T prone to measure their marketing effectiveness by paying attention to assets, profit, amount of member, so the metrics that will be use should relate to these factors, which are Gross Margin, return on investment, market segment, Total number of customers, number of new customer, Loyalty. .
- (3) Marketing in BMT (Islamic credits cooperation) are limited to the promotion activity. The management of BMT seems only recognize that marketing is relate to introduce their product and getting new customer. They need to realize that marketing need to do also to the internal, to peer, source of funds. BMT T have marketing limitation in expenditure, expertise and impact. Because of funds problem, they use limited resource of fund for their marketing activity, include promotion and customer service. They use simple color brochure, self-printed proposal, all was designed internally in the BMT T. But the effort they put to do marketing is enormous, from the observation after morning briefing no one stay in the office unless teller and back office staff, everybody move out doing their jobs, collecting, looking for funding, taking care non performing loan. The general manager himself devote mostly of his time to marketing matters.
- (4) This BMT categorized as *limited* in the marketing expenditure limitation. The general managers never had any formal study relate to marketing knowledge, but he studied marketing by experience, trainings, study comparison to other BMT, formal training in BMT subjects, and books. He was classified as *appreciation level* learner because he had studied marketing in a training particular for BMT. The Impact of marketing for BMT T is *limited*, because of the portion of time and active general manager, they achieved amazing growth, their assets grow mre than 100% and their capital work reach 400% compared to 2008. But they have 4 branch office with more than 4000 product user, half of it is saving product user. They exist in 4 area, in each area they penetrate 2-3 districts, while in Bandung city there are 30 districts inside.

They were considered adopt *situation-specific* marketing because they did adopted some technique from other business and customize it to be suitable in their marketing environment. They have balance between marketing planning and operation, what had been planned were, supervise and highly watched, to make sure that the objectives will be attain. BMT T substantially adapted their marketing plan, they were aware that they are marketing driven organization, so they need to stick to the marketing plan. At the moment the stages of BMT T marketing is in **Proactive stage**, because marketing are watch and supervise carefully by general manager and his subordinate, branch manager. The supervision was conducted through daily, weekly, and monthly meeting. As for marketing level of activity, because what they have to achieve, and how they will achieve are obvious, BMT T in the level of **explicit and sophisticated**. Sophisticated because they have this structured supervision in doing their marketing activity.

- (5) BMT T have focused general managers who put his energy to make sure that this institution will grow.
- (6) Courage to manage risk is one of the thing that need to be pay attention to this BMT. How they able to take risk and developed their marketing area in a massive way.
- (7) Young employee is source of energy. They have strength and power to keep up with dynamic rhythms of BMT T activity.
- (8) BMT T membership in BMT Organizations had help transferred the knowledge of how to conduct their activity properly.

This study also reveals recommendations carefully for research object which is BMT T. Here are several of them that can be pointed out:

1. BMT T should realize that marketing activity is investment; they should change the paradigm that marketing activity is cost spending. Therefore increasing their marketing budget, and not only spend it in promotional tools, but use it for upgrading of their best-loyal employee.
2. The use of internet in their office can be a way to learn more about their marketing activity. They can try to discover tools to measure their marketing achievement outside financial measures. This can be use to increase credibility of cooperative. Communicate with other cooperative from different country might increase their knowledge and ability to spread more
3. They should open more research opportunity for academic practitioner. In that way they will discover way to develop their strategy in running the business.
4. Marketing is not about promoting, General manager should try to spread these concepts to all the employee in their organization. Marketing is about effort to add more value in their product or services, therefore they should realize that everything they do in the organization will be relate to marketing. In another word, they can use some marketing-related training.
5. When they realized that mouth to mouth marketing is a factor which is significant in helping their marketing, they should discover way to measure it, and make optimum use of it by looking for way to control and develop.
6. Making of formal documents out of every marketing planning is something important. This will be valuable for evaluation and making of decision in the future.

6. Further Studies

This research is one of a thing that had been done to discover more information relate to marketing effectiveness in Islamic credits cooperative, namely BMT. This research try to describe the nature of marketing effectiveness practice and expected result was to describe marketingeffectiveness characteristics in BMT activity. But this research may have misinterpretations and many lacks. Therefore researcher propose several ideas for Further research:

1. Internal marketing as a subject of research is an interesting idea The purpose is to discover the description of employee loyalty in Islamic credits cooperation, is it relate to ideology or else?
2. Qualitative research relate to holistic marketing in cooperative. How successful islamic credits cooperative conduct kotler ʼs holistic marketing concept in their business
3. Propose and Implementing marketing metrics in Islamic credit cooperative will be challenging, because there will be open opportunity to discover new marketing metrics.
4. Discover marketing orientation in Islamic credits cooperative, is it the same with other credits cooperative? or ideologically different.

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