

## MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT

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### Abstract

Indonesia with a population of 2022 according to Indonesia Statistics Central Bureau (BPS) is 275 million people, while the total economically active in 2022 is 143.7 million people or 52% of the population. As of December 2023, total retail domestic investors in Indonesia were 12.16 million investors (8.5% of the economically active population or 4.42% of Indonesia's total population in 2022). PT Mandiri Manajemen Investasi as a subsidiary of Bank Mandiri, as of December 2023, manage AUM IDR 43.3 trillion or 5.3% market share of the industry. Mandiri Investasi offers its products through 2 channels, direct channel where investors buy products directly to Mandiri Investasi, and indirect channel where investor buy through selling agents. Mandiri Investasi faces challenges in increasing AUM from direct channels. There was regulation from the government-affected institutional investors that impacted the asset management industry. This study examines the internal and external factors of Mandiri Investasi to develop a marketing strategy to increase the AUM of Mandiri Investasi for direct channels. The author will use SWOT analysis to have alternative strategies to proposed and to implemented by Mandiri Investasi to achieve its goal of increasing AUM.

**Keywords:** *Asset Management Industry, Mandiri Investasi, Strategy increasing AUM, Investment products*

### 1. INTRODUCTION

An investment is an asset or item acquired to generate income or gain appreciation. Appreciation is the increase in the value of an asset over time. Some products are available for investors to invest from the capital market like bonds, mutual funds, ETFs, and stocks. In non-capital market, products that categorize investment assets are real estate, business, cryptocurrency, and commodities. Earlier investors or people with a limited budget and moderate, need to invest a small amount of money, while its not all investment products are available. Capital market products provide alternative investment vehicles for investors that do not require a lot of money, through mutual funds investors could buy starting from Rp 10,000.

Although buying Indonesian capital market products is affordable, several investors that invest in capital market products is lower compared to other countries and even compared to Indonesia's population. According to Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia -KSEI) as of 2023, numbers of investors in Indonesia's capital market are 12.168.061 peoples or less than 5% of Indonesia's population in 2022. As a comparison according to a Singapore Business Review article in 2021, 5 in 10 Singaporeans have invested in the stock market, and only 28.86% of Singaporeans show no interest in the stock market. PT Mandiri Manajmen Investasi (Mandiri Investasi), a part of PT Bank Mandiri group, one of the largest national asset manager companies and experienced managed portfolio management since 1993, experienced a declining AUM of Mandiri Investasi since 2021, compared to November 2020 Mandiri Investasi became the number one Asset Management company with the biggest AUM for mutual fund categories by OJK, managed around IDR 49.2 Trillion.

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

*Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>*

**2. IMPLEMENTATION METHOD**

This research will conduct a case study of Mandiri Investasi to develop a marketing strategy for its direct clients in order to increase Mandiri Investasi’s AUM. This research will use in-depth interviews to get primary data with insurance companies and direct sales of Mandiri Investasi, and to get secondary data from observation, collecting data from OJK and other Asset Management Companies' websites and social media, and also online news. The researcher will analyze the internal factors of Mandiri Investasi that focus on the Marketing Mix, followed by VRIO, and marketing resources, and analyze the segmentation, targeting, and position (STP) of Mandiri Investasi. External factor analysis using PESTEL analysis, followed by Porter 5 Forces, competitor analysis, and customer analysis. Internal and external analysis data are then processed with SWOT analysis. The next step is to develop a TOWS analysis. TOWS analysis is a process of matching internal Mandiri Investasi strengths and weaknesses with external opportunities and threats and formulating using a Quantitative Strategic Planning Matrix (TSQM).

**Research Design**

According to Creswell (2009) Research design are plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. This research will be conducted in qualitative research. Qualitative methodology is how to collect descriptive data, people’s own words, and records of people’s behavior. (Taylor et all, 2016) . The research design in qualitative research remains flexible both before and throughout the actual research (Marshall & Rossman, 2011)

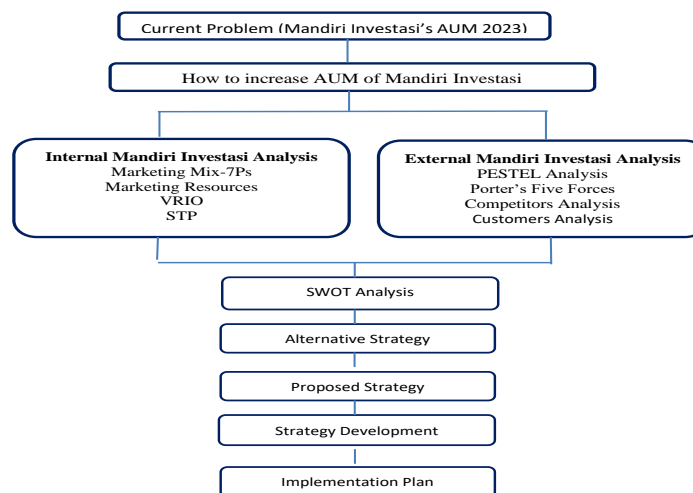


Figure II.1: Research design compiled by Author

**3. LITERATURE REVIEW**

**3.1 Marketing**

Marketing is about identifying and meet human and social needs (Kottler and Keller, 2016). The two fold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering value and satisfaction (Kotler and Armstrong, 2021). Kottler and Armstrong highlight marketing as creating value for customers as well as maintaining and building strong relationships to get their customers value in return.

### 3.2 Business to Business Marketing

In business-to-business marketing, marketers use all their tools to attract and retain customers (Kotler & Keller, 2016). Marketers use selling systems and add valuable services to their products offering and employing customer reference programs and a wide variety of online and offline communication and branding activities.

### 3.3 Business Market & Business Buyer Behaviour

Unlike the consumer market and buyer behavior, business buyer behaviour refers to the buying behavior of the organization that buys goods and services for use in producing other products and services that are sold, rented, or supplied to others (Kottler & Keller, 2016). Business purchases often involve large sums of money, and complex technical, and economic considerations among people at many levels of the buyer's organization. The business buying process also tends to be longer and more formalized (Kottler & Armstrong, 2016). According to Kottler and Armstrong, before the organization makes a buying decision, the organization is influenced by their environment. Not only from inside the company driven by marketing stimuli and 4P marketing mix but also other stimuli that come from outside environments influence the buying center in the company in managing and making investment decisions including matching with the internal company's investment policy and resulting product/ service the company wants to buy. The buying centre is the decision-making unit of a buying organization (Kottler & Keller, 2016). It consists of all those individuals and groups who participate in the purchasing decision-making process, and who share some common goals and the risks arising from the decisions.

### 3.4 Marketing Strategy

Kotler and Armstrong stated There are five alternative concepts under which organizations design and carry out their marketing strategies: the production, product, selling, marketing, and societal marketing concepts. Under the marketing concept, customer focus and value are the paths to sales and profits. The job is not to find the right customers for your product but to find the right products for the customers. Kotler and Armstrong stated there are five alternative concepts under which organizations design and carry out their marketing strategies: the production, product, selling, marketing, and societal marketing concepts. Under the marketing concept, customer focus and value are the paths to sales and profits. The job is not to find the right customers for your product but to find the right products for the customers.

### 3.5 Financial Service Marketing

Financial services marketing is distinct in many ways from other branches of marketing. Most of the distinction according to them is driven by the unique characteristics of financial services when compared to other forms of services or manufactured goods. Financial services touch every aspect of our consumption as they facilitate economic activity for households and businesses. Furthermore, financial services, by themselves, do not have a physical presence and cannot be visualized, touched, felt, or smelled (Harison & Estelami, 2015). Theron and Terblanche ( 2010 ) find that trust, commitment, satisfaction, and communication are the most important dimensions of relationship marketing in B2B financial services, with competence, relationship benefits, bonding, customization, attractiveness of alternatives, and shared values also significant. The key differentiators of B2B from business to consumer (B2C) marketing relate to the type of services being offered, the nature of the relationship between the two parties, and the fact that B2B uses customized products and services (Moles, 2015).

### 3.6 Business-to-business marketing relationships

B2B marketing relationship between plan sponsors and investment management firms involved tailored products and services such as providing individualized portfolios designed to meet the particular investment objectives of the corporate client (Goyal and Wahal 2008). Although B2B marketing process is more complex and relationship-dependent there is less

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*Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>*

research on this aspect of financial services marketing than on marketing to consumers, Theron and Terblanche ( 2010 ) identify no less than 23 dimensions of relationship marketing in the literature: the attractiveness of alternatives, power, bonding, commitment, communication, competence, conflict, cooperation, coordination, customization, dependence, empathy, goal compatibility/congruence, opportunistic behavior, reciprocity, relationship benefits, relationship-specific investment, satisfaction, service quality, shared values, switching costs, trust, and uncertainty. In investment management services, Strieter and Singh (2005) examine the factors that determine the choice of external investment management services as below table.

	<i>Equities and fixed income<sup>a</sup></i>	<i>Real estate<sup>b</sup></i>	<i>Derivatives<sup>b</sup></i>
1	Past performance	Portfolio performance	Performance and personalisation
2	Professional standings	Performance reporting	Return and experience composite
3	Relationship characteristics		Relationship characteristics
4	Service quality		Service quality
5	Risk-adjusted return		

<sup>a</sup>Equities and fixed income are grouped together; risk-adjusted return was not a separate factor for fixed income.

<sup>b</sup>Real estate and derivatives had 2 and 4 factors, respectively. *Source* Derived from Strieter & Singh (2005).

Table III.1: Selection factors for Equity, Fixed Income, Real Estate, & Derivative Portfolio Investment management service by Strieter and Singh (2005)

**Internal Analysis**

**3.7 Marketing Mix**

According to Boomer and Bitner marketing strategies and organization structures for service firms' marketing mix from Kotler, from 4Ps expand become 7Ps. They are Product, Price, Place, Promotion, People, process, and physical evidence. In services companies products become intangible in more difficult to value. People or participants reflect in part, internal marketing and the fact that employees are critical to marketing success (Kotler & Keller, 2016). Marketing will only be as good as the people inside the organization. Physical evidence is the sign of all tangible essentials which affect consumer intuitions in particular premises, websites, and personal exhibits (Wilson et al., 2012).

**3.8 Resource Based Analysis (Resource Based View-RBV)**

According to Barney (1991), for the company to sustain their competitive advantage it is necessary to build a theoretical model that firm resources have 4 attributes, there are:

1. The resources must be valuable
2. Must be rare
3. Must be imperfectly imitable
4. cannot be strategically substitute

In 2017, following resourced-based views, Frank Rothaermel mentions VRIO framework to assess the competitive implications of a firm's resources. Resources are an organization's assets and are thus the basic building blocks of the organization (Wheelen and Hunger, 2012). According to them, resources include tangible assets, such as its plant, equipment, finance, location, human assets/employees with their skills and motivation, and intangible assets, such as technology, culture, and reputation. While capabilities refer to a corporation's ability to exploit its resources. They consist of business processes and routines that manage the interaction among resources to turn inputs into outputs.

**3.9 Segmentation, Targeting and Positioning (STP)**

Segmentation, Targeting and Positioning (STP) is a key component of a marketing plan use marketing strategy in order to bring value to customers. Market segmentation divides a market into well-defined slices ( Kottler and Keller, 2016). A market segment consists of a group of customers





who share a similar set of needs and wants. After evaluating different segments, the company must decide which and how many segments it will target (Kotler and Armstrong, 2016), which is called selecting target market segments. The target market consists of buyers who share the same needs and characteristics to be served and offered the same products and services. While Positioning is positioning the company's product and services in its target market. The company must decide on a value proposition that differentiates it from its competitors. Positioning is the act of designing a company's offering and image to occupy a distinctive place in the mind of the target market (Kotler and Keller, 2016). The goal of positioning is to locate the brand in the minds of consumers to maximize the potential benefit to the firm.

## External Analysis

### 3.10 PESTLE Analysis

Concept that examines how external organization environments impact the company's business. PESTLE about the acronym formed by the initials of the six categories of macroeconomic variables included in the model; Political, Economic, Socio-cultural, Technological, Legal, and Environmental (del Marmol, Feys, and Probert, 2016). The PESTLE Model helps to identify external variables to take into consideration for the development of a business strategy with consideration it opportunity and risk. According to Rothaermel (2017), The PESTLE Framework is a firm's external environment consisting of all the factors that can affect its potential to gain and sustain a competitive advantage. By analyzing the factors in the external environment, the company can mitigate threats and leverage opportunities.

### 3.10 Five Porter Forces Analysis

Michael Porter developed the highly influential five forces model to help managers understand the profit potential of different industries and how they can position their respective firms to gain and sustain competitive advantage. Porter shares five forces for the company in formulating a competitive strategy that relates to the company environment (Porter, 1980). Understanding the strength of the force or forces is crucial from the point of view of strategy formulation.

The five forces that shape industry competition

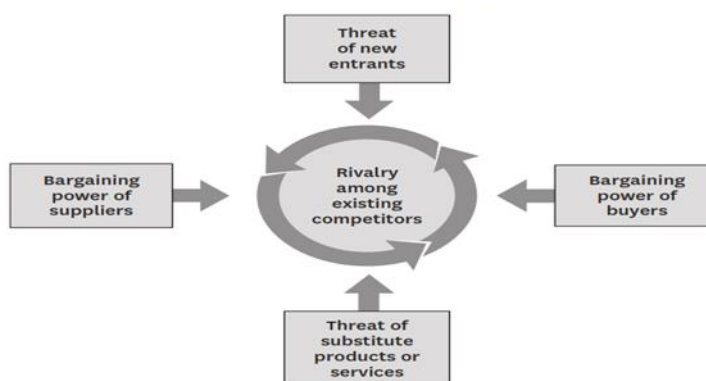


Figure III.1 : 5 Porter Forces

Figure II.10 In Porter's five forces model, competition is more broadly defined beyond the firm's closest competitors to include other industry forces: buyers, suppliers, the potential new entry of other firms, and the threat of substitutes.

### 3.11 Competitor Analysis

To examine competitive marketing strategies, the company needs to analyse competitors. This is a process of identifying, assessing, and selecting key competitors to develop successful customer value-based strategies for engaging customers and building profitable customer relationships (Kotler and Armstrong, 2021). They said, competitor analysis involves first

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

*Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>*

identifying and assessing competitors and then selecting which competitors to attack or avoid. In identifying competitors, the company might to define its competitors all firms with the same products or class of products. The company can identify its competitors from an industry or market point of view. The company define competitors as companies that are trying to satisfy the same customer need or build relationship with the same customer group. Michael Porter (1980) mentions four diagnostic components of competitor analysis: future goals, current strategy, assumptions, and capabilities. Porter mentions in-depth competitor analysis requires a great deal of data and is not easy to find without considerable hard work. Many companies do not collect information about competitors in a systematic fashion, but act on the basis of informal impressions, conjectures, and intuition gained through the titbits of information about competitors every manager continually receives.

**3.12 Customers Analysis**

Customer analysis is the examination and evaluation of consumer needs, desires, and wants involves administering customers surveys, analysing customers information, evaluating market positioning strategies, developing customer profiles, and determining optimal market segmentation strategies (David, David & David 2016). In the business buying process, business buyers determine which products and services their organizations need to purchase and then find, evaluate, and choose among alternative suppliers and brands (Kotler and Armstrong, 2012). Business buyer behaviour according to Kotler and Armstrong refers to the buying behavior of the organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others. To succeed in competitive marketplace, companies must be customer-centered (Kotler and Armstrong, 2016). The company must win customers from competitors and then engage and grow them by delivering greater value, before the company can satisfy customers, the company must understand customer needs and wants.

**3.13 SWOT Analysis**

To develop business strategy, SWOT analysis from both internal and external factors of the company. A company's internal strengths and weaknesses as well as external opportunities and threats will be analyzed to generate insight (Rothaermel, 1921). SWOT Analysis is a significant tool for situation analysis that helps the managers to identify organizational and environmental factors. SWOT Analysis has two dimensions: Internal and external. Internal dimension includes organizational factors, also strengths and weaknesses, external dimension includes environmental factors, opportunities and threats. Important strategy formulation techniques can be integrated into a three-stage decision-making framework (David, David & David 2016) as on Figure III.2 Where stage 1 of strategy formulation consist of the external factor evaluation matrix, internal factor evaluation matrix and competitive profile matrix.

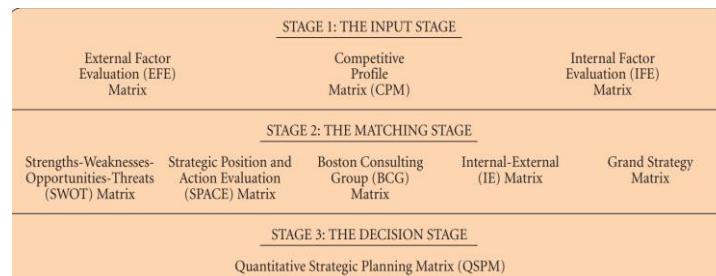


Figure III.2: strategy formulation techniques (David, et All, 2016)

Although the SWOT Matrix is widely used in strategic planning, the analysis does have some limitations (David, David & David 2016), they are :

1. SWOT does not show how to achieve a competitive advantage so it must not be an end itself. The matrix should be the starting point for a discussion on how proposed strategies could be implemented

2. SWOT is a static assessment (snapshot) in time. As circumstances, capabilities threats, and strategies change, the dynamic of the competitive environment may not be revealed in a single matrix.
3. SWOT analysis may lead the firm to overemphasize a single internal or external factor in formulating strategies.
4. There are no weights, ratings, or numbers in SWOT analysis.

### 3.14 TOWS Analysis

Strategy formulation concerns the choice of strategy in terms of where and how to compete, in contrast, strategy implementation concerns the organization, coordination, and integration of how work gets done, in short, it concerns the execution of strategy. Strategy formulation and implementation are broken down into three distinct areas, there are corporate strategy, business strategy and functional strategy. (Rothaermel, 1921). The process of strategy formulation using TOWS Matrix (Wehrich, 1982). Synthesize insight from an internal analysis of the company's strengths and weaknesses with those from an analysis of external opportunities and threats using the SWOT Analysis (Rothaermel, 2018). He said internal strengths (S) and weaknesses (W) concern resources, capabilities, and competencies. A resource is a weakness if it's not valuable. In this case, Rothaermel said resources do not allow the firm to exploit an external opportunity or offset an external threat. External opportunities (O) and threats (T) are in the firm's general environment and can be captured by PESTEL and Porter's Five Forces analysis. The demand of the external environment on the organization must be matched with the resources of the firm (Wehrich, 1982).

### 3.15 Proposed Strategy

As critics of SWOT weakness mention above, where SWOT analysis The matrix should be the starting point for a discussion on how proposed strategies could be implemented, and no weights, ratings, or numbers in SWOT analysis (David, David & David 2016), stage 3 called decision stage, involves a single technique, the Quantitative Strategic Planning Matrix (QSPM). A QSPM is uses input from stage 1 to objectively evaluate feasible alternative strategies identified in stage 2. QSPM, which comprises stage 3 of the strategy formulation analytical framework, objectively indicates which alternative strategies are best.

## 4. RESULTS AND DISCUSSION

### 4.1 Industry of asset management companies

The asset management industry is for the mutual fund launching process. Asset management registers new mutual fund products to OJK; once asset management accepts effective from OJK, then new products will be ready to launch with collecting fund/ investors with a minimum of Rp 10 billion within 120 bourse days (for conventional mutual fund products). In the offering products process, investors may make a redemption, switch, or top-up (transactions) of their investments. Those transactions are administrated in custodian bank accounts under the mutual fund names. If there is any transaction, and fund manager may buy/sell their underlying asset through their brokerage/securities partners.

### 4.2 Discretionary Fund Mechanism

A discretionary fund is a bilateral agreement between individual investor/ company tight under 3 agreements (1 agreement between AMC and Investor, 1 agreement between Investor & custodian, and 1 agreement among AMC, custodian and investor). How the discretionary fund process before managed by AMC is described as below 2 models:

- a. **The customers (for instance, life insurance company) have clients that buy their products through a bank/selling agent (bancassurance) or pension fund /DPLK :**

As Figure IV.1 below, for instance, Mandiri Investasi's clients is an insurance company

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>

that plans to offer their bancassurance in certain banks. This particular Bank decision may affect the insurance company’s decisions, further will impact Mandiri Investasi's budget, product strategies, and marketing activities.

**b. The customers that don’t sell/offer their products to their end clients**

For Figure IV., discretionary models are relatively simple because the decisions made by insurance companies/ pension funds/ other companies that looking for asset manager companies to manage their funds are not affected by their end clients. The decision is made solely by the investors.

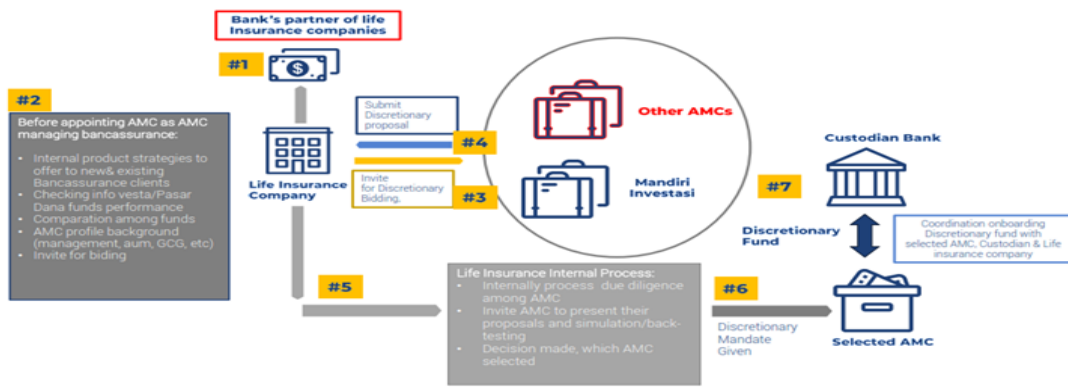


Figure IV.1 : Discretionary fund process with end clients investors.

Sources: Author

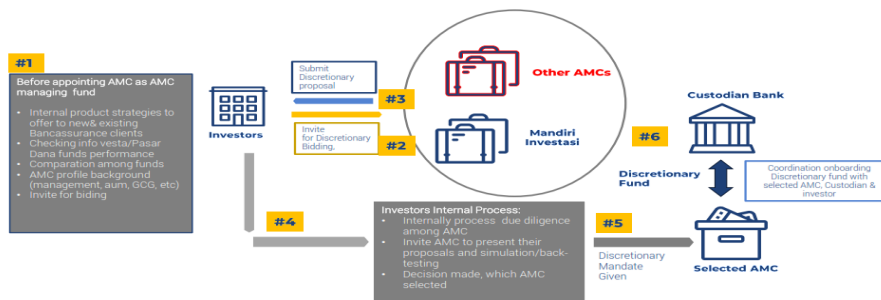


Figure IV.2 : Discretionary fund process with No end clients investors.

Sources: Author

**1.3 PESTLE Analysis**

**a. Politic**

This factor results from the process and actions of government bodies that can influence the decisions and behaviour of firms. The political effect that currently happened in 2024 that influenced investors of Mandiri Investasi as well as other capital market decisions is elections in Indonesia and in USA. What currently happened in US, when Trump elected equity market in Emerging countries experience correction due to Trump policy to put Amerika first. What happened in Indonesia after President Jokowi elected also showed construction stocks increase due to his policy in construction very aggressive.





Figure IV.3 : JCI & ID 10yr bond yields performance in 2019  
Source: JCI performance (Yahoo Finance 2024) & ID 10 yr bond yield ( Investing.com)

Capital markets move because of expectation of future growth, what happened in Amerika with Trump’s victory as the next President of US with its policy, directly impacted others countries including Indonesia, although Trump will be inaugurated in January 2025. With Trump’s policy like in his 1<sup>st</sup> term, raising tariffs and cutting tax, will harm for others country revenue then will price in in capital market as decreasing expected revenue of the companies that listed in capital market.

**b. Economic**

Economic conditions that Asset Managers need to take a look at are macro data like interest rate, unemployment, GDP, Inflation, and currency rate. Economic factors in a firm’s external environment are largely macroeconomic, affecting economy-wide phenomena. When Trump win in his first term, 2016 and re-elected in 2024 his presidency will be perceived more negative on Emerging Markets. It could affect JCI specifically given the increased risks of more trade tariffs with China as Indonesia’s key export destination and the deregulations, tax cuts, and stricter immigration rule that are initially more inflationary. However, the deregulations especially the lower prospects of oil prices may in the end reduce some of the inflationary pressures.

Weakening IDR against USD made BI rate stay higher as well as Indonesia IDR Government's 10-year yield around 6,9%-7% in November 2024 . This due to keep IDR and Indonesia government bond stay attractive for foreign investors but not for investment manager as politic had elaborate. Following the monetary rate in US (Fed Rate), INDON Money Market yield has increased significantly, meanwhile, the increase in USD Time Deposit rates is still not significant. INDON Money Market yield has increased compared to USD Time Deposit, bringing an opportunity for asset management companies that managing USD Money Market funds to invest and increasing its allocation to money market bonds.

Focus : Money Market USD	Daily		Weekly		MTD		MoM		QoQ		YTD		1 YR	
	Return	Quartile	Return	Quartile	Return	Quartile	Return	Quartile	Return	Quartile	Return	Quartile	Return	Quartile
Mandiri Money Market USD	0.0049	1	0.0602	1	0.2857	1	0.274	1	0.876	1	2.644	1	3.178	1
Bahana Liquid USD	0.0000	4	0.0483	4	0.2384	4	0.231	4	0.748	4	2.558	4	3.062	4

Table IV.1: USD Money Market Fund Performance as Of November 7<sup>th</sup> 2024

Source: Mandiri Investasi Internal marketing tools

Table IV.1 depicts USD Money Market Fund Performance as Of November 7<sup>th</sup> 2024 performance comparison between Mandiri Investasi and Bahana funds.

Since Mandiri Investasi allocates more in USD Money market bonds as yield increases, gives benefit to its money market fund performance. Economics could be an opportunity as well as a threat for investment companies or the asset management industry. In high-rate deposit environment, some funds like money market funds will benefit from higher performance funds because their underlying have higher deposit rates, but equity funds and fixed income funds may experience the opposite like what happened currently in Indonesia.

**c. Sociocultural**

Frank T. Rothaermel captures sociocultural factors as a society’s cultures, norms, and

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

*Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianingsih<sup>2</sup>*

values. Indonesia is the biggest Muslim country in the world. This condition affected their condition in investment. Sharia products still have much room to grow to consider Asset Managers. However, what an interesting phenomenon in Indonesia, Sharia offshore fund products with high past performance investment returns history have investors that not only Muslims but also non-Muslim citizens as investors.

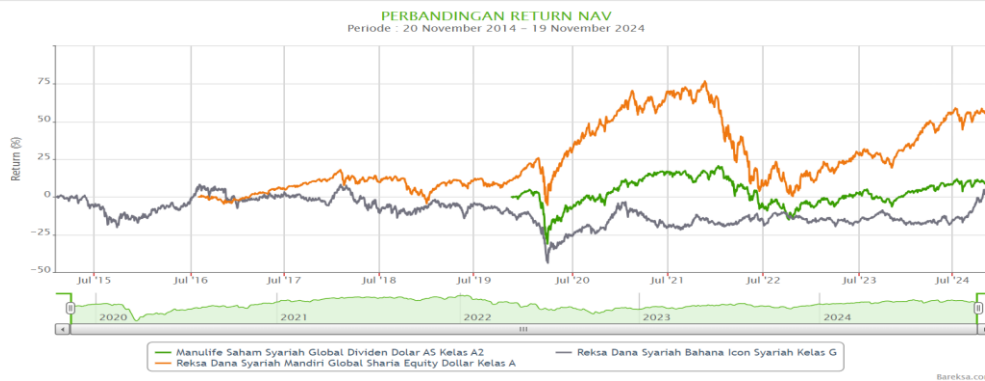


Figure IV.4 : Global Sharia Performance Funds.

Source: Bareksa.com

Figure IV.4 above shows the Global Sharia performance funds comparison among asset management (MAMI, Bahana, and Mandiri Investasi) while Figure IV.5 is a Global Sharia unit holder comparison of 3 funds, meaning the numbers of units that investors bought.

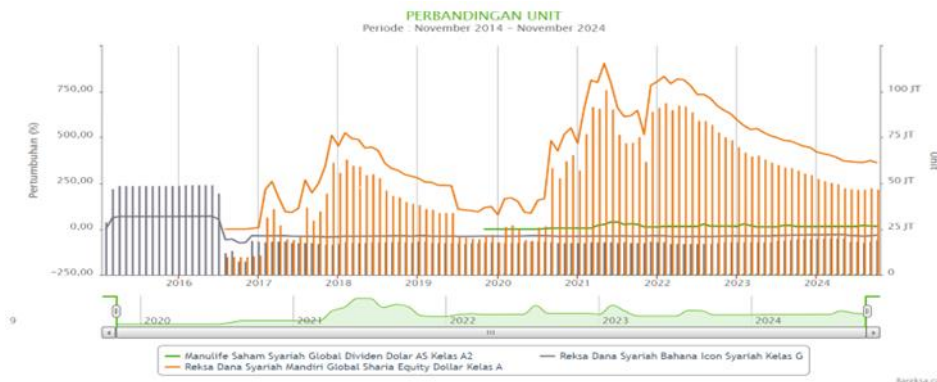


Figure IV.5: Global Sharia unit holder.

Source: Bareksa.com

Global Sharia funds have some rules that differentiate them from non-equity funds in terms of investing in the global market. Sharia Global / Offshore funds have to invest in offshore equity market minimum 50% of fund’s AUM. However, practically those funds almost 0% allocation invest in the Indonesia capital market due to global growth and performance still promising compared with Indonesia's capital market performance. As shown in Figure IV.6 most of Indonesia’s Sharia non global/ offshore funds performance is negative.



Figure IV.6 : Indonesia Sharia Equity Fund Performance. Source: Bareksa.com  
Sociocultural could be an opportunity for investment companies or the asset management industry. With higher numbers of the population in Indonesia, and better education but haven't become capital market investors it is an opportunity for asset management company and Mandiri Investasi to grow its AUM.

#### d. Technological

Technology growth influenced capital market as well as investor and financial technology companies growth in Indonesia. One of them is Bibit, which is as Mandiri Investasi's selling agent. High technology growth and the digital environment impact Mandiri Investasi's business. In 1Q2024 Mandiri Investasi started to close its retail application called Moinves. Mandiri ecosystem, including Bank Mandiri developed an application called livin' where investors could buy mutual funds, bonds, money transfers through mobile application since 2022 and currently could buy stocks in Livin'. All of the technological development with all services among Mandiri ecosystems disrupts Mandiri Investasi's application. Technological growth and environment bring an opportunity for investment companies or the asset management industry, however, it has become a threat to Mandiri Investasi.

#### e. Ecological

Ecological impact also on Asset Management Companies not only in Indonesia but also world wide. More investors are aware of GCG and ESG demands public companies pay attention to it. However, in Indonesian equity there is still no regulation on which stocks categorize ESG compliance, only green bonds issued by certain companies, mostly banks. Some mutual funds including ETFs with ESG themes had launched lately.

#### f. Legal

##### 1. Tax Incentive

On August 30, 2021, the Government determined a cut in the Final Income Tax rate on bond interest received by domestic taxpayers and permanent enterprises from 15% to 10%. Through Government Regulation No. 55/2019, which is the second amendment of PP No. 16/2009, it is stated that the bond interest rate will increase gradually by 5 percent in 2021 and beyond.

##### 2. POJK

- Indonesia Financial Services Authority Regulations/POJK, in 2023 issued the OJK Rule (POJK 5) where life insurance company must self-manage their portfolio or through discretionary funds while investing in the mutual fund only in fixed-income asset classes with a 50% minimum in government bonds as an underlying asset in a mutual fund. This situation made most life insurance companies redeem from mutual funds between the year 2022-2023.
- Another POJK that could limit asset management is related to conventional equity fund policy, where portfolio managers could invest in the global equity market a maximum of 15% from each fund's AUM.

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>**4.4 Five Porter Forces**

The Five Porter Forces analysis as below:

**a. Threat of New Entrants**

The threat of new entry in the asset management industry is medium to high. Currently A new asset management company must fulfil government regulations as below

1. Investment managers shareholders must have at least 2 years of experience in the capital market and no history of being in charge of a bankrupt company
2. The founder and shareholders of the company have no criminal history in the last 10 years
3. Securities Companies that carry out activities as mandatory Investment Managers has a paid-up capital of at least Rp25,000,000,000.00 (twenty-five billion rupiah)
4. Have business licensed from Bapepam LK and OJK

**b. Bargaining power of buyers**

The bargaining power of buyers is medium to high, especially from direct institutional clients that are from financial institutional companies. Some insurance companies and pension funds require specific criteria to invest in mutual funds as below :

1. Invest in a certain mutual fund with a maximum 10% of AMC mutual funds AUM.
2. Minimum AUM of mutual fund vary among IDR 100 Billion - IDR 200 billion
3. Perform over its mutual fund benchmarks minimum 1-year period
4. Low Management fee

**c. Threat of substitute products or services**

The threat of substitute products or services is medium. According to Frank Rothaermel substitutes meet the same basic customer needs as the industry's product but in a different way. The threat of substitutes is the idea that products or services available from outside the given industry will come close to meeting the needs of current customers. Current threats come from non-AMC products. Bank Indonesia issued SRBI (Sekuritas Rupiah Bank Indonesia/ Bank Indonesia Rupiah Securities) that could disrupt AMC's business due to its yield and investment tenor attractiveness. SRBI is the central Bank of Indonesia's instrument to attract foreign and local investors in high-yield environments. SRBI was bought by treasury bank, and AMC because is risks free product, has a short-term tenor (less than 1 year), and attractive yield (yield in secondary market tradable ever reached almost around 7.2% gross p.a in July 2024).

**c. Bargaining power of supplier**

The bargaining power of suppliers is low, due to the market becoming efficient, cost difference between partners and Capital Market Support Institutions is low. The costs between capital market support institutions (such as custodian banks) are not much different from rivalries among existing competitors. More banks currently expanding their custodian business and offering lower custodian fees to asset management companies, especially for passive managed funds like capital protected funds, ranging from 2 bps – 5 bps per annum, for discretionary around 5 bps to 7 bps per annum with total services (all services including unitization).

**d. Rivalry among competitors**

Rivalry among competitors is medium to high. With a more standardized product strategy and lower costs, competition between asset management is increasingly difficult. Some asset managers prefer to be more aggressive in their investment universe, resulting in higher expected return/ yield that could attract more investors. Mandiri Investasi is too conservative in managing its portfolio with the limited universe of stocks, bank placements, and bonds to invest. Other competition is in lowering management fees of discretionary funds, and marketing budget to support customers' events.

Based on Porter five forces analysis above profitability potential in the asset management industry is low to medium. This is because high competition among competitors made a management fee war happen, investor easy to move to other asset management companies due





to the low cost of switching unless the investor experiences unrealized loss in their investment in certain asset management companies. The industry offers similar products and services and easily to duplicate unless alternative investment products that most of asset owner require stated owned asset management company to structure their asset. Currently, the lower entry barrier is low, only requiring IDR 25 billion could establish an asset management company, next year entry barrier become medium to high if the bigger player with support from the business group enters the industry.

#### 4.5 Competitor Analysis

To analyse competitors, the researcher some factors that have a strong presence in the asset management industry. Practically, asset management companies will not show on their website information about their goals, most of them will only mention their visions and missions, their selling agents, and their products in general.

#### 4.6 Marketing Mix Analysis

4p Analysis from products, Mandiri Investasi's products in December 2023 as below

No	Products	Numbers
1.	Mutual Funds	60
2.	Discretionary Funds	42
3.	Private Equity Funds	1
4.	ETF	1
5.	CIC DINFRA	1
6.	CIC ABS	1

Table IV.2 : Mandiri Investasi Numbers of Products as of 28 Dec 2023

The place is where Mandiri Investasi puts its products. Mandiri Investasi has a relationship with 31 selling agents for indirect clients. While for direct clients in 2024 Mandiri Investasi no longer serves individual clients. Mandiri Investasi has a website but only for information to the public (management, products, and company profile). The competitors, MAMI and Bahana TCW still serve direct clients through their platforms and websites. Regarding price and promotion relatively same among asset management companies. There were lower fee, however others AMC will adjusting same with the competitors.

#### 4.7 Marketing Resources

Kotler and Keller said business marketers are strengthening their brands and using technology and other communication tools to develop effective marketing programs. Business marketers also use systems selling and adding services to provide customers added value. In the sales division, Mandiri Investasi has three departments that face clients and looking for a business. Two departments that handle selling agents, divided into 2 departments and 1 institutional client department handles direct clients of Mandiri Investasi. The profile of Mandiri Investasi sales team per department as below:

No	Sales Division Team	Experienced in Financial Industry (average)	Licensed
1	<b>Distribution Partner 1 Department</b>		
	Head Department	16 years	WAPERD
	3 sales officer	11 years	WAPERD
	Sales suport 1	1 year	WAPERD
2	<b>Distribution Partner 2 Department</b>		
	Head Department	15 years	WAPERD
	3 sales officer	6 years	WAPERD & VMI
	Sales suport 1	1 year	WAPERD
3	<b>Institutional Sales Department</b>		
	Head Department	18 years	VMI
	3 sales officer	14 years	WAPERD & VMI
	Sales suport 1	10 years	VMI

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>

Table IV.3 Mandiri Investasi Sales team profile

**4.8 VRIO Analysis**

The VRIO framework of Mandiri Investasi (value, rare, inimitable and, organization) as shown below table IV.4 is a powerful template to analyses the internal resources and capabilities of Mandiri Investasi to determine the resources or attributes that provide long-term and sustained competitive advantages. This framework as a basis of examine Mandiri Investasi's internal strengths and weaknesses of sustainable competitive advantage sources in the asset management industry.

No	Resources Mandiri Investasi	Valueable	Rare	Inamitable	Organised Value	Competitive Implications
1	Stated owned Bank subsidiary	v	v	v	v	Sustained competitived advantage
2	Alternative Investment Products	v	v	v	v	Sustained competitived advantage
3	Top 10 AMC in AUM	v		V	v	Competitive Advatage
4	Sales Channel Platform					Competitive Disadvantage
5	Services/ Global Precence					Competitive Disadvantage

Table IV.4 :Mandiri Investasi VRIO analysis by the Author

**4.9 STP Mandiri Investasi Analysis**

a. Segmentation Mandiri Investasi

Based on internal and customer analysis that potentially but discretionary funds segmentation clients of Mandiri Investasi divided based on investor business and investment policies in general and they are categorized as below :

1. Insurance companies
2. Pension funds ( Employer's pension funds)
3. DPLK (applicable only until end of 2026)
4. Other corporations

b. Target Mandiri Investasi

Based on the above segmentations Mandiri Investasi targeted insurance and Employer's pension funds. This target is because insurance companies and Employer pension funds have the potential to buy discretionary funds and are not regulated by UU P2SK, moreover, both types of clients have a similarity, which is investing in a long period of time.

c. Positioning Mandiri Investasi

Mandiri Investasi positions itself as a domestic asset management company that is reliable in managing investor funds.

**4.10 SWOT Analysis**

A researcher's comprehensive SWOT analysis of strengths, weaknesses, opportunities, and threats Mandiri Investasi is crucial for Mandiri Investasi direct institution's future business with all challenges ahead that come from competitors, regulation to its clients, and asset management, substitute products and services as well as market volatility that impact Mandiri Investasi fund performances that clients made unrealized lost in their investment position in Mandiri Investasi.

INTERNAL			
S	STRENGTHS	W	WEAKNESS
S1	Stated owned bank subsidiary	W1	Lagging fund performance
S2	Altematif product & Alternative team available	W2	No Sales Channel Platform
S3	Top 10 AMC by AUM	W3	No global presence
EXTERNAL			
O	OPPORTUNITY	T	THREATS
O1	Numbers of Mutual fund Investors	T1	Government regulation
O2	Referral and Group alliances	T2	Subtitute Products
O3	MI Optimize Business Investment Advisory	T3	Bargaining power of buyers
		T4	Group Alliances of competitor



Table IV.5 :Mandiri Investasi SWOT analysis by Author

Table IV.5 is Mandiri Investasi swot analysis by the Author. From the above table, Mandiri Investasi has 3 strengths and 3 weaknesses for internal factors, while for external factors, Mandiri Investasi has 3 opportunities and 4 threats.

#### 4.9 TOWS Analysis

TOWS MATRIX		INTERNAL				
		STRENGTHS		WEAKNESS		
	S			W		
	S1	Stated owned bank subsidiary		W1	Lagging fund performance	
	S2	Alternatif product and team available		W2	No Sales Channel Platform	
	S3	Top 10 AMC by AUM		W3	No global presence	
EXTERNAL		SO STRATEGIES		WO STRATEGIES		
O	OPPORTUNITY					
O1	Numbers of Mutual fund Investors	S1O1	Optimized Mandiri Group platfoms to sell Mandiri Investasi Products	W1O1	Offer index fund/ pasif fund	
O2	Referral and Group alliances	S1.O1,O2	Offering Mandiri Investasi's products to new investors	W2O1	Focus on selling agent platforms	
O3	Mandiri Investasi Optimize Business Investment Advisory	S1O2,O3	Offering Mandiri Investasi's other services (advisory)	W3O2	Using referral Group alliances to grab global investors	
		S3O1	Maintaining Top10AUM MI as 1st gate for institution investor			
T	THREATS					
T1	Government regulation	S2T1,T2	Offering alternative products	W1T1	optimize regulation to invest in global market	
T2	Other Substitute Products	S1T4	Optimized Mandiri Group alliances	W2T3	Optimize Mandiri Investasi website to communicate products & services	
T3	Bargaining power of buyers				for institutional direct clients to grab new opportunity (promotion)	
T4	Group Alliances of competitor					

Legends:  
 Market Penetration  
 Market Development

Table IV.6 :TOWS Analysis Mandiri Investasi

Source: by Author

Figure IV.6 is TOWS Matrix of Mandiri Investasi where the researcher matching external opportunities and threats with internal strengths and weaknesses of Mandiri Investasi. Based on TOWS analysis above the researcher group 11 alternative strategies become big 2 proposed strategies, they are named:

#### 1. Market Penetration Strategy:

This strategy focuses on Mandiri Investasi increasing AUM in existing products and markets using selling agents tools and resources, Mandiri Ecosystem alliances, and referrals while offering Mandiri Investasi products and services. The purpose of this strategy is to add a number of products and AUM for current investors and add a number of new investors in an existing market.

#### 2. Market Development Strategy

This strategy focuses on the development of new market from the Bank Mandiri ecosystem Referral and Group alliances with offers new products and services that may new to investors, including investment advisory optimization, introduce alternative products investment to answer prospective clients that looking for higher of expected return of investment due to government regulation and market volatility.

#### IV.10 Quantitative Strategic Planning Matrix (QSPM)

A QSPM uses input from stage 1, the input stage, to objectively evaluate feasible alternative strategies identified in stage 2, the matching stage. Based on SWOT and TOWS analysis above, the researcher finds similarities among 18 alternative strategies that find in TOWS analysis and grouped into 3 strategic alternatives named as on Table IV.5 below:

**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

Alriyanti Ambyah Saputri<sup>1</sup>, Atik Aprianigsih<sup>2</sup>

		STRATEGIC ALTERNATIVES				
		MARKET PENETRATION		MARKET DEVELOPMENT		
INTERNAL		Weight	AS	TAS	AS	TAS
<b>S</b>	<b>STRENGTHS</b>					
S1	Stated owned bank subsidiary	0,16	4	0,64	4	0,64
S2	Alternatif product and team available	0,21	4	0,84	4	0,84
S3	Top 10 AMC by AUM	0,18	2	0,36	3	0,54
<b>W</b>	<b>WEAKNESS</b>					
W1	Lagging fund performance	0,18	1	0,18	4	0,72
W2	No Sales Channel Platform	0,13	2	0,26	4	0,52
W3	No global presence	0,14				
	<b>TOTAL</b>	<b>1,00</b>				
EXTERNAL		Weight	AS	TAS	AS	TAS
<b>O</b>	<b>OPPORTUNITY</b>					
O1	Numbers of Mutual fund Investors	0,18	4	0,72	4	0,72
O2	Referral and Group alliances	0,15	3	0,45	3	0,45
O3	Mandiri Investasi Optimize Investment Advisory	0,13	3	0,39	3	0,39
<b>T</b>	<b>THREATS</b>					
T1	Government regulation	0,17	2	2,00	3	0,51
T2	Other Substitute Products	0,16	3	0,48	3	0,48
T3	Bargaining power of buyers	0,08	2	0,16	1	0,08
T4	Group Alliances of competitor	0,13	1	0,13	1	0,13
	<b>TOTAL</b>	<b>1</b>		<b>6,61</b>		<b>6,02</b>

Table IV.7 :QSPM Matrix Analysis Mandiri Investasi

Source : Author

From Figure IV.7 QSPM matrix Mandiri Investasi that value 2 strategies, Market Penetration has the highest TAS score is 6,61, compare with market developments strategy with TAS score is 6,02.

**1. Market Penetration Strategy:**

Mandiri Investasi as one of the top 10 Asset Management by AUM according to OJK data needs to keep this position in order to get additional AUM from institutional clients and prospective institutional clients that could invest only in certain AMC with top 10-20 AUM ranking by OJK (differs per financial institutional policy). Penetration strategy focuses on Mandiri Investasi increasing AUM in Mandiri Investasi's existing products and markets using selling agent's resources including websites, applications, and social medias, as well as optimizing Mandiri Ecosystem alliances like referrals from them by offering Mandiri Investasi products and services. The purpose of this strategy is to add several products holding per client, add AUM for current investors, and add several new investors in an existing market.

**2. Market Development Strategy**

This strategy focuses on the development of new markets from the Bank Mandiri ecosystem Referral and Group alliances with offer new products and services that may be new to investors including investment advisory optimization, introducing alternative products investment or existing products of Mandiri Investasi, to answer prospective clients that looking for higher expected return of investment due to government regulation and market volatility. Mandiri Investasi needs to develop its platform to communicate Mandiri Investasi products and services through its website and social media platforms that attract new markets and investor even from global investor that want to invest in emerging market like Indonesia.

The researcher offers to Mandiri Investasi to use a penetration strategy with the highest score using QSPM analysis. This is offered because Mandiri Investasi needs to optimize its resources



including Mandiri Group to increase assets under management with offers of existing products and services that may not be familiar to customers, like investment advisory to clients that need only advisory but no need to but investment products from Mandiri Investasi. Mandiri Investasi may focus on optimizing its 30 selling agents' platform and resources to support marketing activities in its selling agents partners.

## 5. Recommendation

To increase asset under management (AUM) Mandiri Investasi from direct client channels, the author's recommendation to Mandiri Investasi to penetrate the Market using Mandiri Investasi Marketing resources of Mandiri Investasi that come from:

- a. Optimized Mandiri Ecosystems which is a referral from the group to get new clients that haven't a relationship yet with Mandiri Investasi
- b. Optimize Referral from Mandiri overseas branches
- c. Optimize Selling agent channels because Mandiri Investasi has no direct channels to serve direct clients
- d. Offers passive fund or index fund products to existing clients
- e. Offers Alternative investment fund that has an attractive expected return/ yield
- f. Offer investment advisory business to clients that do not want existing products.

## 5. Conclusion

The objective of this research is to find and optimize Mandiri Investasi's marketing strategy to increase aum from direct institutional clients to those served by the direct channel of Mandiri Investasi. Direct Institutional clients are sophisticated and highly regulated by the Indonesian financial service authority (OJK) and Central Bank (BI). They have internal investment policies and guidelines that impact how they manage their investment portfolios and business. Other than those institutional clients Mandiri Investasi has the opportunity to grab other types of investors that are not rigidly regulated and need to explore in order to get the opportunity to invest in Mandiri Investasi products and services. This research was conducted with qualitative analysis using premier and secondary data including interviews with life insurance clients and sales of direct channels of Mandiri Investasi, including analysis of Mandiri Investasi's competitors and customers using Internal and external analysis then proceed with SWOT analysis to develop alternative strategies using TOWS analysis, and come up with 2 proposed strategy used QSPM analysis. The strategies are Market penetration and market development strategies. The researcher offers Mandiri Investasi Penetration strategy to increase Mandiri Investasi's AUM. The strategy was chosen because has the highest attractive score, uses internal marketing resources, offers existing products to the current market, and a number of prospective investors through optimized selling agents platforms and referrals to Mandiri Ecosystems and alliances.

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**MARKETING STRATEGY INCREASING ASSET UNDER MANAGEMENT (AUM) CASE STUDY: PT MANDIRI INVESTMENT MANAGEMENT**

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