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MARKETING | RESEARCH ARTICLE

Analysis of Marketing Mix and MSME Loan Distribution Strategies at Bank Tabungan Negara

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Abstract: Bank Tabungan Negara (BTN), a state-owned company, is committed to the government to expand access to capital for all MSMEs. Bank BTN MSME, loan distribution performance, is still low and unable to meet the targets set by the government and regulators, so further studies need to be carried out through market research. This research aims to analyze the marketing mix on the decision to use BTN MSME loan products and formulate loan distribution strategies by improving the marketing mix in connection with the low performance of Bank BTN's MSME loan distribution. The sampling technique used convenience sampling involving 100 respondents, who were then analyzed using SEM-PLS and Importance Performance Analysis (IPA) matrix to determine priorities for improving the marketing mix. The results show a significant effect of the marketing mix variables product, price, place, promotion, people, and process on the decision to use a BTN MSME loan, while the physical evidence does not have a significant effect. There are five indicators of marketing mix variables that take in the high-priority quadrant of the IPA Matrix: price suitability, price affordability, processing time, convenience, and online channels. Based on research results, Bank BTN is advised to prioritize improvement strategies on these five variable indicators to increase BTN MSME loan distribution.

Keywords: banking loans, digital transformation, financial technology, importance-performance analysis, MSMEs

JEL Classification: G21, L15, L31



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PUBLIC INTEREST STATEMENT

Distribution of credit to MSME business actors is a form of Bank BTN's participation as a State-Owned Company (BUMN) in developing the country as regulated in Government Regulation Number 19 of 2003, which states two objectives for establishing BUMN contribute to national economic development in general and state income in particular; and actively participate in providing guidance and assistance to entrepreneurs from economically weak groups, cooperatives, and the community. Currently, Bank BTN's credit distribution to MSME business players is still low and needs to be increased.

This research examines the strategy to increase BTN MSME loan distribution through consumer research to determine the perceptions and assessments of MSME players who have become debtors and those who have not yet become debtors regarding the marketing mix of BTN MSME loan. The research results show that improving the marketing mix of price, place, and process is a recommended priority strategy for Bank BTN.



1. Introduction

Based on data from the Ministry of Cooperatives and MSME (2019) the number of Micro, Small, and Medium Enterprise players in Indonesia was IDR 65.4 million. The achievements of MSMEs' contribution to the economy in Indonesia can be seen in job absorption, contribution to GDP, exports, and creation of fixed capital/investment. As of December 2019, MSMEs had succeeded in absorbing 97% of the workforce in Indonesia. The contribution of MSMEs to the national economy is 60.3% of the formation of the Gross Domestic Product. The development of micro, small, and medium enterprises must be distinct from various problems. Abe et al. (2015) mentioned that funding problems are the main obstacle to the survival and growth of MSMEs in the East and South Asia region, especially in developing countries. The Indonesian Government (2021) addressed the problem of access to capital for the MSME sector by issuing Government Regulation Number 7 of 2021 on Facilities, Protection, and Empowerment for Cooperatives and Micro, Small and Medium Enterprises (MSMEs). In terms of financing, the government provides easy access to financing for MSMEs, guarantees fees and interest subsidies, guarantees working capital credit, distributes revolving funds, capital assistance, and other forms of financing. One form of financing MSME business actors can access is financing from banking institutions.

In addition, Bank Indonesia, as the regulator of financial institutions, issued Bank Indonesia Regulation Number 24/3/PBI/2022 concerning changes to the Macroprudential Inclusive Financing Ratio for conventional banks and sharia banks, which aims to support the government's joint efforts in realizing increased access to funding and development for Micro, Small and Medium Enterprises (MSMEs) and Low-Income Communities, as well as encouraging banking contributions in fulfilling the RPIM (Bank Indonesia, 2022). Each bank is obliged to contribute to fulfilling the RPIM according to each bank's expertise and business model while still applying the principles of prudence and risk management.

PT. Bank Tabungan Negara (Persero) Tbk. (Bank BTN) is one of the State-Owned Company (BUMN) which operates in the banking sector. As a form of commitment to the government, especially in increasing MSME loan distribution, Bank BTN provides expanded access to capital for MSME players in providing business capital facilities for all viable economic sectors through investment financing and/or working capital to run and develop MSMEs. The composition of Bank BTN's credit distribution up to June 2023 can be seen in Figure 1.

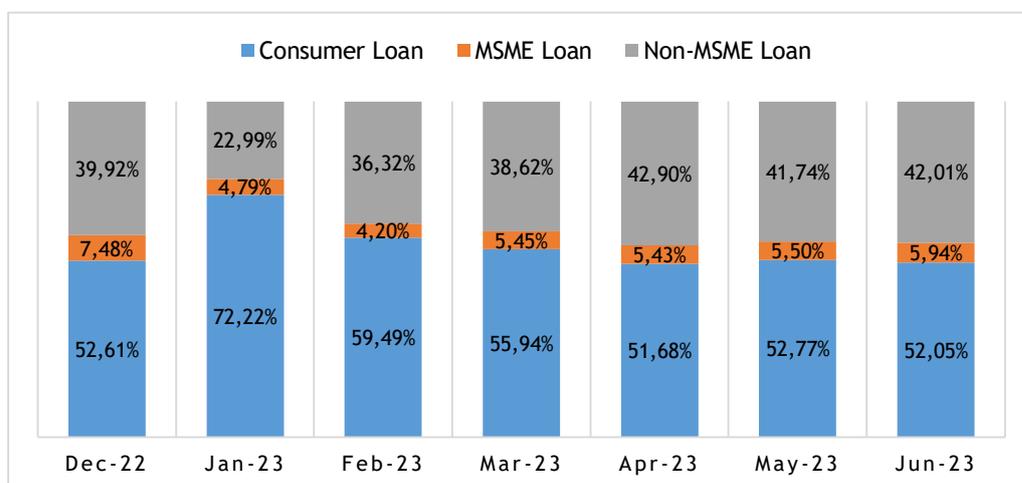


Figure 1. Bank BTN loan distribution from December 2022 to June 2023

Until June 2023, Bank BTN's credit distribution was dominated by consumption credit such as mortgages. Credit distribution to MSME players such as BTN Working Capital Business Loans BTN (KUMK-BTN) and BTN People's Business Credit (KUR-BTN) has the lowest portion, with performance tending to fluctuate and not meet the minimum targets set by the regulator. The distribution portion to MSMEs is targeted to be at least the same as the distribution portion in the previous year. This condition needs to be of concern to Bank BTN, considering the existence of regulations governing MSME loan distribution and the large potential for MSME loans, which can become a new source of income. To fulfill this, Bank BTN needs to leap its credit distribution by knowing the perceptions of MSME business actors in taking loans.

Marketers must understand the diversity and similarities of consumers or consumer behavior, such as understanding why and how consumers make consumption decisions so that marketers can design marketing strategies better. Marketers who understand consumer behavior will be able to predict how consumers tend to react to the information they receive so that marketers can develop appropriate marketing strategies. One element of company control that can be used to communicate with customers or fulfill customer satisfaction is the marketing mix (Zeithaml et al., 2013). The marketing mix is one of the company's control elements that can be used to satisfy or communicate with customers. Previous research shows a strong relationship between the marketing mix and credit use decisions in Indonesia. Improving the quality of the marketing mix dimensions of credit products can improve business players decisions in using these products so that credit distribution by banks will increase (Idrus & Syam, 2022).

This research will provide suggestions for improving the quality of marketing mix dimensions in each category of business actors that have not been studied by previous research. Recommendations for improving the quality of the product marketing mix need to be differentiated for each category of business players, namely micro business players, small business players, and medium business players. The behaviors and perceptions of each category of business players can be different due to differences in income level, type of business, and consumer segmentation. Based on this background and problems, this research aims to (1) analyze the loan-taking behavior of MSME players, (2) analyze consumer assessments of the marketing mix, and (3) analyze the factors that influence consumers in their decision to use BTN MSME loan products.

2. Literature Review

2.1 Micro, Small, and Medium Business

According to Government Regulations Number 20 of 2008, micro, small, and medium businesses are defined as productive businesses owned by individuals and/or individual business entities (Indonesian Government, 2008). The size criteria for MSMEs are regulated in Government Regulations Number 7 of 2021 (Table 1).

Table 1. Micro, small, and medium player's criteria

Business Size	Venture capital	Sales per year
Micro	Maximum IDR 1 billion	Maximum IDR 2 billion
Small	>IDR 1 billion up to IDR 5 billion	>IDR 2 billion up to IDR 15 billion
Medium	>IDR 5 billion up to IDR 10 billion	>IDR 15 billion up to IDR 50 billion

2.2 General Characteristics of MSME Loan

The general characteristics of MSME loan are that first requires softer collateral. MSME players usually have difficulty providing additional collateral. The collateral owned by the business actor is the main collateral which is the object financed with the credit facility. Second, delivery requirements require special credit monitoring methods. This monitoring activity requires special skills from bank officials to bridge the character of less bankable MSME actors to obtain information about the debtor's business conditions and credit facilities. Third, tends to incur relatively higher credit service costs, and fourth requires simpler credit approval requirements. Limited access to information, relatively large credit application costs compared to the credit value, and perhaps also the limited education level of prospective debtors make the credit application and approval process simpler and faster (Budisantoso et al., 2014).

2.3 Marketing Mix

The marketing mix is a company control element that can be used to communicate with customers or meet customer satisfaction. In the traditional marketing mix, the 4P concept, which consists of product, place (distribution channel), promotion, and price, was introduced. As for the services marketing mix, there are three additional elements, namely process, people, and physical evidence (Zeithaml et al., 2013).

A product is anything that can be offered to a market for attention, acquisition use, or consumption that can satisfy a want or need. Price is the amount of money that can be exchanged for a product or service. A distribution place or channel is a set of organizations that depend on each other, which helps in the process of providing products or services for use or consumption by consumers or business users (Kotler & Armstrong, 2018). Promotion is a marketing communication activity used by companies to convince target customers that their product and service offerings are the best. People are all parties who play a role in providing services and thereby influence buyers' perceptions, namely company personnel, customers, and other customers in the service environment. Processes are procedures, mechanisms, and activity flows where services are delivered, consumed, and created (Wirtz & Lovelock, 2016). Physical evidence is the environment in which services are delivered and in which the Company and customers interact, as well as any tangible components that facilitate the performance or communication of services (Zeithaml et al., 2013).

2.4 Customer Decision

Customer decision is a decision made by consumers to purchase a product, which begins with an awareness of fulfilling needs and desires. Usage decisions are influenced by core values, the belief system that underlies attitudes and behavior, where core values are considered deeper than behavior or attitudes in determining a person's choices and desires at a basic level in the long term. This also makes marketers target consumers based on the values they believe in namely, if the product matches the consumer's personality, then the product in question can influence the consumer's personality and purchasing behavior (Kotler & Keller, 2016). Features of the goods will affect consumer decision-making and, as a result, spur a desire to buy. The buyer first learns as much as they can about the chosen brand, then assesses it by buying the product to see if it lives up to expectations, and finally decides whether to buy after making one effort with that brand (Singh et al., 2023).

2.5 Relationship between Variables

There have been many studies examining the relationship between the marketing mix and the decision to use a product/service. The research results showed that a significant influence was found on the relationship between marketing mix and usage decisions (Dewi & Hidayat, 2023; Suyanto & Dewi, 2023; Komari et al., 2020).

Product has a significant influence on purchasing decisions, with the influencing indicators being product quality and product variety (Abdullah et al., 2023; Rusmiyati & Hartono, 2022). Appropriate price is the most important criterion by which most customers decide to purchase services (Parmana et al., 2019; Paurova & Nadanyiova, 2020). Location/place has a significant effect on customers' decision to take a loan (Bakhadirov et al., 2022; Hairiyah & Ali, 2017). Product or service promotions contribute to customers' decisions (Asamoah, 2021; Abidin & Triono, 2020).

People is one of the dimensions of the marketing mix that has a standardized factor value that is quite large in influencing the decision to use (Athar, 2020; Savitri et al., 2020). According to Othman et al. (2021), there is a significant influence of marketing mix variables and process variables on purchasing decisions. Arthur et al. (2019) said that physical Evidence has an important role in attracting consumers to come to a company and make a purchase.

3. Conceptual Framework

The BTN MSME loan product is expected to become a potential new source of income for Bank BTN because this product is included in the high-yield category. However, the performance of BTN's MSME loan distribution has not yet reached the set target. From the background, literature review, and previous research, a conceptual framework was prepared, as seen in Figure 2.

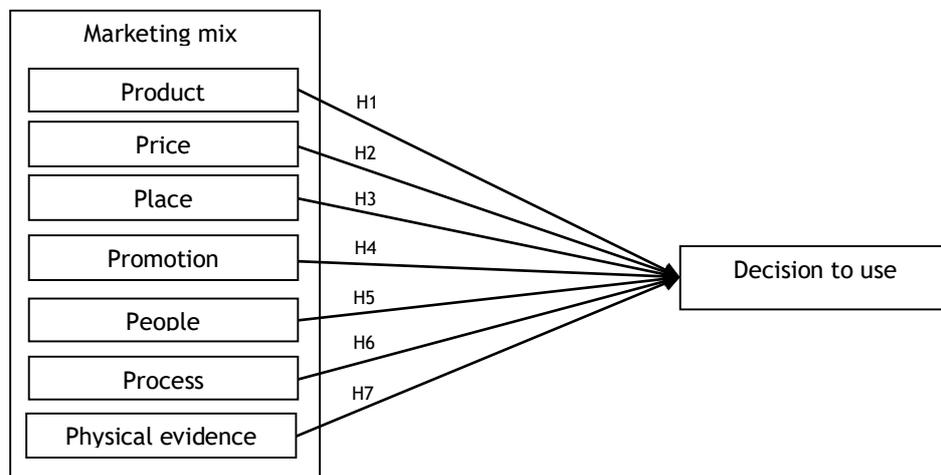


Figure 2. Conceptual framework of marketing mix and MSME loan distribution

Next, the research hypothesis formulated as follows:

H1: Products have a significant influence on the decision to use.

H2: Prices have a significant influence on the decision to use.

H3: Places have a significant influence on the decision to use.

H4: Promotions have a significant influence on the decision to use.

H5: People have a significant influence on the decision to use.

H6: Process has a significant influence on the decision to use.

H7: Physical evidence has a significant influence on the decision to use.

4. Methods

4.1 Research Design

This research design used a cross-sectional study and was conducted in Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek). Research activities were carried out from July 2023 until October 2023. The reasons for choosing the location are the number of MSME business players in the area is quite large, that is more than IDR 1,5 million, and it is one of the largest BTN MSME loan distribution areas. The types of data used in this research include primary data and secondary data. Primary data was obtained from the results of questionnaires to BTN MSME loan debtors and non-BTN MSME loan debtors. Secondary data such as the number and volume of account MSME loans, company profiles, and company policy was obtained internally from Bank BTN which will be used for additional information in formulating strategies.

4.2 Sampling

The sample collection technique in the research used a non-probability sampling method, which involved convenience sampling techniques. There are 20 indicators used in the research questionnaire. According to Hair et al. (2019), the number of samples required for each estimated parameter of exogenous and endogenous variables is five to ten observations. The number of samples in this study was 134 respondents, consisting of 100 business players who had become BTN MSME loan debtors and 34 business players who had not yet become BTN MSME loan debtors. Data sourced from business players who have become BTN MSME loan debtors will be analyzed descriptively and statistically so that they need to meet the minimum sample size rule, while business players who have not yet become BTN MSME loan debtors will only be analyzed descriptively.

4.3 Measurement

This research used seven marketing mix variables as endogenous variables consisting of product, price, place, promotion, people, process, and physical evidence for a total of seventeen research indicators. The exogenous variable is the decision to use three research indicators. Each research indicator variable is measured using a Likert scale. The order used was five orders with the categories very good (5), good (4), neutral (3), not good (2), and very bad (1). The operational definition and indicator variables in this research can be seen in Table 2.

Table 2. Operational definition and indicator of research variables

Variable	Operational definition	Indicator	Source
Product (X1)	Product MSME loans offered to the market include variety and quality.	Product variations (PD.1) Product quality (PD.2)	Kotler and Armstrong (2018)

Table 2. Operational definition and indicator of research variables (Continue)

Variables	Operational definition	Indicators	Sources
Price (X2)	The amount of money that must be spent by consumers.	Price affordability (PR.1) Price suitability (PR.2) Price competitiveness (PR.3)	Kotler and Armstrong (2018) Kotler and Armstrong (2018)
Place (X3)	Distribution channels to obtain BTN MSME loan.	Online channel (PL.1) Product availability (PL.2)	Kotler and Armstrong (2018), Wirtz and Lovelock (2016)
Promotion (X4)	Marketing communications that influence consumers.	Promotion channels (PM.1) Sales promotion (PM.2)	Kotler and Armstrong (2018), Wirtz and Lovelock (2016)
People (X5)	Quality of human resources.	Employee competency (PP.1) Employee communication (PP.2) Employee communication (PP.3)	Wirtz and Lovelock (2016)
Process (X6)	MSME loan distribution process activities.	Processing time (PS.1) Convenience (PS.2) Complaint room (PS.3)	Wirtz and Lovelock (2016)
Physical evidence (X7)	Appearance of Bank BTN offices and employees	Office appearance (PE.1) Employee appearance (PE.2)	Zeithaml et al. (2013)
Decision to use (Y)	BTN Debtors' behavior in deciding to use BTN MSME loan products.	Need (KP.1) Favorites (KP.2) Third-party recommendations (KP.3)	Kotler and Armstrong (2018)

4.4 Data Collection

This research used primary data obtained using a survey method with tools in the form of a questionnaire containing several structured written questions to obtain accurate information from respondents. In preparing the questionnaire, closed questions were used with measurable instruments to make it easier for respondents to fill out the questionnaire.

4.5 Analysis

This research applied several analyses in the data processing process, consisting of descriptive analysis, Structural Equation Model-Partial Least Squares (SEM-PLS) using the Smart-PLS, and Importance Performance Analysis (IPA) analysis using the SPSS. Descriptive analysis explains the characteristics of respondents, SEM-PLS analyzes the relationship between the variables studied, and IPA was used to formulate strategic alternatives for the company.

5. Findings

5.1 Respondent Characteristics

Respondent characteristics are traits found in respondents that can be used to determine the diversity of respondents. The respondents in this study were 134, consisting of 100 respondents who were MSME players who had become BTN MSME loan debtors (KUMK-BTN and KUR-BTN) and 34 other respondents who were MSME players who had not yet become BTN MSME loan debtors who run trading, processing, agribusiness, construction, services, food and beverages for more than 1 year. As much as 42.53% respondents are aged 30 to 40 years, 67.16% are male, 67.91% have a bachelor's degree level of education, and 44.02% operate in the trading business sector with an annual turnover of \geq IDR 2 billion up to IDR 15 billion or included in the small business category.

5.2 Behavior of MSME Actors in Taking Loans

In terms of the frequency of taking loans, micro-business players have a more frequent frequency than small and medium business players. Micro business players use these loan funds for business development either in the same business field or in a different business field. There are differences in behavior between micro business players who are BTN MSME loan debtors and non-BTN MSME loan debtors. As many as 92.00% BTN MSME loan debtors take loans at Commercial/Sharia Banks with the second option at rural bank, while 73.53% non-BTN MSME loan debtors take loans at Commercial/Sharia Banks with the second option at Fintech. Another difference is that in the reasons for changing MSME loan distribution institutions, BTN MSME loan debtors tend to move from Bank BTN to other channeling institutions due to offers of higher loan amount and lower interest rates, while non-MSME BTN debtors are based on offers from stated-owned financial Institutions and higher loan amount.

5.3 Consumer Assessment of the Marketing Mix BTN MSME Loan

The average positive perception (good and very good) of BTN MSME loan debtor respondents regarding the marketing mix of BTN MSME loan products can be seen in Table 3. The marketing mix variables price, place and process are the variables that were given the lowest approval value when compared with other variables.

Table 3. Respondent assessment of the marketing mix BTN MSME loan

Indicator	Micro (%)	Small (%)	Medium (%)
Product	83.93	72.83	71.16
Price	50.00	42.75	34.62
Place	71.43	55.44	51.93
Promotion	80.36	79.35	76.93
People	80.95	77.53	55.13
Process	40.48	18.11	42.31
Physical Evidence	76.79	75.00	71.16
Mean	69.13	60.14	57.60

5.4 Evaluation of the Measurement Model (Outer Model)

Validity tests and reliability tests are carried out to evaluate the measurement model. The validity test is carried out by looking at the Loading Factor value of each indicator variable and Average Variable Extracted (AVE) for each variable, while the reliability test is carried out by looking at the Cronbach's Alpha and Composite Reliability (CR)

values for each variable. The results of testing the measurement model can be seen in Table 4.

Table 4. Validity and reliability test results

Variables	Indicators	Loading factor	AVE	Cronbach's alpha	Composite reliability
Products	PD.1	0.894	0.818	0.779	0.900
	PD.2	0.915			
Price	PR.1	0.909	0.833	0.900	0.937
	PR.2	0.938			
	PR.3	0.891			
Place	PL.1	0.926	0.842	0.813	0.914
	PL.2	0.909			
Promotion	PM.1	0.939	0.848	0.823	0.918
	PM.2	0.903			
People	PP.1	0.864	0.683	0.771	0.866
	PP.2	0.767			
	PP.3	0.845			
Process	PS.1	0.908	0.804	0.878	0.925
	PS.2	0.893			
	PS.3	0.890			
Physical evidence	PE.1	0.889	0.789	0.733	0.882
	PE.2	0.888			
Decision to use	KP.1	0.786	0.683	0.767	0.866
	KP.2	0.838			
	KP.3	0.853			

The loading factor and average variable extracted (AVE) can be declared valid if they have > 0.5 and the value. From the test results, the loading factor value for each indicator variable shows a value > 0.5 and AVE for each variable > 0.5, so it can be declared valid. The final stage in evaluating the measurement model (outer model) is the reliability test. The test results show the composite reliability and Cronbach's alpha values ≥ 0.7 , which means all research variables are reliable.

5.5 Evaluation of the Structural Model (Inner Model)

From the hypothesis that has been designed, the R^2 customer decision variables are equal to 0.751, which means the variables product, price, place, promotion, people, process, and physical evidence can explain the diversity of usage decision variables by 75.10%, while the remaining 24.90% can be explained by other variables outside this research model. The next stage is model significant testing, which was carried out to test the relationship between exogenous latent variables and endogenous latent variables. The research indicator variable can be said to be significant if it has a t-value > 1.96. The relationship between research variables can be seen in Table 5.

Table 5. Relationship between variables

Paths	T-statistic	Conclusion
Products → Decision to use	3.640	Significant
Price → Decision to use	2.018	Significant
Place → Decision to use	2.739	Significant
Promotion → Decision to use	1.976	Significant
People → Decision to use	3.232	Significant
Process → Decision to use	3.241	Significant
Physical evidence → Decision to use	1.260	Insignificant

5.6 Analysis of Marketing Mix to Decision to Use BTN MSME Loan

In hypothesis testing, there are significant values between variables, and these significant values are obtained through a bootstrapping procedure. Figure 3 shows the SEM analysis results model of this research.

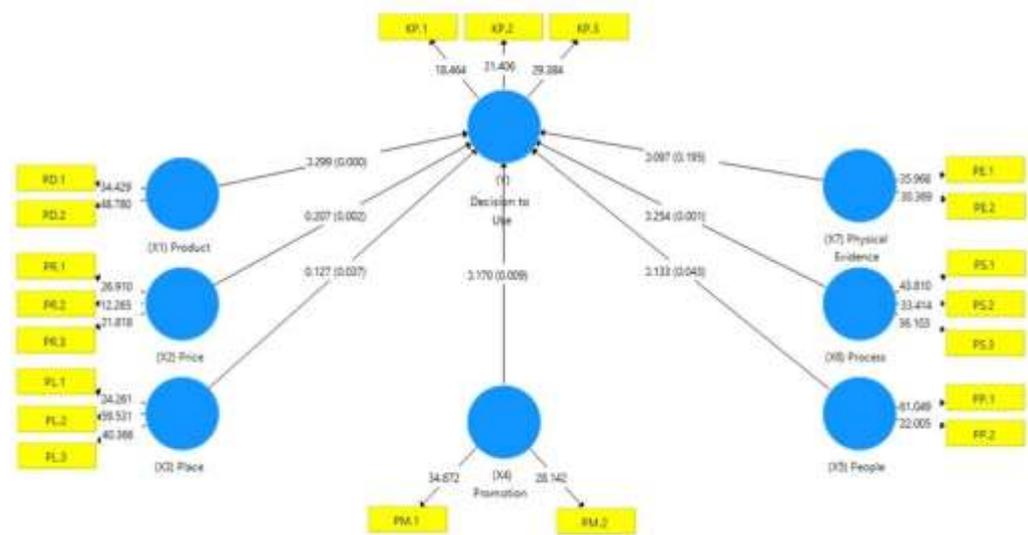


Figure 3. SEM-PLS analysis results model marketing mix to decision to use BTN MSME loan

The rule of thumb for supporting a research hypothesis is if the coefficient or direction of the variable relationship is in line with what was hypothesized, namely if the statistical value (t-value) is more than 1.96 and the probability value (p-value) is less than 0.05. The results of the research hypothesis test can be seen in Table 6. There are seven hypotheses in this research, which were then tested using SEM-PLS analysis. Endogenous variables in this research consist of product, price, place, promotion, people, process, and physical evidence. Based on the test results, six hypotheses are proven to have a significant effect, and one hypothesis is proven to be insignificant.

Table 6. Hypothesis test results using SEM-PLS analysis

Hypothesis	Path coefficient	T-statistic	P-values
H1 Products → Decision to use	0.299	3.640	0.000**
H2 Price → Decision to use	0.207	2.018	0.002**
H3 Place → Decision to use	0.127	2.739	0.037*
H4 Promotion → Decision to use	0.170	1.976	0.009**
H5 People → Decision to use	0.133	3.232	0.043*
H6 Process → Decision to use	0.254	3.241	0.001**
H7 Physical Evidence → Decision to use	0.097	1.260	0.195

*significant at $p < 0.05$; **significant at $p < 0.01$

Hypothesis one (H1) is accepted, and a significant influence is found on the product variable on the decision to use. Based on Table 6, the finding shows that the product influences significantly on decisions to use. The product is the variable with the greatest influence and contribution to the decision to use the BTN MSME loan. The better the product offered to consumers, the greater the consumer's desire to decide to use BTN MSME loan products by 29%. Hypothesis two (H2) is accepted, and a significant influence of price on the decision to use. Based on Table 6, the test results show that price influences usage decisions. The better the product price offered, the

greater the consumer's desire to decide to use BTN MSME loan products by 20%. Hypothesis three (H3) is accepted, and a significant influence is found on the place variable on the decision to use. Next, place influences usage decisions. The better the location/distribution channels for the products offered, the greater the consumer's desire to decide to use BTN MSME loan by 12%.

Hypothesis four (H4) is accepted, and a significant influence is found on the promotion variable on the decision to use. Based on Table 6, the test results show that the promotion of the marketing mix influences usage decisions. The better the promotion provided by the Company, the greater the consumer's desire to decide to use BTN MSME loan by 17%. Hypothesis five (H5) is accepted, and a significant influence is found on the people variable on the decision to use. Next, people's marketing mix influences usage decisions. The better the quality of the company's employees, the greater the consumer's desire to decide to use BTN MSME loan by 13%. Hypothesis six (H6) is accepted, and a significant influence is found on the process variable on the decision to use. Then, the marketing mix process influences usage decisions. The better the process of distributing loans, the greater the consumer's desire to decide to use BTN MSME loan by 25%. Hypothesis seven (H7) was rejected, and a significant influence was not found on the physical evidence variable on the decision to use.

5.7 Evaluation of Model Goodness of Fit

Several measures were developed that can state that a proposed research model is acceptable, such as the value of Standardized Root Mean Square Residual (SRMR) and Goodness of Fit Index (GoF). The GoF index value is interpreted as 0.1 as low GoF, 0.25 as medium GoF, and 0.36 as high GoF. A high GoF Index value can mean that empirical data can explain measurement models and structural models with a high level of suitability. The results of model fit evaluation can be seen in Table 7.

Table 7. The goodness of fit evaluation model results

Parameter	Value	Conclusions
Standardized Root Mean Square Residual (SRMR)	0.074	Good Fit
Goodness of fit index	0.579	High GoF

5.8 Formulation of a Strategy to Increase BTN MSME Loan Distribution

The recommended strategy for distributing BTN MSME loans is formulated using the Importance Performance Analysis (IPA) method, namely with a Cartesian diagram that includes loading factor values and respondents' perceptions of BTN MSME loan products. The higher (closer to value 1) the loading factor, the greater the influence of the indicators analyzed on the decision to use BTN MSME loan products. The diagram consists of four quadrants, namely (1) high priority, (2) maintain, (3) low priority, and (4) over quadrants. Based on the results of the IPA matrix evaluation, which can be seen in Figure 4, the priority improvements that need to be made by the company are the indicators in quadrant one.

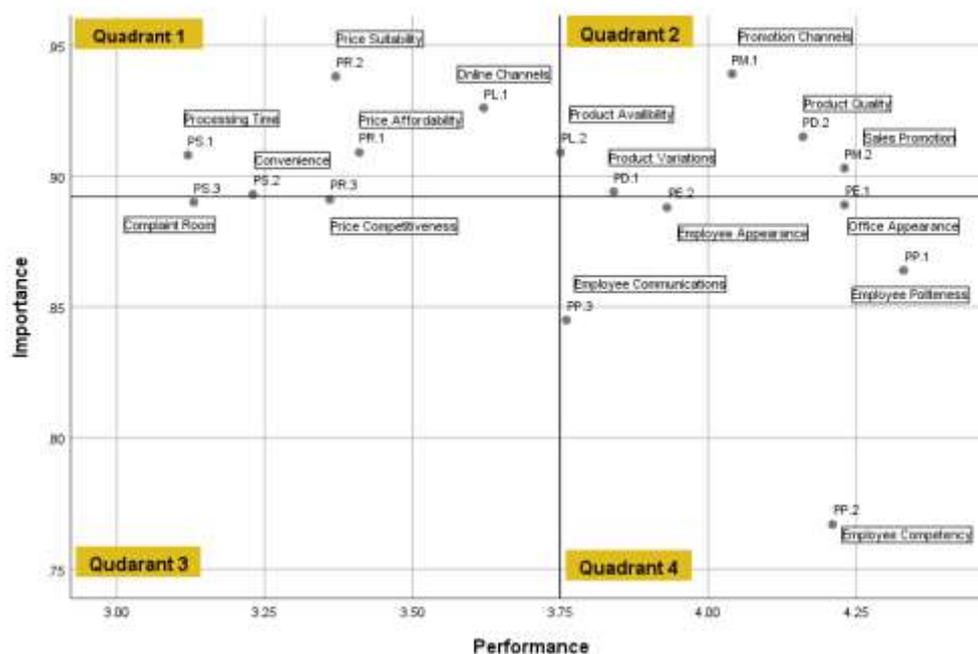


Figure 4. Importance performance analysis (IPA) matrix results

6. Discussion

6.1 The Loan-Taking Behavior of MSME Players

This research aims to analyze the behavior of MSME players in taking loans, consumer assessments of the marketing mix of BTN MSME loan products, factors that influence consumers' decisions to use BTN MSME loan products, and formulate recommendations for BTN MSME loan distribution strategies. The behavior of micro business actors who tend to be more active in taking loans, using Fintech for capital solutions, and moving from channeling institutions because of offers from state-owned institutions needs to be addressed by Bank BTN. Micro-business actors have difficulty accessing formal financial institutions because they have not been able to fulfill the formal requirements for credit applications. From these findings, Bank BTN is advised to start paying attention to micro business actors because micro business actors have the largest number in Indonesia, with a portion of 99 % of the total MSME players, and have a frequency of taking loans that tends to be higher when compared to small and medium business actors.

6.2 Consumer Assessment of the Marketing Mix

Based on consumer assessment of the marketing mix BTN MSME loan products, the marketing mix variables of price, place, and process are the variables that were given the lowest approval value when compared to other variables. Indicators for the price are price suitability, price affordability, and price competitiveness. The group of small and medium business players is the group of respondents who gave the lowest assessment of the indicators of price suitability, price affordability, and price competitiveness. The indicators for the place variable are the online channel, which is the channel for applying for BTN MSME loan facilities via the internet network, and the availability of BTN MSME loan products in all Bank BTN offices. According to the micro, small, and medium enterprise players, the online portal for BTN MSME loan

applications is still not informative and tends to take longer to get a response to a loan application. BTN MSME loan products are currently not available in all Bank BTN office networks, products are only available in Branch Offices and several Sub-Branch Offices. Indicators for the process variable are speed, convenience, and space for submitting complaints. Consumers assess that the time required for the BTN MSME loan process, namely from the start of the application to the disbursement of the loan, takes a relatively long time. Consumer assessments regarding loan application requirements and the BTN MSME loan disbursement process tend to be complicated and convoluted. Fauziah and Utomo (2022) concluded that low and appropriate loan costs, ease of obtaining information, and procedures of loans can attract consumers' interest in taking out credit.

6.3 Factors that Influence Consumers to Use BTN MSME Loan

The results of hypothesis testing show that there is a significant influence on usage decisions on product, price, place, promotion, people, and process variables. For the physical evidence variable, the research results show that there is no significant influence. BTN MSME loan products have the power to influence someone in terms of usage decisions, especially regarding product quality. The significant influence of product variables in this research is in line with research conducted by Rusmiyati and Hartono (2022). The price of the product offered can influence consumer considerations in making decisions, especially the suitability and affordability of the price offered. The significant influence of the price in this research is in line with research conducted by Paurova and Nadanyiova (2020); Parmana et al. (2019).

The rapid development of technology has changed people's perceptions regarding distribution channels. Currently, distribution channels are not only about product availability in easy-to-reach locations but also product availability on online networks. The better location of product providers and online channels can improve purchasing decisions. Bank BTN needs to increase the number of offline distribution channels for BTN MSME loan products and improve online distribution channels that can reach all business actors in various regions of Indonesia to remote areas. The significant influence of place variables in this research is in line with research conducted by Bakhadirov et al. (2022) and Hairiyah & Ali (2017).

The level of competition for disbursing MSME loans to banks is getting tighter in line with the positive impact felt by disbursing banks. Therefore, the promotional marketing mix is very important. Promotional activities can increase brand awareness and influence consumers in purchasing decisions. In line with Noor (2017) and Abidin & Triono (2020) there is a significant influence between the promotional marketing mix and the decision to use. Employee competency, politeness, and communication skills are very important to attract debtors. Periodically, credit marketing officers are given regular education regarding banking science as well as marketing science, market analysis, and credit analysis through regular education organized by Bank BTN Learning Division to improve their competency. Savitri et al. (2020) revealed that there is a significant influence between the community's marketing mix and usage decisions.

A good credit process is a credit that is appropriate, targeted, and timely. An easy and fast credit distribution process can be a consideration for MSME players when making decisions about using credit. The significant influence of process variables in this research is in line with Othman et al. (2021), which mentioned a significant influence between the marketing mix process and usage decisions. The marketing mix variable physical evidence does not have a significant influence on the decision to

use, this research is in line with Leo et al. (2020). These results could be due to consumers' assessment of existing physical Evidence that currently has good performance, and these variables are not considered important by consumers. In line with the rapid development of technology and the use of the internet, banking activities can be accessed anywhere and at any time in line with digital transformation in the sector. The insignificant influence of physical evidence on usage decisions can be caused by the low intensity of debtors and potential debtors interacting or transacting at branch offices.

6.4 Strategies for BTN MSME Loan Distribution

From the results of the IPA matrix, which can be seen in Figure 4, there are five indicators of marketing mix variables that take in the high priority quadrant, namely price suitability and price affordability, which is an indicator of price variables, processing time and convenience which is an indicator of process variables, and online channels which is an indicator of place variables. These indicators are the main priority for improvement for each category of MSME business actors. The formulation of strategies to increase BTN MSME loan distribution also considers the results of descriptive analysis of the loan usage behavior of BTN MSME loan debtors and non-BTN MSME loan debtors. The consideration for using the results of the descriptive analysis aims to increase the loyalty and satisfaction of BTN MSME loan debtors and reach non-BTN MSME loan debtors so they can choose BTN MSME loan products as a source of financing for their business. The proposed strategy will carry the theme of digitalization or the use of digital technology in connection with the rapid development of technology today.

Significant improvements were observed in the performance of businesses using technological components. Increased production, per capita production, and productivity were among the most important improvements. The decrease in costs, increase in capacity utilization rates, and increase in production speed were other subsequent (Duman & Akdemir, 2021). The era of digitalization has triggered the use of technology in every activity with the aim of cost efficiency. In the financial sector, digitalization has encouraged many financial institutions to increase financial technology innovation aimed at increasing cost efficiency and increasing market share (Rizal et al., 2019).

6.5 Managerial Implication

The price of the BTN MSME loan product is the cost that must be paid by consumers to obtain a few benefits received from the BTN MSME loan facility. The prices referred to in this variable are interest costs and pre-realization loan costs. Respondents assessed that the interest costs and pre-realization costs for BTN MSME loan products were less affordable and less appropriate to the facilities received. The high price of BTN MSME loan products can be caused by several factors, namely fund collection factors, loan quality, and company operational costs. Bank BTN needs to increase low-cost fundraising and improve loan performance quality and efficiency of company operational costs. Bank BTN can provide price bundling strategies on MSME product sales. Choi and Chen (2019) mentioned discount pricing and bundling products have a positive effect on sales, specifically on discount rates. Providing special prices for micro business players who are subsidized mortgage debtors and providing special prices for small and medium business players who are priority banking customers to provide price suitability. Furthermore, Bank BTN needs to set special notary fees for micro business actors and provide special interest rates, discounts on administration

fees, and provisions for debtors in the category of micro and small players actors who receive credit top-up facilities to provide price affordability.

The strategy to improve the marketing mix place is redesigning existing online loan channels and distributing BTN MSME loan products via e-commerce to provide better online loan distribution channels. There is an influence of web quality on customer decisions, which is measured through three dimensions, namely usability, information quality, and service interaction (Nahdira & Rofiq, 2018). Bank BTN needs to improve the quality-of-service interactions on the BTN Property portal, such as by adding online loan service officers who can directly interact with prospective debtors.

Consumer purchases through online distribution channels tend to be influenced by the service provider's ability to provide a pleasant experience to consumers by providing good service and features that make it easier for consumers to make purchasing decisions (Suandewi & Maradona, 2023). Bank BTN needs to regularly update information and promote MSME loan products through various social media or other media that provide discounts or discounts for prospective debtors who apply for loans through BTN property portal. This is expected to attract the interest of prospective debtors in deciding on the use of BTN MSME loan products. Apart from that, Bank BTN needs to collaborate with several e-commerce companies that already have many partners or business actors with good sales activities and history.

Loan distribution process activities include pre-loan agreement, loan agreement and post-loan agreement stages. Consumers assess that the time required for the BTN MSME loan process, namely from the start of the application to the disbursement of the loan, takes a relatively long time. The process marketing mix is the variable with the second largest influence on the Decision to use BTN MSME loan. The strategy for improving the marketing mix process on processing time indicators is improving loan underwriting by using credit scoring based on artificial intelligence (AI) technology in the loan underwriting process to speed up processing time. The use of AI technology in the credit underwriting process can speed up the credit approval process and keep the risk of loan default or non-performance at a low level (Trilaksono et al., 2023). Next, consumer assessments regarding loan application requirements and the BTN MSME loan disbursement process tend to be complicated and convoluted. To provide convenience in the loan process, Bank BTN needs to simplify credit application requirements for each category of business players and create a mobile loan processing that can make it easier for the credit marketing team to collect credit application documents and credit underwriting process.

6.6 Theoretical Contribution

This research provides information about the influence of the marketing mix on the decision to use MSME credit and develops a strategy to increase MSME credit distribution by improving the marketing mix. Consumer perceptions, research hypothesis results, and IPA analysis results are used to develop managerial implications to produce appropriate strategy proposals to be implemented by the company.

6.7 Limitations

This study had some limitations. The research is limited to the Jabodetabek area, and the proposed strategies for increasing BTN MSME loan distribution in this research have not yet identified the costs and benefits.

7. Conclusion

The frequency of taking out loans from micro business actors is more frequent compared to small and medium business actors. Credit funds are used for business development. The majority of MSMEs take loans from commercial/sharia banks, rural bank and fintech. Offers of higher loan amounts, lower interest rates, and offers from state-owned companies are the reasons why MSMEs choose credit-distributing institutions.

The marketing mix of product, price, place, promotion, people, and process has a significant effect on the decision to use BTN MSME loan. The product dimension in the marketing mix has the most significant influence on the decision to use BTN MSME loan. Furthermore, the physical evidence marketing mix does not have a significant influence on the decision to use BTN MSME loan.

There are five indicators of marketing mix variables that occupy the high-priority quadrant in the IPA matrix, namely price suitability and price affordability, which are indicators of price variables, processing time, and convenience, which are indicators of marketing mix variables. Indicators of process variables and online channels are indicators of place variables.

8. Recommendation

Bank BTN management is expected to be able to implement proposals or recommendations for BTN MSME loan distribution strategies there are price bundling strategies on MSME product sales, special interest rates, discounts on administration fees, and provisions for debtors in the category of micro and small players actors who receive credit top-up facilities, redesigning existing online loan channels and distributing BTN MSME loan products via e-commerce, using credit scoring based on Artificial Intelligence (AI) in the loan underwriting process. Future researchers are expected to expand the research area, adding indicators of marketing mix dimension that have not been studied in this research and sampling size.

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