

# Marketing Strategies for Microbusiness Financing Products in Achieving Targets at Bank BPR Jatim Kediri Branch Office

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**Abstract:** Indonesia's banking sector continues to grow and plays a crucial role in supporting the national economy, particularly through the provision of financing for micro-businesses. However, empirical conditions at Bank BPR Jatim Kediri Branch Office indicate that the marketing strategy for micro-business financing products has not yet achieved optimal performance. This study aims to identify the marketing strategies currently implemented, determine an appropriate marketing strategy model to achieve financing targets, and analyze the obstacles hindering target achievement. The research employs a qualitative approach, with informants consisting of strategy implementers and marketing strategy experts. Data were collected systematically through interviews, observations, and documentation. The findings reveal that existing marketing strategies such as socialization activities, personal selling, and collaboration with external parties still face limitations, resulting in unmet financing targets. Furthermore, the study concludes that an integrated marketing strategy based on the marketing mix framework, encompassing product, price, place, and promotion, is essential to improve the effectiveness of micro-business financing marketing and support target achievement.

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## 1. Introduction

### 1.1 Background of the Study

The continuous development of banking institutions in Indonesia has made banking an important component of the current national economy. Banking institutions are increasingly gaining the trust of the Indonesian people, as evidenced by the growth and development of banks, ranging from the types of banks to the various banking activities offered to the public in accordance with the definition of a bank as a business entity that collects funds from the public in the form of deposits and distributes them to the public. The types of banks in Indonesia consist of commercial banks, rural banks (BPR), and Islamic banks.

The phenomenon occurring at Bank BPR Jatim Kediri Branch Office shows that the marketing strategy for microbusiness financing products has not yielded optimal results. This can be seen from the fact that the realization of financing distribution has not reached the target set by management. Many microbusinesses in the Kediri area do not fully understand the benefits and mechanisms of the financing products offered. This causes them to hesitate or even be reluctant to apply for financing, even though the

products offered have benefits that are relevant to their needs. The marketing staff at Bank BPR Jatim Kediri Branch Office is still limited, both in terms of number and ability to approach potential micro business customers appropriately. In addition, the training and operational support available to the marketing team is also not yet fully adequate. The marketing strategies used have not been fully adapted to the local characteristics and culture of micro businesses in Kediri. Most promotions are still general in nature and have not reached micro business communities or groups directly and effectively. The emergence of many competitors, such as savings and loan cooperatives and other rural banks, has given microbusinesses many options for accessing financing. Some of these institutions offer more competitive interest rates or faster processes, presenting Bank BPR Jatim with the challenge of maintaining its market appeal. In addition, rural banks often have more limited resources and infrastructure than large banks, and the financing products they offer tend to be simpler. Considering these factors, Bank BPR Jatim was selected as the object of research to analyze the effectiveness of microbusiness financing product marketing strategies.

The following is the target and actual microbusiness financing data for a period of three years:

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**Table 1. Financing Data by Business Sector for the Period of October 2022**

Sector	Target '22	Oct	Actual Oct '22	Deviation	%
Trade	4,753,650,000		23,625,844,500	1,127,805,500	95.44
Agriculture	34,425,765,230		33,265,754,215	1,160,011,015	96.63
Livestock	7,500,000,000		7,251,462,521	248,537,479	96.69
Industry	6,500,000,000		5,625,894,625	874,105,375	86.55
Services	1,750,000,000		1,125,463,589	624,536,411	64.31
Consumer Goods	4,134,678,900		3,225,985,268	908,693,632	78.02
Other	-		-	-	-
Total	79,064,094,130		74,120,404,718	4,943,689,412	93.75

\* Data source: East Java Rural Bank Accounting Report

**Table 2. Financing Data by Business Sector for the Period of October 2023**

Sector	Target Oct '23	Actual Oct '23	Deviation	%
Trade	26,350,754,805	25,844,177,815	506,576,990	98.08
Agriculture	37,750,500,000	36,181,848,942	1,568,651,058	95.84
Livestock	9,576,890,550	9,476,198,532	100,692,018	98.95
Industry	7,425,675,900	6,891,780,750	533,895,150	92.81
Services	2,895,750,335	2,584,417,781	311,332,554	89.25
Consumer Goods	6,250,000,000	5,168,835,563	1,081,164,437	82.70
Other		-	-	-
Total	90,249,571,590	86,147,259,383	4,102,312,207	95.45

\* Data source: East Java Rural Bank Accounting Report

**Table 3. Financing Data by Business Sector for the Period of October 2024**

Sector	Target Oct '24	Actual Oct '24	Deviation	%
Trade	27,650,455,790	27,408,370,548	242,085,242	99.12
Agriculture	42,550,500,000	41,585,113,935	965,386,065	97.73
Livestock	11,755,450,225	11,341,394,709	414,055,516	96.48
Industry	6,125,000,350	5,670,697,355	454,302,995	92.58
Services	2,850,435,755	2,835,348,677	15,087,078	99.47
Consumer Goods	5,550,750,550	5,670,697,356	119,946,806	102.16
Other	-	-	-	-
Total	96,482,592,670	94,511,622,580	1,970,970,090	97.96

\* Data source: East Java Rural Bank Accounting Report

The table above shows that the target and actual microbusiness financing data for the three-year period fell short of the target. Meanwhile, the performance of Bank BPR Jatim Kediri

Branch Office in microbusiness financing and the condition of the community/microbusinesses in Kediri.

**Table 4. Evaluasi Kinerja Cabang Kediri**

POS	Dec '23	Nov '24	Dec '24	Target Dec '24	Deviation	%	GRW from Dec '23	%	GRW from last month	%
Credit	87,512	96,034	97,737	97,460	337	100,28	10.225	11,68	1.703	1,77
Third Party Funds	98,846	88,227	92,274	90,532	1,742	101.92	(6,572)	-7.12	4,047	4.39
Savings	19,569	18,203	18,108	22,225	(4,117)	81.48	(1,461)	-8.07	(95)	- 0.52
Deposits	79,277	70,024	74,166	68,307	5,859	108.58	(5,111)	-6.89	4,142	5.58
Profit	2,617	4,328	4,556	2,460	2,096	185.20	1,939	42.56	228	5.00
Assets	124,618	118,298	122,646	131,156	(8,510)	93.51	(1,972)	-1.61	4,348	3.55
NPL	2,94%	4.19%	3.56%	3.59%	0.03%					
DPK (Special Company Debt)	7,292	5,978	6,625	5,950	675					
KLDM	2,572	4,025	3,479	3,500	(21)					
<b>RATIO</b>										
ROA	2.14%	3.73%	3.61%	2.10%	1.51%					
BOPO	79.12%	67.46%	68.72%	80.10%	-11.38%					
LDR	72.34%	108.85%	105.92%	107.65%	-1.73%					
CASA	19.80%	20.63%	19.62%	24.55%	-4.93%					

\* Data source: East Java Rural Bank Accounting Report

Based on the Kediri Branch Office Performance Evaluation table, it shows that the targets have not been met properly, especially the financing targets. Meanwhile, there are still opportunities for Bank BPR Jatim in financing micro businesses in the Kediri area, especially those in the trade and agriculture sectors. Therefore, Bank BPR Jatim should improve its product marketing strategy as a service to the community that needs capital and also to improve the economy of the Kediri Regional Government.

### 1.2 Research Questions

Based on the above background, the author has identified several issues to be raised and examined in order to provide useful explanations to readers, including:

1. What are the current marketing strategies used for financing products in achieving targets at PT. Bank BPR Jatim Kediri Branch Office?
2. What are the obstacles to implementing the marketing strategy of Bank BPR Jatim Kediri Branch Office?
3. What is the appropriate marketing strategy model at PT. Bank BPR Jatim Kediri Branch Office to achieve its targets?

### 1.3 Research Objectives

To provide a clear overview of this thesis, the author will outline the objectives of this study, including:

1. To determine the marketing strategy for financing products in achieving targets at PT. Bank BPR Jatim Kediri Branch Office
2. To determine the appropriate marketing strategy model at PT. Bank BPR Jatim Kediri Branch Office in order to achieve targets

### 1.4 Contributions of the Study

The practical benefits of this research are directly related to the implementation of strategies that can help Bank BPR Jatim improve its marketing performance for microfinance products and achieve its predetermined targets. Some of the practical benefits are:

1. This research can provide concrete recommendations on improving marketing strategies for microfinance products.
2. This research can identify weaknesses in the current marketing strategy, enabling the bank to improve the quality of its customer service, such as faster and simpler loan application procedures, as well as better customer service.
3. This research helps the bank to identify obstacles to achieving its financing distribution targets and provides solutions to optimize the financing processes and products offered.

- This research is expected to enable the innovation of financing products that are more in line with market needs, for example by adjusting interest rates, tenors, or loan application requirements.

## 2. Literature Review and Hypotheses

### 2.1 Marketing

Tjiptono and Diana (2020) define marketing as the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers and to build and maintain positive relationships with stakeholders in a dynamic environment. According to Sunyoto (2019), marketing is a human activity that aims to satisfy the needs and desires of customers through a process of exchange and parties interested in the company. From the above definitions, it can be concluded that marketing is an activity carried out by individuals or groups of people to meet consumer needs and provide benefits.

Kumar and Shah (2020) highlight the importance of customer relationship management (CRM) in bank marketing. According to them, the digital era requires banks to focus on a more personalized customer experience, use data to analyze consumer behavior, and provide services tailored to each customer's preferences. In addition, they also emphasize the importance of innovation in technology to remain competitive.

The objectives of bank marketing cover various aspects that focus on creating value for customers, operational efficiency, and the application of technology to improve service quality. According to Kumar and Shah (2020), the main objective of bank marketing is to create high customer satisfaction and loyalty. Furthermore, the objectives of bank marketing are to develop products that are more relevant to the needs of the times, such as digital-based banking products or more flexible financial products, for example, digital payment services and technology-based credit (fintech) (Suyanto, 2020). Additionally, expanding the reach of banking products and services by utilizing technology to reach more customers, building a positive image and reputation to attract new customers and maintain relationships with existing customers, and ensuring that the products and services offered are safe and reliable to build long-term relationships with customers and avoid losing customers due to security issues or data leaks.

### 2.2 Marketing Strategy

Kotler (2018) defines marketing strategy as a marketing mindset that will be used to achieve marketing objectives, which includes detailed strategies regarding target markets, positioning, marketing mix, and marketing budgets. Planning is the first thing that must be done in every activity and action carried out in management, known as the principles of management, namely Planning, Organizing, Actuating (direction), and Controlling (supervision). Porter (2021) states that strategic planning is the process of choosing a unique competitive position in the market and industry to achieve superiority. The steps in strategic planning include establishing the company's vision, mission, goals, and objectives, and designing a business portfolio.

In formulating a marketing strategy, companies should thoroughly analyze both external and internal conditions. Kotler (2023) states that companies must be able to accurately identify customer needs and desires, then offer products or services that can

fulfill them in a way that is better than competitors. This is very important because without proper analysis, companies cannot take the right actions for the future interests of the company.

One strategy related to company marketing activities is the Marketing Mix (Service Marketing Mix). Philip Kotler and Kevin Lane Keller (2023) explain that the marketing mix is a tool used by companies to design and implement marketing strategies. They identify the traditional 4P and propose the addition of 3 additional elements for the service industry, forming the 7P: Product, Price, Promotion, Place, People, Process, and Physical Evidence, which are arranged and combined by companies to achieve a level of profit in their target market. Each of these variables is closely related to one another, where decisions made by companies in marketing are always followed by other activities.

### 2.3 Conceptual Framework

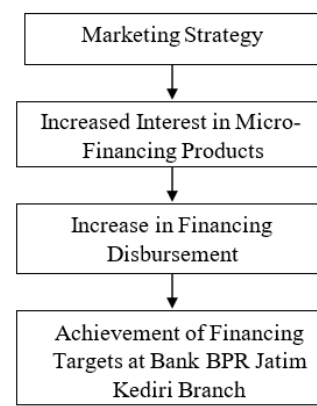


Fig. 1. Conceptual Framework

Marketing strategies are key to attracting the attention of MSME players. The characteristics of MSMEs, which tend to be sensitive to interest rates, quick processes, and emotional closeness, demand marketing strategies that are not only formal but also personal. When these marketing strategies are implemented effectively, microfinance products will become more widely known and sought after. This directly impacts an increase in credit disbursement, which ultimately contributes to achieving the bank's targets, both in terms of disbursement volume, interest income, and the number of new customers.

## 3. Research Method

This study uses a qualitative case study approach because it aims to analyze, understand, and explore issues related to MSME financing in achieving targets at Bank BPR Jatim. This study was conducted at Bank BPR Jatim's Kediri Branch Office, which is the specific location that is the focus of the case study. This study will explore information about the microfinance product marketing strategies implemented at this branch. The research period is from September 17<sup>th</sup>, 2024, to February 2025.

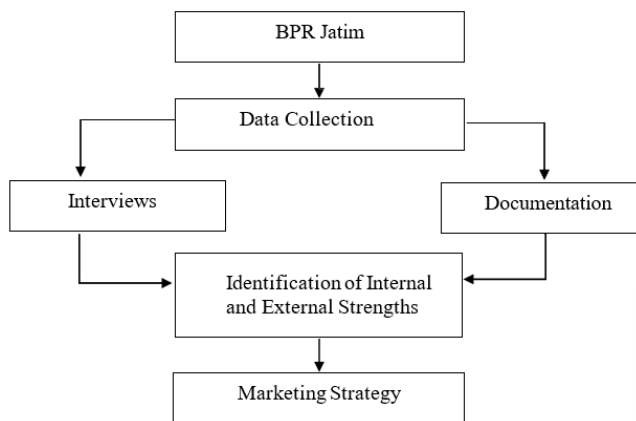
The research subjects consist of customers, operational leaders, staff, and providers involved in the bank's operations. The criteria for selecting research informants whom the researcher considers capable and knowledgeable about this issue include: being located in the area under study, knowing about the

incident/issue, being able to argue well, feeling the impact of the incident/issue, and being directly involved in the incident/issue. Being directly involved in the issue. To facilitate the search for data and information about key informants, please refer to the table below:

**Table 5. Research Informant Criteria**

No	Position	Reason for Selection
1	Head of BPR Jatim Kediri Branch Office	Knowledge of strategies & target achievements
2	Marketing Officer	Implementer of direct marketing strategies
3	Microfinance Account Officer	Understanding of interactions with customer segments
4	Customers	To determine satisfaction levels
5	Key Informan	To provide a neutral and professional perspective

The data collection techniques used were interviews, observations, and documentation in the form of photographs, voice recordings, and accurate data available at the Kediri Branch Office of Bank BPR Jatim for a period of several years, namely October 2022, October 2023, and October 2024. The research instruments used were semi-structured interview guides, participatory observation sheets, voice recorders, notebooks, and qualitative data analysis to support this research.



**Fig 2. Prosedur Penelitian**

During the preparation stage, researchers obtained permission to visit the research location, prepared instruments such as interview guides and observation sheets, and conducted trials of the instruments to be used. Next, researchers conducted in-depth interviews, participatory observations, and document collection in accordance with the planned procedures. The author began the data analysis process after the data was collected with the following steps: data reduction, data presentation, and drawing conclusions. The results of the analysis were then compiled into a comprehensive research report, including findings, interpretations, and conclusions drawn from the data.

## 4. Results and Discussion

### 4.1 Marketing Strategies Used for Micro Business Financing Products in Achieving Targets at Bank BPR Jatim Kediri Branch Office

Bank BPR Jatim Kediri Branch Office sponsors various activities that are considered beneficial to Bank BPR Jatim and the organizers, as well as activities that support the marketing of existing products in the city of Kediri, including companies, schools, and universities. It is hoped that this will serve as an effective promotional tool to attract potential customers and debtors.

Optimizing marketing personnel to promote (introduce) products, offer products, visit potential customers who want to use products in terms of financing, and also provide explanations to potential customers who are interested in the products offered. Furthermore, the marketing department is also tasked with explaining the available products and providing accurate information and explanations of the terms and conditions that must be fulfilled in conducting agreements, using the products offered by Bank BPR Jatim, and providing in-depth understanding of the advantages and benefits of the products compared to other banks.

Bank BPR Jatim also collaborates with parties within the Kediri city area. This collaboration is expected to provide benefits for both Bank BPR Jatim and its partners. The collaboration is carried out professionally, making it easier for Bank BPR Jatim to acquire customers. One of the collaborations undertaken by Bank BPR Jatim is a partnership with SMKN 2 Kota Kediri in the placement of funds, specifically Bank Mini SMKN 2 Kota Kediri. In this case, it can optimize the collaboration between Bank BPR Jatim and SMKN 2 Kota Kediri. With farmer groups in the Kediri district for PKPJ financing and prokesra financing.

Marketing public relations is a company program carried out to promote and as an effort to demonstrate the company's accountability to its customers and the environment in which Bank BPR Jatim operates. So, this is not only a means of promoting the company but also a form of corporate social responsibility towards the community and the environment.

Success in banking services is greatly influenced by the superiority of the product and the promotion carried out. However, in practice, this superiority and promotion must be supported by the attitude of the employees. Employees are required to have a good attitude towards customers, such as having sufficient knowledge, so that they can provide adequate explanations to customers who will be guided by the existing service system. Satisfactory customer service will be effective promotion for the bank because customers can tell their family, relatives, friends, and others about the excellent service of a bank, and it is hoped that the image of the bank will improve.

### 4.2 Challenges faced by Bank BPR Jatim Kediri Branch Office

First, most customers complain about service quality, including poor network coverage. One way to overcome this weakness is to open more cash offices in every subdistrict in Kediri so that customers can easily conduct transactions. Second, to build customer loyalty, banks can provide excellent service, such as fast, knowledgeable, and empathetic support; offer personalized banking loyalty programs, such as offers and recommendations

tailored to customer preferences; give gifts tailored to customer preferences; and provide exclusive experiences for loyal customers. Third, the promotion carried out by the Kediri Branch Office of BPR Jatim Bank is still lacking, so many people still do not understand how to access services at BPR Jatim Bank. Funding is indeed a major obstacle in promoting BPR Jatim Bank, due to the bank's limited promotional budget. This can be overcome by promoting BPR-BPRs, including through cooperation with the Financial Services Authority (OJK). Fourth, the public's lack of knowledge about credit systems and installments has led Bank BPR Jatim to collaborate with relevant government agencies, namely agencies that support SMEs such as the trade and industry agency and the cooperative and SME agency, to hold seminars and other events explaining the financing related to government programs distributed through Bank BPR Jatim. The last and most significant obstacle that has yet to be resolved is related to Bank BPR Jatim ATMs, which currently can only be used in their respective regions, namely at branch offices. Bank BPR Jatim ATMs are currently in the process of collaborating with ATM Bersama as a savings service and facility, with the hope of increasing the number of customers and deposits.

### **4.3 Appropriate Marketing Strategy Model at Bank BPR Jatim Kediri Branch Office**

A company needs to have the right marketing strategy consisting of various elements that are combined to achieve the marketing objectives of a product or service in order to create a successful product. The elements, often referred to as the 4P: place, product, price, and promotion, which are described as below:

#### **4.3.1 Place**

The location of Bank BPR Jatim Kediri Branch Office is in the center of East Java, at Jalan Kilisuci No. 81 C-D, Kediri City, Pesantren District, Kediri City. This location was chosen for the following reasons:

1. Bank BPR Jatim Kediri Branch Office can be reached by public transportation, such as city buses, App Go-Jek, or App Grab.
2. Parking services are also available with a large parking area.
3. There are also many attractions nearby Bank Kediri Branch Office, such as Kediri City Square, Radio MWS, Zoya, Kediri Mall, etc.

In addition to the strategic location, Bank BPR Jatim Kediri Branch Office has designed its office for direct transactions with customers in line with modern developments and demands. It is hoped that customers will feel comfortable with the office's friendly, clean, and modern environment and services.

#### **4.3.2 Product**

Considering everything about the products or services offered, including features, quality, design, brand, and packaging, which attract many customers to buy, Bank BPR Jatim Kediri Branch Office has several products, including: Sikemas savings, prize savings; Tambun Savings, Simple Savings; Time Deposits; Kusuma Credit (credit for all businesses); PKPJ Credit / Special

Credit for Agriculture; Mulus Credit (multi-smooth business); Precious Metal Gold Ownership Credit; Vehicle Ownership Credit; Prokesra Financing (prosperous credit program). This bank strongly supports every business strategy, such as the products mentioned above. The services provided by this bank are also excellent and convenient.

#### **4.3.3 Price**

Bank BPR Jatim has established various strategies, namely offering lower prices than other banks. According to Bank BPR Jatim's central management, competition in the banking world, especially in banking, is quite high and there is a tendency for low prices, so Bank BPR Jatim sets higher interest rates than its competitors for standard products, for example: Sikemas savings with a minimum initial deposit of IDR 100,000, providing lower credit interest rates than other banks, with a term of up to 60 months. Through its prokesra financing program for the people of East Java, Bank BPR Jatim is ready to support the national economic recovery program post-Covid-19.

#### **4.4.4 Promotion**

Bank BPR Jatim uses several direct and indirect promotional channels. Direct promotional channels include personal selling, while indirect promotion is carried out in several ways, such as cooperation with institutions, putting up banners, and sponsoring certain events. In addition to conducting city-wide promotions, Bank BPR Jatim also promotes itself through its head office by means of electronic and print media, as well as its website, <https://bankumkm.id>, which provides information about Bank BPR Jatim, including its history, vision and mission, strengths, products, and other matters related to Bank BPR Jatim.

## **5. Conclusion**

The marketing strategies implemented by Bank BPR Jatim Kediri Branch Office still have shortcomings, resulting in the achievement of targets in micro business financing products falling short of expectations. These strategies include socialization or meetings, personal selling models, establishing cooperation with various parties, establishing MPR (marketing public relations), and optimizing customer service.

Considering the obstacles faced by Bank BPR Jatim Kediri Branch Office, the most influential factor in achieving targets is the loyalty of Bank BPR Jatim customers. This is because customer loyalty in achieving a target influences product decisions, and product marketing must be able to attract customers to become customers. Therefore, the capabilities and knowledge of human resources (HR) are also very influential in the banking business world, and in the course of their work, they often encounter unexpected obstacles.

The promotion variable is the most dominant variable affecting purchasing decisions at Bank BPR Jatim Kediri Branch Office. This aspect is closely related to educational and persuasive promotions, such as purchase vouchers and outdoor media promotions featuring monthly promotions/events, which are highly effective in influencing purchasing decisions for products in achieving the targets of Bank BPR Jatim Kediri Branch Office.

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