

# Marketing Mix Strategy to Improve Credit Performance at PT BPR Bank Tulungagung Perseroda

Original Article

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## Abstract

Rural banks (BPRs) in Indonesia face mounting pressure from intensifying competition, fintech disruption, and suboptimal credit performance that threatens their financial stability and role in supporting local economic growth. This study examines the effect of the marketing mix strategy, consisting of product, price, place, promotion, people, process, and physical evidence, on credit performance at PT BPR Bank Tulungagung Perseroda. Despite the growing importance of marketing strategy in rural bank (BPR) performance, empirical evidence on which marketing mix dimensions most directly drive credit outcomes remains limited. A quantitative approach with a causality-based research design was used to examine the relationships among the variables. Data were collected through structured questionnaires administered to 340 respondents, including bank customers and staff, and analyzed using IBM SPSS Statistics 25. Before the main analysis, all instruments were tested for validity and reliability; all items were valid, with r-values exceeding the r-table threshold of 0.106 at a significance level below 0.05, and reliable, with Cronbach's Alpha coefficients above 0.70. The results show that the marketing mix strategy simultaneously has a positive and significant effect on credit performance. Partially, product, promotion, and process are the most dominant variables influencing credit performance, suggesting that credit product quality, promotional effectiveness, and service process efficiency are key drivers of credit growth and quality. This study contributes practical guidance for BPR management to prioritize product innovation, service quality improvement, and credit process efficiency as part of an integrated marketing strategy to sustain competitiveness and credit performance.

**Keywords:** BPR, Credit Performance, Marketing Mix, Marketing Mix Strategy.

## 1. Introduction

The banking sector in Indonesia, including PT BPR Bank Tulungagung Perseroda, faces significant challenges in lending. Lending plays a vital role in supporting local economic growth and improving community welfare. However, sub-optimal lending performance often poses a major challenge for financial institutions, particularly at the local level. Suboptimal credit performance and product sales can increase the risk of non-performing loans (Loan at Risk/LAR), thereby undermining the bank's financial stability (Raharjo et al., 2014).

The pressure on rural banks is mounting as technology advances and competition within the financial sector intensifies. Fintech lending platforms and high-street banks are increasingly aggressive in utilising digital marketing strategies to reach the public and SMEs. According to Wibowo et al. (2020), Social media has been shown to boost conversion rates for credit applications, yet the approach often focuses solely on digital channels without integrating them into a comprehensive marketing mix. This indicates a weakness in the



promotion and process dimensions of the marketing mix, where digital channels are not yet optimally coordinated with other service elements to drive credit performance. Meanwhile, the optimisation of SME financing programmes through the KUR scheme available at commercial banks is also intensifying competition. Lukita and Ramlah (2025) demonstrate that the comprehensive 7P approach is capable of linking all elements of the marketing mix, thereby providing a holistic picture of the factors influencing credit disbursement, including product attractiveness, pricing competitiveness, and service process efficiency. In some cases, the OJK has even revoked the operating licences of a number of BPRs due to weak management and declining public confidence, reflecting the consequences of failing to maintain quality across people, process, and physical evidence dimensions.

Despite facing such pressures, PT BPR Bank Tulungagung Perseroda has managed to survive. This is largely due to its focus on its core business in the SME sector, particularly its low-interest SME loan programme designed for micro, small and medium-sized enterprises (Tambunan, 2019). This resilience reflects the bank's product strategy, where a differentiated and targeted credit product has helped sustain customer demand even during the Covid-19 pandemic, when SME lending played a critical role in stabilising the local economy. PT BPR Bank Tulungagung Perseroda's loan products comprise three types: Small and Medium Enterprise (SME) Loans, Regular Loans, and Multi-purpose Loans.

Customer interest in small business financing products is driven not only by low interest rates but also by the business independence safeguarded by the bank as the capital provider, without any intervention. This is in line with the finding by Ismanto et al. (2024) which states that business independence is a key factor in credit decision-making by MSME operators. However, the results of initial interviews with a number of customers and managers at PT BPR Bank Tulungagung revealed challenges in the credit granting process. Many customers feel that the quality of service they receive is not entirely satisfactory, which could potentially influence their decisions regarding the use of credit products. This situation is consistent with Kotler dan Keller (2016) which emphasises the importance of service quality and process efficiency in influencing consumer decisions in the services sector, including banking. Furthermore, the time-consuming loan application process is also considered to reduce customers' interest in applying for loans. Table 1 below presents data on borrowers of PT BPR Bank Tulungagung Perseroda from 2019 to 2024.

**Table 1. List of Debtors of PT. BPR Bank Tulungagung (State-Owned Regional Bank)**

Year	Number of Customers	Credit Amount (Rupiah)	Asset (Rupiah)	LAR (%)	Customer Growth (%)	Credit Growth (%)	Growth Aset (%)
2019	6,680	148,918,544,182	180,153,797,465	83.66	0	0	0
2020	6,045	151,750,104,309	187,918,167,990	80.75	-9.51%	1.90%	4.31%
2021	6,424	156,183,299,123	214,474,389,044	72.82	6.27%	2.92%	14.13%
2022	6,329	165,425,656,629	219,473,793,669	75.37	-1.48%	5.92%	2.33%
2023	6,950	168,852,036,465	250,211,196,984	67.48	9.81%	2.07%	14.01%
2024	6,263	179,132,334,055	255,167,705,749	70.20	70.20%	6.09%	1.98%

Source: PT BPR Bank Tulungagung (State-Owned Regional Bank)

Based on the data in table 1, the number of customers at PT BPR Bank Tulungagung Perseroda shows an upward trend from 2019 to 2023, with the exception of 2020, which saw a decline. These findings underscore the need for further research to identify effective strategies for improving credit performance. Through an in-depth analysis of service quality, customer satisfaction, credit processes, and credit product innovation, it is hoped that comprehensive solutions can be identified.

Previous research by Parasuraman et al. (1988) shows that high service quality has a direct impact on customer satisfaction, which in turn influences loyalty and word-of-mouth behaviour. Lupiyoadi (2013) also found that service quality influences customer loyalty in the services sector, although it has not yet been directly linked to credit performance. Meanwhile, it is believed that the efficiency of the credit process can contribute to better performance by financial institutions (Dendawijaya, 2009). The regularity and discipline of customers' loan repayments are crucial to maintaining the bank's liquidity and profitability.

One marketing strategy considered effective in the service industry, including banking, is the 7P marketing mix strategy (Booms & Bitner, 1981), which subsumes the constituent dimensions of Product, Price, Place, Promotion, People, Process, and Physical Evidence. Through the integrated implementation of this strategy, rural banks can ensure that the products offered meet customer needs, that pricing is competitive, that service distribution is optimal, that promotion is effective, that human resources are of high quality, that processes are efficient, and that physical evidence supports positive customer perceptions.

This research is highly relevant given the importance of service marketing strategies in improving credit performance within the rural banking sector. By comprehensively examining the seven dimensions of service marketing, this study is expected to provide a comprehensive overview of the critical factors influencing the success of SME credit at PT. BPR Bank Tulungagung Perseroda.

However, existing studies have examined the 7P marketing mix predominantly in the context of general customer satisfaction and loyalty, with limited attention to its direct influence on credit performance outcomes such as credit growth, customer acquisition, and loan quality in the rural banking context. Furthermore, no prior study has empirically tested the simultaneous and partial effects of all seven marketing mix dimensions on credit performance at a BPR in Indonesia. This study addresses that gap by providing empirical evidence on which specific marketing mix dimensions most significantly drive credit performance at PT BPR Bank Tulungagung Perseroda, offering both theoretical contributions to the service marketing literature and practical guidance for BPR management in designing more effective and integrated marketing strategies.

## 2. Literature Review

### 2.1. Relationships Between Variables

#### 2.1.1. The Impact of Products on Credit Performance

Products that meet consumers' needs enhance perceived value, thereby driving satisfaction and loyalty (Kotler & Keller, 2016). The diversity of credit products offered by rural banks can increase lending volumes, reduce the risk of non-performing loans, and strengthen the bank's competitiveness in the market (Ahmed et al., 2024; Dewi & Hidayat, 2023). Consequently, the more relevant the products are to customers' needs, the higher the credit performance of the rural bank.

**H1:** Products have a positive and significant effect on the credit performance of PT BPR Bank Tulungagung Perseroda.

#### 2.1.2. The Impact of Price on Credit Performance

Competitive, transparent and value-for-money pricing can enhance the appeal of and encourage the use of BPR services (Lupiyoadi, 2014). Loan interest rates, administrative fees and repayment flexibility are key factors for customers. Price is the main driver of interest in

loans among BPR customers (Dewi & Hidayat, 2023), Consequently, the more competitive the prices offered, the better the credit performance achieved.

**H2:** Price has a positive and significant effect on the credit performance of PT BPR Bank Tulungagung Perseroda.

### **2.1.3. The Impact of Location on Credit Performance**

A strategic location facilitates customer access to services (Kotler & Keller, 2016). Branches that are easily accessible and situated near economic hubs enhance the convenience of customer transactions. However, increasing operational distances may heighten credit risk, whilst active economic zones remain a key driver of credit volume (Dewi & Hidayat, 2023).

**H3:** Location has a positive and significant effect on the credit performance of PT BPR Bank Tulungagung Perseroda.

### **2.1.4. The Impact of Promotions on Credit Performance**

Effective promotion increases brand awareness and expands market share (Kotler & Keller, 2016). Social media campaigns, advertisements and local events can boost the bank's visibility and attract new customers. Promotions directly drive credit performance by increasing customers' awareness and motivation to apply for loans (Dewi & Hidayat, 2023).

**H4:** Promotions have a positive and significant impact on the credit performance of PT BPR Bank Tulungagung Perseroda.

### **2.1.5. The Impact of Employees on Credit Performance**

In the service sector, employees are the company's frontline staff. The quality of human resources has a significant impact on customer trust (Sinaga, 2024). The competence, friendliness and responsiveness of staff shape the company's positive image and encourage customers to apply for loans. Through the power of recommendations and direct interaction, the 'people' element enhances the effectiveness of promotional activities and contributes to improved credit performance (Dewi & Hidayat, 2023).

**H5:** Employees have a positive and significant influence on the credit performance of PT BPR Bank Tulungagung Perseroda.

### **2.1.6. The Impact of Processes on Credit Performance**

The service process is a key element in service marketing that shapes the customer experience (Lupiyoadi, 2014). A simple and swift application process, accurate credit analysis, transparent approval procedures, and ongoing credit monitoring all contribute positively to credit performance. Standardised, swift and digital processes directly boost customer interest in applying for loans whilst reducing the level of non-performing loans.

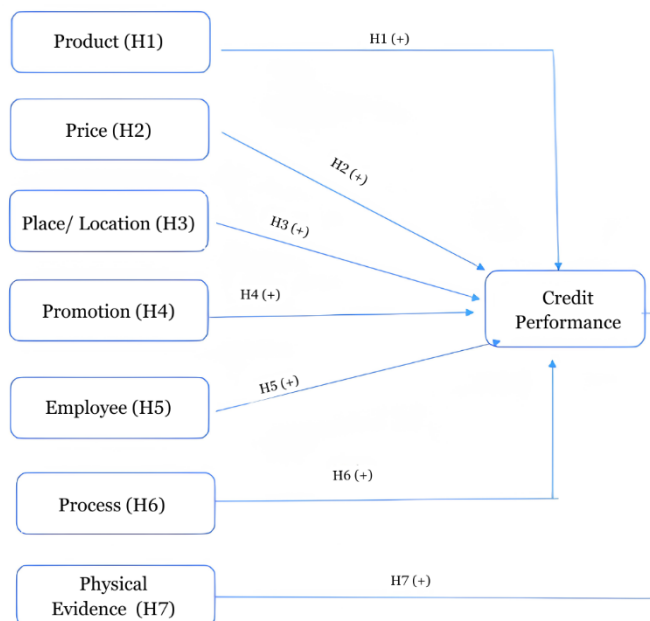
**H6:** The process has a positive and significant impact on the credit performance of PT BPR Bank Tulungagung Perseroda.

### **2.1.7. The Impact of Physical Evidence on Credit Performance**

Tangibles encompass everything that customers can physically perceive, including the physical facilities and technology used. Through the SERVQUAL model, Parasuraman et al. (1988) emphasised that tangibles play a crucial role in shaping perceptions of service quality. Clean offices, adequate facilities and advanced technology enhance the positive image of the rural bank and build customer trust; thus, tangibles reinforce perceptions of service quality and encourage the use of credit products.

**H7:** Tangibles have a positive and significant effect on the credit performance of PT BPR Bank Tulungagung Perseroda.

## 2.2. Theoretical Framework



**Figure 1. Conceptual Framework**

The conceptual framework of this study illustrates the hypothesized relationships between the seven dimensions of the marketing mix strategy and credit performance at PT BPR Bank Tulungagung Perseroda. As shown in Figure 1, each of the seven independent variables, namely Product (H1), Price (H2), Place/Location (H3), Promotion (H4), People (H5), Process (H6), and Physical Evidence (H7), is proposed to have a positive and significant direct effect on credit performance. The unidirectional arrows from each variable to credit performance reflect the assumption that improvements in any of these marketing mix dimensions will contribute positively to the bank’s credit outcomes, including credit growth, customer acquisition, and loan quality. This framework is grounded in the 7P marketing mix theory introduced by Booms and Bitner (1981), which extends the traditional 4P model to accommodate the unique characteristics of service industries such as banking. The simultaneous examination of all seven dimensions allows this study to identify not only the overall effect of the integrated marketing mix strategy but also the relative dominance of specific dimensions in driving credit performance.

## 3. Methods

### 3.1. Research Design

This investigation adopts a quantitative causal paradigm, expressly oriented toward gauging the bearing of marketing mix constituents upon the credit performance of PT BPR Bank Tulungagung Perseroda. The quantitative orientation was deliberately elected insofar as it facilitates the systematic corroboration of hypotheses through statistical interrogation, thereby permitting the measurable delineation of interrelationships among variables. Further, the causal architecture was operationalized by means of regression analysis to ascertain the magnitude of influence exerted by each antecedent variable upon the consequent variable.

Data were collected primarily through structured questionnaires distributed to customers of PT BPR Bank Tulungagung Perseroda, which served as the main instrument for measuring the study variables. To support and contextualize the quantitative findings, supplementary qualitative data were gathered through interviews with bank management,

marketing staff, and selected customers, as well as direct observation of service workflows and staff-customer interactions within the bank. These supplementary methods were not intended to constitute a mixed-methods design, but rather to provide contextual depth that enriches the interpretation of the quantitative results. This approach is consistent with Creswell (2014), who notes that qualitative data collection can serve a supporting role in a predominantly quantitative study by helping to explain patterns identified through statistical analysis.

### 3.2. Population and Sampling Methods

The population for this study consists of customers of PT BPR Bank Tulungagung Perseroda who have used BPR services and meet the following two criteria: (a) hold an active account with PT BPR Bank Tulungagung Perseroda, and (b) have an active loan (credit facility) with PT BPR Bank Tulungagung Perseroda. The sampling technique used was purposive sampling, as also applied by Gunawan Aji et al. (2023), Mogaji et al. (2022), and Suhaidi (2022), namely the selection of respondents based on specific criteria relevant to the marketing mix strategy and credit performance at BPRs. Considerations in determining the sample included: age group (< 25 years, 25-35 years, 36-45 years, and > 45 years), gender, the respondent's relationship with PT BPR Bank Tulungagung Perseroda, the duration of interaction or cooperation with the bank, and the BPR products and services used. The total sample used in this study comprised 340 respondents.

### 3.3. Validity and Reliability Tests

#### 3.3.1. Validity Test

A validity examination constitutes a mensuration procedure that delineates the degree to which a research instrument is capacitated to unearth data congruent with the postulated construct it is purported to operationalize (Sugiyono, 2013). The appraisal was executed employing corrected item-total correlation (r-it) analysis, wherein an r-it coefficient of  $\geq 0.30$  was adjudicated as tenable and an r-it coefficient of  $< 0.30$  was deemed untenable (Azwar, 2012). In the antecedent phase, validity was scrutinized by means of a rudimentary linear regression model delineated as follows:

$$Y = \beta_0 + \beta_1 X + \varepsilon$$

Notes:

- Y : Dependent variable (main construct)
- X : Independent variable (questionnaire item)
- $\beta_0$  : Intercept
- $\beta_1$  : Regression coefficient
- $\varepsilon$  : Error term

An item is deemed valid if  $t_{\text{(value)}} > t_{\text{(table)}}$  or  $p\text{-value} < 0.05$ , with the regression coefficient ( $\beta_1$ ) being significant and positive. Further validity testing was conducted on the main sample of 340 respondents using multiple linear regression:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon$$

Notes:

- Y : Dependent variable
- $X_1, X_2, \dots, X_n$  : Independent variables (product variety, digital services, consumer age, consumer trust, and human resource quality)
- $\beta_0$  : Intercept
- $\beta_1, \beta_2, \dots, \beta_n$  : Regression coefficients for each variable
- $\varepsilon$  : Error term

### 3.4. Reliability Test

Reliability diagnostics are employed to gauge the internal coherence of an instrument. An instrument is adjudged dependable provided its Cronbach’s Alpha coefficient attains a magnitude of  $\geq 0.70$  (Nunnally, 1978). If the value is lower, the items with the lowest correlation will be revised or removed. Ensuring reliability is a key prerequisite before proceeding to the hypothesis testing stage.

### 3.5. Data and Data Collection Methods

#### 3.5.1. Data Types

This study utilizes two types of data. Firstly, primary data obtained through a questionnaire survey distributed to BPR customers, covering questions relating to the seven elements of the marketing mix (7Ps). Secondly, secondary data obtained from sales reports and marketing documents such as brochures and promotional campaign reports.

#### 3.5.2. Data Collection Methods

Data collection was carried out using a questionnaire designed on the basis of the research variables, namely the marketing mix variables (7Ps) and credit performance variables. The questionnaire used a 1-5 Likert scale with the following ratings: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. Respondents were active BPR customers deemed to possess relevant information regarding marketing strategies and their impact on credit performance. The questionnaire was distributed indirectly via Google Forms.

### 3.6. Data Analysis Techniques

#### 3.6.1. Descriptive Analysis

Descriptive scrutiny was deployed to delineate the salient characteristics of the data harvested through the questionnaire, encompassing the demographic attributes of respondents, namely age, gender, educational attainment, occupational standing, and tenure as clientele, in conjunction with respondents’ perceptual dispositions toward the marketing mix variables. Data processing was executed utilising SPSS through descriptive statistical procedures, incorporating frequency tabulation and proportional computation to quantify the distribution of respondents’ rejoinders, alongside the arithmetic mean to appraise the magnitude of customer gratification pertaining to the proffered product or service.

#### 3.6.2. Statistical Analysis

##### 1) Multiple Linear Regression Analysis

The multiple linear regression model used in this study is as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7$$

Notes:

- Y : Credit performance
- $\beta_0$  : Constant (intercept)
- $\beta$  : Regression coefficient for each variable
- X<sub>1</sub> : Product
- X<sub>2</sub> : Price
- X<sub>3</sub> : Location
- X<sub>4</sub> : Promotion
- X<sub>5</sub> : Process
- X<sub>6</sub> : Staff
- X<sub>7</sub> : Physical evidence

2) T-test (Partial)

A t-test was administered to appraise the statistical salience of the bearing exerted by each antecedent variable upon the consequent variable. The hypotheses invoked were  $H_0$ : the regression coefficients of the predictor variables are statistically inconsequential, and  $H_1$ : the regression coefficients of the predictor variables are statistically consequential. Should the p-value fall beneath the 0.05 threshold,  $H_0$  is repudiated, connoting that the antecedent variables exercise a substantively significant bearing upon credit performance.

3) F-test (Simultaneous)

The F-test was administered to evaluate the overarching statistical salience of the regression model in its entirety. The hypotheses invoked were  $H_0$ : there exists no concurrent bearing of all antecedent variables upon the consequent variable, and  $H_1$ : there exists a concurrent bearing. The F-value is computed as the quotient of the Mean Square Regression (MSR) to the Mean Square Error (MSE). Should the p-value fall beneath the 0.05 threshold,  $H_0$  is repudiated, signifying that the regression model in its aggregate capacity is statistically consequential.

4) Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) is employed to gauge the magnitude to which the fluctuation inherent in the consequent variable can be elucidated by the antecedent variables encompassed within the model. By way of illustration, an  $R^2$  value of 0.70 connotes that 70% of the variational dispersion in credit performance is explicated by the predictor variables utilised, whilst the residual 30% is attributable to extraneous determinants operating beyond the purview of the model.

## 4. Results and Discussion

### 4.1. Research Results

#### 4.1.1. Respondent Characteristics

**Table 2. Characteristics of Respondents**

Characteristics	Category	Total	Percentage (%)
Gender	Male	164	48.24
	Female	176	51.76
	<b>Total</b>	<b>340</b>	<b>100</b>
Age	< 25 years old	27	7.9
	25-35 years old	124	36.5
	36-45 years old	130	38.2
	> 45 years old	59	17.4
	<b>Total</b>	<b>340</b>	<b>100</b>
Length of time as a customer	< 25 years old	325	95.6
	25-35 years old	11	3.2
	36-45 years old	3	0.9
	> 45 years old	1	0.3
	<b>Total</b>	<b>340</b>	<b>100</b>

Source: Processed primary data, 2024

According to Table 2, of the 340 respondents, the gender composition was relatively balanced, with 176 female respondents (51.76%) and 164 male respondents (48.24%), reflecting gender equality within the BPR customer base. In terms of age, the 36-45 age group dominated (38.2%), followed by the 25-35 age group (36.5%), indicating that BPR customers

are predominantly of working age. Meanwhile, the vast majority of respondents (95.6%) have been customers for less than 25 years, with only a small proportion having a long-term relationship of more than 25 years with PT BPR Bank Tulungagung Perseroda.

#### 4.1.2. Validity and Reliability

Validity and reliability tests were conducted prior to the main analysis to ensure the measurement instruments were sound. All 41 questionnaire items across variables X1 to Y were tested using Pearson product-moment correlation. All items produced r-values exceeding the r-table threshold of 0.106 ( $df = 338$ ,  $\alpha = 0.05$ ) with significance levels of  $0.000 < 0.05$ , confirming that all items are valid. Reliability was assessed using Cronbach's Alpha as shown in table 3.

**Table 3. Validity Test Results**

No. Item	Pearson Correlation	R Value	R Table	Significance value	Sign Level	Desc.
X1.1	0.862	0.862	0.106	0.000	0.05	Valid
X1.2	0.893	0.893	0.106	0.000	0.05	Valid
X1.3	0.762	0.762	0.106	0.000	0.05	Valid
X1.4	0.995	0.995	0.106	0.000	0.05	Valid
X1.5	0.738	0.738	0.106	0.000	0.05	Valid
X2.1	0.857	0.857	0.106	0.000	0.05	Valid
X2.2	0.894	0.894	0.106	0.000	0.05	Valid
X2.3	0.902	0.902	0.106	0.000	0.05	Valid
X2.4	0.688	0.688	0.106	0.000	0.05	Valid
X2.5	0.506	0.506	0.106	0.000	0.05	Valid
X3.1	0.856	0.856	0.106	0.000	0.05	Valid
X3.2	0.695	0.695	0.106	0.000	0.05	Valid
X3.3	0.738	0.738	0.106	0.000	0.05	Valid
X3.4	0.667	0.667	0.106	0.000	0.05	Valid
X3.5	0.727	0.727	0.106	0.000	0.05	Valid
X4.1	0.883	0.883	0.106	0.000	0.05	Valid
X4.2	0.667	0.667	0.106	0.000	0.05	Valid
X4.3	0.893	0.893	0.106	0.000	0.05	Valid
X4.4	0.912	0.912	0.106	0.000	0.05	Valid
X4.5	0.852	0.852	0.106	0.000	0.05	Valid
X5.1	0.906	0.906	0.106	0.000	0.05	Valid
X5.2	0.909	0.909	0.106	0.000	0.05	Valid
X5.3	0.943	0.943	0.106	0.000	0.05	Valid
X5.4	0.672	0.672	0.106	0.000	0.05	Valid
X5.5	0.738	0.738	0.106	0.000	0.05	Valid
X6.1	0.964	0.964	0.106	0.000	0.05	Valid
X6.2	0.347	0.347	0.106	0.000	0.05	Valid
X6.3	0.923	0.923	0.106	0.000	0.05	Valid
X6.4	0.672	0.672	0.106	0.000	0.05	Valid
X6.5	0.708	0.708	0.106	0.000	0.05	Valid
X7.1	0.828	0.828	0.106	0.000	0.05	Valid
X7.2	0.691	0.691	0.106	0.000	0.05	Valid
X7.3	0.827	0.827	0.106	0.000	0.05	Valid
X7.4	0.923	0.923	0.106	0.000	0.05	Valid
X7.5	0.672	0.672	0.106	0.000	0.05	Valid
Y.1	0.739	0.739	0.106	0.000	0.05	Valid
Y.2	0.700	0.700	0.106	0.000	0.05	Valid
Y.3	0.827	0.827	0.106	0.000	0.05	Valid
Y.4	0.680	0.680	0.106	0.000	0.05	Valid
Y.5	0.817	0.817	0.106	0.000	0.05	Valid
Y.6	0.727	0.727	0.106	0.000	0.05	Valid

As summarized in Table 4, all variables exceeded the threshold of 0.70, confirming that the instruments are reliable and internally consistent.

**Table 4. Reliability of Research Variables**

No	Variable	Cronbach's Alpha Value	Cronbach's Alpha Threshold	Description
1.	X1	0.722	>0.70	Reliable
2.	X2	0.663	>0.70	Reliable
3.	X3	0.825	>0.70	Reliable
4.	X4	0.930	>0.70	Reliable
5.	X5	0.912	>0.70	Reliable
6.	X6	0.845	>0.70	Reliable
7.	X7	0.872	>0.70	Reliable
8.	Y	0.723	>0.70	Reliable

Premised upon the outcomes of the reliability diagnostics, it is discernible that all 24 research variables yielded coefficient magnitudes exceeding the stipulated Cronbach's Alpha benchmark of 0.60. It may therefore be conclusively inferred that the results of this instrument appraisal corroborate an elevated degree of dependability; expressed otherwise, the findings of this instrument examination are adjudged wholly trustworthy and internally steadfast.

#### 4.1.3. Descriptive Analysis and Statistical Tests

**Table 5. Coefficient of Determination Test (R<sup>2</sup>) Results**

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.647a	.532	.490	1.288	.532	48.562	7	332	.000	2.234

a. Predictors: (Constant), physical evidence, promotion, price, place, product, process, staff

b. Dependent Variable: credit performance

Premised upon the aforementioned outcomes, wherein R = 0.647 denotes a robust interrelationship between the antecedent variables (product, price, place, promotion, process, employees, and physical evidence) and the consequent variable (credit performance). R<sup>2</sup> = 0.532 connotes that 53% of the variational dispersion inherent in credit performance is explicable by these seven predictor variables. The residual 47% is attributable to extraneous determinants operating beyond the purview of the present model. The Adjusted R<sup>2</sup> = 0.490 is invoked by virtue of the considerable multiplicity of variables incorporated; this serves to rectify prospective estimative bias. This magnitude nonetheless substantiates that the model retains a reasonably commendable degree of explanatory adequacy.

**Table 6. F-test (Simultaneous) Results**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	163.478	7	80.739	46.562	.000 <sup>b</sup>
	Residual	163.272	332	1.663		
	Total	341.750	339			

a. Dependent Variable: credit performance

b. Predictors: (Constant), physical evidence, promotion, price, place, product, process, staff

The F-value of 46.562 accompanied by a significance level of  $0.000 < 0.05$  corroborates that the regression model attains statistical consequentiality. This connotes that product, price, place, promotion, process, personnel, and physical evidence, in their collective capacity, exert a substantively significant bearing upon credit performance. This substantiates that, in their aggregate manifestation, these seven antecedent variables wielded a significant and pronounced bearing upon credit performance. By virtue of this, the regression model constructed is adjudged tenable and statistically consequential. This intimates that the amalgamation of marketing stratagems, operationalised through the 7P marketing mix encompassing product, price, place, promotion, process, physical evidence, and people, assumes a pivotal and indispensable role in determining the degree to which an enterprise or institution achieves commendable performance in the realm of credit.

**Table 7. Multiple Linear Regression Analysis Results**

Model	Coefficients <sup>a</sup>					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
1 (Constant)	2.003	1.119		1.790	0.077		
price	0.217	0.231	0.330	3.033	0.003	0.436	2.295
location	0.281	0.451	0.344	3.043	0.003	0.492	2.827
promotion	0.203	0.072	0.445	3.203	0.007	0.436	2.226
process	0.352	0.565	0.413	3.033	0.055	0.336	1.798
physical evidence	0.255	0.031	0.821	3.033	0.003	0.572	2.338
product	0.334	0.033	0.293	3.053	0.053	0.229	2.158
employees	0.411	0.051	0.032	3.023	0.033	0.736	1.359

a. Dependent Variable: credit performance

Based on the multiple regression analysis results in table 7, all marketing mix variables have a positive effect on credit performance. The product variable (X1) shows  $B = 0.334$  ( $p = 0.053$ ), indicating a positive effect on credit performance. The price variable (X2) shows  $B = 0.217$  ( $p = 0.003$ ), confirming a positive effect on improving credit performance. Similarly, the place variable (X3) has  $B = 0.281$  ( $p = 0.003$ ), indicating that locational accessibility contributes positively to credit performance. The promotion variable (X4) has  $B = 0.203$  ( $p = 0.007$ ), making it highly significant in driving improvements in credit performance. The personnel variable (X5) has  $B = 0.411$  ( $p = 0.033$ ), meaning that human capital quality has a positive effect on credit performance. The process variable (X6) has  $B = 0.352$  ( $p = 0.055$ ), indicating that a fast, effective, and customer-friendly service workflow positively affects customer satisfaction and directly impacts credit performance. Finally, the physical evidence variable (X7) has  $B = 0.255$  ( $p = 0.003$ ), showing that well-maintained physical facilities also have a positive effect on improving credit performance.

The partial t-test results from the Coefficients table 7 show that all seven variables have a positive effect on credit performance. People (X5) has the largest unstandardized coefficient ( $B = 0.411$ ,  $p = 0.033$ ), indicating that employee competence and service quality have the strongest practical influence on credit performance. Process (X6) follows with  $B = 0.352$  ( $p = 0.055$ ), and Product (X1) with  $B = 0.334$  ( $p = 0.053$ ), both significant at the 10% level. Price (X2), Place (X3), and Physical Evidence (X7) are significant at the 5% level, while Promotion (X4) also yields a significant effect ( $B = 0.203$ ,  $p = 0.007$ ). These findings confirm that no single variable dominates in isolation; rather, credit performance is shaped by the combined contribution of all seven dimensions.

Based on the multicollinearity diagnostics from the Coefficients table 7, all antecedent variables are free from multicollinearity issues, as all Tolerance values exceed 0.10 and all VIF values remain below 10. The product variable (X<sub>1</sub>) shows Tolerance = 0.229 and VIF = 2.158, confirming that its effect on credit performance is independent and valid. The price variable (X<sub>2</sub>) has Tolerance = 0.436 and VIF = 2.295, indicating stable influence on credit performance. The location variable (X<sub>3</sub>) has Tolerance = 0.492 and VIF = 2.827, meaning it can be analyzed objectively. The promotion variable (X<sub>4</sub>) has Tolerance = 0.436 and VIF = 2.226, showing relationships among variables remain within reasonable limits. The process variable (X<sub>6</sub>) has Tolerance = 0.336 and VIF = 1.798, proving that the service process has low correlation with other variables and its influence on credit performance is unique and independent. The employee variable (X<sub>5</sub>) has Tolerance = 0.736 and VIF = 1.359, indicating that although employee role is linked to process and physical evidence, the correlation remains at a safe level statistically. Finally, the physical evidence variable (X<sub>7</sub>) has Tolerance = 0.572 and VIF = 2.338, indicating that physical aspects such as cleanliness, layout, and facilities are entirely free from multicollinearity.

**Table 8. Normality Test Results**  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		340
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.77763259
Most Extreme Differences	Absolute	.079
	Positive	.054
	Negative	-.079
Test Statistic		.079
Asymp. Sig. (2-tailed)		.159 <sup>c</sup>

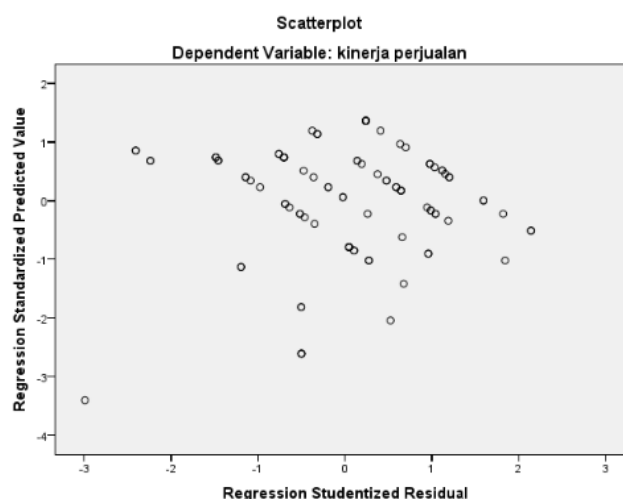
a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

A normality appraisal was administered employing the One-Sample Kolmogorov-Smirnov Test upon the unstandardized residuals, encompassing a sample magnitude of 340 observations. The hypotheses invoked were H<sub>0</sub>: the data conform to a normal distributional pattern, and H<sub>1</sub>: the data deviate from a normal distributional pattern, with the adjudicatory criterion stipulating that should the Sig. (p-value) surpass the 0.05 threshold, H<sub>0</sub> is upheld and the data are consequently adjudged to exhibit a normally distributed disposition.

The test results showed that the mean of the residuals was 0.000000, indicating that the residuals were symmetrically distributed around zero, which is the ideal condition in regression analysis. The Asymp. Sig. (2-tailed) value obtained was 0.159; this value is greater than the significance level of 0.05, so H<sub>0</sub> is accepted. Thus, it can be concluded that the regression model residuals are normally distributed and the assumption of normality in this model is met.



**Figure 2. Heteroscedasticity Test**

Premised upon the scatterplot delineating the interrelationship between the Standardised Regression Predicted Value and the Studentised Regression Residual, it is discernible that the data points are not stochastically dispersed, but rather manifest a descending trajectory from the leftward to the rightward extremity. This intimates the prospective manifestation of heteroscedasticity, wherein the variance of the residuals does not remain invariant across each prognosticative stratum. Notwithstanding, this deviation does not constitute a particularly egregious departure from the stipulated assumptions. Premised upon the outcomes of the normality and heteroscedasticity diagnostics, the regression model operationalised in this inquiry satisfactorily fulfils the requisite classical presuppositions, and may consequently be deployed to interrogate the bearing of antecedent variables upon the consequent variable in a manner that is both tenable and internally dependable.

#### 4.2. Discussion

Improvements in credit performance are not driven by a single factor, but by the interplay of various elements within the marketing mix. This means that an effective marketing strategy must be implemented in a comprehensive and integrated manner which are strengthening the product, setting the right price, selecting strategic distribution channels, expanding promotional activities, improving processes, enhancing staff quality, and paying attention to physical evidence. An  $R^2$  magnitude of 0.532 connotes that 53% of the variational dispersion inherent in credit performance is explicable by the amalgamation of the seven antecedent variables subjected to examination. The residual 47% is attributable to extraneous determinants operating beyond the purview of the model, encompassing such constituents as patron allegiance, nascent product innovation, brand repute, macroeconomic vicissitudes, market rivalry, and the calibre of post-transactional service provisions. An  $R^2$  value of 0.532 is considered strong for business or social behaviour research, as marketing and sales phenomena are generally influenced by numerous complex external factors that cannot be fully measured quantitatively.

These findings confirm the marketing theory proposed by Kotler and Keller (2016) that the effectiveness of marketing strategies depends on an organization's ability to create and communicate value to consumers through a combination of product, price, distribution, and promotion variables. This study expands upon this concept by adding the elements of people, process, and physical evidence, which have been shown to have a significant impact on credit performance outcomes.

The employee variable influences credit performance. This demonstrates that the role of human resources (HR) is a vital element in marketing strategy. Employees are the direct representation of the company in the eyes of customers. Their attitude, communication skills, friendliness, and professionalism directly influence customers' perceptions of value and service quality. Employees who are able to understand the products and customers' needs will be more effective in creating positive experiences and encouraging repeat purchases. Therefore, enhancing HR competencies through training, incentives, and a service-oriented work culture is a crucial strategy for companies.

Promotions have a significant impact on credit performance. Effective marketing communication plays a major role in raising consumer awareness and purchase interest. Both online promotions (digital marketing, social media, online advertising) and offline promotions (events, brochures, sponsorship) play a part in shaping positive perceptions of the product. These findings reinforce the results of Fandy's (2011) research, which states that consistent and creative promotional strategies will enhance brand image and customer loyalty. In today's digital age, promotions serve not only as a means of communication but also as a tool for customer interaction and engagement.

Efficient and customer-friendly processes have a significant impact on credit performance. The process encompasses the entire service flow, from the customer's arrival, through the transaction, to receiving the product. A slow or complicated process can reduce customer satisfaction and hinder purchases. Conversely, a fast, transparent, and easy-to-follow process adds positive value to the company's image. Price has a significant influence on credit performance, proving that pricing strategy is a key factor in attracting consumer interest. Competitive pricing that aligns with the perceived value of the product increases the likelihood of a purchase. However, price cannot stand alone; it must be balanced with product quality and service.

High-quality products that are relevant to market needs have a positive impact on sales. Consumers are more likely to make a purchase when a product offers functional, aesthetic, and innovative advantages that set it apart from competitors. Good distribution channels also make it easier for consumers to access products. Successful distribution and strategic locations can boost sales volume by enhancing the ease and convenience of transactions. Physical evidence such as the appearance of the premises, facilities, cleanliness, and interior design has a positive influence, albeit not as significant as other variables. This factor remains important as it influences first impressions and perceptions of the company's professionalism. All the variables tested do not merely influence outcomes individually but complement one another within a cohesive marketing system. Credit performance improves when internal factors (product, process, human resources) and external factors (price, promotion, physical evidence, distribution) are managed harmoniously, as a weakness in one aspect can undermine the entire system.

The outcomes of this inquiry substantiate the 7P Marketing Mix theoretical framework (Booms & Bitner, 1981), which postulates that the fruition of service marketing is contingent upon the concomitant interplay of the variables product, price, place, promotion, people, process, and physical evidence. Furthermore, these empirical findings resonate with the tenets of Service-Dominant Logic (Vargo & Lusch, 2004), which proffers that value is not engendered exclusively through the product, but rather through patron intercourse and experiential encounters transpiring throughout the consumption continuum. Empirically, these findings likewise converge with the scholarly contributions of Fandy (2011), who ascertained that promotional endeavors and human capital exert a consequentially pronounced bearing upon

sales volume, as well as Intania et al. (2021), who accentuated that service workflows and corporeal evidence are pivotal determinants of perceived calibre and patron allegiance.

This study provides the latest empirical evidence for local organizations or the business sector under investigation. Overall, the research results indicate that the regression model is valid and meets classical assumptions; all marketing mix variables have a significant influence on credit performance; and the dominant factors are employees and promotions, underscoring the importance of people-driven marketing. This study demonstrates that credit performance is not solely driven by pricing strategies or product quality, but by a harmonious combination of people, processes, communication, and tangible evidence of the service value provided by the company. By optimizing all elements of the marketing mix, particularly employee competence and promotional effectiveness, companies can create a sales system that is not only financially productive but also sustainable in terms of long-term customer relationships.

## 5. Conclusion

This study examined the effect of the 7P marketing mix strategy on the credit performance of PT BPR Bank Tulungagung Perseroda. The results confirm that, simultaneously, all seven marketing mix variables have a positive and significant effect on credit performance. Partially, the people, process, and product variables exert the most dominant influence, whereby employee competence and service quality directly drive credit demand, efficient and transparent service processes increase customer satisfaction and credit realization, and well-designed products that meet SME needs strengthen customer interest in applying for credit. These findings confirm that credit performance is not driven by any single factor but by the integrated management of all marketing mix dimensions.

Based on these findings, PT BPR Bank Tulungagung Perseroda is advised to prioritize investment in human resource development through structured service and communication training, as employees were found to have the largest practical influence on credit performance. This is particularly urgent given that initial interviews revealed customer dissatisfaction with service quality, suggesting a tangible gap between the bank's current HR performance and customer expectations. The bank should also streamline its credit application processes through the adoption of digital workflow systems to reduce processing time, which was identified as a barrier to credit uptake. Product innovation should focus specifically on developing flexible financing schemes responsive to the seasonal cash flow patterns of micro and small enterprises, rather than generic product adjustments. Promotional strategies should move beyond digital-only approaches and integrate digital and conventional channels within a coordinated communication plan, consistent with the finding that promotion alone, without alignment with other marketing mix elements, yields limited impact.

This study has several limitations that point to directions for future research. First, the findings cannot be generalized beyond a single BPR. Future studies should employ a multi-site design across BPRs in different regions to test whether the dominance of people and process dimensions holds across varying contexts. Second, this study did not incorporate customer satisfaction or digital banking adoption as mediating or moderating variables. Future research should examine whether customer satisfaction mediates the effect of the 7P dimensions on credit performance, and whether digital banking readiness moderates the effectiveness of promotion and process. Third, this study used a quantitative approach supplemented by interviews and observation. A fully integrated mixed-methods design would

allow for a richer understanding of why certain dimensions, particularly process and product, approach but do not exceed conventional significance thresholds.

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