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Product and Market Strategies for Mekaar Customer Borrowing at PNM Banyuwangi

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ABSTRACT

This study examines product–market strategies for Mekaar customer borrowing at PNM Banyuwangi. A descriptive qualitative case study used interviews, observation, and documentation, with purposive sampling across management, field personnel, active customers, and former customers. Analysis combined Ansoff’s matrix, service marketing dimensions, and SWOT. Findings identify accessible financing, group relationships, and business assistance as sources of product–market fit. Working-capital needs supported borrowing, whereas declining income and sufficient existing capital explained discontinuation. The reported SWOT assessment favored growth, although its scoring provenance requires confirmation. The study recommends needs-based penetration, locally targeted expansion, adaptive services, and assisted digitalization, with repeat borrowing linked to enterprise needs and repayment capacity.

INTRODUCTION

Financing ultra-microenterprises requires attention to the relationship between access to capital and the conditions under which capital can be used productively. Enterprise size, income cycles, access to information, and business management capabilities shape financing needs. A strategy centered on increasing disbursements may therefore overlook whether a financing arrangement corresponds to a customer’s current business situation. Product–market fit offers a basis for examining this correspondence and for distinguishing useful financing growth from additional borrowing without a clear productive need.

PT Permodalan Nasional Madani (PNM) addresses this market through Membina Ekonomi Keluarga Sejahtera (Mekaar), a financing and empowerment program for disadvantaged women entrepreneurs. PNM describes Mekaar as combining collateral-free business financing with group-based joint responsibility, financial management support,

and entrepreneurship development (PT PMN, 2025.). These features make service relationships and business assistance relevant to the value of the offering, alongside the financing itself.

The Banyuwangi Branch provides a case in which customers operate across different local business settings. The research identifies trade, food businesses, agriculture, livestock, services, crafts, and tourism-related activities as relevant markets or potential markets. Their financing requirements differ: rapidly turning inventories create different needs from seasonal production, while business expansion requires different support from maintaining existing operations. The strategic question is how branch-level decisions and field implementation respond to these variations.

Ansoff’s (1957) framework distinguishes market penetration, market development, product development, and diversification. It provides a means of connecting the offering to the market served. The services marketing mix adds attention to implementation, while SWOT synthesizes

supporting and constraining conditions. Together, these lenses allow the analysis to connect organizational priorities with customers' borrowing experiences and the practical demands of service delivery.

Indonesian enterprise research has used SWOT to examine marketing and business development. Istiqomah and Andriyanto (2017) identified market access, workforce capability, and financial management problems in a traditional food cluster. Sianturi (2020) linked SWOT-based marketing alternatives to innovation, differentiation, and technology use among micro, small, and medium enterprises. These studies support attention to enterprise capabilities and market conditions, but do not establish how Mekaar financing should be organized in Banyuwangi. The present study contributes a branch-level interpretation of that relationship, including the perspective of a customer who discontinued borrowing.

International evidence also distinguishes expanded credit access from broader welfare gains. In a randomized evaluation in India, Banerjee et al. (2015) found increases in small-business investment and profits among preexisting businesses, without significant increases in consumption or improvements in several social outcomes. This supports examining financing use and enterprise circumstances separately from disbursement growth; the findings do not establish the effects of Mekaar in Banyuwangi.

The study addresses four questions: how Mekaar's product characteristics correspond to customer needs; how the four product-market strategies are implemented or considered; which internal and external factors support or constrain them; and which alternatives can strengthen product-market fit. Its contribution is a contextual account of financing suitability as a changing relationship among customer needs, field-level knowledge, and service design. It does not estimate causal effects on borrowing volumes, income, or business survival.

Product and Market Strategy

Ansoff (1957) classifies growth directions using existing and new products and markets. Market penetration deepens the use of an existing offering within an existing market. Market development takes an existing offering into a new segment or area. Product development introduces a new or substantially modified offering to an existing market. Diversification combines a new offering with a new market. The distinction is useful for separating improvements in established services from expansion into unfamiliar product-market combinations.

For Mekaar, the offering includes financing arrangements, processes, information, group interaction, and business assistance. A market can be distinguished by service area, business activity, financing experience, or enterprise development stage. An additional customer within an established segment is not necessarily a new market. Similarly, routine staff communication is not necessarily product development. These distinctions prevent ordinary service activities from being classified automatically as strategic innovation.

Diversification requires particular care. Business training, digital marketing assistance, or bookkeeping support for existing customers may constitute service enhancement or product development. They qualify as diversification only if both the offering and the market are new. The analysis therefore treats the thesis's broader proposals for complementary services as strategic possibilities and does not assume that full diversification has been implemented.

Service Delivery and Borrowing Decisions

The services marketing mix provides a supporting implementation lens through product, price, place, promotion, people, process, and physical evidence (Alma, 2016). In this case, these dimensions concern financing benefits, financial obligations and perceived value, access, communication, staff capability, service procedures, and tangible service arrangements. The reported evidence is strongest for people, process, access, and assistance; it does not provide a comparative assessment of every dimension.

Borrowing is understood as a process involving the recognition of capital needs, assessment of financing options, use of funds, repayment, and evaluation of subsequent needs. Continued borrowing may reflect business expansion or working-capital requirements. Discontinuation can also be consistent with customer needs when existing capital is sufficient or when income has declined. Retention is therefore interpreted alongside enterprise circumstances rather than used as an unqualified indicator of service success.

SWOT and the Analytical Framework

SWOT distinguishes internal strengths and weaknesses from external opportunities and threats. Its value lies in connecting identified conditions to strategic alternatives. Sianturi (2020) illustrates how these combinations can organize marketing actions, including innovation and promotional technology. In this study, SWOT follows the interpretation of product characteristics, borrowing experiences, and implementation conditions. It supplements the qualitative analysis rather than replacing it.

Helms and Nixon (2010) review SWOT as a strategic planning tool and identify the need to connect it with other analytical approaches and stronger evidence of successful outcomes. Their review supports using SWOT here to organize strategic judgments while keeping its recommendations distinct from demonstrated performance effects.

The analytical sequence connects customer needs and product characteristics to Ansoff's strategic categories, interprets implementation through service dimensions, and synthesizes strategic conditions through SWOT. The guiding proposition is that product-market fit depends on alignment among customer needs, organizational capabilities, and the local environment. Field interaction is examined as a possible source of information through which this alignment can be maintained.

METHODS

Design and Participants

The research used a descriptive qualitative case study of Mekaar services at PNM Banyuwangi. The unit of analysis was product-market strategy at branch level and its implementation in selected service units or customer groups. Service locations were selected with attention to market variation and research access. Data collection took place during July-August 2026, involving [total number] informants; the group distribution requires completion from the research records.

Purposive selection focused on participants with direct knowledge of strategic decisions, implementation, or borrowing experience. The sampling framework comprised branch management, unit heads or field personnel, active customers, and former customers. Snowball recruitment was available where additional perspectives were needed. The method specified thematic saturation as the stopping criterion. The reported interview material represents these four role categories; the number of excerpts is not treated as the total sample size.

Data Collection and Analysis

Data were collected through semi-structured interviews, nonparticipant observation, and documentation. Management interviews addressed strategic considerations, local market conditions, resources, and evaluation. Operational interviews addressed service practices, customer responses, barriers, and area potential. Customer interviews explored capital needs, borrowing decisions, use of financing, perceived benefits, constraints, and reasons for discontinuation. The interview guides appear in the thesis appendices.

Observation concerned authorized service processes, group meetings, staff-customer interactions, and service settings. Documentary sources included relevant service information and permitted organizational material. The researcher acted as the principal instrument, supported by interview guides, field notes, observation sheets, document records, and analytical matrices. The quoted excerpts in this article are English translations of Indonesian interview passages reported in the thesis. Role labels preserve the anonymity of participants and do not imply additional interviewees.

Analysis involved data condensation, data display, and conclusion drawing and verification,

consistent with the framework described by Miles et al. (2014). Interview, observation, and documentary material was organized and coded around product characteristics, market needs, borrowing behavior, implementation, and strategic conditions. Categories were compared across organizational and customer perspectives and interpreted using Ansoff's framework. SWOT then organized the resulting internal and external factors into strategic alternatives.

Strategic Scoring and Credibility

The thesis supplements qualitative interpretation with weighted Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) tables. Each factor score equals its weight multiplied by its rating. Internal and external coordinates are calculated as the difference between strength and weakness scores and between opportunity and threat scores, respectively. The scoring system assigns higher ratings to strengths or opportunities and lower ratings to weaknesses or threats. It is a strategic assessment rather than an inferential statistical test.

Two IFAS versions are present in the research record. This article reproduces the version whose weights total 1.00 and whose coordinate matches the main results, together with the corresponding EFAS. The basis for assigning the weights and ratings and the identity or composition of the assessors remain unreported. Consequently, the numerical position is treated as provisional supporting evidence, not an independently validated ranking of strategies.

The research method describes source and method triangulation, participant checking of important summaries, contextual description, and an audit trail of coding and interpretive decisions. It also specifies participant consent, the right to refuse or withdraw, anonymization, and restricted use of research data. The available reporting does not provide a detailed audit of these procedures; this limits the assessment of analytical credibility and is considered when interpreting the findings.

RESULTS AND DISCUSSION

Financing Access and Differentiated Business Needs

The case identifies accessible procedures, collateral-free financing, group mechanisms, regular

repayments, and business assistance as central features of Mekaar. These features correspond to customers' needs for working capital and accessible service. Financing needs included inventory, raw materials, equipment, and business operations. The findings also identify needs for bookkeeping, financial management, marketing, and digital capability, indicating that capital access is one part of the required support.

An active customer connected borrowing directly to the continuity and expansion of trading activity:

"Initially, I needed additional capital for my business. The capital I had was limited, while business needs such as buying merchandise and raw materials continued. With financing from PNM, I could add capital so that the business could keep operating and I could increase the quantity of goods I sold."

— Active customer

This account supports the interpretation of borrowing as a response to working-capital constraints. It does not establish the magnitude of any income or profit change. The broader results distinguish customers maintaining existing operations from those seeking expansion and emphasize that financing suitability varies with business type, cash-flow patterns, and development stage.

Customer Knowledge through Field Interaction

Management described the fit between financing and customer circumstances as a strategic consideration. The manager's account linked local market characteristics with business capability and productive use:

"In determining financing strategy, we first look at the characteristics and needs of customers in each area. PNM primarily targets people running microenterprises, so financing must be adjusted to customers' capabilities and business conditions."

— Branch management

The operational account described how such information was obtained. Direct visits and group communication were used to understand enterprise

development, additional capital requirements, and constraints:

“The approach relies mainly on direct communication with customers. Staff make visits and interact with groups and individual members. Through this communication, we can learn about business development, additional capital needs, and the difficulties customers are facing.”

— Field personnel

Together, the accounts identify an organizational link between relationship-based service and knowledge of customer needs. They support the interpretation that assistance and monitoring inform financing decisions. The reported material does not quantify the consistency of these practices across units or demonstrate their effect on repeat borrowing.

Discontinuation and the limits of repeat borrowing

The former-customer account presented two reasons for not taking another loan: reduced business income and adequate remaining capital. The account stated:

“The reason I did not continue was that my business was declining. Income was not what it had

been, so I felt I did not need additional capital yet. I chose to complete the previous financing first and wait for business conditions to improve.”

— Former customer

Later in the same reported passage, the customer explained that the business was still operating and that existing capital could still be used. These reasons should not be separated into additional participants or treated as evidence of dissatisfaction with personnel. They show that a decision to discontinue borrowing can reflect both caution during a downturn and an absence of current financing need. No relative frequency of these explanations can be inferred.

Product and market strategic directions

The strongest implementation evidence concerns existing-market relationships: communication, visits, group interaction, assistance, and monitoring. Market expansion, adaptive financing features, and additional business services are developed mainly as strategic directions in the analysis. Table 1 separates these directions from evidence of existing practices.

Table 1. Product–Market Directions and Their Evidential Status

Direction	Case interpretation	Status and implication
Market penetration	Direct contact, group relationships, assistance, and monitoring within the served market.	Supported by management and operational accounts; financing growth remains conditional on customer need.
Market development	Mapping underserved areas and groups around local business potential.	Recommended direction; the research does not quantify expansion into newly reached markets.
Product development	Adapting financing and support to enterprise stages, income cycles, and capability needs.	Recommended direction; new features and their outcomes have not been evaluated.
Diversification	Considering complementary services and new product–market combinations.	Exploratory; services for existing customers alone do not demonstrate full diversification.

Internal and External Conditions

The internal strengths identified in the analysis include target-market relevance, accessible financing, group relationships, PNM's service network and experience, business assistance through Pengembangan Kapasitas Usaha (PKU), and support from the ultra-microfinance holding ecosystem. Constraints include dependence on field operations, staff capacity relative to service coverage, uneven customer digital and business capabilities, and limited adaptation to differentiated needs.

External opportunities include financing demand and business potential in trade, agriculture, food, tourism, and other local activities, together with digital marketing and transaction channels. Threats include competing lenders and fintech providers, repayment difficulties, unstable income, changes in purchasing power, and shifting customer needs. These are qualitative strategic assessments; the research does not provide sector growth estimates or measured market shares.

Table 2. Summary of the Reported Weighted SWOT Assessment

Component	Total weight	Weighted score
Strengths	0.52	1.92
Weaknesses	0.48	0.96
IFAS total	1.00	2.88
Opportunities	0.50	1.73
Threats	0.50	1.00
EFAS total	1.00	2.73

Note. Figures reproduce the internally normalized appendix version; the source of the weights and ratings requires confirmation. An alternative IFAS table totals 0.90 in weights and 2.63 in scores and is not used here.

The reported internal coordinate is $1.92 - 0.96 = +0.96$, and the external coordinate is $1.73 - 1.00 = +0.73$. Under the thesis's coordinate convention, this places the assessment in Quadrant I, labeled an aggressive or growth strategy. The arithmetic is consistent with Table 2. The position depends on the assigned judgments and does not demonstrate that growth strategies have already improved performance.

Discussion

Product and Market Fit as an Ongoing Process

The central interpretation is that financing suitability changes as enterprises and household circumstances change. The active-customer account

links borrowing with inventory and operating needs; the former-customer account qualifies the assumption that further borrowing is always desirable. A product can be accessible and valued while a customer chooses to pause borrowing. Product-market fit therefore requires repeated assessment of current need, rather than assuming that an earlier borrowing decision establishes permanent demand.

This interpretation gives Ansoff's (1957) market penetration category a conditional meaning in the case. Stronger service relationships can support continued use where productive need exists, while also enabling staff to recognize when further borrowing is unsuitable or unnecessary. The managerial goal should be continuity of an appropriate service relationship. Loan renewal alone cannot distinguish enterprise growth, continuing capital constraints, or an avoidable increase in obligations.

Assistance as part of the offering and a source of market knowledge

The field-personnel account suggests that customer contact serves two purposes: delivering support and learning about changing business conditions. In terms of the services marketing mix, people and processes help connect financing benefits with customer experience (Alma, 2016). The analysis extends this connection by treating field information as input to product and market decisions. Assistance can inform segmentation and service adaptation, although the present evidence does not establish a causal pathway from assistance to repayment or enterprise performance.

The capability needs identified in Banyuwangi are consistent with the financial management and market access problems reported by Istiqomah and Andriyanto (2017). Their enterprise-cluster study reinforces the relevance of support beyond capital, but its setting differs from a financing institution. The implication here is to tailor assistance to the problems identified through customer contact, such as inventory management or simple bookkeeping, rather than presume that uniform training meets every customer's needs.

Evidence on training also calls for differentiated expectations. Karlan and Valdivia (2011), studying female microfinance clients in Peru, reported improvements in business knowledge and client retention but little or no evidence of changes in business revenue, profits, or employment. This comparison supports evaluating assistance through both learning and business outcomes, rather than assuming that participation in training necessarily raises income. It does not demonstrate the effects of PKU in the present case.

Growth with differentiated implementation

The SWOT interpretation favors using established strengths to pursue available market opportunities. Its practical value is as a starting point for evaluating actions, because the provenance and sensitivity of the scoring are unresolved. A favorable quadrant does not determine which initiative will be feasible, and it does not remove the constraints of

staff capacity, customer literacy, or repayment conditions. Strategic choice should therefore combine the qualitative findings with a documented assessment of resources and customer suitability.

Market development should connect local enterprise mapping with service capacity. The presence of a potentially attractive sector does not establish demand for a particular financing arrangement. Product development should likewise distinguish minor process improvements from substantive changes to the offering. Financing amounts or repayment arrangements need assessment against customer cash flows and applicable organizational policies. These are recommendations derived from the case, not evidence that the proposed changes have been implemented.

Sianturi (2020) identifies technology as a potential promotional and sales resource within SWOT-based marketing alternatives. In Banyuwangi, the reported differences in digital literacy qualify that opportunity. Assisted use of digital communication, recordkeeping, and marketing may be appropriate, while direct contact remains relevant for customers needing personal explanation. The balance should be informed by actual capability and service access rather than a uniform shift to digital channels.

Boundaries of diversification and strategic synthesis

The distinction between product development and diversification matters for interpreting the results. The thesis discusses training, marketing support, and bookkeeping assistance under diversification, yet these activities target the existing customer base unless a new market is specified. Under Ansoff's (1957) definitions, they are more defensibly considered complementary service development. Full diversification remains an option requiring evidence of both a new offering and a new target market, together with organizational capacity to serve them.

Table 3 translates the findings into an integrated set of alternatives. The SO, ST, WO, and WT

combinations are an analytical synthesis rather than tested interventions or a ranked investment plan. They connect growth ambitions with the operational conditions identified in the case.

Table 3. Strategic alternatives derived from the case

Type	Recommended action	Case-based rationale
SO	Use group relationships and PKU to support need-based repeat financing and locally targeted outreach.	Service strengths can support customers with productive capital requirements and underserved enterprise groups.
ST	Use regular contact to monitor changing business conditions and explain financing obligations.	Close relationships provide information relevant to income instability, repayment difficulty, and competing offers.
WO	Combine business segmentation with assisted digital communication and targeted capability support.	Market opportunities require responses to uneven literacy, management capabilities, and product suitability.
WT	Pace expansion to staff capacity and reassess the need for additional financing.	Operational dependence on fieldwork and unstable enterprise conditions can make uniform expansion unsuitable.

CONCLUSION

Mekaar's accessible financing, group relationships, and business assistance correspond to important needs of women running ultra-microenterprises in the Banyuwangi case. The findings also show that these needs vary over time. Additional capital supported the active customer's business operations, while reduced income and sufficient existing capital were reasons for discontinuing borrowing. Sustainable financing relationships therefore require attention to the appropriateness of borrowing as well as access.

Market penetration is supported most clearly by the reported practices of direct contact, assistance, and monitoring. Market development and product adaptation emerge as relevant recommendations, while full diversification is not established by the available evidence. The reported SWOT position favors a growth orientation, but this remains conditional on confirmation of the scoring process and on the capacity to implement each proposed action.

PNM Banyuwangi should use recurring customer contact to document business type, capital purpose, cash-flow patterns, and development stage;

connect those profiles to local market mapping; and tailor assistance to identified capability gaps. Operational managers should align outreach and monitoring with available staff capacity. Any adjustment to financing features should be evaluated through the appropriate organizational decision process. Digital tools should be introduced with support suited to customers' capabilities. Evaluation should consider productive use, repayment conditions, and reasons for renewal or discontinuation, alongside disbursement growth.

Further Study

This single-branch qualitative case does not support statistical generalization or causal claims. The number and distribution of participants and the fieldwork period require completion in the research reporting. Although the thesis specifies triangulation and participant checking, it provides limited detail about the coding trail, saturation assessment, and corroboration of individual themes. The translated excerpts illustrate perspectives without establishing how widely each view was held.

The weighted SWOT assessment has additional limitations. The record contains alternative IFAS

versions, does not identify the assessors or weight-setting procedure, and does not test whether different judgments would change the strategic interpretation. These limitations warrant treating its growth orientation cautiously. Future work should document and validate the scoring process, include sensitivity analysis, and retain clear boundaries between internal organizational conditions and external customer or market characteristics.

Further studies could compare branches, recruit a wider range of customers who discontinued borrowing, and follow product or service changes over time. Customer surveys could assess relationships among financing suitability, service quality, assistance, and borrowing decisions. Longitudinal enterprise and repayment data would be needed to evaluate whether the recommended strategies improve business outcomes or financing sustainability.

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