

# PT Jamkrindo Surety Bond Product Marketing Strategy 2024-2026

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## Keywords

*Surety Bond, Jamkrindo, consumer behavior, marketing strategy, Jamkrindo Online Suretyship, procurement.*

## ABSTRACT

*The Indonesian government, under the leadership of President Joko Widodo for two terms, gave significant emphasis on infrastructure development, as reflected in the annual infrastructure capital expenditure. Infrastructure development aims to promote balanced development and open up new economic areas. In addition to infrastructure projects, the government also allocates a portion of the capital expenditure to strategic projects. The procurement process for goods and services, both for infrastructure development and capital expenditure, requires Surety Bonds issued by guarantee companies or Bank Guarantees issued by banks. PT Jamkrindo is one of the providers of Surety Bond products, however, its marketing strategy is not aligned with the marketing objectives of increasing the volume of guarantees and profitability. Therefore, a new marketing strategy for Surety Bond products is needed, utilizing the Mullins 4C model approach: context, customer, company, and competitor. These four aspects are analyzed using macro analysis, industry analysis, consumer decision-making process (CDMP), brand image, points of parity, and points of difference. Through this analysis, a new marketing strategy for Surety Bond products is formulated.*

## INTRODUCTION

Infrastructure development has continued to be carried out massively in the last decade, especially during the two periods of President Joko Widodo's administration which continued to build infrastructure in Indonesia. Infrastructure development is also one of the government's focuses to increase accessibility of people and goods, as well as opening new economic centers. The spirit of equitable development across various regions in Indonesia, which supports efforts to move out of the trap of a middle-income country into a developed country, has encouraged an increase in infrastructure spending ([sda.pu.go.id](http://sda.pu.go.id), 2019).

Data from PUPR Infrastructure Statistics Information for 2021 shows that the trend of infrastructure spending continues to increase. In 2016, the Ministry of Public Works and Public Housing (PUPR) had a budget of IDR 98.19 trillion, then in 2020 it became IDR 120.2 trillion. The largest budget allocation in the PUPR Ministry is for capital expenditure around 69% and goods expenditure around 29%



Figure 1. PUPR Ministry Budget (PUPR Infrastructure Statistics Information 2021)

Presidential Regulation Number 16 of 2018 concerning Government Procurement of Goods/Services states that guarantees in the process of procuring goods or services can take the form of a bank guarantee or Surety Bond. (bpk.go.id, 2018). In the auction process, construction, evaluation and maintenance of projects, as well as at the stages of procurement of goods and services, project owners, namely ministries/state institutions or regional work units (SKPD) need assurance that the auctioned project will be carried out according to the project owner's plans. This planning includes project specifications, timely work, and work within budget. This certainty is needed because ministries/state institutions and SKPD use state money, the realization of which must be accounted for. Apart from that, the suitability and realization of the use of state money will be audited by the Financial Audit Agency (BPK) or the Financial and Development Supervisory Agency (BPKP). To ensure that projects planned by ministries/state agencies or SKPD can be implemented according to specifications and quality, project owners request project guarantees (Surety Bond) for all contractors who will participate in the tender.

After the tender winner is determined, the project owner also needs to be assured that the down payment requested by the contractor will be used to work on the project according to the agreed percentage, so the project owner requires a down payment guarantee. Likewise, when work on the project begins, the contractor must submit an implementation guarantee and when the project is completed, the contractor must submit a maintenance guarantee to provide assurance that the quality of the project meets specifications and damage will be borne by the contractor within a certain period.

In addition to project guarantees, the PUPR Ministry also provides guarantee requirements for the procurement of goods and services to all tender participants to ensure that the winning tender participants will carry out work according to the work order. Apart from ensuring that the tender winner will carry out the work and the procurement committee does not need to repeat the tender process if the tender winner defaults, the PUPR Ministry also needs to be assured that the goods and services provided by the tender winner comply with specifications.

Seeing this opportunity, PT Guarantee Credit Indonesia (Jamkrindo), whose minority shares are owned by state-owned enterprises (BUMN) and is now a subsidiary of the insurance and guarantee holding company Indonesia Financial Group (IFG), provides Surety Bond products. Moreover, the Draft State Revenue and Expenditure Budget (RAPBN), including the 2023 RAPBN, always allocates capital expenditure for infrastructure, especially the development of infrastructure to support economic transformation, including inter-regional connectivity, transportation, food and energy (anggaran.kemenkeu.go.id). Referring to PT Jamkrindo's Management Report Book, Jamkrindo's Surety Bond product is in the same business line (LoB) as counter bank guarantee, where the composition of net income is IDR 124.39 billion or 3.38 percent in January-August 2022 of the total return net income. Guarantee services (IJP) for all Jamkrindo products amounting to IDR 3.65 trillion. The largest income from guarantee services still comes from KUR guarantees, namely IDR 2.56 trillion or 70% of the total net guarantees (PT Jamkrindo Management Report Book, 2022).

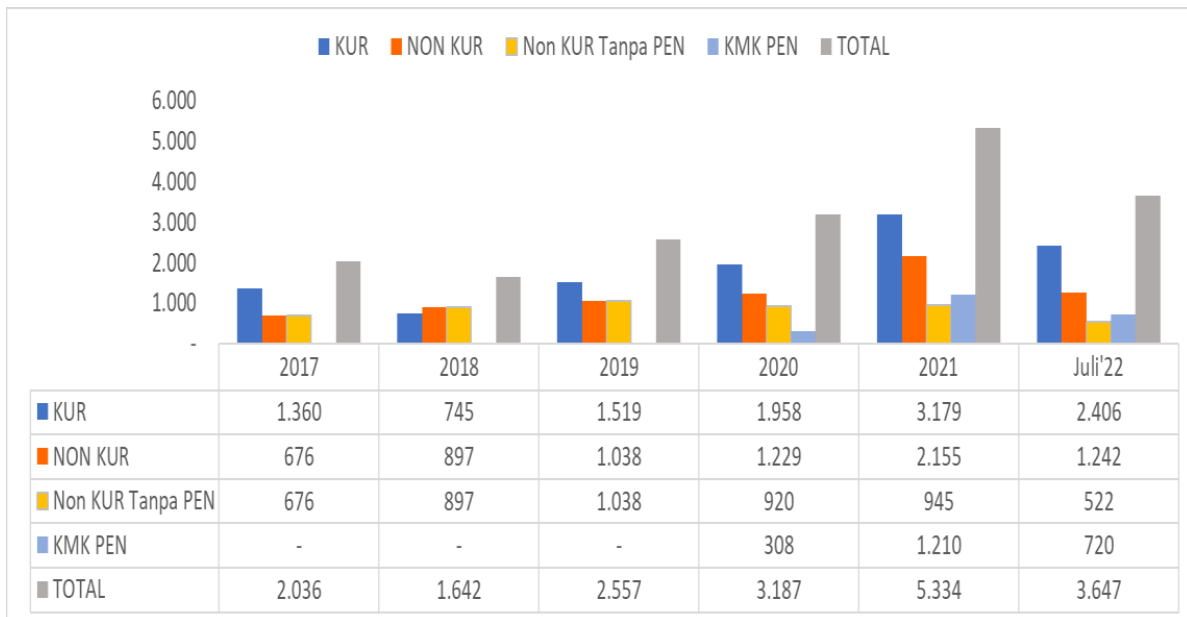


Figure 2. Composition of PT Jamkrindo's guarantee volume 2017-2022 (in billions of rupiah)

The Jamkrindo Business Ecosystem Study classifies the guarantee volume or nominal rupiah guaranteed by Jamkrindo into the KUR, non-KUR, non-KUR without PEN, and KMK PEN groups. In the period 2017-July 2022, the composition of KUR guarantee volumes is always much higher than the guarantee volumes of other groups. In July 2022, the KUR guarantee volume reached IDR 2,406 trillion from the total guarantee volume in July 2022 of IDR 3,647 trillion (Indonesian Credit Guarantee, 2022).

Jamkrindo's product composition, based on the volume of non-KUR product guarantees, in the first semester of 2020 was dominated by housing financing liquidity facility (FLPP) guarantees of 26.74% and multipurpose credit guarantees of 22.09%. The composition of the guarantee volume for Surety Bond products is 8.2% and counter bank guarantee is 6.65%.

According to PT Jamkrindo's 2021 Annual Report, the business process for Surety Bond products and contra bank guarantees is *business to customer* (B2C), while KUR guarantees and KMK guarantees within the framework of PEN are *business to business* (B2B). The B2C business process positions Jamkrindo as a guarantee company to deal directly with customers. Due to its personal nature, B2C business processes must go through *case by case* (CBC) analysis. The B2B business process places Jamkrindo in business relationships with financial institutions that distribute credit (both program and non-program) to its customers. Due to its communal nature, the B2B business process begins with a cooperation agreement (PKS) between Jamkrindo and financial institutions (banks and non-banks) then followed by *conditional automatic coverage* (CAC) analysis.

Surety Bond products are included in quadrant I of the GE matrix. However, Jamkrindo's marketing strategy for guarantee products, including Surety Bonds, is prepared based on the 4P approach only. The 4P marketing mix is more suitable for products in the form of goods, while products in the form of services must combine 4P with the other 3, namely *physical evidence*, *people* and *process*. The 4P marketing mix that Jamkrindo has prepared also needs to be updated because it treats guarantee products as goods, not services.

Even though the B2C business process places Jamkrindo in direct contact with customers, the company's existing marketing strategy has not yet touched on the main problem the company is facing, namely marketing products with a customer orientation. The company's marketing strategy, in terms of product elements, has not been able to answer consumer needs, while in terms of price it has not reflected the attributes commensurate with the product. Apart from that, product distribution channels

have not been able to reach all of the company's target segments. Likewise, the promotional elements have not been designed in an integrated manner between conventional and digital promotions.

So far, marketing activities have relied on activities including product outreach to contractor associations, product outreach via websites and social media, as well as several sports activities involving business partners. These marketing activities can still be formulated in a more targeted manner to increase competitiveness because Jamkrindo's *brand image* based on Jamkrindo's Brand Awareness Formative Analysis is relatively superior compared to Surety Bond issuers in the IFG holding environment, namely PT Jasindo and PT Askrindo (Roystone, 2019). Jamkrindo's position as a guarantee product issuer is also very strong and differentiates it from other companies (*point of difference / PoD*) because it is a company that has a legal basis in the form of law, namely Law Number 1 of 2016 concerning Guarantees, while all players in the guarantee industry, both have almost the same attributes and benefits (*point of parity / PoP*).

Based on this, PT Jamkrindo's marketing strategy for Surety Bond products needs to be updated so that management makes strategic decisions regarding the marketing mix based on four marketing elements, namely *product, price, place* and *promotion* (4P), and because it is related to products in the form of services, there are three elements again, namely *physical evidence, people* and *process* (7P). Without a marketing strategy, Jamkrindo also cannot allocate resources appropriately.

## METHODS

Marketing strategy formulation for Surety Bond Products is carried out through applied research. This research was conducted to answer the problem formulation faced by PT Jamkrindo, namely what is the existing marketing strategy for PT Jamkrindo's Surety Bond products, what is the marketing strategy for PT Jamkrindo's Surety Bond products in 2024-2026, what is PT Jamkrindo's *brand image* according to consumer perception, and what are *the points? of parity ( PoP )* and *point of difference ( PoD )* of PT Jamkrindo Surety Bond products.

The research design in this thesis is based on a case study where data collection uses company document study techniques and supporting external documents, interviews with stakeholders, and through a survey based on a prepared questionnaire. Primary data was obtained through interviews or surveys with Surety Bond service users. Secondary data was obtained from internal company documents and external company documents.

## RESULTS

### A. Context Analysis

Indonesia's economic growth has tended to be consistent in the last few decades, reflecting continuously increasing economic activity, including in the micro, small and medium enterprise sectors. The government also consistently encourages economic activity through infrastructure development and procurement of goods and services that support economic activity.

Consistent government policies on infrastructure development and capital expenditure to drive the economy have opened up wide opportunities for the guarantee business through suretyship products. PT Jamkrindo, as one of the credit guarantee and other guarantee companies in Indonesia, operates in an industrial and market environment with a very broad ecosystem.

### 1. Macro Analysis (PESTEL)

The government continues to continue the KUR program and regional autonomy policies which were the legacy of the previous regime. The KUR program is an economic stimulus program in the form of credit interest subsidies to banking debtors from MSME circles, which is part of the poverty alleviation program (setkab.go.id, 2018).

Even though it is run by banks, this KUR program can run through the support of PT Jamkrindo which was assigned by the government to guarantee KUR together with PT Askrindo. Political factors are very dominant in influencing PT Jamkrindo's business continuity from the KUR guarantee product line. Apart from the KUR program, the government also launched a housing financing liquidity facility (FLPP) program where Jamkrindo was also assigned by the government to provide guarantees. Data from the PT Jamkrindo Company Long Term Plan 2019-2024 shows that government policy on the KUR program will encourage growth in KUR distribution to IDR 325 trillion in 2024 (PT Jamkrindo, 2019).

In infrastructure development, Jamkrindo also had a positive effect because the government stated its commitment to continuing infrastructure development. In fact, in the 2020 APBN Note, during the transition period towards Advanced Indonesia 2045, the government prepared a scenario to continue to encourage infrastructure development in 2031-2035. Apart from basic infrastructure development, the government is also paying serious attention to infrastructure development to open new economic access such as toll roads and ports. By 2025, it is estimated that toll road construction over 10 years will cover 6,115 kilometers in various regions in Indonesia. For Jamkrindo, the government's consistency and commitment in infrastructure development provides positive opportunities for construction guarantee products (Ministry of Finance, 2020).

Jamkrindo also experienced a positive effect from the growth of Indonesian exports and imports, especially in its portfolio of letter of credit guarantee products and suretyship products in the form of custom bonds. Even though during the Covid-19 pandemic, Indonesia's exports and imports fell as the volume of global exports and imports decreased, the government is confident that after the Covid-19 pandemic, world economic activity will recover so that demand for goods and services through exports and imports will also recover. (ekon.go.id, 2021).

In the economic sector, PT Jamkrindo is in contact with several things, namely trends in Indonesian economic growth, the influence of macroeconomic indicators, sectoral economic growth, flagship programs of the Ministry of State-Owned Enterprises (BUMN), infrastructure development, export and import growth, developments in credit interest rates, credit banking problems, the development of the creative economy sector, the continued growth of FLPP, credit distribution policies, demand for new motor vehicle credit, and the warehouse receipt system.

On the other hand, Jamkrindo has threats and negative impacts from banking credit distribution policies. During the Covid-19 pandemic, regulators and banks relaxed credit distribution policies to maintain credit volume growth. However, the increase in credit volume was accompanied by an increase in the credit risk profile, which is a strong indicator of the risk of credit payment failure. For credit guarantee companies, this increase in credit risk must be watched out for and is a negative sentiment.

Economic activity in Indonesia is also influenced by several social aspects, including entrepreneurial trends, the Covid-19 pandemic, and the demographic bonus and middle class phenomenon. According to the 2018 Global Entrepreneurship Index, Indonesia is still lagging behind in the Asia and ASEAN regions. 2018 data shows that Indonesia is ranked 94th in entrepreneurship, far below Vietnam at 87th, Thailand at 71st, Malaysia at 58th and Singapore at 27th. However, Indonesia's entrepreneurial ratio continues to increase, namely only 1.67% in 2014, then increasing to 3.47% of the population and to 3.64% in 2021. The government is committed to encouraging growth in the number of entrepreneurs in Indonesia through the National Entrepreneurship Movement (GKN). For the guarantee industry, the growth of the entrepreneurial sector has had a positive influence.

In the last decade, technological developments have been very rapid and have had an impact on the national economy. The growth in the number of internet users in Indonesia has increased and has reached 171.17 million people or the equivalent of 64.8% of the total population of Indonesia in 2018 and rose to 175.4% of the population in 2019 or an increase of 17% from the previous year. The growth

in the number of internet users opens up opportunities for insurance companies to reach more business partners and customers, as well as streamline internal business processes.

From a macroeconomic perspective, the issuance of Law Number 1 of 2016 concerning Guarantees has had a significant impact on the guarantee industry. Bank Indonesia also issued Regulation Number 17/12/PBI/2015 concerning Providing Credit or Financing by Commercial Banks and Technical Assistance in the context of MSME Development. This provision regulates the credit portion of banks and financial institutions of at least 20% to the MSME sector of the total credit disbursed. In this way, the guarantee portfolio for MSMEs is guaranteed so that the continuity of the guarantee business can be maintained.

## 2. Industry Analysis ( Porter's Five Forces )

Buyers have far more choices so it can be concluded that buyers in the guarantee industry have high bargaining power. Guarantee companies are not hampered by the costs of switching to reinsurance companies to carry out re-insurance so that the bargaining power of suppliers in the insurance industry is in the low category. In the guarantee industry, the threat of substitute products is in the medium category because there is the potential for substitute products for those owned by guarantee companies and insurance companies, as well as those owned by financial institutions. The threat of new entrants in the guarantee industry is classified as moderate because new entrants actually have ample opportunities to enter this industry. However, on the other hand, the old players in this industry are more experienced and have been known to customers for longer. The number of guarantee companies with national coverage and guarantee companies operating at the provincial level is not very large, only 22 companies. However, guarantee companies also have to compete with credit insurance companies and general insurance companies that have suretyship products. Thus, because of the high intensity of competition, competition between players in this industry is in the high category.

### B. Customer Analysis

The customer analysis in this research is based on the results of a survey of Surety Bond product users in various regions in Indonesia related to the customer decision making process (CDMP) and combined with customer perceptions of PT Jamkrindo's *brand image*. The survey was conducted to customers via a questionnaire where some statements used a Likert scale of 1-5, while several other statements were multiple choice with a maximum of three choices.

### C. Company Analysis

Based on analysis of the consumer decision making process (CDMP), analysis of Jamkrindo's STP and marketing mix, as well as analysis of competitors' STP and marketing mix, Jamkrindo's Surety Bond customer segmentation is grouped based on geographic, demographic, psychographic and purchasing behavior variables. Based on customer segments, Jamkrindo's target market can be adjusted to support the company's marketing objectives, namely increasing Jamkrindo's Surety Bond volume as determined by the company. Management has set a Surety Bond volume target in 2023 of IDR 16.438 trillion, growing 13.8% from the 2022 target of IDR 11.9 trillion. Meanwhile, the revenue target from Surety Bonds is IDR 125.37 billion, growing 12.75% from the 2022 target of IDR 98 billion.

By referring to *the brand image*, basic product benefits, and differentiating factors, Jamkrindo's future positioning is as a provider of Surety Bonds for the procurement of government/BUMN/private goods and/or services whose products can be obtained anywhere, both at Jamkrindo work unit offices and through services. Digitally via Jamkrindo Online Suretyship (JOS), and serves the claim process in a maximum of 12 working days after the files are complete.

### D. Competitor Analysis

Competitors in the suretyship product market are guarantee companies and insurance companies that have permission to market suretyship products from the Financial Services Authority

as the regulator. The number of general insurance companies and guarantee companies that have permission to market suretyship products as stated in the Financial Services Authority announcement Number Peng-2/NB.211/2021 concerning the List of General Insurance Companies, Guarantee Companies and Consortiums that have permission to market Suretyship Products as of 30 September 2021 is 36 general insurance companies and 22 guarantee companies. One of Jamkrindo's competitors in the suretyship market is PT Asuransi Jasaraharja Putera, a subsidiary of Jasa Raharja which is both a member of the Indonesia Financial Group (IFG) holding company. Jasaraharja Putera's marketing mix was chosen because the data is relatively complete and can be accessed by the general public.

#### **E. Brand Image Decision Analysis**

PT Jamkrindo's brand image according to consumer perception, whether referring to the survey in this research's CDMP or the results of previous PT Jamkrindo surveys, is relatively good, reflected in the high level of satisfaction, confidence that the claim process is in accordance with the agreement, and the high percentage of respondents who use the application suretyship Jamkrindo expressed its satisfaction. Apart from that, as a guarantor institution, PT Jamkrindo also has a role as a *buffer* for the risks borne by the recipient of the guarantee when the guaranteed person defaults on the credit agreement or experiences payment failure. Through guarantees, the level of non-performing loans (NPL) of collateral recipients can be reduced so that the collateral recipient's business is not disrupted.

#### **CONCLUSION**

Surety Bond Jamkrindo implements a marketing strategy based on Mullins model analysis (4C), which includes Context, Customer, Company and Competitor aspects. In the Context aspect, they evaluated macro and industry conditions using PESTEL and Porter's Five Forces Model, finding that buyers have high bargaining power, suppliers have low bargaining power, and high competition. In the Customer aspect, they understand consumer behavior in the purchasing decision process, emphasizing the importance of conveying information, speed of claims, and company reputation. In the Company aspect, they have a positive brand image with high favorability and uniqueness attributes. In the Competitor aspect, they differ from competitors by emphasizing the benefits of Surety Bond products in risk mitigation. Jamkrindo's Surety Bond products meet customer satisfaction and have advantages compared to its competitors, especially in terms of speed of service and benefits provided.

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