Loan Interest of KUR at PT Pegadaian UPC Trenggalek: The Role of Cross Selling, Word of Mouth, and Social Media

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Research aim: *The purpose of this study was to test and analyze the effect of cross selling, word of mouth, and social media partially and simultaneously on the interest in loan people's business credit (KUR) at PT Pegadaian UPC Trenggalek.*

Design/Method/Approach: *This research is a type of quantitative research with a causality approach. The population of this study were all customers at Pegadaian UPC Trenggalek, this research instrument used a questionnaire involving 140 KUR customer respondents at Pegadaian UPC Ttrenggalek. The sampling technique uses simple random sampling, and the data analysis technique uses multiple linear regression tests. Data processing was carried out using SPSS 23.*

Research Finding: *The results of this study prove that cross selling, word of mout, and social media partially and simultaneously affect KUR interest at Pegadaian UPC Trenggalek.*

Theoretical contribution/Originality: *This research contributes to understanding and provides insight related to cross selling, word of mouth, social media and interest in KUR loans at Pegadaian.*

Practitionel/Policy implication: *For companies, this research can be an illustration in the strategy of increasing interest in KUR loans at Pegadaian.*

Research limitation: *This research only discusses cross selling, word of mouth, social media. Time constraints for distributing questionnaires which must involve 140 respondents but only 100 respondents were collected.*

Keywords: *Cross Selling, Word of Mouth, Social Media, Loan Interest*

1. Introduction

The presence and role of banking in Indonesia is not only intended for the wider community, it has an impact on several large, standard and small industries that can provide very significant changes [1]. This happens because the Bank is very important in adding funds or capital or even saving funds for the community when needed. The banking world today, especially Commercial Banks, have the core of the financial system in every corner of the world and within the country. One of the consumer behaviours that banks must understand is the behaviour of MSME owners in making bank choices, in this case banks must know what is involved and what factors consumers consider when deciding on bank choices [2]. Bank products that help capital loans are called people's business credit (KUR).

Interest is a conscious response to interest in an object both in the form of an object and others besides that, interest can also arise because the interest comes from outside and from the

heart [3]. Small interest rates are a factor that needs to be considered, according to classical economists, the higher the interest rate, the less the desire to invest, because the rate of return and use of funds is also greater, so that the high and low interest rates will determine investment spending. Interest has indicators, namely encouragement from oneself, social encouragement, need from within, and social factors [4].

Cross selling is a product marketing strategy that gives customers the opportunity to buy additional products when they transact with a company [5]. The application of cross selling can also increase the number of sales transactions expand customer segments and sales areas. This strategy is also applied at PT Pegadaian when customers are making transactions at the cashier. Based on previous research, it states that cross selling has an effect on sales volume [6]. The running of the cross selling strategy is expected to bring the company to achieve marketing performance, which will automatically increase the amount of production and the development of a company. The benefits of cross selling for companies are to increase company revenue, customer loyalty, and customer awareness of a company. Cross selling indicators are and purchasing patterns [7].

Efforts to promote a product or service so that customers enthusiastically and voluntarily talk about, promote, and recommend the product or service to others are called word of mouth [8]. This technique is quite effective because before making a purchase, consumers seek recommendations from friends, relatives, or family members regarding the product to be purchased. Word of mouth indicators are talking about products, recommending products, and convincing others [9]. Based on previous research, word of mouth has a positive effect on purchase intention [10].

Apart from cross selling and word of mouth, marketing strategies are applied by using social media. Social media is the media that is closest to the community and has advantages and can optimise utilisation as a marketing strategy in carrying out product and company introduction activities [11]. Technological developments that experience innovation have a direct impact on society, especially for the younger generation. Social media indicators are online communities, interaction, sharing of content, accecibility, and credibility [12]. Based on previous research, social media has an effect on purchasing decisions [13].

Pegadaian UPC Trenggalek then established a subsidiary in the city centre, Pegadaian Pasar Pon. KUR products, which are still new at Pegadaian UPC Trenggalek, have been recorded since November 2022, must promote so that people are interested and apply for loans. With the cross selling strategy when making transactions at the cashier can convey information about KUR to customers. Promoting by word of mouth also plays an important role because this makes people know about KUR products from other people. Social media such as Facebook and Instagram owned by Pegadaian UPC Trenggalek can act as a medium so that the public can get detailed information related to Pegadaian and the products.

1.1. Statement of Problem

Load in KUR loans at Pegadaian so far tends to be low, which may be due to the less than optimal application of cross selling, word of mouth, and social media. Therefore, Pegadaian must maximise so that people apply for KUR loans at Pegadaian.

1.2. Research Objectives

This study aims to test and analyse the effect of cross selling, word of mouth, and social media partially and simultaneously on the interest in KUR loans at PT Pegadaian UPC Trenggalek.

2. Method

Quantitative is the research approach used, and causality is the technique. PT Pegadaian UPC Trenggalek which is located at Jl.Veteran No.29, Sosutan, Ngantru, Kec.Trenggalek, Trenggalek Regency, East Java became the research site. Based on this formula, the number of samples in this study is n = number of indicators x 10. The number of indicators in this study is 14, so the sample obtained: n = 14 x 10 = 140 respondents. Multiple linear regression tests are data analysis techniques. The dependent variable in this study is borrowing interest (Y). The independent variables in this study are cross selling (X1), word of mouth (X2), and social media (X3).

3. Results and Discussion

The results of the collection of the distribution of questionnaires that have been obtained are 100 who have filled out of 140 samples. The data collection method used in this study is data collection in the form of primary data and secondary data, so that researchers will use data collection tools in the form of questionnaires, observations, document studies. The data analysis used is Descriptive Statistics, Validity and Reliability Test, Simple Linear Regression, Multiple Linear Regression, Correlation Coefficient (R) and Coefficient of Determination (KP / R2).

Validity Test

Table 1. Validity Test Results

Variables	Item Number	r Count	r Table	Description
Cross selling	1	0,742	0,279	Valid
	2	0,636	0,279	Valid
	3	0,674	0,279	Valid
	4	0,637	0,279	Valid
	5	0,719	0,279	Valid
Word of Mouth	1	0,742	0,279	Valid
	2	0,746	0,279	Valid
	3	0,795	0,279	Valid
	4	0,770	0,279	Valid
	5	0,591	0,279	Valid
Social Media	1	0,706	0,279	Valid
	2	0,769	0,279	Valid
	3	0,741	0,279	Valid
	4	0,616	0,279	Valid
	5	0,760	0,279	Valid
Loan Interest	1	0,748	0,279	Valid

Variables	Item Number	r Count	r Table	Description
	2	0,693	0,279	Valid
	3	0,757	0,279	Valid
	4	0,767	0,279	Valid
	5	0,703	0,279	Valid

Source: SPSS output from processed primary data (2023)

Based on the table above, it shows that there are three independent variables (X) and 1 dependent variable (Y) which are the research materials, of the three X variables studied, each has 5 statement items. From each statement item on each variable, both independent and dependent, it turns out that the value of r count is greater than r table, it can be concluded that the data obtained in the field is declared valid.

Reliability Test

Table 2. Reliability Test Results

No.	Variables	Cronbach's alpha	Alpha	Description
1.	Cross Selling (X1)	0,709	0,6	Reliable
2.	Word of Mouth (X2)	0,778	0,6	Reliable
3.	Social Media (X3)	0,763	0,6	Reliable
4.	Loan Interest (Y)	0,778	0,6	Reliable

Source: SPSS output from processed primary data (2023)

Based on table 2, the reliability test results show that all variables have a Cronbach Alpha value greater than 0.60. Thus it can be concluded that the questions from the cross selling variable questionnaire, word of mouth, social media, and borrowing interest are declared reliable, which means that the questionnaire is suitable for use as a measuring tool.

Multicollinearity Test

Table 3. Multicollinearity Test Results

| Variable	Tolerance	VIF	Description
Cross selling (X1)	0,899	1,113	No Multicollinearity
Word of mouth (X2)	0,889	1,125	No Multicollinearity
Social media (X3)	0,902	1,109	No Multicollinearity

Source: SPSS output from processed primary data (2023)

In this study, it was found that the results of the VIF value of the cross selling variable were 1.113 < 10, word of mouth 1.125 < 10, and social media 1.109 < 10, the tolerance value of cross selling was 0.0899> 0.1, word of mouth 0.889> 0.1, and social media 0.902> 0.1. So

it can be concluded that there is no multicollinearity in these independent variables. Based on the requirements for classical linear regression assumptions, a good linear regression model is free from multicollinearity. Thus, the above model is said to be free from multicollinearity.

Heteroscedasticity Test

Figure 1. Heteroscedasticity Test Results
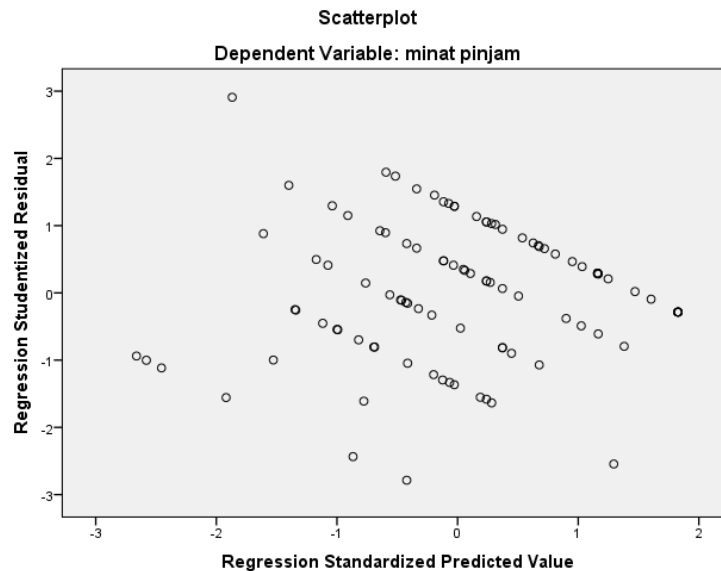
Source: SPSS output from processed primary data (2023)

In the picture above, it can be seen that the plot (dots) follows the diagonal line so that the basis for decision making, it can be concluded that the normality test of this research regression model is normally distributed.

Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Results

		Coefficient		
Pattern		**Unstandardised Coefficient**		**Standardised Coefficient**
		B	**Std. error**	**Beta**
1	(Constanta)	6.323	2.186	
	Cross selling	.127	.072	.144
	Word of mouth	.213	.072	.246
	Social media	.419	.072	.476

Source: SPSS output from processed primary data.

$Y = a + b1x1 + b2x2 + b3x3 \neq e$

$Y = 6,323 + 0,127 + 0,213x2 + 0,419 \neq e$

From the results of distributing questionnaires that should get 140 respondents but can only get 100 respondents. a = 6.323 shows that the cross-selling, word of mouth, and social media variables have a positive value. b1 = 0.127 shows that the cross selling variable has a positive effect, meaning that if usability increases by units, satisfaction will increase by 0.127 with the assumption that other variables are considered constant. b2 = 0.213 shows that the word of mout variable has a positive effect, meaning that if usability increases by units, satisfaction will increase by 0.213, assuming other variables are considered constant. b3 = 0.419 shows that the social media variable has a positive effect, meaning that if usability increases by units, satisfaction will increase by 0.419, assuming other variables are considered constant.

Coefficient of Determination (R2)

Table 5. Test Results of the Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.647ᵃ	.419	.401	1.14467

Summary Model[b]

Source: SPSS output from processed primary data

Based on table 5, it is found that the Adjusted R Square value is 0.401. This shows that cross selling, word of mouth and social media have an influence of 40.1% on impulsive customers.

Hypothesis Testing
T-test

Table 6. T Test Results

Coefficient

Model	t	Sig
Cross selling	1.752	.083
Word of mouth	2.975	.004
Social media	5.806	.000

Source: SPSS output from processed primary data.

Based on the picture above, it can be concluded that: Cross selling (X1) has no effect on borrowing interest, namely with a significance of 0.083. Word of mouth (X2) has no effect on borrowing interest, namely with a significance of 0.004. And Social media (X3) has an effect on borrowing interest, namely with a significance of 0.000.

F test

Table 7. F Test Results

ANOVAᵃ

Pattern		F	Sig
1	Regression	23.081	.000
	Remaining		
	Whole		

Source: SPSS output from processed primary data.

Based on the figure above, it can be seen that the significance of this research is 0.000, so cross selling (X1), word of mouth (X2), and social media (X3) simultaneously or together have an effect on the interest in KUR loans at Pegadaian Trenggalek. The application of cross selling can also increase the number of sales transactions, expand customer segments and sales areas. This strategy is also applied at PT Pegadaian when customers are making transactions at the cashier. Based on previous research [14] , it is stated that cross selling has an effect on sales volume.

Word of mouth often has a greater competitive advantage in conveying corporate messages because, word of mouth naturally arises from opinions in a social environment that are considered more honest, and there is no specific motivation to convey information to other consumers. The use of this strategy is very helpful for companies in increasing product sales, such as at PT Pegadaian because their target market is mostly parents so it is very easy to use word of mout marketing strategies. Based on previous research [15], word of mouth has a positive effect on buying interest.

One type of information technology that has experienced significant development is social media. Not only that, customers can also directly contact via social media if they need urgent information. Based on previous research [13], it states that social media has an effect on purchasing decisions.

4. Conclusion

Based on the research that has been done, it can be concluded that the variables of cross selling, word of mouth and social media simultaneously have an effect on borrowing interest. This is indicated by the calculated F value of 23,081 0.000 ($< \alpha = 0.05$), indicating a significant effect. The limitation that exists in this study is the limited time to collect questionnaires which should be 140 respondents but only 100 respondents were fulfilled. These results can be the basis for further research, especially in the realm of similar studies. It is hoped that future researchers can identify new problems and expand the number of respondents to increase statistical validity and generalisation of research results.

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