

Resilience of a Banana Chips MSME Through Traditional Marketing in the Digital Era

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ABSTRACT

This study aims to analyze how a micro, small, and medium enterprise (MSME) can sustain its business operations without utilizing digital marketing in the era of digital transformation. The research focuses on a banana chips MSME located in Ngadiluwih Village, Ngadiluwih District, Kediri Regency, East Java, Indonesia, which has been operating since 2004 and continues to run smoothly despite limited digital literacy and human resources. A qualitative approach with a case study method was employed, involving in-depth interviews, direct observation, and documentation of the business owner's practices. The findings reveal that business resilience is achieved through the implementation of traditional marketing strategies, such as word-of-mouth promotion, maintaining loyal customer networks, and direct participation in local markets. These strategies not only maintain stable daily sales but also strengthen social relationships between producers and consumers. The study concludes that MSME success without digitalization can be achieved by leveraging social relations and customer trust as key assets. The implications suggest the need for policy support and digital literacy training to help MSMEs gradually adapt to digital tools while preserving their established local strengths.

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are a key pillar of Indonesia's economy, as they can absorb a large labor force and make a significant contribution to the national gross domestic product (GDP). In the context of the local economy, MSMEs serve as the main foundation of community welfare and a vital driver of regional economic activity. One MSME sector that continues to endure is the snack food industry, such as banana chip enterprises that are widely developed in rural areas. These products have competitive advantages in the form of abundant raw materials, affordable prices, and high profit potential.

The development of digital technology has significantly transformed consumption patterns and business marketing strategies across various sectors. Digital marketing enables MSMEs to expand market reach and strengthen customer relationships. Numerous studies have shown that digital transformation has a positive impact on MSME marketing performance (Putra & Sari, 2021; Rahman et al., 2022). Internationally, Mishrif and Khan (2023) emphasized that digital technology adoption has become a key survival strategy for MSMEs during global crises, including the COVID-19 pandemic. Similarly, a study by Du, Joo, and Wilbur (2019), which examined more than 575 brands, found that digital media plays a crucial role in enhancing brand perceived value and customer loyalty.

However, not all MSME actors have the capacity to adopt digital marketing optimally. Limited digital literacy, concerns about business risks, and lack of technical assistance remain the main barriers (Hadiyati, Martaleni, & Suprayitno, 2020). The case of banana chip MSMEs in Ngadiluwih Village illustrates this phenomenon. Despite operating since 2004 and

maintaining business continuity, this enterprise still relies on traditional marketing strategies through local customer networks, without branding or simple packaging. Nevertheless, the business continues to thrive due to its consistent product quality and strong customer loyalty.

This finding is exciting because it contrasts with trends presented in much of the recent literature. Most studies focus on the success of MSME digitalization, while few have examined how traditional marketing can actually serve as a resilience factor amid digital disruption. According to Du et al. (2019) and Iqra and Siddiqui (2024), traditional media still has a significant influence on brand perception and consumer purchasing decisions, indicating that traditional strategies have not been entirely replaced by digital media. Furthermore, research by Hadiyati et al. (2020) shows that traditional and entrepreneurial marketing practices continue to have a positive impact on MSME performance in Indonesia.

A research gap can be identified from various international studies that tend to emphasize the importance of digital transformation for MSME competitiveness (Mishrif & Khan, 2023; Springer, 2025), but very few discuss models of MSME resilience sustained through traditional marketing strategies. Therefore, this study focuses on understanding the form of resilience demonstrated by banana chip MSMEs through traditional marketing in the digital era, as well as the factors that enable such strategies to remain relevant and effective amid the changing modern business ecosystem.

This research is expected to contribute to the development of science and technology in the fields of entrepreneurship and marketing management, particularly in explaining how traditional strategies can function as adaptive mechanisms in response to digital change. In addition, the results of this study may serve as a reference for local governments and MSME support institutions in designing business development policies that not only focus on digitalization but also strengthen MSME resilience through contextual and sustainable local approaches.

LITERATURE REVIEW

Resilience of Micro, Small, and Medium Enterprises (MSMEs)

Resilience in micro, small, and medium enterprises (MSMEs) refers to their ability to survive, adapt, and continue business operations despite internal and external pressures such as economic crises, market changes, and digital transformation (Hokmabadi, Rezvani, & de Matos, 2024). In the context of developing countries, MSME resilience is determined not only by economic resources but also by social capital, local networks, and community cultural values (Shan & Tian, 2022).

Ozanne, Chowdhury, Prayag, and Mollenkopf (2022) emphasized that social capital plays an important role in accelerating adaptation and recovery processes, as MSME actors can provide mutual support, share resources, and maintain collective motivation during crises. In the Indonesian context, Worokinasih et al. (2023) also found that MSME resilience is influenced by a combination of financial literacy, emotional intelligence, and strong social capital, which enhance young entrepreneurs' ability to sustain business performance during periods of uncertainty. Thus, MSME resilience in rural areas such as Ngadiluwih Village can be understood not merely as an outcome of economic strategies but as a reflection of collective social capacity and community-based adaptation.

Social Capital and Trust Relations as Sources of Resilience

Social capital encompasses interpersonal relationships, trust, and collaborative networks that enable business actors to gain access to non-material resources such as information, social support, and reputation (YahiaMarzouk, Elshaer, & Sobaih, 2022). In the food and beverage sector, relational capital has been proven to have a positive relationship with business resilience because it builds customer loyalty and ensures sales continuity (YahiaMarzouk et al., 2022).

A study in Vietnam by Dinh, Nguyen, and Nguyen (2024) showed that both internal social capital (relationships among employees and management) and external social capital (relationships with customers and suppliers) significantly influence MSMEs' flexibility and anticipatory capabilities in facing crises. Similarly, Prayag et al. (2022) asserted that bonding social capital (strong ties within the local community) plays a role in short-term recovery, while bridging social capital (external networks) is crucial for long-term adaptation. In the context of rural Indonesia, traditional social networks such as cooperation, mutual trust, and economic solidarity have been shown to strengthen local communities' resilience against economic shocks (Bilkent University, 2023). Among banana chip MSMEs in Ngadiluwih Village, this social capital manifests in trust-based relationships between producers and loyal customers, community support, and cooperation among entrepreneurs. These strong social ties enable MSMEs to survive even without digital technology support.

Traditional Marketing in the MSME Context

Traditional marketing remains a primary strategy for many MSMEs in rural areas. This approach emphasizes face-to-face interaction, word-of-mouth promotion, and physical presence in local markets (Bocconcelli et al., 2018). According to Haris (2023), community-based marketing represents an adaptive response to resource limitations, where social relationships can substitute for large promotional costs.

Furthermore, traditional entrepreneurial marketing, which emphasizes emotional closeness, creativity, and social relationships, has been proven to create long-term customer loyalty (Al-Shaikh, 2023). In the context of snack food MSMEs, social interactions between producers and consumers not only strengthen trust but also create a distinctive local product identity. Consumers are not merely purchasing a product; they are also "buying relationships" and the social experiences attached to that product.

Resilience Without Digitalization in the Era of Digital Transformation

Recent literature highlights the importance of digitalization in enhancing MSME competitiveness (Hokmabadi et al., 2024). However, digital transformation cannot be applied uniformly due to differences in resource capacity, technological literacy, and local market characteristics (Khurana, Haleem, Luthra, & Mannan, 2022). Setkute, Arvidsson, and Suseno (2022) found that some MSMEs consciously choose not to be fully digitalized because their markets are still based on social relationships and direct interactions. An OECD (2021) study also confirmed that while digitalization enhances resilience, many MSMEs in developing countries face barriers such as limited infrastructure and digital capability.

Furthermore, Springer (2025) noted that digitalization without adequate resource readiness can create new dependencies and reduce business flexibility. In this context, traditional marketing is not a form of resistance to modernization but rather an adaptive strategy grounded in local wisdom. The case of banana chip MSMEs in Ngadiluwih Village demonstrates how businesses can survive by relying on long-term customer relationships, product reputation, and active participation in local markets.

Development of the Conceptual Framework

Based on the literature review above, this study assumes that MSME resilience in the digital era can be achieved without full digitalization if entrepreneurs possess strong social capital, adaptive traditional marketing strategies, and a preserved local product identity. The five main conceptual components formulated are as follows:

1. Traditional marketing – direct interaction, local market presence, and word-of-mouth promotion.
2. Social capital and trust relations – community support, reputation, and customer loyalty.
3. Quality and identity of local products – cultural values and community sense of ownership.
4. Non-digitalization context – strategic choices based on local wisdom.
5. MSME resilience – the ability to endure and adapt amid change.

This conceptual model positions traditional marketing and social capital as the core elements of non-digital MSME resilience. The quality of local products strengthens customer loyalty, while the non-digitalization context allows entrepreneurs to maintain social closeness as a distinctive feature of rural economies. Thus, MSME resilience can be understood as the result of integrating adaptive strategies with local social values.

METHODS

This study employs a qualitative approach using a case study design to gain an in-depth understanding of the resilience phenomenon among microenterprises that survive without utilizing digital marketing. This approach was chosen because it allows the exploration of meanings, values, and social mechanisms underlying traditional marketing strategies implemented by banana chip MSME actors in Ngadiluwih Village, Kediri Regency, East Java. The qualitative approach focuses on contextual and interpretive understanding of participants' experiences rather than statistical generalization (Creswell & Poth, 2018).

The research was conducted in Ngadiluwih Village, a rural community characterized by strong social ties and an active traditional market. The primary subject is the owner of a banana chip MSME that has been operating since 2004 and continues to rely on traditional marketing. Supporting informants include loyal customers, local market vendors, and community representatives. Informants were selected using purposive sampling based on the relevance of the information provided (Miles, Huberman, & Saldana, 2014).

Data were collected through three main methods:

1. In-depth interviews with the owner and customers,
2. Participant observation of production activities and sales interactions, and
3. Documentation, including photographs, archives, and sales records.

Data analysis was conducted inductively through the stages of data reduction, data display, and conclusion drawing (Miles et al., 2014). Data validity was ensured through source and method triangulation, as well as member checking with the main informants.

The analysis of this study focused on four main aspects:

1. The forms of traditional marketing applied,
2. The social and cultural mechanisms supporting resilience,
3. The meanings of trust and customer loyalty, and
4. The interaction between the non-digitalization context and local economic resilience.

RESULTS

This study focuses on a banana chip MSME located in Ngadiluwih Village, Kediri Regency, which has been operating since 2004 and has successfully maintained its business continuity without relying on digital marketing. Through in-depth interviews, direct observation, and documentation, four main themes were identified that illustrate the mechanisms of non-digital business resilience in the era of digital transformation.

1. Sustainable Traditional Marketing Strategies

The MSME applies traditional marketing strategies based on personal relationships and word-of-mouth promotion. Promotion occurs naturally through long-time customers who recommend the product to relatives or neighbors. Most customers are loyal buyers who personally know the business owner. Transactions are conducted through direct trust-based relationships without online ordering systems or social media. This practice demonstrates that traditional marketing remains relevant and effective within small communities characterized by close social ties and strong loyalty. These findings align with Mosavi and Gunawan (2022), who found that word-of-mouth marketing significantly influences the performance and sustainability of local MSMEs by strengthening customer trust and loyalty. Similarly, Bocconcelli et al. (2018) emphasize that personal relationships form the primary basis of MSMEs' competitive advantage in traditional and local markets.

2. Social Capital and Customer Trust

The results show that trust and social relationships between producers and customers are key factors in business resilience. The owner maintains customer relationships through personal communication, friendly service, and consistent product quality. This relationship fosters a sense of belonging between customers and the product. Many customers view purchasing local products as a way of supporting their community's economy. This phenomenon supports the findings of YahiaMarzouk et al. (2022), who emphasize that relational capital in the food industry plays a vital role in building customer loyalty and business resilience. Beyond customers, social support also comes from the surrounding environment, such as neighbors and local market vendors who help with product distribution or provide market information. This form of social capital acts as a safety net during times of pressure, consistent with Ozanne et al. (2022), who state that social capital strengthens resilience through networks of trust and community collaboration.

3. Product Quality and Local Identity

Business resilience is also supported by a stable product reputation and strong local identity. The banana chips are known for their distinctive flavor and simple packaging that highlights a "homemade" quality and authentic taste. Consistent flavor quality is the main reason customers remain loyal, even when new competitors emerge with digital promotions. Local identity reinforces the emotional connection between consumers and the product, a form of organic emotional branding. This finding supports the studies of YahiaMarzouk et al. (2022) and Setkute et al. (2022), which assert that perceptions of authenticity and cultural proximity are crucial in maintaining customer loyalty within the traditional food sector. Similarly, Tsai and Bui (2023) highlight that local identity marketing fosters brand attachment, which enhances small businesses' resilience against digital competition.

4. Business Resilience Through Social Adaptation

Although the business does not use social media, the MSME demonstrates contextual adaptation to modern changes. For example, the owner uses a basic mobile phone to receive orders via calls or text messages, without adopting digital payment systems. Adaptation is carried out according to local capabilities and needs, while maintaining the core value of social interaction in transactions. This approach represents a form of non-digital resilience, the ability to survive through social values rather than technology. These results align with the findings of Setkute, Arvidsson, and Suseno (2022), who indicate that the digitalization gap among MSMEs often stems not from resistance to technology but from strategic choices based on social realities and local market characteristics.

DISCUSSION

Traditional Marketing as a Mechanism of Resilience

The findings of this study indicate that traditional marketing functions as more than just a promotional tool; it acts as a social mechanism that sustains business continuity. In the context of the banana chips MSME, personal interactions foster long-term trust that substitutes for the role of digital promotion. These results extend the perspective of Hokmabadi et al. (2024), who emphasize digitalization as a key factor of resilience, by demonstrating that resilience can also be achieved through interpersonal relationships and social reputation in traditional markets. Similarly, Rahman et al. (2023) support this view, asserting that relationship-based marketing remains relevant in rural and semi-urban markets as a form of sustainable social adaptation.

The Role of Social Capital in Maintaining Business Stability

Social capital serves as a bridge between traditional marketing and business resilience. Mutual trust among business actors, customers, and the community functions as a form of social capital that can be converted into economic stability. Shan and Tian (2022) note that entrepreneurial passion and social bonding contribute to the psychological resilience of entrepreneurs, while Ozanne et al. (2022) found that social networks enhance adaptability under uncertain conditions. Therefore, the sustainability of non-digital

businesses is not solely determined by product strength but also by the quality of human relationships surrounding it, a form of community-based relational resilience.

Local Identity and Customer Loyalty as Social Assets

Customers purchase not merely because of price or promotion, but because of the emotional value and local identity of the product. This emotional attachment strengthens loyalty that cannot easily be replaced by digital products. Local identity serves as a form of social branding, building trust based on "authentic" and "handmade" values that are difficult to replicate through online marketing (Bocconcelli et al., 2018). Shafique et al. (2023) also affirm that community-based marketing reinforces customer loyalty through a sense of belonging and social participation. This demonstrates that social identity marketing can be an effective strategy for traditional MSMEs in the digital era.

The Non-Digital Resilience Model

Based on field findings and theoretical synthesis, this study proposes a conceptual model of non-digital MSME resilience. The model illustrates that social relationships act as a substitute for technology, and trust serves as the most powerful medium of promotion. In a social ecosystem such as Ngadiluwih Village, this strategy proves more effective than investing in digital platforms that do not align with the characteristics of the local market. This finding aligns with the digitalization paradox discussed by Lai et al. (2024), which suggests that digitalization that fails to align with social contexts and local capacities may reduce business effectiveness. Thus, non-digital resilience should not be seen as resistance to modernity but rather as an expression of social adaptation grounded in local wisdom.

Research Implications

1. Theoretical: This study expands the concept of business resilience by incorporating local socio-cultural perspectives, bridging the gap between digital marketing theory and traditional marketing practice.
2. Practical: The findings indicate that survival strategies do not necessarily require full digitalization but can instead leverage social relationships, community loyalty, and the quality of local products.
3. Policy: Governments should design community-based and gradual digital literacy programs, ensuring that digital transformation does not undermine the socio-cultural strengths that have long supported MSME resilience.

CONCLUSION

This study reveals that the resilience of micro-enterprises in the digital era is determined not only by their ability to adopt technology but also by the strength of the social, cultural, and local values embedded in traditional business practices. In the context of the banana chips MSME in Ngadiluwih Village, business continuity is sustained through strong social relationships, customer trust, and consistency in product quality and local identity. Traditional marketing strategies have proven not merely as alternatives to digitalization but as socio-economic mechanisms that foster long-term loyalty and stable sales performance.

The findings affirm that non-digital resilience can be understood as a form of contextual adaptation rooted in social capital and local wisdom. In situations of limited resources and digital literacy, business actors develop survival strategies that are equally effective as technology-based approaches. This adaptive pattern enriches theoretical discourse on business resilience and invites a critical reexamination of the dominance of digitalization narratives within modern entrepreneurship literature.

Conceptually, this research broadens the understanding of MSME resilience by positioning social relationships as strategic resources that serve a dual role—sustaining economic continuity and strengthening community identity. In the context of developing countries, this model demonstrates that small business competitiveness does not always rely on technological innovation but often on social and cultural innovations emerging from interpersonal and community interactions.

However, this study has several limitations. First, the focus on a single case study limits the generalizability of the findings to other MSMEs with different social, economic, and geographical characteristics. Second, the qualitative approach emphasizes depth of understanding but does not quantitatively measure the extent to which social relations can be converted into economic resilience. Third, the study does not yet explore intergenerational dynamics or potential shifts in consumer behavior alongside increasing digital penetration in rural areas.

Based on these limitations, future research is recommended to:

1. Employ comparative approaches across multiple MSMEs in various sectors to map more diverse patterns of non-digital resilience.
2. Develop quantitative or mixed-method models to measure the influence of social variables (trust, loyalty, social capital) on business performance and long-term resilience.
3. Examine intergenerational social transformations among business actors, particularly how younger generations can integrate traditional values with digital strategies without eroding local social character.
4. Investigate the role of public policy and MSME support institutions in creating ecosystems that value local strengths while promoting context-sensitive digital literacy.

Practically, the findings imply the importance of a non-uniform policy approach in promoting MSME digitalization. Governments and support institutions should facilitate community-based, gradual digital adoption, where the process of technological integration aligns with the reinforcement of social values that have long supported business sustainability. Hence, MSME resilience is not merely the outcome of technological modernization but a reflection of the synergy between social innovation and local wisdom that forms the foundation of rural community economies.

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