

## **Product Innovation and Digital Marketing Strategies: Key to Small Business Success in the Creative Economy Era**

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### **Abstract**

Product innovation and digital marketing strategies are pivotal to the success of small businesses, especially within the creative economy sector. This study adopts a qualitative approach through in-depth interviews with banana chip entrepreneurs to examine the interplay between innovation, digital marketing, and community support in driving small business performance. The results indicate that developing new flavor variants is essential for maintaining a competitive edge, while the use of social media platforms such as Instagram and Facebook significantly enhances product visibility and builds strong emotional connections with customers. Furthermore, community support provides valuable non-material resources, including social networks and psychological motivation, that help sustain business operations. By integrating theories of innovation, digital marketing, and social capital, this study offers a comprehensive understanding of small business dynamics and highlights the importance of sustainable innovation and digital engagement as strategic pillars for success in the creative economy era.

**Keywords:** creative economy; digital marketing; entrepreneurship; product innovation; small business

### **INTRODUCTION**

The development of the creative economy has become an essential issue for the global community, especially in driving local and national economic growth. Small and Medium Enterprises (SMEs) are one of the main pillars supporting economic stability through employment, poverty alleviation, and product innovation. In Indonesia, this sector has contributed significantly to the national Gross

Domestic Product (GDP) (Zaman & Andriyanty, 2022), with the snack industry being one of the rapidly growing sub-sectors.

However, the challenge of remaining competitive in global and local markets requires continuous innovation in products and marketing strategies. Several previous studies have shown the importance of innovation in maintaining the competitiveness of small businesses. According to (Ani, 2020), product

innovation can increase added value and attract market attention. In snack SMEs, innovation is often a determinant of success, especially when business actors can create product variants that suit market preferences. In addition, in-depth market research has been identified as an essential first step in designing an effective business strategy.

Other studies also highlight the importance of digital marketing in supporting the growth of MSMEs. Research by (Purwidianoro et al., 2016) Shows that social media can be a powerful tool to reach consumers at a lower cost than traditional marketing methods. Using platforms such as Instagram, WhatsApp, and Facebook has been shown to help companies increase product visibility and build direct relationships with customers. In Indonesia, the role of social media is becoming increasingly relevant, given the high penetration of internet users in this country. (Alimuddin, 2021).

In addition to aspects of product innovation and marketing, previous literature also underlines the importance of community support and social networks in the success of small businesses. All aspects of life cannot be separated from strong social relationships that can provide access to resources, information, and support needed by business actors. In business, for example, the involvement of family members, friends, and communities is often the main supporting factor that helps companies to survive amidst challenges.

Several studies have revealed that entrepreneurial training supports business actors' progress; for example, (Fanreza & Shilvana, 2021) Studied how digital marketing training can

educate business actors. (Siagian & Indra, 2019) The importance of accounting training was also discussed. However, that is not enough to ensure that business actors, especially small and medium macro businesses, are ready to compete in the global class. All the research results above provide valuable insights, but some things regarding business actors still need to be known.

For example, most studies focus more on the technical aspects of innovation and marketing without considering the social and cultural dynamics that influence business decisions. Second, research has not focused much on new business actors who cannot be categorized as MSMEs because they have little capital. Finally, very few studies still discuss the dynamics experienced by novice business actors with minimal capital in advancing and maintaining their businesses.

This study aims to understand the dynamics that occur in business actors using a holistic approach that focuses on product innovation and marketing strategies and social dynamics, culture, and community networks that support small businesses. This effort was carried out through in-depth interviews with banana chip business actors to understand the factors that influence their success comprehensively. Thus, this study is expected to contribute significantly to entrepreneurship and provide practical recommendations for small business actors in Indonesia.

## **METHOD**

This study employed a qualitative approach, with in-depth

interviews as the primary data collection technique. The interviews were carefully designed to elicit detailed and relevant information from the owner of banana chips teh vina, focusing on issues related to the research topic. The interviews were conducted face-to-face on december 10,2024, recorded using audio devices, and transcribed into text for analysis.

The transcribed data were analyzed using NVivo software. The data were imported into NVivo to be organized and coded during the analysis phase. Coding was done by assigning labels or tags to specific text parts that reflected the main themes or categories pertinent to the research

objectives. A thematic analysis was then conducted to identify significant patterns, relationships between categories, and key themes from the data.

The findings were visualized utilizing NVivo's features, such as graphs, charts, and thematic maps. These visualizations allowed the research results to be presented more systematically, structured, and comprehensibly. This approach provided a robust analytical framework, ensuring the data analysis was conducted thoroughly and grounded in the empirical evidence collected through interviews.

## RESULT AND DISCUSSION

**Table 1.** Summary of interview results with banana chips business owner

No	Interview Aspect	Question	Summary of Answer
A	Business Profile	When did this banana chips business start?	Started on September 4, 2023, initially as a small experiment and then expanded.
		Why did you choose banana chips as your main product?	It is a personal favorite snack, currently trending, and targets young people and families.
		What is the current structure and scale of the business?	Managed independently with part-time helpers for packaging and promotion; produces 15–30 pcs/day.
B	Product Ideas and Innovation	What inspired the development of flavored variants?	Inspiration came from family in the food industry and friends' suggestions to create unique flavors.
		How was the flavor development process carried out?	By experimenting with popular flavors like chocolate and cheese and conducting simple consumer surveys.
		What are the main challenges in developing new flavors?	Finding quality ingredients and ensuring the flavors are well received by the market.
		How important is product innovation for business sustainability?	Very important to maintain consumer interest, reach new markets, and stay competitive.

C	Marketing Strategy	How do you market your banana chips?	Personal branding via social media and collaboration with local stores.
		Which platform or method is most effective for reaching consumers?	Social media, WhatsApp groups, and word-of-mouth promotion.
		What strategies are used to attract new and retain existing customers?	Promotions like discounts and testers for new customers; personalized communication for loyal customers.
D	Challenges and Opportunities	What is the biggest challenge you've faced in running this business?	Maintaining consistency amid competition, and managing time and resources.
		How do you overcome these challenges?	Staying focused on the business goals and learning from experience.
		Are there any business opportunities to be further explored?	Online market expansion and product diversification, e.g., healthy banana-based snacks for children.
E	Support and Network	Do you receive support from any community or network?	Yes, especially for promotion and sharing experiences with other small business owners.
		What role does your family or environment play in the business?	Family plays a major role by offering moral and practical support in production and creativity.
F	Future Development	What are your future business plans?	Strengthening branding and focusing on innovations that meet consumer needs.
		Are there new products or innovations being developed?	Currently experimenting with new variants combining traditional and modern flavors.
		How do you see the development of small culinary businesses using bananas?	Very promising due to growing public interest in local-based food products.

## Product Innovation for Business Success

Product innovation has become essential in driving business success, as seen in the banana chips business with various flavors. In the perspective of entrepreneurial theory introduced by Joseph Schumpeter, innovation is the core of entrepreneurship, where entrepreneurs act as agents of change who bring new dynamics to the

market. (Śledzik, 2013; Ziemnowicz, 2020). Innovation in creating flavor variants such as chocolate-pandan or coffee caramel reflects this process because business actors introduce something new and unique, which not only attracts consumers' attention but also has the potential to replace conventional products that are less competitive. In this case, Schumpeter's theory is entirely relevant because it

shows how innovation can drive economic growth even on a small scale.

In addition, David McClelland's entrepreneurship theory emphasizes that the need for achievement is one of the main factors that drive entrepreneurial behavior. (Hoffarth, 2020; ROSIANA, 2021). In this case, small business actors create innovative products and show a strong drive to achieve better results. This drive is seen in their efforts to develop products that meet consumer needs while increasing competitiveness in the market. Despite facing limited resources, their courage to innovate matches McClelland's view that successful entrepreneurs have high ambitions to achieve something significant.

However, when viewed through the social entrepreneurship theory proposed by (Montgomery et al., 2012), the focus of banana chip product innovation seems more oriented toward commercial goals than significant social impacts. The theory combines entrepreneurship with a social mission to positively impact the community. In this context, the banana chip business with various flavors is not entirely in line with the theory unless the product innovation also aims to improve the welfare of the local community, such as empowering banana farmers or creating new jobs. This shows that although the theory provides an interesting perspective, this approach is more relevant if the innovation also considers social aspects explicitly, or it could be that we need to see how the research subjects are explored more widely.

Furthermore, Michael Porter's strategic management theory is

discussed in the study. (Fabrizi et al., 2024) Provides essential insights into understanding how innovation can create competitive advantage. Porter emphasizes that competitive advantage can be achieved through a differentiation strategy, where a product offers added value that competitors do not have. In the case of banana chips with various flavors, this strategy is implemented by offering consumers a new experience through unique flavor variants. This meets market needs and expands market share, following Porter's principle that differentiation can increase product attractiveness amidst competition.

From the perspective of resource management theory (Brandenburger & Stuart Jr, 1996) developed by (Barney et al., 2021), product innovation is also closely related to the ability of business actors to utilize their internal resources. Resources such as creativity, skills, and knowledge play an essential role in producing innovative products. In this case, banana chip entrepreneurs show that although they may have limited capital, they can rely on creative abilities to create something new. This strengthens the relevance of Barney's theory, which places internal resources as a key factor in creating added value.

However, innovation is also open to challenges, especially regarding risk and uncertainty. (Gartner & Teague, 2020) In his theory of entrepreneurial behavior, he emphasizes that entrepreneurs often must make decisions under uncertain conditions. In this context, entrepreneurs, especially beginners who innovate, face the risk of market failure, especially if consumers still need to accept new product variants.

However, the courage to take this risk shows that entrepreneurial behavior in dealing with uncertainty is an integral part of the innovation process itself.

These theories show that product innovation is a tool to create a competitive advantage and significantly drives sustainability for start-up entrepreneurs. While some theories, such as Schumpeter and McClelland, are entirely relevant, Austin's theory of social entrepreneurship challenges us to consider the broader social impact of innovation. This shows that innovation, although a key driver of business success, still requires a holistic approach and consideration of various perspectives.

#### Digital Marketing Strategy

Digital transformation in marketing, as explained in this study, can be understood more deeply through several relevant marketing and consumer behavior theories. The digital approach adopted by banana chip entrepreneurs aligns with McCarthy's Marketing Mix Theory. (Lahtinen et al., 2020), especially in the promotional element. Social media such as Instagram and Facebook are a tangible manifestation of a modern promotional strategy that expands consumer access while optimizing promotional costs compared to traditional methods.

Then, if discussed further using the Social Media Marketing approach (Bartoloni & Ancillai, 2024; Sadiq et al., 2023) it emphasizes the importance of direct interaction between business actors and consumers on social media platforms. This is reflected in the ability of business actors to utilize features such as paid advertising or customer reviews, which increase

product visibility and build deeper emotional relationships with customers. This action integrates important elements in marketing (Nirwana, 2023), which views that strong consumer relationships can result in long-term loyalty. When viewed from the perspective of consumer behavior taken from Kotler's thoughts reviewed in the article (Germirli, 2024), it provides important insights into how consumers make decisions based on information available on social media. In this context, customer reviews or visual stories used by business actors become important factors in consumer decision-making, especially in the attention and interest stages, which align with the AIDA model (Attention, Interest, Desire, Action) (Madanchian, 2024).

In addition, the technical challenges faced by small business actors are how marketing techniques, specifically digital marketing, must be developed as early as possible, so they need education and training to ensure their effectiveness. Several studies conducted by (Hidayat & Santoso, 2024; Indrawan et al., 2023; Sirodjudin & Sudarmiatin, 2023), which highlights the importance of digital training for business actors, and supports the idea that business actors need additional skills to utilize digital technology optimally.

Ultimately, online and offline marketing strategies are essential in promoting and developing products to achieve sales targets. Therefore, training related to digital marketing needs to be improved to empower small business actors.

#### Community Support

The results of interviews conducted with banana chip entrepreneurs show that community involvement reflects the importance of social networks as a resource that supports business sustainability and innovation. Putnam emphasized that through trust relationships, norms, and networks, social capital allows individuals or groups to access resources that support business growth. (Wojciechowska, 2021). In this case, community support is an important element that allows entrepreneurs to overcome initial financial limitations.

Speaking further on social networks, Granovetter provides an insightful perspective on how informal networks in local communities help entrepreneurs capitalize on market opportunities. Recommendations from friends, family, or other community members, as identified in this study, are a clear example of the power of weak ties. (Kim & Fernandez, 2023; Moreton et al., 2023; Sprecher, 2022) In expanding access to information and new business opportunities. This community support helps with financing and facilitates collaboration that motivates entrepreneurs to continue innovating.

The motivation generated from moral and emotional support felt by entrepreneurs can be explained by Maslow's Theory of Motivation. (Acquah et al., 2021; Durmuş, 2024), which places the need for appreciation and self-actualization as the main drivers for entrepreneurs to persist in facing challenges. In this case, encouragement from family and community creates a solid psychological foundation for small

business actors to face external obstacles such as less supportive government regulations.

In addition, Zimmerman's Empowerment Theory, which we can read about in writings (Kamin et al., 2022; Ziegler et al., 2022), shows how the community empowers individuals to develop their businesses. This community-based support provides entrepreneurs access to material resources and the confidence to take risks and utilize innovation as the primary tool to survive market competition.

However, challenges involving the role of each business actor to remain consistent in facing product competition, feelings of not being able to grow, laziness and other challenges remain significant obstacles that need to be addressed. As discussed (Daly, 2020), resilience in strengthening resources and the ability to recover can be used to understand how small business actors can adapt and find creative solutions, even in less-than-ideal conditions. Collaboration between communities, governments, and the private sector is a strategic step in creating a more supportive ecosystem, as suggested by this study.

The integration of these theories demonstrates the complexity of the challenges faced by small, micro, and medium enterprises and the importance of a multidimensional approach in supporting the sustainability of small businesses amidst economic and social changes.

### **Academic Implications and Contributions**

This study has significant practical and theoretical implications, especially in understanding the dynamics that occur in micro, small,

and medium enterprises. From a practical perspective, these findings indicate that innovation is essential in starting a business. Digital marketing strategies are efficient promotional tools and a means to build emotional relationships between entrepreneurs and consumers. Social media features, such as paid advertising and visual storytelling, are a relevant solution for small business actors to compete in the digital era. However, this study also highlights the need for resilience in businesses if they face challenges such as fatigue, laziness, and lack of confidence in competing with existing old products.

In addition, community support is a key element in supporting the running of the business, mainly to provide psychological encouragement that the actors often face. In this context, Putnam's social capital theory and Granovetter's social network theory described above provide a strong theoretical basis for explaining how social relationships can be utilized as non-material capital that supports the sustainability of small businesses. This underlines the importance of strengthening local networks through support from family, friends, and networks from the community that is owned.

Academically, this study contributes to integrating marketing, consumer behavior, and social capital theories to provide a perspective on the dynamics of small businesses in the digital era. By linking Chaffey's digital marketing theory with social capital theory and Maslow's motivation theory, this study proposes an integrative model that places digital innovation and community support as two main pillars of the success of

micro, small, and medium enterprises. This model can be a reference for further research in understanding the relationship between technology, society, and economics in the context of small businesses.

Thus, this study provides empirical insights into the challenges and opportunities faced by small business actors and offers relevant theoretical contributions to studies that focus on social dynamics and entrepreneurship.

## CONCLUSION

Product innovation is a key element in driving the success of small businesses, as reflected in the case of banana chips with various flavors. By applying Schumpeter, McClelland, and Porter's entrepreneurial theories, innovation is proven to create competitive advantages and expand market appeal through differentiation strategies. Flavor variants such as chocolate-pandan or coffee caramel are concrete forms of business actors' creativity in meeting consumer needs while strengthening their market position. However, overcoming uncertainty and the risk of failure remains an integral part of this innovation journey, which requires courage and resilience from business actors to continue to adapt and innovate.

In addition to innovation, community support plays a vital role in business sustainability. Based on Putnam's social capital theory and Granovetter's social network, local community involvement provides access to non-material resources such as networks, recommendations, and motivation. This factor is reinforced by



Maslow's motivation theory, which places moral and emotional support from the community as the psychological foundation for entrepreneurs to overcome external obstacles. By integrating digital marketing theory, social capital, and consumer behavior, this study proposes a holistic approach that places digital innovation and social networks as pillars of small business success. This relevant approach provides significant academic contributions to understanding the dynamics of entrepreneurship in small business actors.

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