

## **THE TRANSFORMATION OF MARKETING STRATEGIES IN FAMILY BUSINESSES: INTEGRATING CONVENTIONAL AND DIGITAL CHANNELS FOR BUSINESS SUSTAINABILITY**

**Danella Ancela Putri<sup>1</sup>, Cucu Susilawati<sup>2</sup>, Dinda Fitria Nur Rizki<sup>3</sup> Azizah Fauziyah<sup>4</sup>**

<sup>1</sup>Entrepreneurship Study Program, Indonesian University of Education, Jalan Dadaha No. 18, Kahuripan, Tawang District, Tasikmalaya, West Java 46115, Indonesia

E-mail: [danella.ancela@upi.edu](mailto:danella.ancela@upi.edu) ; [cussilawt1@upi.edu](mailto:cussilawt1@upi.edu) ; [dindafnrz27@upi.edu](mailto:dindafnrz27@upi.edu) ; [azizahfauziyah@upi.edu](mailto:azizahfauziyah@upi.edu)

### **ABSTRACT**

This study explores the transformation of marketing strategies in Indonesian family businesses through the integration of conventional and digital channels as a strategic pathway toward long-term sustainability. Employing a descriptive qualitative approach grounded in a systematic literature review, the research draws upon peer-reviewed journal articles indexed in Scopus, Sinta, and Emerald Insight, as well as official institutional reports published by BPS, OJK, and APINDO. These sources provide both theoretical and contextual insights into the evolving dynamics of family enterprises within the digital economy. The findings indicate that conventional marketing continues to serve as the foundational strength of family businesses, particularly in fostering emotional bonds, trust-based relationships, and long-term customer loyalty. Relationship-oriented practices such as personal selling and word-of-mouth promotion remain deeply aligned with family-centered values. However, digital marketing introduces critical advantages, including broader market reach, cost efficiency, data-driven decision-making, and enhanced brand visibility across diverse consumer segments. The integration of these two approaches, commonly referred to as an omnichannel strategy, emerges as the most effective model for balancing heritage with innovation. This integrated model enables family businesses to preserve relational authenticity while expanding competitiveness through technological adoption. The success of such transformation depends largely on digital literacy levels, intergenerational collaboration, leadership openness to change, and the adaptability of human resources. Ultimately, the digitalization of marketing strategies is identified as a decisive factor in strengthening resilience, competitiveness, and sustainable growth for Indonesian family enterprises in an increasingly technology-driven marketplace.

**Key words:** family business, marketing strategy, digital transformation, omnichannel, business sustainability

### **INTRODUCTION**

Family businesses represent one of the most fundamental pillars of Indonesia's economic structure. According to APINDO (2023), more than 80% of small and medium-sized enterprises (SMEs) in Indonesia are family-owned, contributing over 60% to the national gross domestic product. Beyond their economic contribution, family enterprises play a crucial socio-cultural role by generating employment, sustaining local economies, and preserving intergenerational business traditions. Their organizational strength is often rooted in long-term orientation, strong relational trust, shared identity, and value continuity across generations (Astrachan & Shanker, 2003). Unlike non-family corporations that frequently prioritize short-term financial performance, family firms tend to emphasize legacy preservation, stability, and sustainable growth.

However, the rapid development of digital technology has significantly altered the competitive landscape. The digital era has reshaped consumer behavior, purchasing patterns, and information access. Customers now rely heavily on online platforms, social media reviews, and digital recommendations when making purchasing decisions. This transformation demands that businesses adapt their marketing strategies to remain visible and relevant. While digitalization opens new opportunities for growth, it simultaneously creates pressure for traditional family enterprises that are accustomed to conventional operational systems and face internal resistance to technological change.

The transformation of marketing strategies has therefore become a strategic necessity rather than a voluntary choice. Conventional marketing methods, such as personal selling, word-of-mouth communication, and community-based promotion, remain highly effective in building emotional attachment, trust, and loyal customer relationships. These approaches align naturally with the relational culture of family businesses. However, their limitation lies in scalability and geographic reach. Market expansion through purely traditional methods tends to be slow and dependent on physical interaction networks.

In contrast, digital marketing provides broader market exposure, real-time customer engagement, data-driven decision-making capabilities, and relatively lower promotional costs (Chaffey & Ellis-Chadwick, 2019). Social media platforms, online marketplaces, and digital advertising tools enable SMEs to reach consumers beyond local boundaries. Digital channels also facilitate branding consistency, performance tracking, and targeted promotion

strategies. From a strategic perspective, digital marketing enhances competitive agility and responsiveness to market trends.

Despite these advantages, the integration of conventional and digital marketing strategies remains uneven among Indonesian family businesses. Data from BPS (2024) indicates that only 28% of family-owned SMEs consistently utilize digital platforms in their marketing activities. This statistic reflects a persistent digital gap influenced by limited technological literacy, resource constraints, and generational differences in strategic orientation. Founding generations often prioritize stability and traditional customer networks, while younger generations may advocate for digital experimentation and modernization. This divergence can create internal tension, slowing strategic adaptation.

The challenge, therefore, is not merely technological adoption but strategic integration. Family businesses must determine how to combine relational-based conventional marketing strengths with the efficiency and scalability of digital tools. Without integration, businesses risk either stagnating in limited local markets or adopting digital practices superficially without leveraging their relational capital. The sustainability of family enterprises increasingly depends on their ability to balance tradition and innovation, heritage and modernization.

This study aims to analyze how the integration of conventional and digital marketing strategies can enhance business sustainability within Indonesian family enterprises. Specifically, it seeks to identify key enabling factors, internal constraints, generational dynamics, and strategic pathways that support effective digital transformation without undermining core family values. By examining this integration process, the study contributes to a deeper understanding of how family-owned SMEs can maintain competitiveness and long-term viability in a rapidly evolving digital economy.

## METHOD

This research adopts a qualitative descriptive design using a literature review method to explore the integration of conventional and digital marketing strategies within family businesses. A qualitative descriptive approach was selected because the objective of this study is not to test hypotheses statistically or measure causal relationships through numerical modeling, but rather to interpret, compare, and synthesize existing theoretical and empirical findings related to family enterprises, marketing transformation, and digital adoption. By emphasizing conceptual depth and contextual interpretation, this approach enables the researcher to examine how marketing strategy evolution is shaped by structural, cultural, and generational dynamics within family-owned SMEs. Through this method, the study aims to construct a comprehensive conceptual understanding of how the integration of marketing channels contributes to long-term business sustainability in the Indonesian context.

Data were collected exclusively from secondary sources to ensure breadth and theoretical rigor. The primary sources consisted of peer-reviewed national and international academic journals indexed in reputable databases such as Scopus, Sinta, and Emerald Insight. These journals were selected to ensure academic credibility, methodological quality, and relevance to the research topic. In addition, official institutional reports and statistical publications from organizations including APINDO, BPS, and OJK were incorporated to provide macro-level contextual data regarding the economic contribution of family businesses, digital adoption rates, and structural challenges faced by SMEs in Indonesia. The selection of literature was conducted purposively, guided by criteria such as thematic relevance, recency of publication, empirical strength, and alignment with issues of marketing integration and sustainability.

The data analysis procedure was conducted systematically through three interrelated stages. First, the study gathered and critically reviewed theoretical frameworks and prior empirical studies concerning family business characteristics, intergenerational dynamics, marketing strategy transformation, and digitalization processes. This stage focused on identifying dominant theories, conceptual trends, and existing research gaps. Second, the research examined patterns of integration between conventional marketing methods—such as personal selling, relationship-based promotion, and community networking—and digital marketing practices, including social media engagement, e-commerce platforms, and analytics-driven advertising. Particular attention was given to complementarities, tensions, and generational influences affecting adoption and implementation. Third, the study synthesized these findings into a structured conceptual discussion that highlights implications for sustainable business practices. This synthesis aimed to bridge theoretical insight with strategic relevance, offering practical recommendations for family enterprises seeking to harmonize traditional relational strengths with digital competitiveness.

Through this structured literature-based analysis, the study provides a comprehensive conceptual exploration of marketing integration within family businesses and contributes strategic insight for enhancing adaptability, resilience, and long-term sustainability in the evolving digital economy.

## **RESULTS AND DISCUSSION**

Findings indicate that conventional marketing continues to function as the foundational strength of family businesses, particularly in Indonesia, where social relationships and community ties remain central to economic activity. Relationship-based approaches such as personal selling, word-of-mouth communication, community participation, and long-standing customer interaction are not merely promotional tools but embedded cultural practices. Over time, these practices cultivate deep emotional attachment, trust, and loyalty among customers. In many family enterprises, such relational capital has been developed gradually across generations, reinforced through consistent product quality and personal credibility. The emotional dimension of marketing in this context goes beyond transactional exchange; it reflects shared identity, mutual familiarity, and reputational continuity. This accumulated trust becomes a strategic intangible asset that distinguishes family businesses from more impersonal corporate competitors whose customer relationships are often mediated purely by formal systems and standardized branding.

Nevertheless, reliance exclusively on conventional marketing limits growth potential. While relationship-based strategies are effective in retaining loyal customers, they are typically constrained by geographic proximity and network boundaries. Expansion through word-of-mouth alone can be slow and difficult to scale. In contrast, digital marketing introduces structural advantages that extend beyond physical limitations. Through social media platforms, online marketplaces, digital advertisements, and content-based engagement, family businesses gain access to broader consumer segments, including younger and digitally active demographics. Digital channels enable businesses to monitor customer behavior, measure campaign performance, and implement targeted promotional strategies with greater precision and efficiency. In this respect, digital marketing does not replace relational marketing; rather, it complements and amplifies it by expanding reach while preserving core brand values.

The integration of both strategies, commonly conceptualized as omnichannel marketing, produces a cohesive and consistent customer experience across offline and online environments. As emphasized by Hossain et al. (2023), the effectiveness of channel integration significantly influences customer satisfaction, trust, and long-term brand loyalty. For family enterprises, omnichannel integration allows them to maintain personalized interaction in physical settings while offering digital accessibility and convenience. Customers may initially encounter the brand through social media exposure, continue interaction via messaging platforms, and finalize purchases through direct or in-store engagement. This interconnected journey reinforces credibility and strengthens customer retention, as consumers perceive consistency across touchpoints.

Furthermore, the integration of conventional and digital marketing contributes to sustainability across economic, social, and environmental dimensions. Economically, digital promotion enhances cost efficiency and sales potential by widening market reach and enabling data-informed decision-making. Socially, preserving relational marketing practices ensures the continuity of family-based values such as trust, loyalty, and long-term commitment. These values strengthen relationships not only with customers but also with suppliers and local communities. Environmentally, digital communication reduces dependence on printed promotional materials and minimizes resource waste, contributing incrementally to sustainable operational practices.

Despite these advantages, the transformation toward integrated marketing systems faces substantial internal and structural challenges. Limited digital literacy among founding generations may create reluctance toward technological adoption. Generational differences in strategic orientation can produce tension, particularly when younger family members advocate rapid digitalization while senior members prioritize stability. Additionally, financial constraints, limited technological infrastructure, and lack of specialized human resources may hinder systematic implementation. Without deliberate planning and coordinated strategy, digital adoption risks becoming fragmented and symbolic rather than transformative.

Therefore, successful integration depends on structured cross-generational collaboration within family businesses. Younger members often contribute digital skills and innovation awareness, while senior generations provide experiential knowledge and relational credibility. When these competencies are combined strategically, they create organizational balance and adaptive strength. External institutional support is equally important. Government-sponsored digital literacy initiatives, SME capacity-building programs, and improved technological access can significantly reduce structural barriers. Through coordinated internal collaboration and supportive policy environments, family enterprises can transition more effectively toward sustainable omnichannel marketing models in an increasingly digital marketplace.

## **CONCLUSION**

The transformation of marketing strategies within family businesses is no longer optional but essential for sustaining competitiveness in the digital era. Rapid technological advancement and evolving consumer behavior demand strategic adaptation that extends beyond traditional promotional practices. However, this transformation should not be interpreted merely as the adoption of digital tools or online platforms. Rather, it

represents a broader organizational adjustment that requires alignment between inherited family values and contemporary market demands. In family enterprises, marketing transformation is inherently intertwined with identity, legacy, and relational trust.

The integration of conventional and digital marketing approaches—through an omnichannel framework—offers a strategic pathway for achieving this balance. Conventional marketing preserves emotional closeness, personalized service, and long-standing customer relationships that form the relational foundation of family firms. Digital marketing, meanwhile, enhances scalability, operational efficiency, data-driven decision-making, and broader market visibility. When these two approaches are harmonized effectively, family businesses are able to deliver a consistent and seamless customer experience across offline and online channels. This integration strengthens brand authenticity while expanding competitive reach.

Moreover, the omnichannel approach contributes to reinforcing brand identity by ensuring that family values and product uniqueness are communicated consistently across platforms. It also improves resource efficiency through targeted promotion and measurable performance tracking. Importantly, it allows businesses to remain culturally rooted while simultaneously adaptive to technological change. Such integration transforms digitalization from a disruptive force into a complementary strategic instrument.

In conclusion, the long-term sustainability of family enterprises depends on their ability to balance innovation with heritage. Overemphasis on tradition may limit growth potential, while unstructured digital adoption may dilute core identity. Sustainable success lies in the capacity to integrate technological advancement without compromising relational values. Strengthening digital capabilities, encouraging structured intergenerational collaboration, and preserving human-centered principles such as trust and loyalty are critical to ensuring adaptability and resilience. By harmonizing continuity with change, family businesses can maintain relevance and competitiveness within an increasingly dynamic and technology-driven marketplace.

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