

## **INCREASING PRODUCTIVITY THROUGH DIGITALIZATION AND ITS IMPACT ON THE FIELD OF MARKETING AT ORGANIZATIONAL LEVEL**

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### **Abstract**

No matter if we are talking about entrepreneurs or managers in a company, their main goal is to improve productivity and increase profitability, respectively an increase in the results obtained with the same consumption or a lower consumption of resources in order to obtain the same results.

In this sense, new technologies have the role of increasing the efficiency of production processes, thus ensuring productivity growth, and we refer here to digitization as a continuous process, in which companies must adapt and integrate new technologies into their activities. This is necessary to streamline the work processes and to respond more effectively to the requests from consumers. We are talking about digital solutions, which through data analytics, machine learning, etc. manage to be of real help especially in the situation of recurring activities, offering companies new opportunities to improve the performance of operational processes and achieve significant savings.

**Keywords:** digitization, digital technologies, productivity, digital marketing

**JEL Classification:** M19, M21, O31, O49

### **1. Introduction**

Digitization has been the watchword of the last year and a half regardless of the companies' field of activity and regardless of the degree of development of the world's economies. The COVID-19 pandemic thus accelerated a series of processes and hastened actors around the world to adopt new technologies in order to function in the new normality.

Companies accelerated digitization at a surprising speed, two or three years ahead of the plans they had for the next five years. Thus, it becomes more and more obvious that this is the only solution at the level of an organization to be able to remain competitive both locally and internationally; digitization improves the performance of companies, helping to reduce financial obstacles. [5]

Thus, more companies are keen to optimize the methods of using their assets to boost productivity, with digital technologies being seen as ideal mechanisms for changing energy consumption patterns. [2]

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Regardless of whether we are talking about entrepreneurs or managers in a company, their main goal is to improve productivity and increase profitability, respectively an increase in the results obtained with the same consumption or a lower consumption of resources in order to obtain the same results. In this sense, new technologies have the role of increasing the efficiency of production processes, thus ensuring the increase of productivity and, implicitly, of sales and profit of companies. Consequently, today's world is mainly influenced by digital technologies, which lead to the digital transformation of business sectors and the economy as a whole. [1]

Thus, more and more companies are incorporating digital solutions, leading to an estimate of productivity growth of at least 2% per year in all countries over the next decade. [4]

Digitization is a continuous process, in which companies must adapt and integrate new technologies into their activities. This is necessary to streamline the work processes and to respond more effectively to the requests from consumers. We are talking about digital solutions, which through data analytics, machine learning or RPA (Robotization of the Automation Process)<sup>3</sup> manage to be of real help, especially in the situation of recurring activities, offering companies new opportunities to improve the performance of operational processes and achieve significant savings.

Recalibration processes based on new technologies, digital economy, highly skilled workforce, should take the place of routine operations, activities with low added value and conservative business models. The key role of the transformations is played by the transfer of knowledge, the incorporation of knowledge into processes and the configuration of the so-called knowledge-based economy. There is no doubt that this knowledge will be accumulated and amplified by computers, artificial intelligence, digitization, the use of the Internet, the virtual economy and the 4th industrial revolution, but all this will happen with the accumulation of intellectual capital instead of physical capital. [10]

Thus, the digitization and automation of processes will become an integrated part of every organization in order to remain competitive both locally and internationally.

The phenomenon of digitization of business has introduced increasingly dynamic changes throughout the global economic sphere, while its content continues to increasingly affect the competitiveness of national economies. At the microeconomic level, digital technologies lead to a change in the economic structure and the quality of the factors of production, based on knowledge and innovation. [7]

Today, technological developments have changed their dimensions with the digitization process, technological transformation has happened faster than seen in the past, man-machine cooperation in working life has started to shift in favor of machines and mechanization and automation production. For this reason, it is believed that the digitization process will positively affect both total factor productivity and labor productivity. [3]

In our country, whether we are talking about business processes or working from home, companies increasingly rely on technology (35%) stating that they accelerate automation to reduce costs. The majority (85%) of Romanian company decision-makers plan an

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<sup>3</sup> Automation Process Robotization - system that can automate almost any computer activity, eliminating human errors and saving money and human resources.

increase in investments in digital transformation, in the next three years. (CEO Survey 2021 )

Thus, digital transformation rises to first place in the top of the fields for which executives will allocate more funds. In 2021, the digital transformation surpassed the operational efficiency that was a priority in recent years, the orientation towards digitization being an effect of the situation of the last year and a half, in which technologies meant, in many situations, the survival of businesses. At the same time, there is also a greater awareness, thanks to this recent context, that the future belongs to digitization, companies in Romania are aware of this fact and are going to allocate at least 10% more funds for investments. (CEO Survey 2021)

In the era of digitization, companies adapt to the fast pace and changes of the market; in order to develop, they implement effective technological solutions that visibly improve the activity. Such technological solutions that provide intelligent management of the entire business can target:

- data security and cloud computing, ensuring their flexibility and safety, being protected by a constantly maintained system;
- customer management and customer service - a dedicated management system (CRM software) and a platform where customer information is stored;
- employee management – through human resources software that saves time invested with administrative procedures, centralizes information about employees and eases the work of human resources staff. [www.one-it.ro](http://www.one-it.ro)

The next leap in the evolution of mobile and wireless communications is represented by 5G technology. PwC estimates show that the use of 5G technology, along with investments in artificial intelligence (AI) and the Internet of Things (IoT), can lead to the optimization of business models, new products, and fast and efficient services, with gains expected to accelerate from 2025. At the same time, it should also be mentioned that the idea of digital transformation is also found in the context of the Green Pact of the European Union ([europa.eu](http://europa.eu)) in the multitude of smart digital solutions that support the sustainability of companies, in multiple variants: 5G solutions, big data. [9]

The main expected results, at the organizational level, of the adoption of sustainability supported by digitization come from: cost reduction, more effective risk management, adaptation to consumer expectations, stimulation of innovation, attraction and engagement of staff, better reputation, etc., against the background of a strategic visions of these companies. [6]

However, the growing dependence on digital services exposes companies to increasingly numerous and complex cyber threats. Companies are now spending more than ever on cyber security and privacy, and in the immediate future, continued investments in people, processes and technology are expected. It is obvious that the direction in which organizations from all fields of activity are heading is to be more and more efficient and flexible, using more and more technology.

However, although these cutting-edge technologies offer significant advantages to businesses, some risks may arise as these technologies continue to develop and eventually it becomes harder to control the pace of development. There are growing concerns about cases of artificial intelligence infringing on personal privacy.

In this sense, using customer data without informing the customer is behavior that violates the rules of ethics; at the same time, the ads in the field of commercial advertising, which can also be sent via smartphone, can analyze the psychology of the consumer and can exploit the weak points of some people. Companies like Facebook, Google and Amazon use algorithms to influence the consumer in viewing advertisements. [8]

Therefore, most of the companies are only at the beginning of this road to digitization and require larger investments. For example, at a global level, the (CEO Survey 2021 ) 2021 studies show that only 5% of companies are now truly digital". In the new context, it is expected that the use of advanced data analysis will be more intensive and the adoption of Artificial Intelligence (AI) in the foundation of management decisions, including those of risk management, will be made on a large scale.

Following this transformation, it is clear that this is the optimal way to prime the engines for increased productivity, then distribute the results to improve living standards and prosperity. At the same time, a series of changes are required, primarily in the remodeling of the educational system and the emphasis on research policy, the spread of digitization and the improvement of innovation, making the main power of the new system to be knowledge. [10]

## **2. Digital transformations in the field of Marketing**

In 2021, most companies recalibrated their marketing efforts to the new economic context, but also to the transformations brought by the new way of working of marketing teams. The results were not slow to appear, through digitization and the constant use of data to make the necessary corrective decisions.

In 2022, under the pressure of changes in supply chains, marketing managers understood that they must focus on the effective delivery of results, giving importance to the content intended for their current customers (acquiring new customers is known to be 5 times more expensive than keeping current; increasing retention rates by just 5% can increase profits by 95%).

In this context, the current challenges in the field of marketing could be:

- efficient generation of results (79%)
- execution of omnichannel strategies (75%)
- understanding new customer buying preferences (72%)
- obtaining engagement on content (70%)
- creating content that best meets customer needs (63%)

It becomes essential for brands to know how their target audience engages with their content. Understanding user intent and experience is an emerging marketing trend that will stick around for the long term. There are three types of user intent to consider when creating content: transaction/purchase, navigation, and information.

In the content strategy companies must take into account the intention of the potential customer and what he wants to do with the information provided, in order to create a positive experience for him. That's why other challenges mentioned by marketing managers include integrating storytelling into sales (44%) and implementing multimedia marketing tactics (35%). ([www.mindshop.ro](http://www.mindshop.ro))

In addition to the challenges, marketing specialists must also follow the trends that are manifested in this field, in the context of technological development, respectively<sup>4</sup>:

- 86% of companies say that this year they are focusing on optimizing their online presence
- 65% on content marketing that addresses customer needs
- 52% will rely on the advanced use of CRM platform functions in the management of sales processes
- 44% will do video marketing with an emphasis on measuring results
- 41% will specialize in managing micro-moments in the experience of current and potential customers.

In the first place 61% of the responding companies put their marketing on social networks, followed in second place by 60% who focus on content marketing and in third place by 47% who rely on influencer marketing.

Regarding the budgets allocated to the adaptation to the new conditions imposed at the moment, the situation is outlined as follows<sup>5</sup>:

- 4% of companies have annual marketing budgets of over EUR 1,000,000
- 3% have budgets of EUR 500,000–1,000,000
- 9% of EUR 250,000–EUR 500,000
- 6% of EUR 100,000–EUR 250,000
- 27% of EUR 10,000–100,000

Another aspect identified is that, with the intensive digitization of marketing and sales processes, companies have allocated slightly larger budgets for generating sales, but also for specific platforms that allow them to measure results. ([www.mindshop.ro](http://www.mindshop.ro))

Regarding this aspect, digital marketing budgets are getting bigger and bigger; by accelerating the digitization process, it is estimated that the value of the local digital market

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<sup>4</sup> According to a study by Mind Shop Advertising Agency, 2022

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will reach at least 140 million euros<sup>6</sup> at the end of 2022, while in 2021 it was 125 million euros.

In the context where people spend an average of 4-8 hours a day on mobile phones alone, and 7 out of 10 minutes are spent on a social media application, online games and video streaming platforms, it is no surprise that the digital market in the world, and implicitly in Romania, is in permanent growth.

In 2022, 3 new websites are created every second, that is 175 websites per minute. There are over 1.18 billion websites worldwide, but only 17% of them are active. The online environment is increasingly crowded. There are many opportunities, but also many issues with data security, limiting online consumer tracking, and a pervasive problem of trust. Those who manage to gain the trust of their customers and have direct communication with them will be the biggest winners.

In 2021, the most downloaded app was TikTok (according to statistics, its users spend 90% more time on it compared to 2020), while YouTube is the most popular video streaming app worldwide.

According to her, a positive trend that emerged in 2021 and continued in 2022 is that the local digital market is becoming more educated, and entrepreneurs are much more willing to listen to the advice of specialists.

A trend that also arose from the need for businesses to take quick measures in order not to disappear from the market under the conditions imposed by the "new normal". Thus, in the context where in the first 10 months of 2021 more than 50,000 companies were written off (30% more compared to the same period of 2020), many entrepreneurs understood that you can no longer exist as a business if you do not invest constantly in online.

Paradoxically, although time spent online has increased, for many businesses it is increasingly difficult to reach the right audience. Thus, the skills of digital marketing experts to succeed in bringing results for their clients, no matter how high the competition is, assumes great importance.

As for the mistakes that entrepreneurs make in the online environment, they are considered to be about copying market trends and lack of personalization of messages; according to a study published by Forbes in 2020, a person sees around 4,000 to 10,000 online and offline advertising messages per day. ([www.forbs.ro](http://www.forbs.ro))

At the same time, in the current context, it is expected that the events will be in a hybrid format and, practically, the budgets allocated in the past in the organization of a physical event, are reoriented in the online promotion of the event. This is where Virtual Reality has its say, so that everything seems as true as possible from the comfort of your home. Current trends include:

✓ **aligning the content** according to the Venn Diagram, which can start with the first properly written sentence<sup>7</sup>

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<sup>6</sup> [www.forbs.ro](http://www.forbs.ro), 2022

<sup>7</sup> According to New marketing trends in 2022 - Bogdana Corcoz



Sursa: [www.relevance.com](http://www.relevance.com)

It's a somewhat natural trend for content creators, as brand visibility, credibility and authority must overlap to differentiate yourself in the market. Basically, to be a dominant brand in the market, its credibility is mandatory - that is, doing what you say you do!

At the same time, brand visibility is the effort of digital PR; it means the brand needs to 'talk' to people on social media, respond to complaints and offer solutions. Authority – to become an authoritative brand you must have consistency and unified communication.

✓ **non-profit actions** will become an essential part of marketing planning; more and more companies will look to partner with NGOs and it will be a win-win for both sides;

✓ **AI (Artificial Intelligence)** will become an important component in marketing trends - the era of influencers is already coming to an end and will be replaced by the "influencer identification" tool that tracks millions of videos and content materials that have an outlet public, and further displays them to the relevant public.

Furthermore, another option would be for past customers to promote your product or service as an affiliate. In this way, they feel motivated to talk about the products and services that they have directly interacted with and openly promote them. People who are truly excited about promoting the product will deliver the best results every time. (Creative Advertising)

### 3. Conclusions

The new competitive conditions in the post-pandemic market reveal the main growth factors, namely resilience, adaptability and flexibility, factors that are based on innovation, creativity, and entrepreneurship. In the current context, they are translated into the ability to act in the online environment, and to prioritize new opportunities generated by abrupt market changes. [10]

In conclusion, the NEW seems to be the current engine of the world economy, the new paradigm of creativity putting originality first, without forgetting quality.

In this sense, the digital transformation of recent years has a major impact on economies around the world, including in Romania, offering new opportunities to organizations, according to data from the Microsoft Digital Future Index Report that indicates the existence of a strong correlation between the level of digital development and economic results and societal of a country.

The constant integration of advanced digital technologies - such as Cloud, IoT and AI - in the activity of organizations plays a key role in increasing the impact of digital governance, an objective that is on the public agenda in Romania through the National Resilience and Recovery Plan (PNRR). (<https://mfe.gov.ro/pnrr>)

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