

Chapter 4

The Degree of SMEs Digitalization in the Context of the European Digital United Market

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ABSTRACT

The purpose of this study is to evaluate, based on official statistical data, Romania's situation on SME marketing adaptation to the digital economy compared to 25 other European countries. The chapter will consist of three parts: Part 1, "Digital Economy"; Part 2, "Marketing of SMEs in the Context of the Digital Age"; Part 3, "The Analysis of the Degree of Digitisation of SMEs and the Creation of Favourable Conditions for this Process in the EU: Application - Hellwig's Classic Taxonomic Method." The situation created by the COVID-19 pandemic will also be included. The author presents the main aspects of SME marketing and the new characteristics and trends of their marketing in the 'digital age'. This paper aims at the following objectives: 1) to show how the economy is influenced by new technologies and 2) to highlight Romania's position among other European countries in the application of electronic marketing techniques among SMEs.

INTRODUCTION

Humanity never met before such an increased rate of changes and a strong connection between the existent phenomena. The globalisation and continuous evolution of technology become the development real "engines", but only if they are understood and used in the right moment, in the right area, and in the measure in which they harmonise with circumstances.

The economy strongly connects to daily life, and the new technologies cannot isolate it, nor can avoid their influences. Moreover, the economy may benefit from many opportunities, by gradually adapting

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to significant changes from performant technologies increasing usage. Nowadays, economic agents can streamline their activity more than ever and access detailed information quickly. Furthermore, consumers too become more informed and independent in making decisions and choices. This aspect imposes the granting of significant importance to marketing activities, and at the same time, their adaptation to the evolution direction of the economy.

Digitalisation is: "...the sociotechnical process of applying digitising techniques to broader social and institutional contexts that render digital technologies infrastructural" (Tilson et al., 2010). Concretely, digitalisation is the application of digital technologies and infrastructures in business, economy, and society.

The ability to internationalize has become a competitive necessity for many firms and represents an important way to survive and grow in the age of globalization (Joensuu-Salo et al., 2018). The process of SMEs internationalisation is a learning process (Schweizer 2012). Autio (2017) argues that the effect of digitalisation creates opportunities for existing SMEs to proactively rethink their internal and external interactions. Digital transformation changing the way of small and medium-sized enterprises (SMEs) create and gain value (Bharadwaj et al., 2013; Lucas et al., 2013). But, in many cases, SMEs are not fully aware of the digitalisation effects. This leads to a misconception in terms of the complexity and expenditure of digitisation solutions so that their potential economic benefits cannot be adequately estimated (Sommer 2015). On the other hand, an incorrect estimate of the adoption of digitisation could put in danger the SMEs value chain, as they are much more cost-sensitive compared to large enterprises. Therefore, an appropriate approach is needed for SMEs to estimate the potential for implementation and prioritise digital technologies (Kilimis et al., 2019).

Digitalisation encompasses a critical component: electronic commerce, which is, in essence, a selling channel (supplementary), whose essential characteristics are speed, flexibility, and transparency. Digitalisation opportunities are multiple: more extensive visibility, a broader coverage on the market, storage reduced costs, shorter delivery terms, more efficient acquisition processes, and higher customer satisfaction. E-commerce activities may generate turnovers, impossible to obtain through conventional means (such as selling at a fixed point, sales forces, fairs, and catalogues, mail-order); it may allow SMEs to access groups of new clients, digitally oriented, or extend their sales area in other regions, even beyond country borders.

Technology is continually transforming the world. Even though this offers many opportunities for those who have access to it, some barriers still exist in the online environment, which prevents users from enjoying all the desired goods and services, the online companies, and start-ups to have unlimited horizons. The governments and businesses to fully benefit of online environment's instruments.

This case study will follow Romanian SMEs' actual situation analysis on the Digital Single Market by comparing it with other 25 European states in the 2013-2019 period. The purpose of this study is to evaluate, based on official statistical data, Romania's situation on the SMEs' marketing adaptation to the digital economy.

The chapter will consist of 3 parts: Part 1. Digital Economy; Part 2. Marketing of SMEs in the context of the Digital Age; Part 3. The analysis of the degree of digitisation of SMEs and the creation of favourable conditions for this process in the EU: application - Hellwig's classic taxonomic method.

Part 1 introduces the concept of a digital economy and gives a presentation of its characteristics, concepts closely related to it, and current trends. The situation created by the Covid-19 pandemic will also be included.

Part 2 argues the importance of SMEs in the European economy and generally presents the main aspects of the marketing of small and medium-sized enterprises, as well as the new characteristics and

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