

CURRENT TRENDS IN MARKETING DIGITALIZATION AND THE IMPACT OF DIGITAL TRANSFORMATION ON MANAGEMENT SYSTEM EFFECTIVENESS: EVIDENCE FROM ARMENIAN ORGANIZATIONS

Goharik KHACHATRYAN, PhD in Economics, Northern University

<https://orcid.org/0009-0002-3237-4309>

goharik.khachatryan.69@inbox.ru

Meri KARAPETYAN, Master's Student, Northern University

<https://orcid.org/0009-0002-3237-4309>

m.marykarapetyan@mail.ru

Abstract

The research applies a conceptual-analytical and comparative methodology, integrating international empirical findings with contextual evidence from Armenian firms. The study explores key technological drivers such as artificial intelligence, big data analytics, cloud computing, CRM systems, and omnichannel platforms.

The findings indicate that digital transformation significantly enhances decision-making quality, operational efficiency, and customer engagement. However, Armenian organizations exhibit heterogeneous levels of digital maturity, resulting in uneven performance outcomes. The study develops an integrated conceptual framework linking digital transformation with management effectiveness through KPI-based systems and data-driven processes.

Keywords: marketing digitalization, digital transformation, management effectiveness, KPI systems, Armenia, data-driven decision-making.

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Introduction

The rapid development of the digital economy has fundamentally transformed the structure and functioning of modern organizations. Digital technologies are no longer auxiliary tools but have become core components of business strategy and management systems (Ryan, D. 2020).

Marketing digitalization, in particular, plays a crucial role in enabling organizations to collect, process, and utilize data for strategic decision-making. According to Kotler and Keller, modern marketing is increasingly data-driven, customer-centric, and technology-enabled.

Despite global advancements, emerging economies such as Armenia demonstrate transitional characteristics in digital transformation. Armenian organizations are gradually adopting digital tools; however, structural, financial, and institutional constraints limit the speed and depth of transformation (Kotler, P., & Keller, K. L. 2016).

Research Objective: To evaluate the impact of marketing digitalization on management system effectiveness in Armenian organizations.

Research Questions

- How does digital transformation influence managerial decision-making?
- What is the relationship between digital maturity and organizational performance?
- What barriers constrain digital transformation in Armenia?

2. Literature Review

Digital transformation has been widely studied as a multidimensional phenomenon integrating technology, strategy, and organizational change. (Davenport and Harris Davenport, T. H., & Harris, J. G. 2007). emphasize the strategic role of analytics in achieving competitive advantage. Similarly, (Wedel and Kannan Wedel, M., & Kannan, P. K. 2016). highlight the importance of marketing analytics in improving customer targeting and performance measurement.

Recent studies (McKinsey, 2022) show that companies implementing advanced digital marketing technologies achieve:

- 20–30% higher ROI
- 15–20% cost reduction
- 2x faster decision-making

However, most studies focus on developed markets, leaving a research gap regarding emerging economies such as Armenia. This study contributes by integrating:

- technological perspective
- managerial perspective
- regional (Armenian) context.

3. Methodology: The research adopts a **conceptual-analytical and comparative approach**, combining theoretical insights with empirical observations.

Research Methods

- Comparative analysis (Armenia vs international benchmarks)
- KPI-based performance evaluation
- Secondary data analysis (OECD, Statista, McKinsey reports)

- Case-based reasoning (Armenian banking, telecom, e-commerce sectors)

Analytical Model

Management Effectiveness = f (Digitalization, Data Quality, Speed, Accuracy, KPI Systems)

4. Results and Discussion

Analytical Introduction

This section presents findings based on the analysis of digital transformation trends in Armenian organizations. The results highlight structural changes in management systems, levels of digital maturity, and performance outcomes.

Table 1 Impact of Digital Transformation in Armenian Organizations¹

Factor	Traditional Firms	Digitally Advanced Firms	Impact
Decision-making	Experience-based	Data-driven	Higher accuracy
Speed	Low	High	Faster response
Efficiency	Moderate	High	Increased productivity
Risk Level	High	Reduced	Improved stability

The findings indicate that organizations implementing digital tools—such as CRM systems and advanced analytics platforms—demonstrate significantly enhanced managerial performance. In particular, data-driven decision-making improves accuracy, reduces uncertainty, and enables more proactive and strategically aligned planning processes.

The analysis further reveals that digitized organizations exhibit several key advantages over traditional firms, including faster responsiveness, more accurate decision-making, and reduced exposure to operational and strategic risks. These improvements are primarily driven by the integrated and systematic utilization of data across organizational processes.

Empirical evidence from Armenian organizations confirms that companies adopting digital technologies significantly outperform their traditional counterparts. This performance gap is especially evident in sectors such as banking, telecommunications, and e-commerce, where firms demonstrate higher adaptability, improved decision quality, and greater operational efficiency.

¹ Source: Author's own elaboration based on research results.

These findings support the functional relationship:

Efficiency = f (Data, Speed, Accuracy)

indicating that organizational efficiency is directly influenced by the quality of data, the speed of information processing, and the accuracy of decision-making.

Overall, digital transformation enhances managerial rationality and reduces uncertainty, thereby improving management system effectiveness. However, its impact is not uniform across sectors, as variations in digital maturity, resource availability, and technological capabilities lead to differing performance outcomes.

Table 2 Digital Maturity in Armenian Organizations²

Level	Description	Armenian Context	Performance
Initial	Minimal digitalization	SMEs	Low
Developing	Partial use of digital tools	Medium-sized firms	Moderate
Integrated	System-level integration	Banks, telecommunications	High
Advanced	AI-driven and automated systems	IT sector, tech startups	Very High

The Armenian market is characterized by **asymmetric digital maturity**, where organizations demonstrate significantly different levels of digital development. Large enterprises—particularly in the banking, telecommunications, and IT sectors—tend to operate at integrated or advanced levels of digitalization, benefiting from system-wide data integration and automation.

In contrast, small and medium-sized enterprises (SMEs) remain concentrated in the initial and developing stages, relying on limited digital tools and fragmented systems. This imbalance creates a **structural digital divide**, which constrains overall economic efficiency and reduces the potential for widespread productivity gains.

Furthermore, the level of digital maturity is directly correlated with organizational performance. Firms operating at higher maturity levels demonstrate improved decision-making quality, greater operational efficiency, and stronger competitive positioning. Conversely, low digital maturity is associated with slower processes, higher uncertainty, and reduced strategic flexibility.

² Source: Author's own elaboration based on research results.

The findings suggest that enhancing digital maturity across all organizational levels—particularly among SMEs—is essential for reducing structural disparities and achieving sustainable economic growth in Armenia.

Table 3 KPI-Based Performance Evaluation³

KPI	Traditional Firms	Digital Firms	Change
Conversion Rate	2–3%	5–8%	+2x
Customer Acquisition Cost (CAC)	High	Reduced	Decrease
Customer Lifetime Value (CLV)	Medium	High	Increase
ROI	10–15%	20–30%	Significant growth

The results confirm that digital marketing significantly enhances measurable business outcomes. Organizations that adopt data-driven strategies achieve more effective customer targeting, reduced customer acquisition costs, and increased overall profitability.

Empirical evidence from Armenian organizations further supports these findings. Companies utilizing digital marketing tools demonstrate higher levels of customer engagement, more efficient allocation of marketing resources, and improved return on investment (ROI). These performance improvements reflect the growing role of data analytics in optimizing marketing activities and strategic decision-making.

In practical terms, sector-specific applications highlight this impact. For instance, banks in Armenia increasingly rely on data analytics to deliver personalized financial services, thereby strengthening customer relationships and retention. Similarly, e-commerce platforms employ advanced targeting and segmentation systems to enhance conversion rates and customer experience.

Overall, improvements in key performance indicators (KPIs) provide clear evidence that digital transformation generates tangible and measurable benefits. These findings underscore the critical role of digital marketing in enhancing organizational performance and competitiveness within the Armenian context.

³ Source: Author’s own elaboration based on research results.

Table 4. Comparative Analysis: Armenia vs. Developed Markets⁴

Indicator	Armenia	Developed Markets
Digital maturity	Medium	High
AI adoption	Low–Medium	High
Data utilization	Partial	Advanced
Automation level	Low	High

Armenia demonstrates strong growth potential but remains in a developmental stage compared to advanced economies. The gap is primarily driven by resource constraints, technological infrastructure, and skill shortages.

5. Challenges in Digital Transformation

The study identifies several critical barriers:

- Limited financial resources
- Insufficient technological infrastructure
- Lack of digital competencies
- Organizational resistance to change
- Regulatory and institutional limitations

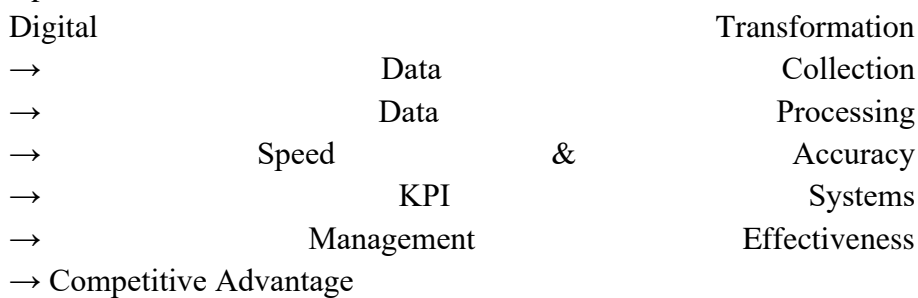
These challenges significantly slow the adoption and effectiveness of digital transformation initiatives.

6. Practical Implications

To enhance management effectiveness, Armenian organizations should:

1. Implement phased digital transformation strategies
2. Adopt KPI-driven management systems
3. Invest in digital skills and workforce training
4. Establish data governance frameworks
5. Integrate AI and automation technologies
6. Conceptual Framework

7. Conceptual Framework



⁴ Source: Author’s own elaboration based on research results.

8. Scientific Contribution and Research Novelty

The scientific novelty of this study lies in the development of an integrated and context-specific framework that links marketing digitalization with management system effectiveness in an emerging economy, specifically Armenia.

First, the study proposes a **multi-dimensional model of management effectiveness**, where digital transformation is conceptualized as a function of data quality, processing speed, and decision-making accuracy. Unlike traditional approaches, which examine digitalization in isolation, this research integrates technological, managerial, and performance dimensions into a unified analytical framework.

Second, the research introduces a **contextualized digital maturity model tailored to Armenian organizations**, highlighting structural asymmetries between large enterprises and SMEs. This model provides a more nuanced understanding of digital transformation in transition economies, where uneven technological adoption significantly affects organizational performance.

Third, the study develops a **KPI-based evaluation system** that empirically demonstrates the measurable impact of digital marketing on organizational outcomes. By linking indicators such as conversion rate, customer acquisition cost (CAC), customer lifetime value (CLV), and ROI with digital adoption, the research provides quantifiable evidence of performance improvement.

Fourth, the paper offers a **comparative analysis between Armenia and developed markets**, identifying key gaps in AI adoption, automation, and data utilization. This comparative perspective contributes to the literature by positioning Armenia within the global digital transformation landscape.

Finally, the study contributes to academic and practical discourse by providing **empirical insights from an under-researched regional context**, thereby addressing a gap in existing literature, which predominantly focuses on developed economies.

Conclusion

The findings confirm that marketing digitalization is a key determinant of management system effectiveness. Digital transformation enhances decision-making quality, operational efficiency, and organizational competitiveness.

However, the impact is contingent upon the level of digital maturity. In Armenia, uneven digital development and structural barriers limit the full realization of digital transformation benefits.

Bridging the digital divide and implementing integrated digital strategies are essential for achieving sustainable economic growth and long-term competitiveness.

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