

Strategic Perspectives of the Digital Marketing Transformation as An Enabler of Technological Change in Organizations During the COVID-19 Pandemic

Dimitar Jovevski¹, Tanja Kamenjarska², and Ljupka Naumovska³

^{1, 2} Faculty of Economics in Skopje, University Ss Cyril and Methodius in Skopje, Republic of North Macedonia

³ Rennes School of Business, Rennes, France

✉ ¹ djovevski@eccf.ukim.edu.mk, ² kamenjarska@eccf.ukim.edu.mk, ³ ljupka.naumovska@rennes-sb.com

Abstract

As the COVID-19 pandemic expands the proportions of its influence throughout the world, businesses are incessantly inspecting adapted techniques for developing a governance model that as core principles amalgamate the organizational change and digital transformation, inducing response to the triggered strong need of restructuring the management processes, marketing and communication strategies, organizational policies and procedures. By promoting a discourse that examines the impact of digitalization on the marketing communication channels in businesses, we aim to stress the importance of discovering a proper approach of developing business practices focussed on fostering a technological change in organizations and the development of adapted communication strategies. The dynamic nature of current marketing trends, increase the need of implementing innovative technologies and communication tools resulting in greater customer reach and customer retention. To improve the efficiency of marketing strategies, organizations should behold of the intraorganizational challenges and the potential strategic management approaches taken in consideration the regulatory and legal environments in which businesses operate. Hence, we attempt to identify the marketing and managerial implications of the current COVID-19 crisis and provide suggestions for proper resource allocation in terms of digitalization, resulting in enhanced operational excellence, effectiveness and efficiency. Notwithstanding the fact that environmental complexity led to organizational complexity as proposed by the contingency theory, it is out of major importance for businesses to find ways to enhance

processes and utter digitalization in the marketing-communication strategies as part of organization's internal environment, particularly during the COVID-19 pandemic crisis.

Keywords: digital transformation, technological change, COVID-19, communication strategies, business models, process innovation

1. Introduction

The COVID-19 crisis imposed exigent demands for organizations to revise and modify their marketing strategies, explore novel communication methods and provide innovative distribution channels for increasing the digital customer engagement in the function of aligning strategic financial objectives and operational targets. Due to the financial difficulties, many SMEs were impelled to close their businesses while large brick-and-mortar enterprises shifted their business operations to digital-only. Although this proved to be a reasonable guard that allowed organizations to reduce losses, customers doubtlessly have more confidence as they are permitted to physically see and test the products before purchasing. Additionally, the ethos of specific businesses prohibits digital transformation, which further hardens the climate of promoting organizational change in times of crisis. Withal, the new dynamics proved to be a pragmatism challenge for businesses to assess their intra-organizational cohesion, commitment to meet objectives, and in-house communication. Companies that implemented fully agile business models have shown progress in terms of increased productivity and efficiency. To ensure the survival of the business and taken into consideration the competitiveness in times of the crisis, top performers showed that quick response in means of modifying the digital agendas, reinforced decision-support systems, and adapted their tech-driven business models to function at the most remarkable and compelling speed to meet the ever-changing customer needs, proved to be a pivotal element to success. C-level executives are responsible for the success of the entire organization and its correspondence with the external environment; hence, with their conceptual ability they play a crucial role in delivering understanding, tech-driven marketing and communication strategy, have an overview of the interrelationships of all the activities and resources of the organization and assess the impacts of the COVID-19 crisis on the organizational performance and the external environment. Furthermore, by abandoning the rigid and inert pattern of organization companies should employ a rational model of managing the organization which characterizes with a flexible internal structure with small organizational units. Analogously, this book chapter aims to provide a comprehensive overview of the ongoing global digitalization practices in the organizations with a dominant focus on the marketing and communication strategies, to emphasize the importance of developing and implementing robust digital infrastructures within the organizations and to provide recommendations of the broad management principles and risk control measure based on benchmarking and highlight the perennial challenges and solutions of the digitalization process during the COVID-19 pandemic.

2. Evidence of the Ongoing Digitalization in the Interim Period Prior to the Conventional Esse

New digital infrastructures combined with knowledge and robust technologies provide significant advances with regards to the effectiveness of the business operations and boosting the competitive capacity. Recent studies attempt to determine the abilities and opportunities of normalizing the use of digital technologies in education, maintaining friendships, healthcare diagnosis, business operations, religion and interaction with government, even after the COVID-19 pandemic (Barnes, 2020; Fernandes, 2020; Griffin & Denholm, 2020).

According to Statista (2020a) the worldwide digital transformation spending growth rate notices a significant decrease in the post-period of COVID-19 (compared to pre- COVID-19 period) in all of the analysed sectors including the sector of distribution and services (from 18.6% to 9.8%), the financial sector (from 19.9% to 13.4%), the sector of infrastructure (from 14.8% to 11.2%), the sector of manufacturing and resources (from 15.7% to 8%) and the public sector (from 18.1% to 13.8%) (Figure 1). This is supported by IDC (2020), who find that 45% of the surveyed industrial users expect a delay regarding the ICT spending in the first quarter of 2020, resulting in reduced annual spending. Moreover, they determined that 26% of industrial users believe that the annual ICT spending would not be significantly affected, while 21.5% of the surveyed industrial users estimate that the ICT spending will increase by 0-10%.

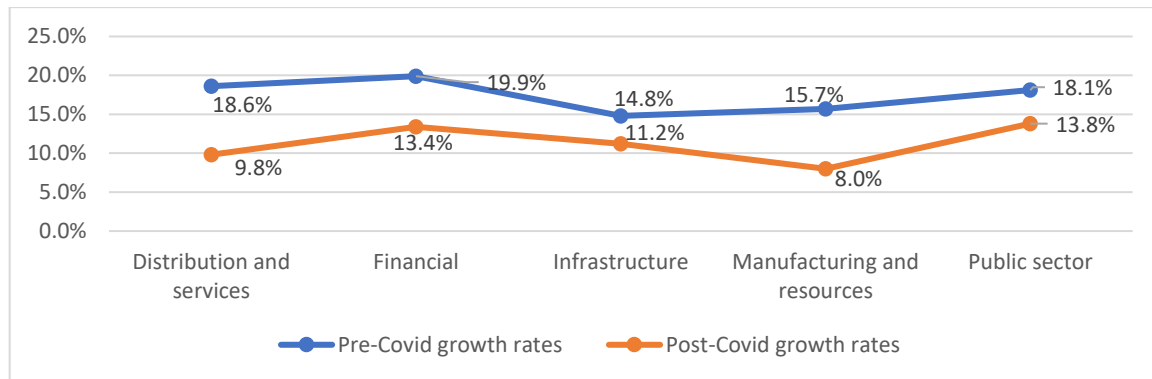


Figure 1. Digital Transformation spending growth forecast worldwide by sector in 2020, pre and post COVID-19

Source: Statista (2020)

Digital transformation is a process of integrating digital technologies within the business activities leading to improved operational efficiency and enhanced customer engagement. Observations reveal that the digital transformation market at the global level has been expanding rapidly in recent years and its forecasted market value is expected to reach 2.3 trillion U.S. dollars by 2023. Similarly, digital transformation technologies and services are projected to increase by 10.4 percent in 2020 to 1.3 trillion U.S. dollars (Statista, 2020b). This can be explained by the fact that the pandemic obligated individuals, companies, and governments to seek for fast solutions regarding the digitalization of their business operations in the function of smoothing the financial disruptions of the outbreak. Despite the pandemic crisis, the digitalized communication and collaboration tools will likely become a common practice and globally accepted convention in the post- COVID-19 period. In a study conducted by Statista (2020c), 527 global digital decision-makers were asked to provide an opinion of the impact of the COVID-19 pandemic on the digital industry. The results showed that most of the digital decision-makers believe that the coronavirus outbreak will accelerate the pace of digital transformation. The increased need for collaboration technology was stressed out by Chuck Robins, the CEO of Cisco, where he notices that in 24 hours, Webex managed about 4.2 million meetings which is double the average on a peak day before the COVID-19 pandemic and the total meeting minutes in March 2020 on Webex were valued 14 billion which compared to February 2020 is double (Cisco, 2020) or a total of 324 million registered attendees. Microsoft Teams announced that a significant increase of the daily users was observed (over 44 million), while one week prior to the announcement the number of daily users has grown by 12 million (Microsoft, 2020). As an answer to the outbreak challenges, IDC (2020) reports that industrial users are very likely to focus their digital transformation on a few areas:

- Creating new telecommuting and enterprise collaboration systems;
- Exploring new business models and business growth points;
- Building up competitive digital cultures and organizations;
- Reducing costs by improving operational efficiency and exploring industrial application scenarios of 5G and IoT.

Furthermore, the insight-driven strategies and actions, innovative products and services, experience-centricity by design, responsive operations and supply chain integrated partner and alliance ecosystems, digitally-enabled technology architecture, aligned and empowered workforce, seamless interactions and commerce, are identified by KPMG (2020) as eight capabilities for Connected Enterprise. Their research included 1299 professionals involved with customer-centric strategy decisions and revealed that companies which moderately or significantly invest in all of the capabilities are 2.1x times more likely to deliver a customer experience that surpasses expectations, successfully execute on one or more customer-centric objectives, and achieve ROI on one or more metrics. This is supported by IDC (2020) who report that organizations that are leaders in digital transformation are less likely to be affected by the pandemic, while firms leading in work resource transformation have a better ability of long-distance coordination and higher overall work efficiency. Numerous studies have focused their attention on telecommunication and virtual teams (Belanger et al. 2001; Morrison-Smith & Ruiz, 2020) in which they analyse the essence of the “distance” from a temporal, spatial, or cultural perspective, the psychological aspect of the employees, the technological support etc.

3. Establishment of Digital Infrastructures as Pivotal Constituent of the Digitalization Process in The Organizations During COVID-19

Throughout the years we have witnessed many attempts by business to develop innovative, robust and antifragile digital infrastructures as a defensive mechanism of the risks posed by natural hazards. The COVID-19 crisis has pressured governments to revise the current and implement new regulatory and legal frameworks regarding the penetration of innovative digital infrastructures in the businesses and dominantly, the development of digital platforms for tracking the spread of the virus and preserving the communication with the citizens. Furthermore, the outbreak has stimulated the linkage between divergent types of enterprises and the exponential increase in flexibility and worldwide there are several examples where connectivity allowed integration and streamline digital infrastructure at various stages of the public health response, particularly in the context of epidemic forecasting and decision-making. Recently, a wide variety of research has been focused on the repercussions of various IS standpoints such as privacy, digital inequalities, communication, automation, societal disruption, social media and digital education (Carroll & Conboy, 2020; Chen et al., 2020; Venkatesh, 2020). The public cloud applications providers (SaaS), apps platform providers (PaaS), leased infrastructure providers (IaaS), cloud-based systems and platforms like Amazon, E-bay, Zoom, Netflix have ensured modernized communications via video conferencing, remote work, e-learning. These digital infrastructures allowed organizations to rejuvenate the marketing and communication channels, provide on-demand experience and ensure convenient ways of working by enabling improved connectivity with the customers. This transformation has been enabled by the rapid diffusion of Information Systems (IS) technology and cloud-based infrastructure that has allowed people to maintain interaction, whilst adhering to the new norms of social distance and self-isolation (Kodama, 2020). Furthermore, network providers focused their operations on delivering solutions that will accelerate the download speeds (x100) and offer better operational efficiency by introducing the Fifth Generation (5G) cellular technology. Recently, the centre of debate for the

governments was the deployment of advanced network infrastructures, especially the implementation of 5G which uses radio wavelengths that transmit substantially greater data across much shorter distances. Even though, the industries which already are on the way of digital transformation will have greater interest, the governments in developing markets should prepare concrete regulatory responses which are based on digital infrastructure regulation re-evaluate the basic premises in the digital and telecommunication sector held prior to the COVID-19 pandemic in function of mitigation the outbreak disruption and strengthening the digital infrastructures for the support and growth of the digital economy. For instance, to cope with the major impacts of the COVID-19 crisis and ensure recovery, the European Commission has proposed inclusive stimulating instrument (Next Generation EU). The Next Generation EU offers €750 billion and targeted reinforcements to the long-term EU budget over the period of 2021 to 2027 bringing the total EU budget to €1.85 trillion (EU Commission, 2020). In those terms, China pronounced a stimulus package valued \$1.4 trillion designated for development of new digital infrastructures which is assigned as major priority in the which is expected to create new competitive strengths in the digital economy (Government of China, 2020).

4. Broad Management Principles and Risk Control Measures for Loss Prevention

To increase the customer engagement, managers should focus on development of relationship-based communication strategies which present inventive shapes of communication with their customers and support digital promotion. The third-generation web applications are a good business tool for realizing these objectives by dynamically providing changing content to users. During this time, organization should establish measures to determine the scenarios of the crisis, what necessary response mechanisms are needed to be applied subsequently and maintain communications with stakeholders that were established within the response phase in the previously assessed hazard management scenarios. To ensure the sustainability and survival of the business, it is important to have a timely anticipation and timely response to crises and formulate a strategy and resources during the outbreak. The ability of the management to quickly adapt and anticipate change, while efficiently mobilize organization's resources according to its needs is an effective governance. Although there is no single adequate and proven methodology to respond to the impact the COVID-19 crisis, we provide the following recommendations and principles:

- Re-examine current marketing and communication strategies and develop an interactive integrated IS as enables successful operation, execution of task, enable continuous up-to-date flow information regarding customer interaction guidelines, operations and campaigns with current offers;
- To provide on-demand customer experience in times of COVID-19 crisis, organizations should implement digital campaigns that illustrate organization's capacity to serve clients amid the outbreak
- Closer cooperation with enforcement agents, critical review of operations and decisions of managers;
- Organizations should focus on the perceived brand image and reputation in the long run, ensuring a marketing and communication campaign relevant to the current crisis, demonstrate care, conscience and describe how can your products and services be of an assistance to the customers during the pandemic.
- Set clear objectives that address the challenges during the COVID-19 pandemic and harmonize all activities with the overall goals of the organization. This can be achieved

with constant circulation of information, good coordination, mutual trust and transparency across the company.

- Set a good example in the broader community and demonstrate practices that are community amiable and considerate.
- Build customer trust by prioritizing authentic and compassionate communication, and personalized content.
- Introducing too rigid organizational structures generally, but mostly during the COVID-19 pandemic can threaten the organizational vitality. To keep up with changes in the environment, organizations must be reorganized regularly by following plans that are characterized by uniqueness, continuity and flexibility.
- Continuously improve risk management practices by identifying the potential risks arisen during the COVID-19 pandemic and prepare a risk mitigation strategy focused on alleviating risks to reduce adverse effects.

Organizations that advance and encourage digital transformation and cloud computing are predisposed to be better positioned in the market due to the acquired competitive advantages raised from the integration of such innovations in the daily business processes. Adjusting objectives and activities that offer assistance to the employees and accomplices, will help economies to recover from the harmful effects caused by the outbreak. So far, the attempts of driving digital transformation have been carried out in a divided and disorganized manner which lead to obstruction of cohesive execution of the risk mitigation and crisis strategies. To ensure the survival of the business, organizations ought to develop and implement a resiliency model on a functional level that is expected to encounter the induced global economic impacts of the COVID-19 crisis.

5. Intraorganizational Challenges and Solutions of the Marketing and Communication Strategies During COVID-19

To keep a viable discussion during the COVID-19 crisis many companies implemented marketing practices and advertising campaigns that engage with customers by manifesting an empathy and support. Undoubtedly, organizations have a rough time discovering the right channels and the appropriate type of content to deliver. As a pivotal component for successful marketing during this time is the delivery of pleasant online experience. For that, brands need to adjust their communication and marketing strategies and be prepared to operate in a digital environment premised on agile delivery of ‘always-on’ omni-channel multiple assets, built around a complex customer journey (Observatory International, 2020). Through the use of social media and digital platforms, companies can smoothly pass relevant information and maintain a strong brand voice. For that purpose, we propose potential aspects for organizations to consider when developing the marketing and communication strategies:

- **Provide personalized digital communication.** Through email, chats, organizations should deliver a unique message to customers that reflects their preferences, behaviours and needs.
- **Update, modify or launch a new product or service.** With functionalities that meet customer expectations, companies can provide flexibility and increase brand reputation through development of customized products during the pandemic.
- **Build collaborative marketing campaigns.** Taken in consideration the unpredictability and dynamics of the current situation, brands that reinforce collaborative marketing campaigns reach highly relevant target audience, introduce novel and innovative expertise and amalgamate important analytics.

- **Build trust by launching a marketing campaign that makes customers feel safe and demonstrate empathy and support.** It is important for customers to observe understanding in the advertising of the organizations. For instance, companies can maintain the brand reputation with positive environmental and recovery stats, manifest support for the local communities.
- **Use social media for brand building.** The use of social media marketing could help organizations to easily spread the word of the offered products and services and enhance the customer retention and brand loyalty during the time of pandemic.
- **Online ad campaigns.** The online advertising combined and supported by the modern data analytics software can help brands to analyse, systematically extract and process large amounts of real-time data (Big Data) which can help identify and gain a better understand of the customer behaviours and preferences.
- **Reap the benefits of email marketing.** Well structured, strategic and suitable email marketing alongside with the low costs that acknowledges audience's perspectives and contains highly personalized content can help companies to keep in line with customer's expectations.

There is no right or wrong way of doing and using all of the above approaches for developing marketing and communication strategies, in this COVID-19 time each organization should embrace, and find the best and right combination of tools.

This book chapter is expected to encourage organizations to prepare thoughtfully and proactively for the transformation and the provided recommendations are intended to serve as an assistance to the marketers to re-examine their marketing and communication strategies and identify areas they need to improve in the planned marketing campaigns. Companies ought to provide training and workshops for their employees that will make them prepared and able to deal with crisis and panic situations. COVID-19 will be a pivotal time for marketers to reap the benefits of PPC marketing to connect with their customers and gain a competitive advantage. It is crucial for brands to approach this opportunity with tactful, compassionate, and aware marketing. This tactic will help companies reach potential customers the moment they search for the product or service online. Digital marketing allows you to be in constant communication with customers and the businesses you work with. Share tips for working from home, how your business works in these difficult times, or introduce them to your employees. During the crisis, companies have an opportunity to deliver strong messages to the customers, that are empathetic, supportive, and overall remain positive. Brands should stay connected with former customers and share valuable content that customers appreciate while at home on their website, blog, or social networks. It is important to focus on building an audience that considers the brand worthy and useful. This can strengthen the brand relationship in the long run. Finally, every company should create its backup plan for marketing, production, and sales. Even though it is important to recognize the insecurities and threats associated with COVID-19, companies should not let the crisis paralyze their business operations. Develop an action plan that will let the marketing team understand the customers in order to be well-positioned and better handle the continuous disturbances derived from the outbreak.

References

Barnes, Stuart (2020), Information Management Research and Practice in the Post- COVID-19 World, International Journal of Information Management.

- Belanger, France & Collins, Rosann & Cheney, Paul. (2001). Technology Requirements and Work Group Communication for Telecommuters. *Information Systems Research*. 12. 155-176. 10.1287/isre.12.2.155.9695.
- Carroll, N. (2020). Theorizing on the Normalization of Digital Transformations
- Chen, Q., Min, C., Zhang, W., Wang, G., Ma, X., & Evans, R. (2020). Unpacking the black box: How to promote citizen engagement through government social media during the COVID-19 crisis. *Computers in Human Behavior*, 110, Article 106380. <https://doi.org/10.1016/j.ch020.106380>.
- Cisco, (2020), "Connected and Secure: Webex in Today's World".
- European Commission (2020), "Europe's moment: Repair and prepare for the next generation", https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940.
- Fernandes, N. (2020). Economic effects of coronavirus outbreak (COVID-19) on the world economy.
- Government of China (2020), "National People's Congress Work Report".
- Griffin, D., & Denholm, J. (2020), "This isn't the first global pandemic, and it won't be the last. Here's what we've learned from 4 others throughout history" (accessed 14 July 2020, <https://theconversation.com/this-isnt-the-first-global-pandemic-and-it-wontbe-the-last-heres-what-weve-learned-from-4-others-throughout-history-136231>
- IDC (2020), "CXO Surveys: IT and Digital Transformation Show Growing Value as the COVID-19 Epidemic Takes its Toll"
- ITU (2020), "Economic impact of COVID-19 on digital infrastructure. Report of an Economic Experts Roundable".
- Kodama, M. (2020). Digitally transforming work styles in an era of infectious disease. *International Journal of Information Management*, 102172. <https://doi.org/10.1016/j.ijinfomgt.2020.102172>.
- KPMG (2020), "Accelerating digital transformation on the road to a new reality".
- Microsoft, (2020), "Microsoft Teams at 3: Everything you need to connect with your teammates and be more productive".
- Morrison-Smith, Sarah & Ruiz, Jaime. (2020). Challenges and barriers in virtual teams: a literature review. *SN Applied Sciences*. 2. 10.1007/s42452-020-2801-5.
- Observatory International (2020), "Digital Transformation and the impact on Marketing Organisation Models
- Peter S.H. Leeflang, Peter C. Verhoef, Peter Dahlström, Tjark Freundt (2014), Challenges and solutions for marketing in a digital era, *European Management Journal*, Volume 32, Issue 1, 1-12.
- Statista (2020b), "Digital transformation market revenue worldwide from 2017 to 2023"
- Statista (2020c), "What will business be like after the Corona pandemic? What impact will it have on the digital industry, in your opinion?"
- Venkatesh, V. (2020). Impacts of COVID-19: A research agenda to support people in their fight. *International Journal of Information Management*, 102197. <https://doi.org/10.1016/j.ijinfomgt.2020.102197>.

Proud Pen

© 2020 The Author(s). Licensee **Proud Pen Limited**. This chapter is distributed under the terms of the Creative Commons Attribution License (<https://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

