

# Digital Marketing in Transition Economies: Approaches and Challenges in Ukraine and Azerbaijan

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Received: 06.10.2025

Accepted: 12.10.2025

Published: 30.10.2025

DOI: <https://doi.org/10.54414/QDGW2858>

## Abstract

The article analyzes the main approaches to defining digital marketing and identifies its specific features in transition economies, using Ukraine and Azerbaijan as case studies. The purpose of the research is to systematize theoretical approaches to digital marketing, conduct a comparative analysis of its development in Ukraine and Azerbaijan, classify digital marketing drivers, and integrate international experience (from Poland, Turkey, Georgia, China, and Indonesia) into the context of transition economies. The methodological framework is based on a combination of systemic, comparative, and classification approaches. Content analysis of scientific publications in leading international journals was used to trace the evolution of digital marketing approaches. Comparative analysis made it possible to identify similarities and differences between Ukraine and Azerbaijan, while the classification method was applied to structure the main drivers of digital marketing development — technological, economic, socio-ecological, institutional, and organizational. The results show that in both countries digital marketing is developing in a fragmented manner: in Ukraine — due to limited resources, shortage of qualified specialists, and pressure from European integration processes; in Azerbaijan — due to the mono-sectoral structure of the economy and regional digital disparities. Further progress requires a transition toward strategic and value-oriented models based on investment in human capital, technological innovation, the development of digital culture, and the implementation of circular economy principles. The proposed conceptual model and driver classification provide a theoretical foundation for understanding digital marketing as a strategic factor of sustainable development and for integrating transition economies into the global digital environment.

**Keywords:** digital marketing, transition economy, Ukraine, Azerbaijan, drivers, strategic approaches, sustainable development.

## 1. Introduction

Digital marketing has become one of the most dynamic areas of business transformation in the 21st century. It reshapes the interaction between producers and consumers, determines competitiveness in the digital economy, and accelerates the transition toward data-driven management models. In developed countries, digital marketing functions as a strategic component of corporate governance and sustainable growth. However, in **transition economies**, where digital infrastructures and institutional frameworks are still being formed, its development remains uneven and fragmented.

Over the past decade, the integration of digital technologies into marketing has evolved from simple internet advertising and social media promotion to comprehensive systems of customer experience (CX) management and data analytics. Scholars such as Kotler, Kartajaya, and Setiawan (2021), as well as Chaffey and Ellis-Chadwick (2022), emphasize that digital marketing has shifted from a purely technological



function to a strategic mechanism for creating value and achieving sustainability. Yet, this transformation requires not only technological innovation but also institutional adaptation, human capital development, and cultural readiness for digitalization.

In countries with transition economies, such as Ukraine and Azerbaijan, digital marketing operates under specific conditions. Ukraine's development is shaped by European integration, the introduction of GDPR and the Digital Services Act, and the consequences of the ongoing war, which simultaneously constrain and stimulate digital innovation. Azerbaijan's case, in contrast, is defined by the dominance of the energy sector, regional disparities in IT infrastructure, and limited integration of sustainable and "green" marketing practices.

Despite the growing body of literature on digital marketing in developed markets, studies on its evolution in post-socialist and transitional contexts remain scarce. Existing research often focuses on isolated aspects — technological tools, e-commerce, or social media marketing — without addressing systemic interconnections between technological, institutional, and socio-ecological factors. This creates a gap in understanding the drivers and barriers that determine the trajectory of digital marketing transformation in emerging economies.

### 1.1. Research Aim and Objectives.

The aim of the study is to identify the main approaches to digital marketing in transition economies and to analyze their challenges and prospects using the cases of Ukraine and Azerbaijan.

To achieve this aim, the following objectives were accomplished:

- to systematize the main approaches to digital marketing — traditional, instrumental, strategic, comprehensive, and value-based;

- to conduct a comparative analysis of the development of digital marketing in Ukraine and Azerbaijan, taking into account the structural differences in their economies;

- to propose a classification of digital marketing drivers and determine their impact on the pace and direction of transformation;

- to summarize and compare international experience (Poland, Turkey, Georgia, China, Indonesia) with the national contexts of Ukraine and Azerbaijan.

### 1.2. Materials and Methods

The methodological framework of the research is based on the **systemic**, **comparative**, and **classification** approaches, which allow for a comprehensive study of digital marketing in transition economies. These approaches made it possible to identify theoretical foundations, analyze practical cases, and systematize the drivers of digital transformation in Ukraine and Azerbaijan.

#### *Information base.*

The empirical and analytical foundation of the study includes:

- academic publications in leading international journals such as *Journal of Business & Industrial Marketing*, *Results in Engineering*, *International Marketing Review*, *Journal of Retailing and Consumer Services*, and *Journal of Open Innovation*;

- analytical reports by *OECD (2022, 2024)*, *Deloitte (2023)*, *Ministry of Economy of Ukraine (2025)*, and other international organizations;

- statistical data on digitalization levels in the EU, China, and Southeast Asia;

applied cases from research in Indonesia, Turkey, Georgia, and Poland that reflect cross-country differences in the development of digital marketing systems.

### **Research methods.**

*Content analysis* was applied to scientific publications to identify conceptual approaches to defining digital marketing and its evolution from traditional to value-oriented models.

*Comparative analysis* was used to highlight similarities and differences between Ukraine and Azerbaijan, with particular attention to structural economic factors, digital maturity, and institutional frameworks.

*Classification method* enabled the structuring of digital marketing drivers into five groups — technological, economic, socio-ecological, institutional, and organizational — following recommendations of international research (Chaffey & Ellis-Chadwick, 2022; Liu et al., 2025).

*Generalization and synthesis* were applied to formulate practical recommendations and integrate international experience (Poland, Turkey, Georgia, China, Indonesia) into the context of transition economies.

## **2. Results**

### **2.1. Approaches to Defining Digital Marketing: Theoretical Foundations, Critical Analysis, and Challenges for Ukraine and Azerbaijan**

**Traditional Approach.** The traditional approach was one of the earliest perspectives in the academic literature, which interpreted digital marketing as a direct continuation of internet marketing. In this context, the key task was not the creation of a fundamentally new concept but rather the adaptation of existing marketing tools to new communication channels that emerged with the development of internet technologies.

The conceptual foundation of the traditional approach is the classical 4P model (Product, Price, Place, Promotion) proposed by Edmund Jerome McCarthy in the 1960s (Smith, J., & Brown, A., 2025). This model was transferred into the digital environment and adapted to such channels as websites, banner advertising, search engine optimization (SEO), and e-mail marketing. Over time, the classical logic of marketing was gradually embedded into the digital sphere, which allowed the formation of basic tools for interaction with customers online.

These features became the defining characteristics of the traditional approach, which can be summarized through the following key aspects:

**Evolution of Internet Marketing.** Digital marketing is not considered a revolutionary phenomenon but rather a logical stage in the development of internet marketing. In other words, it emerges as a “superstructure” built upon the already existing tools of customer interaction in the virtual environment (Shashi et al., 2025).

**Integration of Internet Marketing into a Broader System.** The traditional approach assumes that internet marketing is a component of the broader concept of digital marketing. While the former is limited to the use of internet-based channels, the latter also encompasses mobile applications, digital platforms, multimedia, and other electronic tools.

**Use of Electronic Technologies as a Foundation.** The central idea of this approach is that both internet marketing and digital marketing are based on the use of electronic technologies for promoting products and services, communicating with customers, and building brand identity (Romic, 2025).

**Practical Examples of Implementation.** The spread of e-mail in the 2000s became a classic example of the transformation of traditional methods into digital ones. Initially, e-mail newsletters were perceived as an auxiliary tool replacing printed materials; however, over time they became an integral part



of comprehensive digital campaigns (Benchmark Email, 2023). Similarly, social media, which in the early stages were used primarily for information dissemination, gradually evolved into integrated marketing platforms.

Despite its significance as a starting point, the traditional approach has a number of limitations. It is focused on the simple adaptation of existing practices to new channels but largely overlooks:

- changes in consumer behavior in the digital environment;
- the integrative role of emerging technologies such as big data, artificial intelligence, or customer experience (CX) analytics (Romic, 2025);
- the need for strategic development of digital ecosystems rather than the mere application of separate tools (Shashi et al., 2025).

At the same time, although the traditional approach played an important role as a starting point in the development of digital marketing, it has significant methodological limitations. Excessive focus on tools without considering changes in consumer behavior and technological advancements narrows its strategic potential. In Ukraine, this is reflected in the widespread practice among small and medium-sized enterprises that limit themselves to basic digital solutions without developing systematic strategies. In Azerbaijan, a similar model is typical mainly for regional companies, where digitalization is constrained by insufficient internet infrastructure outside the capital.

**Instrumental Approach.** The evolution of digital marketing has gradually demonstrated the limitations of the traditional perspective. There emerged a need to move beyond perceiving it merely as a continuation of internet marketing toward a broader and more practical approach. At this stage, the focus shifted to the application of specific technologies and tools, which laid the foundation for the instrumental approach.

Further development of the academic literature (Ruban, 2018; Romanenko, 2019) defines digital marketing primarily as a set of tools and technologies that companies use to promote goods and services in the digital environment. In this context, digital marketing is associated with the use of technological solutions capable of ensuring rapid reach to target audiences and precise measurement of results.

These conclusions are consistent with international studies, particularly in Indonesia, where it has been demonstrated that the use of digital tools significantly contributes to the competitiveness of small and medium-sized enterprises (Saputra et al., 2023). Thus, the instrumental approach reflects the shift toward the practical application of digital solutions, as confirmed by both national and international research. Its essence is most clearly revealed through the identification of key characteristics that define its strengths and limitations.

**Expansion of the Technological Spectrum.** Unlike the traditional approach, which focused on SEO, banner advertising, and e-mail marketing, the instrumental approach encompasses a much wider range of tools. These include social media (Facebook, Instagram, TikTok), CRM systems, video marketing, chatbots, push notifications, Google Analytics, and other analytical solutions. This allows businesses to flexibly combine tools depending on their specific goals and objectives (Peace, R., 2025).

**Focus on Practical Effectiveness.** The primary emphasis is placed on the efficiency of individual tools within specific campaigns. For instance, a company may evaluate the success of social media marketing (SMM) by the number of followers or likes, while e-mail marketing is assessed by open rates and click-through rates (CTR). In this way, marketing activity is perceived as a set of independent instrumental solutions that deliver localized results.

**Focus on the Operational Level.** Unlike the strategic approach, where digital marketing is integrated into the overall business model, the instrumental approach concentrates on tactical actions:

launching advertising campaigns on social media, implementing CRM systems for collecting contacts, or conducting video marketing activities.

The generalized characteristics of the instrumental approach make it possible to assess its practical value for businesses and confirm its importance as an intermediate stage in the development of digital marketing. At the same time, a more detailed analysis reveals that its application is accompanied by several significant limitations.

**Risk of Fragmentation.** Companies apply individual tools without proper integration, which complicates the creation of a holistic marketing strategy.

**Formalism in the Use of Technologies.** In Ukraine, it is common to observe the implementation of CRM or e-mail marketing “for the sake of formality,” without data analysis or performance evaluation. This leads to wasted resources without significant improvement in efficiency.

**Lack of Strategic Dimension.** The instrumental approach answers the question of “how to promote?” but does not provide answers to “why?” and “in what way is it integrated into the business model?”.

The analysis shows that the instrumental approach shares common features in both countries but with different emphases.

**In Ukraine,** it is primarily reduced to the use of basic digital tools by small and medium-sized enterprises (for example, launching targeted advertising on Facebook) without building long-term customer-oriented strategies.

**In Azerbaijan,** it is manifested in the dominance of social media as a means of direct trade, but without integration with CRM or analytical systems, which significantly limits the effectiveness of marketing practices. However, this trend is observed not only in Ukraine or Azerbaijan but also in Southeast Asian countries, where SMEs are largely focused on individual digital tools without a holistic strategy (Saputra et al., 2023; Rizkita et al., 2025).

Thus, the instrumental approach represents an important stage in the development of digital marketing, as it enabled the transition from elementary internet marketing to a broader use of technologies. At the same time, it has revealed its limitations, being focused on tools rather than on systemic integration and strategic management of marketing processes.

**Strategic Approach.** The third stage in the evolution of digital marketing concepts is the strategic approach, which reflects the transition from using individual technological tools to the formation of comprehensive strategies for customer experience (CX) management. In the works of Kotler, Kartajaya & Setiawan (2021) and Chaffey & Ellis-Chadwick (2022), digital marketing is defined as an integrated system that combines marketing tools, business processes, data analytics, and customer interaction management into a single ecosystem. In this context, digital ceases to be merely a promotional channel and transforms into a strategic element of the business model.

#### 2.1.1. The key characteristics of the strategic approach are as follows:

**Personalization of Interaction.** The use of customer data makes it possible to create personalized offers, content, and communications. Modern companies employ machine learning algorithms for audience segmentation, consumer behavior forecasting, and the construction of relevant marketing messages. This not only enhances the effectiveness of promotion but also fosters long-term customer relationships (Jia, 2025).

**Omnichannel Experience.** Within the strategic approach, customer experience is built as a unified system of communications, where all interaction channels (online stores, social media, offline retail points,



mobile applications, customer support services) are fully integrated. This helps to avoid fragmentation of marketing activities and ensures the consistency of the customer journey regardless of the channel used.

**Use of Big Data and Artificial Intelligence.** Big data analytics and AI solutions are central elements of the strategic approach (Romic, 2026). They enable real-time monitoring of customer behavior, demand forecasting, advertising budget optimization, and automation of managerial decisions. This elevates marketing from the level of operational tools to the level of strategic planning.

**Building a Unified Customer Journey.** Companies adopting the strategic approach design the entire path of customer interaction — from the first contact to after-sales service. The focus is not only on attracting the customer but also on ensuring loyalty, repeat purchases, and recommendations, thereby forming long-term competitive advantage.

Despite its evident advantages, the strategic approach remains difficult to implement in transition economies.

**In Ukraine,** the main limitations are the shortage of specialists in data science, cybersecurity, and digital platform management. Another significant barrier is the lack of investment in business digital transformation, especially among small and medium-sized enterprises. The wartime context amplifies these challenges but simultaneously stimulates the development of e-commerce and online services, which may serve as a driver for further strategic integration.

**In Azerbaijan,** the dominance of the energy sector hinders the digitalization of retail and services. While modern digital solutions are implemented in the capital and large cities, regional enterprises remain distant from the strategic level of digital marketing development.

Thus, the strategic approach represents a qualitatively new stage in the evolution of digital marketing, where digital is integrated into the business model and ensures the construction of customer-oriented strategies. At the same time, its practical implementation depends on the level of digital maturity of companies, the availability of investments, human resources, and institutional support (Liu et al., 2025).

**Complex (Integrative) Approach.** The most recent stage in the development of digital marketing is associated with the formation of the complex (integrative) approach, which involves moving from the use of separate tools or strategies toward the construction of a unified digital management system. In the works of Shpak et al. (2022) and Chukurna et al. (2024), digital marketing is viewed as a multi-component ecosystem that combines marketing, information technologies, data analytics, customer experience management, and principles of sustainable development. This approach integrates digital marketing with corporate management systems (ERP, CRM), creating conditions for the synergy of all business processes.

Similar integrative practices can also be observed in international cases. In particular, Indonesian research demonstrates that the inclusion of PR and journalistic tools in marketing strategies contributes to increased sales and enhanced competitiveness of small businesses (Strategi Komunikasi..., 2025; Rizkita et al., 2025).

### 2.1.2. The key characteristics of the complex approach are as follows:

**Systemic Nature.** Digital marketing no longer exists as an autonomous function but is integrated into operational, financial, and managerial processes of the company. For example, a CRM system not only collects contacts but also synchronizes with ERP for inventory management, enabling marketing campaigns to be automatically adapted to actual product availability.

**Focus on Business Process Synergy.** The complex approach ensures alignment of all functional areas: marketing, sales, logistics, customer support, and finance. Through integrated platforms, end-to-end business processes are formed, where customer data are used not only for advertising but also for production forecasting, supply chain management, and investment planning (Shirwa et al., 2025).

**Emphasis on Long-Term Value.** Unlike previous approaches that focused mainly on sales growth or short-term outcomes, the integrative approach emphasizes the creation of sustainable competitive advantage. This includes developing customer loyalty, building a value-oriented brand, and integrating ESG principles and circular economy practices into marketing activities.

**Technological Integration.** The complex approach actively employs modern tools — from big data and AI analytics to cloud services, omnichannel platforms, and automation technologies (Romic, 2026; Liu et al., 2025). This creates a “digital hub” of the company, where marketing ceases to be a separate direction and becomes the central element of the business model.

Despite its clear advantages, the complex approach remains the most difficult to implement in practice.

**In Ukraine,** the main limitations include insufficient integration of ERP, CRM, and analytical platforms, as well as the low digital maturity of small and medium-sized businesses. Large companies are gradually implementing integrative solutions, but for SMEs such innovations remain financially and organizationally inaccessible (Mosiy, L., Kozbur, H., Strutynska, I., Mosiy, O., & Yatsyshyn, V., 2024; OECD, 2024).

**In Azerbaijan,** the key barrier is regional inequality: while Baku implements modern complex solutions, most local enterprises in the regions remain at the level of instrumental or strategic approaches. This creates a digital divide that slows the establishment of a nationwide system of marketing transformation (OECD, 2022; Guluzade, T., 2025; Caliber, 2025).

Thus, the complex approach embodies the highest level of digital marketing development, where it is regarded as an integrated management system capable of combining business processes, technologies, and socio-ecological values. Its implementation requires substantial resources, a high level of digital maturity, and a favorable institutional environment (Shashi et al., 2025).

**Value-Oriented (Sustainable) Approach.** The final stage in the evolution of digital marketing concepts is associated with the transition to the value-oriented (sustainable) approach, which emerges at the intersection of digital technologies, corporate social responsibility, and consumer environmental awareness. Contemporary studies (Savytska & Chmil, 2020; Deloitte, 2023) emphasize that digital marketing is no longer merely a tool for sales or customer experience management, but a means of creating social and environmental value. This approach integrates marketing strategies with the concepts of sustainable development, ESG (Environmental, Social, and Governance) (Savytska & Chmil, 2020; Deloitte, 2023; Rizkita et al., 2025), and the circular economy.

### 2.1.3. The key characteristics of the value-oriented approach are as follows:

**Transparency of Supply Chains.** The use of digital technologies enables companies to ensure transparency in tracking the origin of raw materials, stages of production, and logistics. Blockchain and IoT technologies contribute to building customer trust in the brand by ensuring control over ethical practices and environmental safety of production.

**Focus on Responsible Consumption.** Within this approach, digital marketing promotes not only products but also values — responsibility, environmental sustainability, and social inclusiveness. Marketing campaigns aim to cultivate a new culture of consumption where not only quality or price matters, but also the impact of goods or services on the environment and society.

**Customer Engagement in Sustainable Practices.** An important feature of this approach is the integration of customers into sustainability processes through digital tools. These may include participation in recycling programs, eco-campaigns, “green” branding, and the use of mobile applications for tracking



carbon footprints or earning bonuses for environmentally responsible behavior. Thus, the customer becomes not only a consumer but also a co-creator of value.

**Emphasis on Long-Term Social Benefits.** The value-oriented approach focuses not on immediate profits but on sustainable growth supported by building a positive brand reputation, customer loyalty, and a socially and environmentally responsible image of the company.

The development of the value-oriented approach faces several constraints in transition economies.

**In Ukraine**, this approach has significant potential in the context of European integration and the implementation of the Green Deal. It may become an important factor in post-war recovery by fostering new business models oriented toward circularity and customer-centered sustainable value. However, practical cases of implementation remain limited, particularly among small and medium-sized enterprises (Ministry of Economy, Environment and Agriculture of Ukraine, 2025; Erasmus+ National Office Ukraine, 2025; Ukraine Government, 2025).

**In Azerbaijan**, ecological marketing is at an early stage of development. The demand for “green” products remains limited due to the dominance of the energy sector and low environmental awareness among the population. The lack of institutional incentives hinders the development of sustainable digital marketing, although potential for growth exists in tourism, agribusiness, and retail.

Thus, the value-oriented (sustainable) approach represents a new level in the evolution of digital marketing, where technologies are combined with social and environmental responsibility, creating conditions for long-term competitive advantages and a positive societal impact. Its further development will depend on the combination of economic incentives, legislative initiatives, and the readiness of businesses to integrate sustainability principles into marketing strategies.

## 2.2. Comparative Analysis of Ukraine and Azerbaijan

Despite the rapid global development of digital marketing, its implementation in transition economies has a number of specific features and constraints. The analysis of the Ukrainian and Azerbaijani contexts shows that although both countries are undergoing digital transformation, they face different barriers that determine the speed and depth of digital strategy implementation.

**In Ukraine**, a key characteristic is *the asymmetry of access to digital tools*. While large cities and transnational corporations are actively adopting modern CRM platforms, big data analytics, and AI-based solutions, most small and medium-sized enterprises (SMEs) remain at the level of basic use of social media or e-mail marketing. This creates a gap between different segments of the economy and increases the risk of uneven development of digital competencies.

The second barrier is the shortage of qualified specialists in data science, marketing analytics, and cybersecurity. Even when businesses are interested in implementing modern digital solutions, the lack of skilled professionals significantly limits the ability to integrate strategic and complex approaches to digital marketing.

The **wartime context** has a particular influence: on the one hand, it restricts investment resources and reduces the financial resilience of companies; on the other, it stimulates the development of online services, e-commerce, and social media marketing (SMM) as a response to the destruction of traditional infrastructure. This creates a paradoxical situation — the war constrains large-scale digitalization but simultaneously acts as a catalyst for certain innovations.

An additional factor influencing Ukraine’s digital marketing development is the **pressure of European integration processes**. Ukraine must adapt its marketing strategies to the requirements of the **GDPR**, the **Digital Services Act**, and the **European Green Deal** (Shashi et al., 2025; Shirwa et al., 2025).

This opens new opportunities for sustainable marketing but simultaneously requires legislative harmonization, investment in cybersecurity, and enhanced transparency of business processes.

*In Azerbaijan*, the situation differs due to the structural characteristics of its economy. The most significant challenge is the **digital divide between the capital and the regions**. While Baku is actively implementing modern solutions — from omnichannel platforms to integrated CRM systems — most regional companies limit themselves to the basic use of social media for direct sales. This creates inequality in access to digital technologies and slows the development of a nationwide digital ecosystem.

In countries with a similar level of SME development, the effectiveness of digital strategies also depends on **organizational communication practices**. For instance, the Indonesian case demonstrated that combining digital marketing with PR and journalistic tools can be an effective way to increase sales (Strategi Komunikasi..., 2025).

The **second major constraint** is dependence on the energy sector. The concentration of resources in the oil industry leads to insufficient attention and investment in other sectors — such as retail, services, and the creative industries — which hinders large-scale digital transformation.

Another major issue is the **underdevelopment of e-commerce**. Despite the popularity of social media as sales channels, integrated e-commerce platforms remain at an early stage of development. This limits opportunities for systematic customer experience analytics and the creation of comprehensive digital strategies.

Finally, **Azerbaijan demonstrates low demand for “green” practices** (Rizkita et al., 2025). Ecological marketing is still emerging, and the value-oriented approach remains uncommon due to the dominance of the energy-based economy and the insufficient promotion of circular economy principles among consumers.

Thus, digital marketing in both countries is developing **fragmentarily**:

**In Ukraine** — due to limited resources, a shortage of qualified personnel, and the need for adaptation to European standards;

**In Azerbaijan** — due to the mono-sectoral nature of the economy, regional disparities, and low integration of sustainable practices.

This highlights the **necessity of transitioning** from instrumental and strategic levels toward more complex and value-oriented models of digital marketing, which can not only ensure business performance but also promote integration into global markets and the advancement of sustainable economic practices.

### 2.3. Drivers of Digital Marketing Development and Their Management.

In this context, there arises a need to systematize the factors that determine the development and management of digital marketing. The classification of drivers makes it possible not only to theoretically outline the driving forces of digital transformation but also to practically understand which groups of factors have the greatest impact on enterprise competitiveness and their ability to integrate circular economy principles.

Digital marketing evolves under the influence of a variety of factors that can be considered **drivers of digital transformation**. These drivers determine the speed, scale, and depth of digital technology integration into business models, as well as shape the trajectory of transition from instrumental to strategic, complex, and value-oriented approaches. In the academic literature (Chaffey & Ellis-Chadwick, 2022; Shpak et al., 2022), it is proposed to group these drivers according to their nature and functions.

For **Ukraine and Azerbaijan**, it is appropriate to distinguish five key groups of drivers: **technological, economic, socio-ecological, institutional, and organizational**.



**Technological Drivers.** These are factors related to the development of digital technologies that directly form the foundation of digital marketing.

*Essence:* implementation of innovative solutions for automation, data collection and analysis, personalization, and customer experience management.

*Examples:* AI-based predictive analytics, Big Data, CRM platforms, AR/VR in marketing campaigns, omnichannel platforms, chatbots, and advertising automation systems.

*Challenges for Ukraine:* low digital maturity of SMEs, high implementation costs, and limited access to advanced technologies due to the wartime context.

*Challenges for Azerbaijan:* concentration of IT infrastructure in the capital, a digital divide between the capital and the regions, and dependence on imported technologies.

*Economic Drivers.* These are factors that encourage businesses to adopt digital tools to optimize costs and explore new sources of revenue.

*Essence:* digital marketing enables business scaling, market expansion, and cost reduction in promotion activities.

*Examples:* the development of e-commerce, globalization of online markets, the need to optimize advertising budgets, and investment in digital innovations.

*Challenges for Ukraine:* unstable domestic demand, limited investment resources, and dependence on external markets.

*Challenges for Azerbaijan:* high dependence of the economy on the energy sector, weak diversification, and a low share of e-commerce in GDP.

**Socio-Ecological Drivers.** These factors are linked to the evolution of consumer expectations and societal demands for greater corporate responsibility.

*Essence:* the growing demand for transparency, environmental sustainability, and corporate accountability stimulates the integration of sustainable development principles into digital marketing.

*Examples:* eco-marketing, transparent supply chains, socially driven branding, and customer participation in recycling and “green” campaigns.

*Challenges for Ukraine:* low environmental awareness among businesses and weak state support for circular practices.

*Challenges for Azerbaijan:* limited demand for “green” products and insufficient integration of circular economy concepts into marketing activities.

**Institutional Drivers.** These are factors that define the regulatory environment of digital marketing.

*Essence:* the presence or absence of legal frameworks regulating the use of digital technologies and data protection.

*Examples:* GDPR, Digital Services Act, European Green Deal, national digitalization strategies, and personal data protection laws.

*Challenges for Ukraine:* slow harmonization of national legislation with EU standards, insufficient level of data protection, and weak implementation mechanisms of regulatory policies.

*Challenges for Azerbaijan:* absence of a comprehensive cybersecurity strategy, inadequate legal framework for personal data protection, and low transparency of regulatory processes.

**Organizational Drivers.** These factors relate to the internal capacity of companies for digital transformation.

**Essence:** the organization's ability to integrate digital solutions into business processes, foster an innovative culture, and effectively manage human capital.

**Examples:** presence of a corporate digital strategy, development of competencies in data science and marketing analytics, and integration of customer experience (CX) into the business model.

**Challenges for Ukraine:** shortage of skilled professionals in digital technologies, limited innovation culture within companies, and insufficient institutional support for SMEs.

**Challenges for Azerbaijan:** lack of support for digital start-ups, shortage of qualified personnel outside the energy sector, and a weak innovation ecosystem.

The proposed classification of digital marketing drivers allows for the systematization of key factors that determine the pace and direction of transformation in transition economies. It considers not only technological innovations but also economic, socio-ecological, institutional, and organizational conditions that shape the ability of companies to integrate digital solutions into their business models. For clarity, the results are summarized in **Table 1**, which presents the essence of each driver group, examples of their implementation, and the main challenges for Ukraine and Azerbaijan.

**Table 1.** Classification of Drivers of Digital Marketing Development in Ukraine and Azerbaijan

Driver group	Essence	Examples	Challenges for Ukraine	Challenges for Azerbaijan
<b>Technological</b>	Digital tools for automation, analytics, personalization	AI, Big Data, CRM, AR/VR, chatbots, omnichannel platforms (Romic, 2026; Jia, 2025)	Low digital maturity of SMEs; high implementation costs; limited access to innovation	IT infrastructure concentrated in Baku; regional digital gap; dependence on imported technologies
<b>Economic</b>	Cost optimization and new revenue sources	Global competition, e-commerce, online market scaling (Saputra et al., 2023; Liu et al., 2025)	Limited investment resources; dependence on external markets; unstable domestic demand	High dependence on energy sector; weak diversification; low e-commerce share in GDP
<b>Socio-ecological</b>	Focus on sustainability, transparency, ethics	Green products, eco-marketing, recycling, digital agricultural technologies (Balayev & Mirzayev, 2022; Rizkita et al., 2025)	Low ecological awareness; weak regulation of circular practices	Limited integration of circular economy; weak demand for eco-products
<b>Institutional</b>	Regulatory norms and standards shaping digitalization	GDPR, Digital Services Act, Green Deal, national digitalization strategies (Shashi et al., 2025; Shirwa et al., 2025)	Slow harmonization with EU law; weak data protection mechanisms	Lack of personal data protection law; weak cybersecurity strategy; low regulatory transparency
<b>Organizational</b>	Internal capacities to integrate digital solutions	Corporate digital strategy, CX management, human capital development (Strategi Komunikasi, 2025; Shirwa et al., 2025)	Shortage of data science and analytics specialists; weak innovation culture	Limited support for digital start-ups; lack of skilled workforce beyond energy sector; weak innovation ecosystem



Common to both countries is that they face challenges related to **staff shortages, uneven levels of digital maturity among businesses, and insufficient integration of circular economy principles into marketing strategies.**

However, in **Ukraine**, digitalization is constrained by wartime destruction and the urgent need to adapt to EU standards. In **Azerbaijan**, the key challenge is the mono-sectoral nature of the economy — high dependence on the energy sector — which slows the development of digital services and marketing innovations. While Ukraine's main issue lies in the instability of domestic demand, Azerbaijan struggles with the concentration of digital infrastructure in the capital and a significant regional divide.

This classification of drivers makes it possible to view digital marketing not as an isolated set of tools, but as a **multidimensional system**, the development of which depends on the interaction of technological, economic, socio-ecological, institutional, and organizational factors. For **Ukraine**, the main task is to integrate these drivers within the context of wartime challenges and European integration processes. For **Azerbaijan**, the priority is to overcome mono-sectoral dependence and regional inequality in order to build a **resilient digital economy.**

### 3. Discussion

The results of the study show that the development of digital marketing in transition economies is uneven and multidirectional. **Ukraine and Azerbaijan** share common challenges, including a shortage of specialists in data science and digital technologies, a low level of integration of circular economy principles into marketing practices, and limited investment resources. At the same time, the differences between the two countries are driven by their distinct structural characteristics and strategic priorities.

A comparison with other countries confirms that the transition from **instrumental models of digital marketing to strategic and value-oriented ones** is possible only under conditions of comprehensive reforms. **Poland** demonstrates a rapid harmonization with EU norms, where businesses were forced to adapt to GDPR requirements and invest in cybersecurity. **Turkey**, initially focused on social media and mobile marketing, is gradually moving toward strategic models through the use of big data and omnichannel platforms. **Georgia** illustrates a situation similar to Ukraine and Azerbaijan: regional disparities coexist with the active development of small businesses that employ instrumental solutions but increasingly adopt strategic approaches through international projects and cooperation with European institutions (Smart Solutions, 2025; IT Ukraine Association, 2025).

These findings align with the results of a systematic review by *Shashi, Ertz, Cerchione & Kumar (2025)*, who state that the transformation of B2B marketing from traditional practices to digital strategies requires the simultaneous development of methodologies, infrastructure, and new business models. Similarly, *Shirwa, Hassan, Hassan & Kilinc (2025)* emphasize that digital transformation is not only a technological process but also a cultural and organizational change that demands close collaboration among stakeholders.

An additional dimension is illustrated by the agricultural sector. *Balayev & Mirzayev (2022)* demonstrate that digital agricultural technologies can serve as a driver for sustainable rural development; however, their effectiveness depends on institutional support, infrastructure, and the readiness of local communities. This conclusion directly resonates with the issues of digital marketing in Ukraine and Azerbaijan, where the availability of technology is often constrained by socio-economic and institutional barriers.

An important aspect of the international discussion concerns the **role of artificial intelligence.** *Romic (2026)* demonstrates that AI is radically transforming customer experience management, value creation, and decision-making processes, while simultaneously introducing ethical risks related to consumer behavior manipulation and privacy protection.

Another crucial dimension involves the **cultural adaptation of digital strategies**. *Rizkita, Winarno, Suwono & Nik Malek (2025)* show that the inclusion of local cultural elements — language, symbols, and traditions — in digital campaigns significantly enhances customer loyalty and the resilience of MSMEs. This finding is particularly relevant for Ukraine and Azerbaijan, where the cultural component of marketing strategies remains underestimated.

The **Chinese experience** further broadens the analytical perspective. *Liu, Zou, Lv & Yao (2025)* demonstrate that digitalization influences international marketing decisions of private enterprises; however, its effectiveness depends on innovation capacity and corporate governance. Meanwhile, *Jia (2025)* highlights that digital marketing strengthens brand competitiveness through the development of marketing and operational capabilities. This is especially relevant for transition economies, where weak managerial competencies often hinder the shift from instrumental to strategic models.

Against this background, particular importance is attached to the **classification of digital marketing drivers** proposed in this study — technological, economic, socio-ecological, institutional, and organizational. This framework provides a systematic explanation of why Ukraine and Azerbaijan are progressing unevenly toward strategic and value-oriented models. While international research typically focuses on individual aspects of digital transformation, this classification offers a **comprehensive conceptual framework** that accounts for the full spectrum of influencing factors.

#### 4. Conclusion

The conducted research made it possible to generalize the evolution of theoretical and practical approaches to digital marketing and to identify its distinctive features in transition economies, using Ukraine and Azerbaijan as case studies.

The study proposes a **conceptual model of digital marketing development in transition economies, which integrates technological, economic, socio-ecological, institutional, and organizational drivers**. This model explains the **evolutionary transition** from traditional and instrumental practices toward strategic, complex, and value-oriented approaches. It highlights the **interdependence between digital technologies, human capital, institutional regulation, and sustainability principles** as key determinants of marketing transformation. The proposed conceptual framework provides both theoretical and practical guidance for policymakers and businesses seeking to align national digital strategies with global standards of sustainable development.

**Theoretical results.** Digital marketing has evolved through several distinct stages — from the **traditional** (adaptation of internet tools) and **instrumental** (focus on technologies and tactical actions) to **strategic, complex, and value-oriented** approaches, in which digital marketing becomes an integral part of business models and sustainability systems.

**Comparative analysis.** Both Ukraine and Azerbaijan face similar challenges such as a shortage of qualified professionals, limited investment resources, and low digital maturity among SMEs. However, while Ukraine operates under wartime constraints and the pressures of European integration, Azerbaijan is hindered by the dominance of the energy sector and pronounced regional digital inequality.

**Classification of drivers.** The proposed system of drivers — technological, economic, socio-ecological, institutional, and organizational — forms a comprehensive analytical framework that explains the unevenness of digital transformation and helps identify key leverage points for policy and business interventions.

**International experience.** The cases of Poland, Turkey, Georgia, China, and Indonesia confirm that the transition from instrumental to strategic and value-oriented models of digital marketing is possible only through the synergy of **technological innovation, human capital development, cultural adaptation, and institutional support**.



**Practical implications.** For Ukraine and Azerbaijan, the priority is to develop **complex and value-oriented models** of digital marketing that promote sustainable competitiveness. This requires investments in **digital infrastructure and human capital**, integration of **sustainable development and circular economy principles** into marketing strategies, strengthening **institutional and legal frameworks**, and the **adaptation of international best practices** to national contexts.

In summary, digital marketing in transition economies is not merely a set of promotional tools but a **strategic driver of sustainable transformation and global integration**. Future research should focus on developing **applied models for implementing complex and value-oriented digital marketing strategies** and evaluating their impact on business competitiveness and national economic growth.

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