



# Influencing E-commerce Performance in European Transition Economies: An Urgent Call for Digital Marketing

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## Abstract

**Background:** This study investigates the influence of digital marketing techniques on e-commerce businesses' performance in Albania's transition economy. **Objectives:** While no comparable research has yet been carried out in the Balkan region so far, the goal is to offer both empirical insights and practical value for businesses to enhance strategy frameworks of digital marketing. **Methods/Approach:** Using a representative sample, the research employs hierarchical regression with control variables to test hypotheses, which advances knowledge in the field by introducing a new framework that has not been previously employed. **Results:** The empirical data of the representative sample show that different combinations of digital marketing techniques positively impact e-commerce performance. **Conclusions:** The findings contribute to advancing knowledge in the field and offer a practical framework for e-commerce businesses in the transition economies, particularly Albania, to optimize their digital marketing strategies and enhance their performance.

**Keywords:** digital marketing; social media marketing; email marketing; online advertising; e-commerce performance; transition economy; Western Balkan

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## Introduction

The digital era refers to the shift towards digital technologies influencing numerous parts of society, particularly business operations, pushed by the transition from Industry 4.0 to 5.0 (Denning, 2022). The digital era is already a fact (Tortorella et al., 2023) as manifested in the European digital agenda. A crucial part of this digital agenda is undoubtedly the digital commerce with electronic commerce (e-commerce) as a key component (Lone et al., 2023). E-commerce, broadly defined as the sale of goods and services facilitated through the Internet (Kong et al., 2020), has emerged as a transformative, highly influential force in Europe's digital sovereignty. In this regard, boosting e-commerce as part of the larger digital commerce framework makes Europe more innovative, empowers consumers, and helps the continent become a global digital economy leader. But it is important to acknowledge that some European nations—especially the Balkan transition economies—have not kept up with their peers, thus having lower e-commerce developmental trajectories. A developed economy characterizes a country whose economic and industrial development, standard of living, and income are mostly above average. An economy undergoing structural reform to become more market-oriented is referred to as being in transition (Kitchin et al., 2009). According to the United Nations (2024), the Balkan region countries that have transition economies are Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia. These countries are also collectively called Western Balkan countries (Rikalović et al., 2022; Kalemaj & Kalemaj, 2022; Fedajev et al., 2024).

The academic literature has largely neglected the nuances of the transition economy context when studying the drivers of e-commerce performance, including the critical role of digital marketing. Digital marketing, defined as “achieving marketing objectives through applying digital technologies and media” (Chaffey & Chadwick, 2019, p. 59), is expanding quickly and is anticipated to take over as the dominant form of marketing (Tabuena et al., 2022; Sesar et al., 2022; Floričić et al., 2023). Although digital marketing techniques have become more pronounced in recent years in the e-commerce landscape of those economies, there are two key reasons why their relationship is not well established. First of all, a limited number of studies in the field have investigated this relationship specifically. The current academic literature only partially explains the relationship between digital marketing and e-commerce (Melović et al., 2020). Digital marketing is not as widely used in developing and post-transition nations (Emini & Merovci, 2021; Gao et al., 2023). According to several authors (i.e., Aly, 2022; Goldman et al., 2021), few studies about e-commerce in developing nations or transition economies suggest further research. Secondly, these findings from different types of economies often conflict, and the relationship is unclear. Some have shown that digital marketing is necessary but insufficient to increase e-commerce performance (Agus et al., 2020; Tolstoy et al., 2022; Bade Sudarshan Chakravarthy & Karunakaran, 2022). Other studies have shown a significant positive relationship between digital marketing and e-commerce performance (Purnomo, 2023; Tiago & Tiago, 2012; Goldman et al., 2021). Moreover, no research has been done so far in the transition economies of the Balkan region measuring the effect that specific digital marketing techniques have on the multifaceted performance of e-commerce businesses. For these reasons, to understand the relationship between digital marketing and e-commerce performance, it is worth exploring the context of Balkan transition economies. This expands the current scholarship on the field and has practical value for regional businesses to help them enhance strategy frameworks.

This study emphasizes Albania's transition economy and seeks to investigate the influence of digital marketing techniques on e-commerce performance. The case of Albania is intriguing for a variety of compelling reasons. Firstly, being the first study of Albania, it fills a crucial knowledge gap and offers valuable information for marketers, policymakers, and researchers interested in understanding and improving the e-commerce landscape in Albania. Secondly, the similarities in the economic and technological trajectories of Balkan transition economies create a unique opportunity to use Albania as a case study to generate insights that can be applied across the region. Thirdly, Albania has an interesting paradox. The association between social media users and e-commerce potential is significant (Waseem, 2020). Despite having one of the region's highest ratios of social networking users (Eurostat, 2023; INSTAT, 2022), Albania exhibits the lowest percentage of online purchases (Eurocommerce, 2023). This is counterintuitive, and one of the objectives of this paper is to tackle this gap through empirical field research. Therefore, the arguments for a positive or negative correlation of digital marketing on e-commerce performance are equally persuasive. Fourthly, Albania's ranking as the lowest among transition economies in the Balkans in terms of innovation (Fedajev et al, 2024) highlights the compelling need to conduct a study on the impacts of digital marketing on e-commerce performance in the country. Fifthly, as Albania prepares for its possible membership in the European Union, research on innovative marketing techniques (such as digital marketing) and their impact on the e-commerce performance becomes increasingly critical. The country's entry into a formal union with explicit digital regulations may pose challenges for Albanian e-commerce companies, potentially impacting their survival.

The study's main objective is to evaluate how digital marketing techniques might impact and enhance the crucial elements of e-commerce performance. Therefore, the research question is: *How much has the use of digital marketing techniques impacted the performance of e-commerce in a transition economy in the new digital era?*

The research design incorporated both measurement and structural models. Initially, measurement models were utilized to assess the validity of the research framework through discriminant and convergent analyses. This was followed by applying structural models wherein hierarchical regression with the inclusion of control variables was leveraged to evaluate and examine the proposed hypotheses. The data was analysed using various statistical techniques, including frequencies, means, correlations, hierarchical regression, and analysis of variance (ANOVA).

The study findings, based on a representative population, demonstrate that digital marketing techniques (including social media marketing, online advertising, and email marketing) significantly improve e-commerce performance. These results can provide valuable guidance to businesses in the transition economies at large and Albania in particular, to improve their performance by developing and implementing more successful digital marketing strategies that are empirically proven to be effective.

Following the introduction, this paper is structured in several key sections. First, the literature review describes the previous research on the relationship between digital marketing strategies and e-commerce performance, focusing on transition economy contexts and the Western Balkan region. The data and methodological approach used in this study are then detailed in section three. Then, section four presents the results of the empirical testing. The discussion in section five explores the obtained results in depth, including an analysis of the study's limitations and the potential for future research. Importantly, this chapter also highlights the originality of the research and its valuable contributions to understanding digital marketing's impact on e-

commerce performance. The paper then concludes with a summary of the key findings and implications.

## Literature Review

### *The E-commerce Landscape of Balkan Transition Economies in the Digital Age*

An important force in Europe's digital age is e-commerce (Lone et al, 2023). Forecasts show that e-commerce will continue to expand across Europe (Soava et al, 2022), making this industry a significant growth engine of the European economy (Roszko-Wójtowicz et al., 2024). Before analyzing the e-commerce landscape, it is important to note that e-business and e-commerce are not synonymous, as in some studies. E-business encompasses a broader range of activities and strategic considerations that go beyond the realm of the online marketplace (Chaffey, 2011; Laudon et al., 2021). Thus, this study considers e-commerce a subset of e-business, focusing on online buying and selling products, services, and information.

It should be considered that e-commerce is not equally developed throughout Europe (Hunady et al., 2022), and a considerable regional diversity in Europe characterizes e-commerce (Jaković et al., 2021; Sadowski et al., 2021). Furthermore, Rikalović et al. (2022), who empirically tested with a panel convergence detection method called the "log t" regression, found out that Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia are a homogeneous group of countries, often referred to as the Western Balkans. Also, it is evident in the recent studies (i.e., Vargas, 2018; Lone et al., 2023; Toska & Fetai, 2023) that some European transition economies, particularly the Western Balkans, have lagged behind other nations in the development of e-commerce. Furthermore, there is empirical evidence that the development of e-commerce is closely linked to the overall economic development of a country, meaning that similar economic types will also have similar developments in e-commerce (Jaković et al., 2021; Waseem, 2020; Roszko-Wójtowicz et al., 2024). As a result, it is important to consider the contextual factors of regions and types of economy in Europe to develop effective strategies and policies that support the growth and continuous expansion of e-commerce according to the specific landscape. Thus, to better understand and classify studies in the field into developed economies, developing economies, and economies in transition, the study uses the World Economic Situation and Prospects Report (United Nations, 2024) to determine the economic type of each country.

In particular, transition economies have many challenges to adapt to the new business model of e-commerce due to problems such as poor connectivity, low levels of financial inclusion, insufficient digital financial services such as online payments, a significant gender gap, lack of skilled human capital and logistical and supply constraints (United Nations, 2022; Kalemaj & Kalemaj, 2022). Moreover, the transition economies in the Balkan region show persistently low levels of fundamental e-commerce indicators, reflecting a common trend of low e-commerce development compared to other European countries. Specifically, the data published by Eurostat (2022) illustrates that the average fundamental e-commerce indicators of those countries are far from the average of the other European countries. For example, Internet users per country have an average of 83%. In comparison, the average of other European countries is 93%, with the lowest number of e-shoppers, with an average of 46%. In comparison, the average of other European countries is 76%, and they have the lowest number of businesses using e-commerce, with an average of

18%. In comparison, the average of other European countries is 23%, and they are the region with the lowest share of total European e-commerce turnover. All those core indicators are linked scientifically with e-commerce development and demonstrate that those countries have similar e-commerce development (Taraneenko et al., 2021; Roszko-Wójtowicz et al., 2024). Another thing that transition economies of the Balkan region have in common is that they are all candidates for European Union membership and still need to progress in various areas such as politics, economy, judiciary, education, social welfare, and insurance before being granted European Union membership.

Also, the recognition of the unique characteristics and similarities of transition economies in the context of e-commerce development by prominent international organizations such as the United Nations, World Bank, EuroCommerce, Eurostat, and Central European Free Trade Agreement (CEFTA) confirms the significance of this topic. These organizations consistently group these countries in their reports and discussions on e-commerce and related areas. The presented arguments of similarity in the development of e-commerce show that each Balkan transition economy is representative for studying the e-commerce landscape in this specific context. The Western Balkan countries have limited research on e-commerce (Toska & Fetaj, 2023; Kiełbasa & Tartaraj, 2022), and this study represents a significant opportunity to expand the existing knowledge and fill an important void in the economic literature. Let us analyze the current empirical studies on e-commerce in the Western Balkans. Serbia seems to be the best performer with the most studies. At the same time, only a few studies have been conducted in Albania and Montenegro, thus creating a bigger gap in the existing literature. The case of Albania is considered, given that data about e-commerce in Albania is rare (Edwards, 2020), therefore addressing an important empirical gap in the existing literature. The Albanian economy, where over 98% of businesses use computers and the internet (INSTAT, 2022), is progressing towards digitalization. E-commerce is considered a key growth opportunity for Albania (World Bank, 2020), although few recent studies have shown the rapid growth of the country's e-commerce sector. The Albanian e-commerce market is expanding quickly, which is advantageous to several economic sectors, including services and retail trade (Ungerer et al., 2022). With the development of technology and the spread of social networks, businesses in Albania are selling more products online, although unorganized (Kalemaj, 2022). According to a recent survey conducted by the Albanian Investment Development Agency (AIDA) in cooperation with the World Bank (AIDA, 2022), about 83% of businesses consider digital transformation a priority, and 88.8% consider it important. However, there is still a noticeable gap between this new mindset and the actual reality, because the Albanian enterprises seem to invest little in the digital transformation of their companies. As a result, they are lagging behind even regional standards in e-commerce performance. Therefore, studying the Albanian e-commerce can serve as a benchmark and shed lighter on the entire region.

### *Digital Marketing in Transition Economies of the Balkan Region*

It is important to note that when it comes to the notion of marketing being done online, there are a variety of concepts in the literature, including interactive marketing, digital marketing, internet marketing, e-marketing, and online marketing. These concepts share at least one thing: they enable client-focused strategies by interacting with customers using information technology techniques while lowering transaction costs. It is crucial to realize that these concepts are distinct from one another (Jusufi & Xhafa, 2024), even though many scholars still believe they mean the same because of their



similarity. In essence, digital marketing encompasses internet, online, and interactive marketing, as it is considered to have a broader scope and includes other channels that do not require Internet use (Atshaya & Rungta, 2016). Compared to traditional marketing, digital marketing allows businesses to reach a far larger number of potential customers through internet channels at a cheaper cost (Rogić et al., 2022).

The rise of digital marketing in transition economies of the Balkan region is a promising trend. In contrast, as highlighted by Rustemi et al. (2020), the limited literature on digital marketing in the region underscores the need for further research and exploration in this area. The marketing ecosystems of transition economies differ significantly from those of more developed nations, making choosing the appropriate marketing techniques much more challenging (Batra, 1997). Compared to more developed markets, the market of the Balkan transition economies is characterized by consumers who tend to be less educated, less proficient in technology, less wealthy, and less open to non-traditional marketing strategies (Jayaram et al., 2015). Also, the fact that these economies are transitioning presents additional difficulties for their businesses. These difficulties include poor digital infrastructure, a lack of talent, resource limitations, and knowledge about implementing the digitalization strategy (Zuzaku & Abazi, 2022). This demonstrates how critically businesses of the Balkan transition economies need representative data-driven analytics and contextual insights to navigate the quickly transforming digital realm.

Marketers need to evaluate various digital marketing techniques while developing a digital marketing strategy or carrying out a campaign. However, different authors have diverse opinions regarding categorizing digital marketing techniques, as the landscape continuously evolves, leaving room for new interpretations (Dutta et al., 2024). Nevertheless, there is a common agreement that core digital marketing techniques like online advertising, email marketing, and social media marketing remain highly relevant and impactful for driving success in the business environment (i.e., Ištvančić et al., 2017; Piñeiro-Otero & Martínez-Rolán, 2016; Chaffey & Chadwick, 2019; Kundu, 2021; Peter & Vecchia, 2020; Munna et al., 2023; Tarazona-Montoya et al., 2024). Moreover, online advertising, email, and social media are effective digital marketing techniques applied to e-commerce businesses, regardless of whether they operate in the B2B or B2C (Laudon et al., 2021). Also, these digital marketing techniques are typically easier to understand and more approachable, which fits in nicely with the traits of customers in the Balkan transition economies.

According to a study by Jayaram et al. (2015), the non-European Union members of Eastern Europe (all Balkan transition economies) can be grouped into a distinct cluster characterized by a slower adoption of digital marketing compared to other European markets. These findings confirm the shared traits that define the digital marketing landscape in the Balkan transition economies. Also, this study uses Albania as a representative case study for the cluster of non-European Union member countries in Eastern Europe. This indicates that Albania's digital marketing landscape is representative of the broader typology of transition economies across the Balkan region.

### *The Relationship of Digital Marketing to E-commerce Performance*

In European countries, there is a need for further investigation into the significant factors influencing e-commerce (Bińczak et al., 2018; Jaković et al., 2021). Concurrently, deeper investigation of digital marketing techniques is essential to unleash their potential and optimize the performance of e-commerce companies within European countries (Gyenge et al., 2021; Ponzoa & Erdmann, 2021). Thus, when it comes to the relationship between digital marketing and e-commerce

performance, there is a gap, because the existing literature does not thoroughly investigate this relationship. Currently, in Europe, studies of this relationship have primarily focused on developed economies, leaving transition economies in the shadows. In addition, accurately measuring the impact of digital marketing on business performance remains a challenge, as attribution models struggle to fully encapsulate the complex nature of digital channels and their impact on performance (Solfa et al., 2023). In the context of transition economies, digital marketing techniques that have proven effective in developed economies may not adequately capture the dynamics of these markets (Jayaram et al., 2015). Therefore, it becomes crucial to investigate the relationship between digital marketing techniques and e-commerce performance, specifically within transition economies.

In the realm of transition economies in Europe, it is evident that the gap is deeper, especially in Balkan transition economies. In Ukraine, the findings of Dykha et al. (2021) on a similar topic suggest that online promotion aids businesses in achieving their e-commerce business objectives. However, it does not show how they obtained such results. Since online promotion is only one of the digital marketing techniques, the impact of digital marketing on e-commerce has not been thoroughly investigated in Ukraine. Even in Russia, the relationship was not studied. Although the study by Cherkasova and Slepushenko (2021) confirmed a positive correlation between digitalization and the financial performance of Russian companies, the relationship between digital marketing and e-commerce performance was not the primary focus of their research. In Albania, there are no previous studies that investigate this relationship. Also, the relationship between digital marketing or e-commerce and business performance has not yet been studied. In Bosnia and Herzegovina, some studies showed a positive correlation between internet marketing and business performance (i.e., Sinanagić et al., 2019). However, no studies specifically investigate the impact of digital marketing techniques on e-commerce performance. In Montenegro, Melović et al. (2020) discovered that increased use of digital marketing has a favorable impact on the growth of e-business. Notwithstanding, the research did not investigate the relationship between digital marketing techniques and e-commerce performance. No prior research has examined the relationship between digital marketing techniques and e-commerce performance in North Macedonia. There are more studies of digital marketing or e-commerce in Serbia than in other transition economies in the Balkan region. However, the impact of digital marketing techniques on e-commerce performance has not yet been studied. Thus, in general, little is understood about the impact of digital marketing and e-commerce performance in transition economies of Europe.

In developed or developing economies of Europe, the results indicate a positive impact on e-commerce performance. Intriguingly, Goldman et al.'s (2021) research of 20 European countries (with no transition economies included) revealed that while e-retailers, including e-commerce firms from developing markets, typically employ fewer digital marketing techniques, the impact on their e-commerce performance is noticeably greater than that of e-retailers from developed e-commerce markets. Moreover, the findings of this study using a sample of 446 small business-to-consumer e-retailers demonstrated a favorable impact of the digital techniques on the e-commerce performance. The same results were reinforced by Tiago and Tiago (2012), who studied 25 European countries and revealed a positive impact of internet marketing on e-commerce performance. The theoretical view that e-business performance needs to be measured considering the economic criteria was supported empirically by the findings of this study.

On a global scale, conflicting results have been consistently observed worldwide across developed and developing economies. Agus et al. (2020) concluded that perceived digital promotion capability has not significantly affected (relative) e-commerce platform performance in Indonesia. Also, Bade Sudarshan Chakravarthy and Karunakaran (2022) showed that digital marketing is correlated but not significantly with the success of e-commerce companies in India. Furthermore, Aziz (2022) found that while digital marketing is necessary for Middle Eastern and North African businesses, it is insufficient to improve performance and produce genuine competitive advantages by influencing e-commerce performance. On the other hand, Purnomo (2023) investigates the relationship between digital marketing and e-commerce sales conversion in the light of Cialdini's Theory of Conversion, showing a positive correlation.

Therefore, it is evident that it is important to conduct more research on specific regions and economies and shed light on the nuances of the relationship between digital marketing techniques and e-commerce performance, helping businesses make informed decisions and devise effective strategies in diverse economic landscapes. According to the present study, digital marketing positively impacts e-commerce performance in a transition economy. To begin with, digital marketing has penetrated online businesses and enabled e-commerce to enhance brand growth, customer attraction, sales boost, and easy client connectivity through online networking (Dykha et al., 2021; Yunus et al., 2022). Businesses can increase performance by employing internet advertising, email marketing, and social media to deliver timely updates and information (Bala & Verma, 2018). Therefore, e-commerce businesses must utilize digital marketing to perform better (Goldman et al., 2021). Social media marketing has become a more prevalent digital marketing technique among enterprises in the Balkan transition economies (Rrustemi et al., 2020). Social media marketing is a significant component of digital marketing, including encouraging customer interactions on a business's website, social media platforms, or specialized publisher websites, blogs, and forums (Chaffey & Chadwick, 2019, p. 97). Regularly providing customers with engaging, visually appealing content can be an effective means for a brand to foster brand loyalty, cultivate a sense of community, and deepen customers' emotional connections with the brand (Vuković et al., 2023). Also, social media marketing is an effective way to engage customers online, bringing in new customers and keeping existing ones (Rogić et al., 2022) as well as affect and increase sales (Jusufi & Xhafa, 2024). Existing research shows that social media platforms have received relatively more scholarly attention within the Western Balkan countries than other digital channels. When it comes to social media usage in the Western Balkans, Facebook reigns supreme, outpacing all other platforms in terms of widespread adoption and user engagement (Jusufi & Xhafa, 2024; Vuković et al., 2023). The impact of social media marketing on consumer behaviour has been studied in all these countries. Email marketing is also one of the most potent digital marketing techniques as it is highly effective, targeted, and measurable (Jenkins, 2008). It is defined as a modern messaging platform that combines art and science, while providing subscribers with value in their inboxes. Regarding return on investment (ROI), email marketing is considered among the most successful types of marketing (Hudák et al., 2017). By including links and compelling calls to action in their emails, businesses can direct potential and existing customers to their websites and increase overall visibility and engagement (Kotler et al., 2017). Also, online advertising can enhance brand visibility and user engagement by capturing users' attention, communicating product benefits, and evoking emotions (Frost & Strauss, 2013). Online advertising, often known as display advertising, is the intentional placement of



messages on other websites, such as search engines and directories accessible through an internet connection. (Ha, 2008). In the European digital advertising market, which is estimated at a substantial value of 86 billion euros, display advertising occupies the most important part, with a value of 40.1 billion euros (IAB Europe, 2023). This trend underlines the significance of display advertising across the European region.

Based on the arguments presented, the conceptual model for this study proposes that the core digital marketing techniques of social media marketing, online advertising, and email marketing (the independent variables) will positively impact the e-commerce performance (the dependent variable). Based on this conceptual model, the following three sets of hypotheses are proposed:

- *H1*: Social media marketing significantly affects e-commerce performance in a transition economy.
- *H2*: Online advertising significantly affects e-commerce performance in a transition economy.
- *H3*: Email marketing significantly affects e-commerce performance in a transition economy.

## Methodology

### *Sample and Data Collection*

The target population for this study includes e-commerce businesses of all sizes registered in Albania that operate using online sales channels. This encompasses all Albanian e-commerce companies that have registered an e-commerce presence in the Albanian market, as listed in the official database of Albania's National Registering Center (QKB). For e-commerce companies operating in Albania, registration with the National Registering Center is mandatory to conduct online sales and commercial activities legally within the country. Also, the e-commerce businesses must have at least 1 year of market experience to have sufficient history and data to provide meaningful and unbiased insights into their digital marketing techniques and performance metrics.

Given the argument of shared characteristics in the literature, parallels between the evolution of e-commerce and digital marketing, and shared economic transitions and regional comparability suggest that the insights acquired from the Albanian sample may extend beyond the local context. These outcomes have important implications for understanding e-commerce and digital marketing in other transition economies with comparable structural and macroeconomic obstacles (such as poor digital infrastructure, a lack of talent, resource limitations), as well as with similar stages of e-commerce development and slower pace of adoption of digital marketing techniques.

The Taro Yamane Sampling Method is suitable when the population is known (Singh & Masuku, 2014) and below 400 (Olonite, 2022). Calculating the sample size from a heterogeneous population is also very effective, as the subjects or objects under investigation differ (Ovie, 2023). Thus, this study uses the Taro Yamane formula to determine the sample size, considering a population of 335 e-commerce businesses in Albania based on data from the National Institute of Statistics (INSTAT, 2021). With a 95 percent confidence level and a 5 percent error margin, the sample frame included 183 e-commerce firms located in Albania. The requirement for e-commerce businesses to have at least 1 year of experience means that any new businesses starting during the study period would not be eligible for inclusion. This ensures the sample remains stable and consistent throughout the study period and legitimizes the

use of Taro Yamane's formula. A simple random sample approach was utilized to choose the e-commerce companies from Albania's National Registering Center database. Business owners, marketing managers, and operations managers were used as units of inquiry to achieve the desired results. The survey respondents could provide honest responses because the confidentiality of the answers was ensured. Before using the questionnaire to gather data, pilot testing was conducted to improve the questionnaire and ensure that respondents had no trouble answering the questions (Saunders et al., 2009). A sample of 10 managers with varied backgrounds in various e-commerce types of businesses participated in the pilot survey, which tested the validity of the questionnaire's content. Also, the survey was pilot-tested and proofread by professionals to ensure it was understood. Table 1 represents the characteristics of the sample.

Table 1

The characteristics of the sample

Demographics of the sample	Number of firms (n = 183)	Percent (%)
<b>(a) Firm age</b>		
0–2 years	20	10.9
3–5 years	48	26.2
6–8 years	32	17.5
9–11 years	39	21.3
Above 12 years	44	24
<b>(b) Type of industry</b>		
Food and beverage/Agriculture	5	3
Cosmetics and pharmaceuticals	20	11
Auto Parts and Machinery	3	2
Retail/wholesale	107	58
Electronics	9	5
Others	39	21
<b>(c) Years Using Digital Marketing</b>		
0–2 years	85	46.4
3–5 years	46	25.1
6–8 years	40	21.9
Above 9 years	12	6.6

Source: Author's elaboration

## Measurement

A questionnaire was used to collect data. Data were collected during January–February 2023 using a telephone survey. The dataset of this study had no missing values as the respondents answered all questions, facilitated by the direct phone interview approach. The indicators and metrics used in this research are drawn from previously published studies, tailored to match the specific context of the transition economy landscape. The survey was divided into three distinct sections.

The first section on demographic information collects contextual data about the participating businesses using multiple-choice questions. Factors such as years in operation, industry sector, and digital marketing experience are important control variables. Scholars can avoid confounding effects by using control variables, which makes it possible to clearly understand how the independent and dependent variables relate to one another (Scharer et al., 2021). The selection of control variables was based on their capacity to impact the overall performance of e-commerce. The control variables employed include the industry sector, the time the company has been in business, and the years that the company has been implementing digital

marketing methods. It makes sense that businesses with a longer presence in the industry would perform better because of their experience and benefits from branding (Boone et al., 2007; Akben-Selcuk, 2016). The industry a business is a part of was also considered a control variable, acknowledging the differences in the financial performance of various sectors (Li et al., 2017; De Mendonca & Zhou, 2019). Also, companies that have utilized digital marketing strategies for an extended period have had more time to develop expertise and refine their approach, leading to enhanced e-commerce performance. Since a significant issue for the Albanian economy is the high level of informality, firm size was eliminated as a control variable. This is because cross-cutting issues like informal economic activity and employment provide a significant obstacle to the real size of the private sector, particularly for the e-commerce sector (European Commission, 2021; World Bank, 2020). This section also had a filter question to direct participants to the appropriate follow-up questions based on their company's marketing approach. Respondents were asked: "What marketing strategies does your company use? a) Digital Marketing, b) Traditional Marketing, or c) Both." Respondents who chose option "a) Digital Marketing" or "c) Both" were directed to the full survey.

The second section, focusing on digital marketing techniques, is the heart of the questionnaire. This section used a 5-point Likert scale questionnaire as a data collection tool. According to the questionnaire's five-point Likert scale, a very great extent is represented by a score of 5, a great extent by four, a moderate extent by three, some extent by two, and not at all by one, and I do not use it, which was coded as 0. The scale for measuring digital marketing techniques ranged from 0 to 5. By asking respondents to indicate the extent to which various tools used to assess social media, online advertising, and email marketing have impacted their e-commerce performance, it was possible to assess the independent variables directly. Digital marketing as an independent variable can be measured using various digital marketing techniques, which can serve as proxies (Oketta et al., 2023). Additionally, it is essential for e-commerce businesses to design marketing strategies that are appropriate for their stage of development (Ma & Gu, 2024). They should follow a phased approach, starting with basic digital marketing techniques to build a solid online presence, and then gradually scaling and diversifying into more complex digital marketing techniques as the business and market mature. Thus, digital marketing was assessed using the core digital marketing techniques of social media marketing, online advertising, and email marketing, as suggested by Parkin (2016), as powerful digital marketing techniques for the success of e-commerce. The metrics to measure the digital marketing techniques were selected considering the work of various authors (Laudon et al., 2021; Peter & Vecchia, 2020; Kurdi et al., 2022; Chaffey & Smith, 2022).

Finally, the third section on e-commerce performance indicators allows the researchers to evaluate the dependent variables. Again, the 0-to-5 scale facilitates a detailed assessment of how digital marketing has influenced crucial metrics such as sales volume, revenue, retention, and new customer acquisition. On a 5-point Likert-type scale, ranging from (0) decreased to (5) to a great extent, the respondents were asked to rate their level of agreement with the items. According to Wiklund and Shepherd (2005), performance is multidimensional, making it advantageous to include various dimensions in performance measures. Subjective measures are a valid and trustworthy way to judge performance (Singh et al., 2016). The metrics to measure e-commerce performance were selected considering the standard measurements of Bremser et al. (2005) and Shaytura et al. (2017). Because sales impact a company's financial performance, previous researchers (i.e., Panagopoulos et al., 2010; Pekovic & Rolland, 2016) have deemed sales the most crucial performance indicator. Also, it

is assumed that businesses with high customer acquisition and retention rates will fare better financially over time and are considered an important factor in a firm's strategy to create value (i.e., Livne et al., 2011; Chenhall & Langfield-Smith, 2007). It is recommended that, for a better performance evaluation, various types of measures be considered as complements to one another (Chow & Van, 2006). Thus, the performance of e-commerce is analysed considering customer-oriented measures (customer retention and acquisition) and revenue measures (sales volume and sales revenue), which is another idiosyncratic contribution of this research. As a result, a conceptual model, as shown in Table 2, was created.

Table 2

The explanation of the conceptual framework of the variables in the study

Type of Variable	Variables	Measured by	Assessed by question
<b>Independent Variable</b>	Social Media Marketing (Digital marketing techniques)	Organic Social Media Presence: Have a presence on relevant social media platforms (Facebook, Instagram, WhatsApp, LinkedIn)	To what extent has having a presence on relevant social media platforms (Facebook, Instagram, WhatsApp, LinkedIn) impacted the e-commerce performance? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
		Social Media Advertising: Using paid advertising options on social media platforms to reach a targeted audience.	To what extent has using paid advertising options on social media platforms to reach a targeted audience impacted the e-commerce performance? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
		Social Media Content Creation: Using various social media content, such as images, videos, stories, live streams, and interactive posts.	Agree, to what extent has using a variety of social media content, such as images, videos, stories, live streams, and interactive posts, impacted the performance of e-commerce? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.

<b>Independent Variable</b>	Online Advertising (Digital marketing techniques)	Search engine advertising: Pay for the right to see their advertisements to users who search for particular terms or phrases on search engines like Google or Bing.	To what extent has the use of search engine advertising (Paying for the right to have your advertisements seen by users who search for particular terms or phrases on search engines like Google or Bing) impacted the performance of e-commerce? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
		Display advertising: the practice of using visual advertisements on websites, mobile applications, or other digital platforms	Agree, to what extent has display advertising (using visual advertisements on websites, mobile applications, or other digital platforms) impacted the performance of e-commerce? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
		Website advertising: using various digital advertising formats on the company's website to promote products, services, deals, or the overall brand.	To what extent has website advertising (the use of various digital advertising formats on the company's website to promote products, services, deals, or the overall brand) impacted the performance of the e-commerce? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
<b>Independent Variable</b>	E-mail marketing (Digital marketing techniques)	Email newsletters: send informative, educational, or promotional newsletters to customers or prospects via email.	Agree, to what extent has the use of email newsletters (sending informative, educational, or promotional newsletters to customers or prospects via email) impacted the performance of e-commerce? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.



		Dedicated email promotions: sending email campaigns with a single, highly customized offer or promotion for the recipient.	To what extent has using dedicated email promotions (sending email campaigns with a single, highly customized offer or promotion for the recipient) impacted the e-commerce performance? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
		Subscribe emails: Sign-up emails are delivered to individuals who have indicated interest in getting content or offers from a specific brand or company.	To what extent has the use of subscribe emails (sending sign-up emails delivered to individuals who have indicated interest in getting content or offers from a specific brand or company) impacted the e-commerce performance? On a scale of 0= I do not use it, 1= Not at all, 2= Some extent, 3=Moderate extent, 4=Great extent, 5= Very great extent.
<b>Dependent Variable</b>	Performance	Sales volume: the quantity of a good or service sold	To what degree has your e-commerce sales volume (the quantity of a good or service sold) increased since including digital marketing techniques in your marketing strategy? 0=Decreased (<0%) 1=Not at all (0%) 2=Some extent (>25%) 3=Moderate extent (26%-50%) .4=Great extent (51%-75%) . 5= Very To a great extent (Greater than 75%)
		Customer retention: transactions with your existing customers	To what extent have transactions with your existing e-commerce customers improved by including marketing techniques in your marketing strategy? 0=Decreased (<0%) 1=Not at all (0%) 2=Some extent (>25%) 3=Moderate extent (26%-50%) .4=Great extent (51%-75%) . 5= Very great extent (Greater than 75%)

		Sales Revenue: the total amount of money obtained from sales	To what degree has your e-commerce sales revenue (total amount of money obtained by the sales) increased since including digital marketing techniques in your marketing strategy? 0=Decreased (<0%) 1=Not at all (0%) 2=Some extent (>25%) 3=Moderate extent (26%-50%) .4=Great extent (51%-75%) . 5= Very great extent (Greater than 75%)
		New customer acquisition: the number of new customers	To what extent has the number of new e-commerce customers increased since including marketing techniques in your marketing strategy? 0=Decreased (<0%) 1=Not at all (0%) 2=Some extent (>25%) 3=Moderate extent (26%-50%) .4=Great extent (51%-75%) . 5= Very great extent (Greater than 75%)
<b>Control Variable</b>	Years in business	Length of time the company has been in business	a. 0–2 years b. 3– 5 years c. 6–8 years d. 9–11 years old. e. Above 12 years
<b>Control Variable</b>	Industry Sectors	Auto Parts and Machinery Cosmetics and pharmaceuticals Electronics Food and beverage /Agriculture Retail/wholesale Others	a. Auto parts and Machinery b. Cosmetics and pharmaceuticals c. Electronics d. Food and beverage/Agriculture e. Retail/wholesale f. Others
<b>Control Variable</b>	Years using digital marketing as part of their marketing strategy	Length of time the company has been implementing digital marketing	a. 0–2 years; b. 3– 5 years c. 6–8 years d. 9–11 years e. Above 12 years

Source: Author's work

The investigation incorporated two distinct types of models: measurement models and structural models. The initial model assessed the validity of the model employing discriminant analysis and convergence, while the subsequent model evaluated and examined the proposed hypotheses through hierarchical regression. Frequencies, means, correlation, hierarchical regression, and analysis of variance (ANOVA) were used to analyze the data. The hypotheses developed for the study were statistically tested using hierarchical regression analysis with the aid of the IBM SPSS Statistics and

Microsoft Excel. Theoretically, the decision to employ a hierarchical regression approach is aligned with the underlying conceptual framework and the proposed relationships among the variables. Multilevel modeling (MLM), often referred to as hierarchical linear modeling (HLM), is a regression technique that may account for data that are clustered in some way and can be organized into conceptually meaningful blocks or sets (Keith, 2015, p. 229). Specifically, hierarchical regression is used to explore complex relationships and understand the unique contributions of different sets of predictors by accounting for the effects of control variables (Cohen et al., 2013). Therefore, the hierarchical regression analysis will not only quantify the magnitude of the specific effects of digital marketing techniques (such as social media marketing, online advertising, and email marketing) in predicting performance, but will also provide a more detailed explanation of these relationships by investigating the incremental contribution of each theoretical construct above and beyond the impacts of the control variable.

This study's methodological contribution consists of presenting a more comprehensive framework that goes beyond the limitations of previous research in this area. This is achieved by applying a multifaceted approach to variable measurement and hierarchical regression analysis, with the inclusion of control variables that have not been accounted for in previous analyses of this relationship.

## Results

### *Measurement Model*

An assessment of construct validity and reliability was made to validate the measurement model. The measures of Average Variance Extracted (AVE), Composite Reliability (CR), and Cronbach's Alpha were employed, with recommended thresholds of  $AVE \geq 0.50$ ,  $CR \geq 0.70$ , and  $Cronbach's\ Alpha \geq 0.70$ . The reliability and validity of the instrument were verified as shown in Table 3, where they vastly exceeded the cut-offs and satisfied the levels that were considered satisfactory. As a result, the instrument was used to gather data.

Table 3

Evaluation of the measurement model.

Variables	Number of items	Cronbach's alpha	CR	AVE
Social media marketing	3	.74	0.89	0.55
Online advertising	3	.72	0.94	0.54
Email marketing	3	.73	0.93	0.60
E-commerce performance	4	.82	0.95	0.52
Total	13	-	-	-

Source: Author's work

Additionally, the research has verified discriminant validity, primarily assessing the interrelationships between the latent constructs. The Fornell-Larcker criterion was used to assess discriminant validity. The off-diagonal elements, which show the correlations between the variables, are substantially smaller than the diagonal elements, which show the square root of the AVE for each construct. By showing that each construct has more variance with its related indicators than other constructs in the model, this discovery satisfies the Fornell-Larcker criterion and indicates appropriate discriminant validity.

Table 4

Fornell-Larcker Criterion

Constructs	Social Media Marketing	Online Advertising	Email Marketing	E-commerce Performance
<b>Social media marketing</b>	<b>.74</b>			
<b>Online advertising</b>	.493**	<b>.74</b>		
<b>Email marketing</b>	.397**	.208**	<b>.77</b>	
<b>E-commerce performance</b>	.691**	.679**	.558**	<b>.72</b>

Note: observations = 183; \* p &lt; 0.05; \*\* p &lt; 0.01

Source: Author's elaboration

### Hypothesis Testing

Before conducting the hypothesis testing, the multicollinearity of the structural model was evaluated using the correlation matrix and variance inflation factor (VIF) as shown in Table 5. All VIF values were smaller than the suggested conservative value of 3.3 (Kock, 2017), indicating no evidence of collinearity or standard method bias (Dormann et al., 2012). The correlation matrix, which ranges from 0.025 to 0.688, verified the same findings, showing no possible multicollinearity problems because every correlation was below the 0.8 cutoff (Shrestha, 2020).

Table 5

Correlation Matrix and VIF

Variables	X1	X2	X3	X4	X5	X6	VIF
<b>Social Media (X1)</b>	1						1.824
<b>Online Advertising (X2)</b>	0.493**	1					1.520
<b>Email Marketing (X3)</b>	0.397**	0.208**	1				1.336
<b>Years in business (X4)</b>	0.592**	0.508**	0.444**	1			2.281
		*	*				
<b>Industry Sector (X5)</b>	0.025	0.061	0.062	0.043	1		1.065
<b>Years using Digital Marketing (X6)</b>	0.575**	0.506**	0.436**	0.688**	0.198**	1	2.352

Note: observations = 183; \* p &lt; 0.05; \*\* p &lt; 0.01; \*\*\* p &lt; 0.001.

Source: Own elaboration using IBM SPSS Statistics.

Hierarchical regression analysis was applied to evaluate the predictor measures' effect on e-commerce performance beyond the influence of the control variables. First, the original equation was adjusted to include the control variables of years in business, the type of industrial sector, and years utilizing digital marketing. Afterwards, the regression model's second block was filled with the independent measurements of social media, online advertising, and email marketing. The study's results showed that digital marketing techniques, such as social media marketing, online marketing, and email marketing, can all significantly improve the performance of Albanian e-commerce companies. Table 6 shows the outcomes of the hierarchical regression equations.

Step 1 shows that the control variables account for 55.7% of the overall variance (R<sup>2</sup>) of e-commerce performance, and the model's F  $\Delta$  value is significant (p < 0.01). The model explains 76.1% of the overall variation in e-commerce performance. Thus, there is a strong correlation between the variables in this case. This suggests that if other variables stay the same, a unit change in the digital marketing techniques by e-commerce companies will result in a 76.1% change in their performance.

Table 6

Results of Hierarchical Regression Analysis

Variables	Step 1 (Controls)			Step 2 (Independents)		
	Unstandardized Coefficients		Standardized Coefficients	Unstandardized Coefficients		Standardized Coefficients
	B	S.E.	Beta	B	S.E.	Beta
<b>Constant</b>	3.432	0.074		2.111	0.132	
<b>Years in business</b>	0.163	0.027	0.416**	0.062	0.022	0.159*
<b>Industry Sector</b>	0.063	0.055	0.059	0.084	0.041	0.078
<b>Years using Digital Marketing</b>	0.211	0.039	0.385**	0.068	0.031	0.124*
<b>Social Media</b>				0.166	0.034	0.245**
<b>Online Advertising</b>				0.154	0.02	0.358**
<b>Email Marketing</b>				0.141	0.023	0.257**
<b>F-score (df1, df2)</b>	74.876 (3, 179) **			93.635 (6, 176) **		
<b>R2</b>	0.557			0.761		
<b>Δ R2</b>	0.557			0.204		
<b>Adjusted R2</b>	0.549			0.753		

Note: N = 183. \*p < 0.05. \*\*p < 0.01; Independent variables: social media marketing (X1), online advertising (X2), email marketing (X3); Control Variables: years in business (X4), industry sector (X5), years using digital marketing (X6); Dependent variables: performance of e-commerce (Y).

Source: Author's elaboration using IBM SPSS Statistics.

In Step 2, the F Δ value in the model is significant, showing that the block of predictor variables considerably enhances the explanatory power of control variables. Social Media, Online Advertising, and Email Marketing are positive and statistically significant. This indicates that the null hypotheses are rejected. In contrast, the alternative hypotheses are accepted, suggesting that in the transition economy, social media marketing, online advertising, and email marketing have a significant positive impact on the performance of e-commerce. Thus, the regression model tested is statistically significant, as shown by the F-statistic (93.64) in Table 6, which suggests that digital marketing significantly impacts e-commerce companies' performance in the transition economy.

Specifically, this study found a 0.166% increase ( $\pm 0.03$ ) in e-commerce performance for every 1% increase in social media marketing, a 0.154% increase ( $\pm 0.02$ ) in the performance of e-commerce and for every 1% increase in online advertising and 0.141% ( $\pm 0.02$ ) increase in the performance of e-commerce and for every 1% increase in email marketing. The effect of each digital marketing tool is given in the following estimated regression equation:

$$\hat{Y} = 2.11 + 0.166x_1 + 0.154x_2 + 0.141x_3 + 0.062x_4 + 0.084x_5 + 0.068x_6 \quad (1)$$

Predictive validity (Q2), often called the Stone-Geisser indicator or redundancy of cross validity, was used to evaluate the model's accuracy. The model's Q2 result of 0.997 indicates strong predictive significance. If its Q2 is much higher than the zero criterion, the model may accurately predict the dependent variables based on the independent variables (Hair et al., 2012).



Despite the challenges posed by the transition process in the Albanian market, evidence suggests that digital marketing techniques influence e-commerce performance. Also, other important findings are that every Albanian e-commerce business that took part in the survey is on social media: Facebook, Instagram, and WhatsApp. A tiny portion said they were not on social networks (1% did not have Instagram, 3% did not have Facebook, and 4% did not have WhatsApp). In the online advertising techniques under study, the website advertising was the most used, followed by display advertising and search engine advertising. Among the e-mail marketing techniques, the dedicated email promotions had the most significant impact on e-commerce performance ( $M=4.34$ ,  $SD=1.11$ ), followed by subscribe emails ( $M=4.2$ ,  $SD=1.2$ ) and email newsletters ( $M=3.9$ ,  $SD=1.3$ ). Usage of digital marketing is still in an early stage, with barely 46.4% of the e-commerce firms reporting that have been using digital marketing techniques for less than 2 years, 25.1 percent in 3-5 years, 21.9 percent in 6-8 years, and only 6.6 percent have been using digital marketing techniques for more than 9 years. The research shows that firms that have been in the market for less than 2 years have used a smaller number of digital marketing techniques ( $M=2.96$ ,  $SD=1.09$ ), compared to those that have been in service for more than 9 years ( $M=4.5$ ,  $SD=0.35$ ). E-commerce firms with more than 9 years of digital marketing strategies reported better performance scores ( $M=4.87$ ,  $SD=0.14$ ) compared with those with less than 2 years ( $M=4$ ,  $SD=0.5$ ).

## Discussion

For Europe to create digital sovereignty and flourish in the digital future, it is important to identify the elements that can increase the performance of electronic commerce even in transition economies. In Europe, it is evident that the transition economies of the Western Balkans, which are also non-European Union members, face a significant lack of studies in digital marketing and e-commerce. Scholarly discourse has often disregarded the countries in this region, providing considerable opportunity for additional investigation and study (Osbuild et al., 2018; Berisha et al., 2021; Fedajev et al., 2024). These countries consistently have the lowest e-commerce development compared to the other European countries. To narrow this gap, this study aims to shed light and be the first in the region to analyse the impact that digital marketing has on e-commerce performance, thereby shaping the understanding of transition economies in the Balkan region.

Although in recent years there has been an increased global interest in research on topics that address various aspects of digital marketing as critical to successful e-commerce, the existing literature on appropriate digital marketing techniques often lacks rigorous empirical support and compelling analytical depth, required to provide truly actionable guidance. Instead, they offer subjective rankings, anecdotal case studies, or perspectives potentially influenced by non-representative samples. This approach fails to provide the objective, contextually relevant knowledge that e-commerce businesses need to make informed decisions about their digital marketing technique. This study pays more attention to collecting primary data from a representative sample and using analytical models that can produce digital marketing recommendations firmly rooted in significant evidence about effective digital marketing techniques with visible performance impacts.

Previous research on the effect of digital marketing on e-commerce performance has produced conflicting findings. To be more specific, while one group of authors shows that digital marketing has a positive impact on e-commerce performance (i.e., Tiago & Tiago, 2012; Goldman et al., 2021), the other group contends that this relationship is either negative or neutral (i.e., Agus et al., 2020; Tolstoy et al., 2022; Bade

Sudarshan Chakravarthy & Karunakaran, 2022). To go further, most existing work focuses on the direct relationship between digital marketing and e-commerce performance, without considering their components as an instrument of measure. Also, most of the time, the e-commerce performance was looked at only from the sales or profit perspective, neglecting the impact of customer orientation measures on e-commerce performance. In this context, the current study overcomes those gaps by measuring digital marketing with core techniques and e-commerce performance, considering customer-oriented instruments (customer retention and acquisition) and revenue instruments (sales volume, sales revenue). Another important contribution is that it confirms not only the relationship that different digital marketing techniques have on the e-commerce performance but also their effect. This study contributes to the theory that digital marketing positively impacts e-commerce performance by adding more dimensions to this assessment and using control variables. These elements make this study original and open up new research avenues in similar settings, thus adding empirical value.

The usage of digital marketing is still in an early stage in Albania, with 71.7% of the e-commerce firms under study reporting the use of digital marketing techniques for less than 5 years. This outcome is underscored by prior research and represents a prevalent trend within the transition economies of the Balkan Region (World Bank, 2020; Pinderi, 2024). Moreover, the research shows that firms that have been in the market for less than two years have fewer digital marketing techniques than those that have been in the market for more than nine years. Also, e-commerce firms with more than nine years of experience using digital marketing strategies reported better performance scores than those with less than two years. These insights highlight the significance of accounting for firm age and digital marketing experience as control variables to accurately assess the relationship between digital marketing techniques and e-commerce performance. Thus, this is a salient contribution, as previous empirical investigations on this relation have not emphasized the importance of accounting for these particular control variables when modelling this relationship.

The results demonstrate that digital marketing has a significant and favourable impact on the performance of e-commerce companies in Albania in the digital age. The regression model's F-statistic (93.64) and significance value showed this. The study's findings suggest that the impact of using digital marketing in transition economies is comparable to that of developed and developing nations of Europe. The results are similar to those of Golman et al. (2021), who, after analysing e-retailers in 20 European developed countries, discovered that digital marketing positively affects their performance. Although there might be some contextual variations in terms of infrastructure, consumer demographics, and regulatory frameworks, companies in both developed and transition European economies can benefit from the core advantages of digital marketing to achieve comparable gains in e-commerce growth and performance. An explanation for this could be that businesses in transition economies can benefit from "leapfrogging" to get to the same degree of digital marketing proficiency as their counterparts in developed markets. Also, consumer preferences and habits are becoming more similar in developed and transition European economies due to increased globalization and digital connectivity. This presents comparable chances for successful results when using core digital marketing techniques. Out of the three main digital marketing techniques studied, according to the findings, social media marketing had the most significant impact on the performance of e-commerce in a transition economy. The result is also supported by Trebicka et al (2023), Kalemaj (2023), and Rustemi et al. (2020) studies, who found that digital marketing in Albania is becoming increasingly popular and effective,

particularly through social media advertising. The results of a positive impact of social media marketing on e-commerce performance are similar to those of another Balkan transition economy (Pinderi, 2024). The results are also consistent with earlier studies (i.e., Ogilvie et al., 2018; Rosário & Raimundo, 2021), which indicate that social media technology as a promotion tool has an impact on customer relationship performance and sales performance. According to empirical studies on social media marketing, it can have a significant impact on a company's performance (Wang & Kim, 2017). As a result, according to the present study, companies need to create digital marketing plans that emphasize using social media for business purposes. If e-commerce businesses in transition countries want to increase their performance, they must increase their social media marketing efforts. The results regarding online advertising also align with other studies made in developed European Union countries that have shown how investment in online advertisement generates better e-commerce sales (i.e., Harfoushi et al., 2013). While email marketing is still a vital tool for improving e-commerce performance throughout Europe (Hudák et al., 2017), its effects will be felt in transition economies, where it is shown to be a very effective lever for accelerating the performance of e-commerce. Particularly sending out regular email newsletters, devoted email promotions, and utilizing a mix of subscription email types are an effective way to keep users engaged, encourage repeat business, and positively improve the performance of e-commerce.

The findings of this research can help businesses in the transition economies at large and Albania in particular improve their performance by developing more successful digital marketing strategies that are proven to work. In Europe's transition economies, the synergistic effect of these complementary digital marketing techniques can be a potent e-commerce performance driver. It can act as a significant lever to accelerate e-commerce performance growth and close the performance gap with more established European markets. The findings from a representative population of the Albanian e-commerce sector provide an empirically supported framework for further research and a practical tool for formulating marketing plans. By understanding the relative impact of different digital marketing techniques, e-commerce businesses allocate their limited marketing budgets and resources more strategically by developing successful digital marketing strategies that are proven to work.

Nevertheless, some limitations remain. For example, future research could consider mediating mechanisms while analysing the relationship between digital marketing and e-commerce performance. The measurement scales used in this study, which rely on the opinions of senior managers and CEOs, are another drawback. Future studies could consider multi-source performance ratings. Also, a longitudinal design can be used to comprehend the effects of digital marketing on e-commerce performance. In addition to these factors, it would be interesting to contrast the outcomes of online and brick-and-mortar businesses. Lastly, although the use of a representative sample is a significant contribution to this study and enhances the results' higher generalizability to the homogenous group of Balkan transition economies, it does so at the expense of excluding the potential direct influence or moderation of related factors like cultural factors, which leaves open the possibility of including these variables in future research to improve both results and address potential issues with country-to-country equivalency. There is undoubtedly room for more research in this area.

## Conclusion

The digital era has resulted in notable changes to the business landscape, namely in e-commerce and digital marketing. To support Europe's digital transformation, this study focuses on the impact of digital marketing on e-commerce performance, with a specific emphasis on Albania's transition economy. While existing literature primarily concentrates on European Union member states with developed economies, this research addresses a significant gap by exploring the unique context of transition economies in the Balkan region. By focusing on Albania as a representative and unexplored case of transition economies, the study developed and empirically tested a model that examines the impact of specific digital marketing techniques, including social media marketing, online advertising, and email marketing, on e-commerce performance.

The study findings contribute to the theory that digital marketing positively impacts e-commerce performance by adding more dimensions to this assessment and using control variables. Specifically, the study overcomes the current gaps by measuring digital marketing with various digital marketing techniques. Furthermore, the e-commerce performance considers customer-oriented and revenue instruments, assessing performance in its multi-dimensional nature. Also, the hierarchical regression with control variables offers a new framework that has not been previously employed in testing this relationship. The study showed that the performance of e-commerce in the digital age was significantly improved by social media marketing, online advertising, and email marketing.

Related to the practicability of the present study, e-commerce businesses in Albania and other transition economies can use the study findings as a springboard for developing their digital marketing communication channels. Thus, they can use the results to implement digital marketing techniques that have been scientifically proven to boost performance. Correspondingly, digital marketing techniques highlighted to improve e-commerce performance are social media marketing on platforms like Facebook and Instagram, personalized promotional messages in WhatsApp, search engine advertising, display advertising, website advertising, email newsletters, dedicated email promotions, and subscription emails. All these digital marketing techniques had a significant positive relationship with the e-commerce performance.

In conclusion, this study contributes to advancing knowledge in the field. It offers a practical framework for e-commerce businesses in transition economies to optimize their digital marketing strategies and enhance their performance.

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