

## DIGITIZATION OF BUSINESSES IN ROMANIA: INCREASING BUYING BEHAVIOR IN THE ONLINE ENVIRONMENT

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### **Abstract**

*This research investigates the profound impact of digitization on business operations in Romania, with a specific focus on the notable surge in online purchasing behavior. Romania, positioned at the crossroads of tradition and technological advancement, is undergoing a transformative shift propelled by increased internet accessibility and a burgeoning tech-savvy consumer base.*

*The core of this transformation lies in the substantial rise in online purchasing behavior among Romanian consumers. Factors such as the convenience of virtual marketplaces, diverse product offerings, and secure online payment systems have reshaped the retail landscape, challenging traditional brick-and-mortar models.*

*This paper delves into the driving forces behind this surge, exploring the factors that make online shopping increasingly attractive to Romanian consumers. The examination encompasses the convenience of remote shopping, the extensive variety available online, and the reliability of delivery services. Additionally, the paper addresses the impact of digitization on business dynamics, as enterprises adapt to remain competitive in an evolving marketplace.*

*The research not only sheds light on the current landscape but also aims to unravel the broader implications for businesses, consumers, and the Romanian economy. By dissecting the catalysts and challenges associated with this digital paradigm shift, this study contributes to a deeper understanding of the intricate relationship between digitization and the escalating trend of online purchasing behavior in Romania.*

*As we navigate through this exploration, the objective is to provide valuable insights that inform strategic decisions, foster innovation, and pave the way for a more nuanced comprehension of the digitized business landscape in Romania.*

**Keywords:** digitalization,business,online,consumers.

**Classification JEL:** M3

## 1. INTRODUCTION

In the dynamic landscape of contemporary commerce, the digitization of business operations stands out as a pivotal force driving transformative change. Romania, as a burgeoning player in the global economy, is experiencing a profound shift in consumer behavior with the escalating adoption of digital technologies. This paper delves into the multifaceted realm of digitization within Romanian business, focusing specifically on the remarkable surge in purchasing behavior within the online environment.

Romania, with its rich cultural heritage and economic resilience, finds itself at the intersection of tradition and technological advancement. Over recent years, there has been a palpable shift towards a digital economy, with businesses across various sectors embracing technology to streamline operations and enhance customer experiences. This transformation is fueled by factors such as increased internet penetration, growing smartphone usage, and a tech-savvy consumer base.

One of the most prominent manifestations of digitization's impact is the substantial increase in online purchasing behavior among Romanian consumers. The ease of access to online platforms, coupled with the convenience and diversity offered by e-commerce, has triggered a significant shift from traditional brick-and-mortar retail to virtual marketplaces.

Numerous factors contribute to the surge in online purchasing. The convenience of shopping from the comfort of one's home, a plethora of choices, and the availability of user-friendly interfaces contribute to the allure of digital marketplaces. Moreover, the advent of secure online payment systems and reliable delivery services has further propelled the confidence of Romanian consumers in making purchases online.

As businesses adapt to the digitized landscape, the repercussions are felt across the spectrum. Traditional business models are being redefined, necessitating a digital presence to remain competitive. Moreover, the data generated from online transactions provides businesses with valuable insights into consumer preferences, enabling targeted marketing and enhanced customer engagement.

This paper aims to explore the intricate relationship between the digitization of business in Romania and the escalating trend of online purchasing behavior. By examining the catalysts, challenges, and future prospects associated with this paradigm shift, we seek to unravel the broader implications for businesses, consumers, and the Romanian economy as a whole.

As we embark on this exploration, the goal is to unravel the intricate tapestry of digitization and online purchasing behavior in Romania, providing a comprehensive understanding of the current landscape and paving the way for insightful discussions on the challenges and opportunities that lie ahead.

## 2. Highlighting the increasing importance of online platforms for consumers and businesses

The digital revolution has ushered in a new era where online platforms play a pivotal role in shaping consumer behaviors and transforming traditional business models. This section examines the escalating significance of online platforms for both consumers and businesses in Romania, shedding light on the profound implications of this paradigm shift.

Over the years, the structure of the Digital Economic and Social Index (DESI) has developed by adding new variables, thus facilitating the comparison of the evolution of this index over time between the member states of the European Union. The methodology used remains consistent in each country and each year.

In the diagram below, the yellow line represents sea level, while the blue columns reflect Romania's performance in the four measured dimensions: human capital, connectivity, integration of digital technologies and public services. An analysis of the graph reveals that we are below sea level in all four indicators analyzed.

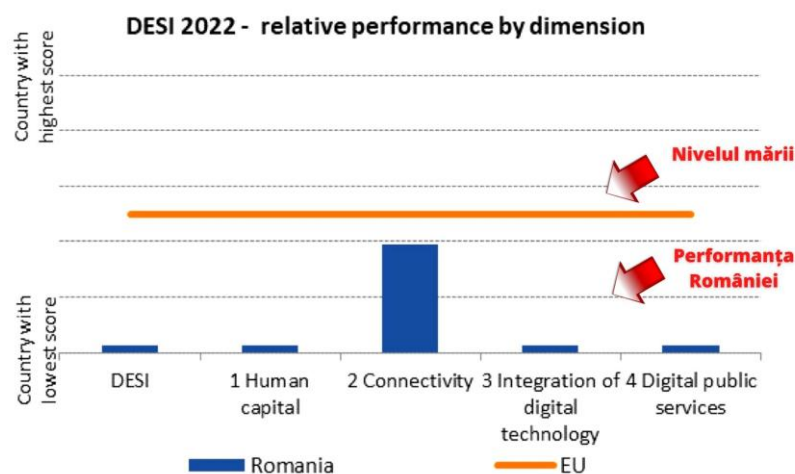


Fig.1.Desi 2022

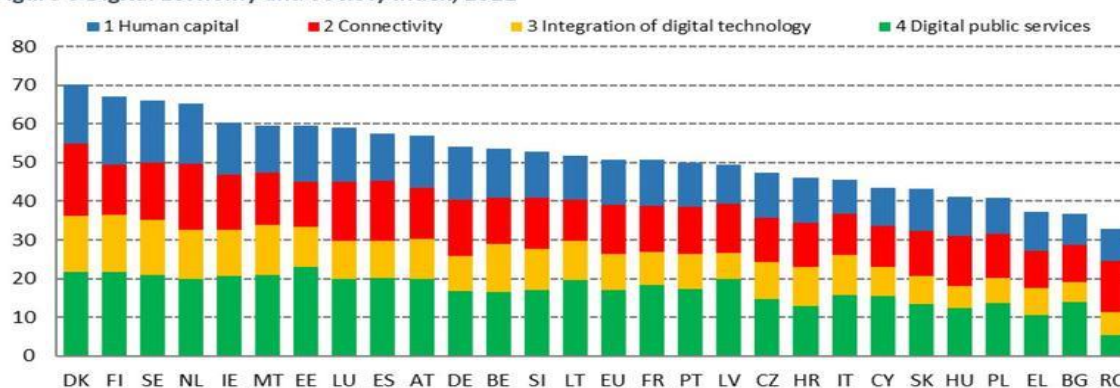
Romania ranks 26th among the 28 member states of the European Union in terms of economic indicators. Before the pandemic, our country's performance was similar in four of the five analyzed dimensions of the Digital Economic and Social Index (DESI). These results are influenced by an unstable political framework, characterized by the change of four governments in a span of three years, as well as overall slow progress.

Romania scores the best in connectivity, thanks to high-speed fixed broadband networks and significant capacities, especially in urban areas. About 49% of Romanian households benefit from a broadband Internet connection, and the country ranks 5th in the EU in terms of high speeds of at least 100 Mbit/s.

However, almost a fifth of Romanian citizens encounter difficulties in the digitization process, not being familiar with the use of the Internet, and less than a third possessed at least some digital skills.

Romania is in a favorable position in terms of ICT graduates, ranking first with 5.6% of total graduates, compared to the EU average of 3.6%.

Figure 8 Digital Economy and Society Index, 2021



Source: DESI 2021, European Commission.

Fig.2 DESI Index

Regarding the use of digital public services and the Internet, Romania's performance is among the weakest in the European Union. In February 2015, the country adopted the National Strategy of Romania's Digital Agenda 2020, establishing four areas of activity. However, in 2021, Romania fell to the last place in the EU in the digital economy and society (DESI) ranking, after previously being in the penultimate place, having better results than Greece and Bulgaria.

There are various reasons for this situation, such as limited internet infrastructure in certain areas, varying levels of access and use of digital technologies in different parts of the country, and a disparity in the implementation of online public services. Improving digitalization requires a continuous effort to expand the Internet infrastructure, expand digital education for the population and promote the use of online public services through user-friendly and accessible solutions for everyone. This could support digital inclusivity and help close the gaps in access and use of digital technology across the country. In recent years, there has been a sustained effort to improve the situation and bring Romania to a more competitive level in terms of digitalization. Successful implementation of digital strategies and corresponding investments in infrastructure could have a significant impact on the country's digital performance.

According to the DESI 2022 report (Digital Economy and Society Index), Romania ranks last among the 27 EU countries in terms of digital progress. Although there are some factors that help Romania achieve better results compared to the European average, such as the number of ICT professionals, the proportion of female IT professionals, the price of broadband services and the

use of AI technologies, the overall score indicates: Romania is in progress digitization and needs significant improvements.

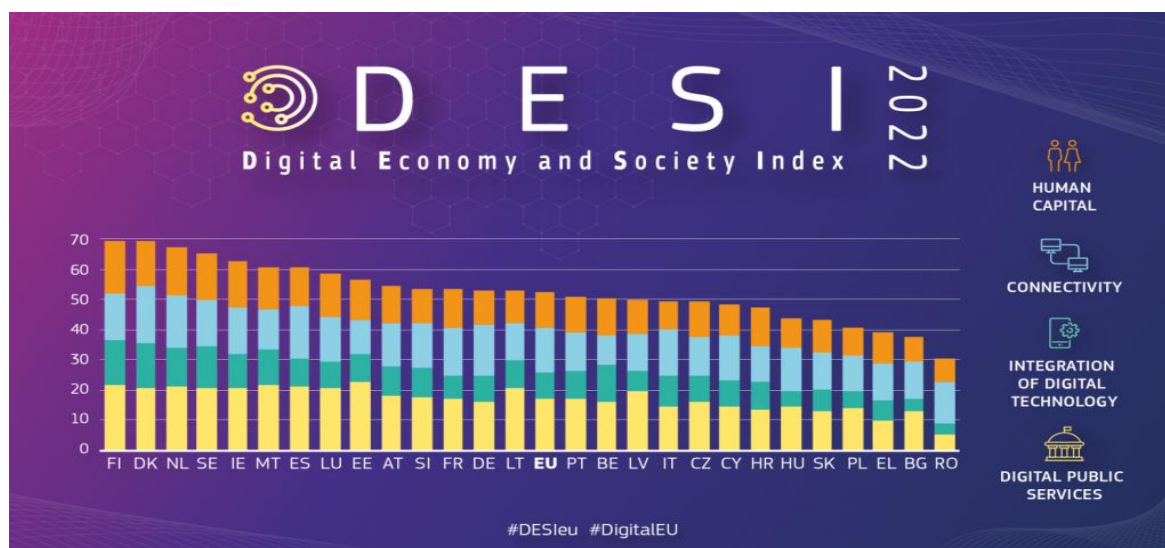


Fig.3.Desi EU

## CONCLUSIONS

The digitization of business in Romania and the concomitant surge in online purchasing behavior mark a profound evolution in the country's economic landscape. As we conclude this exploration, several key insights emerge, underlining the transformative impact of online platforms for both consumers and businesses.

In conclusion, the digitization of business in Romania, coupled with the increasing importance of online platforms, paints a vibrant picture of a dynamic and interconnected economy. As businesses and consumers navigate this digital frontier, the synergy between convenience, innovation, and adaptability becomes the hallmark of success. The journey ahead is one of continual evolution, where businesses that embrace the digital wave will not only survive but thrive in the ever-changing landscape of Romania's digital future.

Concluding this exploration, several key ideas emerge that underscore the transformative impact of online platforms for both consumers and businesses.

In essence, the digitization of business in Romania, together with the growing importance of online platforms, paints a vibrant picture of a dynamic and interconnected economy. As businesses and consumers navigate this digital frontier, the synergy between convenience, innovation and adaptability becomes the hallmark of success. The way forward is one of continuous evolution, where businesses that embrace the digital wave will not only survive, but will thrive in the ever-changing landscape of Romania's digital future. Thus, adaptability and innovation become the key currencies for success in this new digital age.

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