

THE ROLE OF DIGITIZATION IN BRAND STRATEGY: IMPACT ON BRAND PERFORMANCE IN THE HOBBY INDUSTRY

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Abstract: This paper examines the role of digitalization in shaping brand strategy and its impact on brand performance within the hobby industry. The theoretical framework highlighted that digitalization represents not merely a technological upgrade but a strategic transformation influencing all dimensions of brand management - from communication and customer engagement to reputation and competitive positioning. By integrating digital tools and platforms, brands can achieve higher levels of interactivity, personalization, and efficiency, thus fostering long-term consumer loyalty and improving overall market performance. The empirical research conducted among residents of South Serbia confirmed a positive correlation between brand digitalization and various dimensions of brand performance, including reputation, awareness, and competence. Although the correlations were characterized as weak to moderately strong, the statistical significance ($p < 0.01$) across all tested hypotheses (H1–H4) validates the positive impact of digitalization on brand performance indicators. Respondents generally perceived digital transformation as a crucial factor in enhancing brand visibility, strengthening reputation, and improving competence in the marketplace. The findings underscore that successful digital brand strategies rely on the ability to combine technological innovation with a deep understanding of consumer expectations. In the context of the hobby industry, digitalization enables companies to expand beyond local boundaries, leverage data-driven insights, and engage with consumers through social media, e-commerce platforms, and other digital channels. Consequently, digitalization not only enhances brand competitiveness but also contributes to the sustainable growth and modernization of the industry. Future research could expand the current study by including a larger and more diverse sample, as well as by employing qualitative and longitudinal methods to explore how digitalization continuously influences brand performance over time. Additionally, investigating mediating factors such as consumer trust, brand authenticity, or digital engagement could provide a deeper understanding of the mechanisms through which digitalization drives brand success.

Keywords: digitalization, brand strategy, brand performance, hobby industry, South Serbia.

Field: Social sciences.

1. INTRODUCTION

Digitalization has transformed marketing by shifting it from one-way communication to dynamic, multi-directional interaction, driven by digital technologies like social media, AI, and data analytics. Key impacts include enhanced personalization and targeting, improved customer engagement through real-time interaction, and a greater emphasis on data-driven decision-making for strategy refinement. Digitalization has also increased reach, made campaigns more cost-effective, and empowered customers to become active participants in the marketing process.

While digitalization is the process of integrating digital technologies into all areas of a business, in order to change how it operates and delivers value, digital branding is the management of a brand's identity and presence across digital channels like websites, social media, and apps. Digitalization provides the technological foundation and strategic shift, enabling digital branding to then build a cohesive online presence, establish customer relationships, and manage a brand's reputation in the digital world.

Digital branding can be defined as the process of creating, promoting, and enhancing a brand through the use of digital technologies and tools, which encompasses a system of values conveyed through a coherent set of identification symbols that share a unified meaning, and fosters positive consumer associations, builds trust in the product, and enhances consumers' willingness to pay a premium compared to competing products, ultimately contributing to improved organizational performance and efficiency (Medvedieva, 2023). Digital branding is specific strategy within brand digitalization. While it is focused on creating and managing a consistent brand identity and presence across various digital platforms, brand digitalization provides the technological infrastructure, platforms, and tools that enable consistent, personalized, and effective implementation of these digital tools and strategies in a digital

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environment.

Digital branding represents a brand communication strategy that uses the internet and digital marketing to strengthen brand characteristics, build its visibility, and improve promotion (Jerez-Jerez, 2022). It's about building relationships and awareness through digital channels. Brand digitalization represents a fundamental shift of a company's operations to incorporate digital tools and strategies. It's about integrating digital into the core business.

Brand performance represents the measurable outcome of digital branding initiatives, typically assessed through indicators such as customer engagement, loyalty, and sales performance. An effective brand strategy requires a balanced integration of brand-building activities and data-driven, performance-oriented marketing tactics, thereby ensuring both sustained brand recognition and short-term business growth.

2. IMPACT OF BRAND DIGITALIZATION ON MARKETING STRATEGIES AND BRAND PERFORMANCE

Brand digitalization refers to the application of digital technologies across all stages of brand management, with the aim of enhancing efficiency, fostering innovation, and strengthening connections with consumers. This process enables the overcoming of limitations inherent in traditional channels while optimizing brand-related activities through the use of digital tools, platforms, and systems (Ramadhani & Indradjati, 2023).

Digital channels like social media, email, search engines and mobile apps facilitate two-way and multi-directional communication, moving beyond traditional one-way advertising. This provides real-time interaction, immediate feedback, and co-creation opportunities, which builds stronger customer relationships and brand trust, and allow brands to reach a global audience more affordably and effectively than many traditional methods.

Brand digitalization emerges as a strategic process that enables companies to transform traditional brand elements into digital formats, thereby aligning their operations with the new realities of the digital era (Denga et al., 2023). It has given rise to new strategic approaches, including social media marketing, content marketing, search engine optimization, pay-per-click advertising, and influencer marketing.

The traditional marketing approach that once limited interaction between customers and sellers has lost its effectiveness in the digital era (Press et al., 2021). The success of digitalization relies on a brand's capacity to integrate technological innovation with a deep understanding of consumer needs and expectations, while effectively addressing the challenges posed by the digital environment (Keller, 2025). The integration of tools, such as social media and influencer marketing, into brand digital strategies has significantly transformed consumer engagement and brand perception (Argyris et al., 2020). Therefore, key impacts of brand digitalization on marketing strategies includes:

1. **Customer-centric approach:** Brand digitalization empowers a customer-centric marketing model by shifting the focus from a company's offerings to the customer's needs and experiences. Data from customer interactions, social media, and web analytics are used to understand their behaviour and preferences, which allows for more relevant messaging and a stronger connection with the target audience. AI and automation enable brands to create customized messages and product recommendations based on real-time user data.

2. **Enhanced market segmentation:** More precise audience targeting allows moving beyond broad demographics to behavioural and interest-based segmentation. Tools like social media ads and search engine marketing enable businesses to deliver their marketing messages directly to specific customer groups. This increases the effectiveness of campaigns.

3. **Expanded channels:** Digital marketing has expanded the number of communication channels available for brands, necessitating an omnichannel approach to create consistent brand experiences across platforms. Social platforms have become essential for building brand communities and engaging with customers through a two-way dialogue, increasing brand loyalty and sales.

4. **Real-time decision-making:** Digital platforms provide immediate data and feedback. Therefore agile strategies can be adopted, quickly adapting to changing trends and consumer behaviour. By measuring campaign performance in real-time, quick adjustments can be made, what helps brands stay competitive and responsive in a dynamic market.

The increasing adoption of digital technologies in business processes substantially enhances their intensity, driving major changes in marketing strategies and enabling faster data processing for addressing ongoing business challenges (Baker & Ellis, 2020). Digitalization within brand strategy entails the strategic utilization of digital channels to convey and reinforce a brand's identity in online environments,

aiming to establish a coherent and seamless customer experience that enhances loyalty and drives sales. Digitalization profoundly transforms brand strategy by transferring brand control from the company to a continuous, data-driven interaction with consumers across diverse online platforms. An effective digital brand strategy establishes a cohesive, engaging, and authentic online identity that strengthens customer loyalty and enhances sales performance.

Brand performance serves as an indicator of a company's strength and competitive position within the marketplace (Dyer, 2023). It can be evaluated through indicators such as market share, profitability, and sales growth (Willekens et al., 2023; Hyder et al., 2023). Digitalization serves as a pivotal driver of modern business transformation, influencing every dimension of brand management and shaping its overall market performance. It facilitates the measurement and monitoring of a brand's market performance, thereby enabling data-informed decision-making and the ongoing refinement of strategic initiatives (Joshi et al., 2021).

The implementation of digitalization has been proven to significantly contribute to enhancing brand performance (Wielgos et al., 2021). Many brands use digital platforms such as social media to engage with customers and build online communities, a process increasingly supported by big data analytics, whose positive impact on market performance has been empirically demonstrated (Ayodeji & Kumar, 2019; Ferraris et al., 2019). This allows brands to reach a wider, even global, audience more effectively than traditional methods. A consistent digital presence across various channels can lead to significantly stronger brand recognition and recall.

Brand digitalization primarily aims to enhance brand awareness, image, and identity, thereby fostering long-term customer loyalty rather than focusing solely on immediate sales generation (Denga et al., 2023). Digitalization transforms branding into a two-way conversation, enabling real-time interaction with customers through social media, personalized email campaigns, and chatbots. By building and fostering strong emotional connections and builds trust, customer satisfaction increases and retention rates boost, affecting long-term brand performance.

Digital brand strategies contribute directly to sales by generating high-quality leads, improving conversion rates, and expanding sales channels through e-commerce platforms. Social media strategies, such as influencer marketing, significantly enhances brand performance by increasing sales and effectively showcasing the brand's distinctive identity (Garzella et al., 2020). Personalization, enabled by data analytics, allows for tailored recommendations and offers that increase purchase intent and revenue.

By optimizing operations through automation and data analytics, digitalization can lead to reduced costs and improved efficiency (Parida et al., 2019). Data-driven decision-making allows better allocation of resources in order to maximize profitability and market share.

Digitalization has introduced new platforms and tools that enable brands to engage more effectively with their audiences. Development of new products and services enabled quick adaption to market changes and evolving consumer behaviour—shaped by greater empowerment and connectivity (Denga et al., 2023). This compelled brands to adjust their strategies to align with changing consumers expectations and differentiate themselves from competitors. Staying current with digital trends is essential for maintaining a competitive edge in the evolving market landscape.

3. MATERIALS AND METHODS

The hobby industry is a diverse market comprising segments like toys and games, arts and crafts, musical instruments, and sports equipment. The hobby industry is a significant global market, projected to continue growing, with a positive outlook for revenue and job creation.

Digital technologies and infrastructures have created new affordances that reshape industries (Autio et al., 2018). Digitalization enabled access to global markets, and brought opportunities for distributed and collaborative initiatives that would not exist without such technologies, which transformed hobbies from mere pastimes into viable and profitable industry (Cunha et al., 2024). Hobby industry market growth is primarily fuelled by increasing disposable incomes, urbanization, a focus on health and wellness, and the desire for social interaction and skill development. At the same time, the industry is undergoing significant digital transformation, characterized by the integration of artificial intelligence, wide use of various applications, and advanced e-commerce platforms.

The aim of this empirical research is to examine the impact of brand digitalization on its market performance within the hobby industry, as well as to identify the key factors that mediate this relationship. Accordingly, the following research questions and hypotheses have been formulated:

- H1: Is there a positive correlation between brand digitalization and brand market performance?
- H2: Do respondents believe that the application of digital technologies has a positive impact on

brand reputation and awareness?

- H3: Do respondents believe that the application of digital technologies has a positive impact on the reputation and awareness of their favourite brand?
- H4: Do respondents believe that the application of digital technologies positively influences brand competence?

The first part of the questionnaire includes questions regarding the socio-demographic characteristics of respondents, such as gender, age, level of education, monthly income, and occupation, while the second part focuses on examining perceptions related to digitalization, brand recognition, competence, and brand performance. Responses were assessed using a Likert scale (1 – strongly disagree to 5 – strongly agree).

Of the total number of respondents, 57% were female. The largest proportion of respondents belonged to the 41–50 age group, while nearly half of the participants were younger than this category. Regarding education, 57% of respondents had completed higher education (college or university), while 26% held a master's degree or doctorate. Only 17% of respondents had completed secondary education. In terms of employment status, 72% of respondents were employed, while the share of unemployed individuals or retirees was only 7%.

Data collected through the survey were processed using IBM SPSS Statistics 20.0 (Statistical Package for the Social Sciences – SPSS, Version 20.0). Before conducting descriptive statistics and correlation analysis using Spearman's correlation coefficient, the normality of variable distribution was tested. The results of the Kolmogorov–Smirnov and Shapiro–Wilk tests, as well as graphical analyses, indicated that the variables were not normally distributed (the significance level (Sig.) was below 0.05) (Manasijević, 2011). Accordingly, non-parametric techniques were applied in further statistical analysis.

Prior to performing the statistical analysis, the reliability of the measurement scales was verified. The reliability test result (Cronbach's Alpha coefficient α) was $\alpha = 0.955$, which exceeds the recommended threshold of 0.70 (DeVellis, 2003). Based on this, it was concluded that the reliability level of the applied measurement scales was satisfactory (Pallant, 2011).

4. RESEARCH RESULTS AND DISCUSSIONS

The measurement of central tendency was conducted using calculated (arithmetic mean) and positional (mode and median) averages, while data dispersion was assessed through the application of standard deviation. Additionally, the study employed Spearman's correlation coefficient, with greater emphasis placed on the results of the mode and median compared to the calculated mean values when interpreting measures of central tendency.

The results of the descriptive statistical analysis of the impact of brand digitalization on its market performance are presented in Table 1.

Table 1: Descriptive Statistic – The impact of brand digitalization on its performance

The impact of digitalization on brand performance	N	Min	Max	Mean	St. Dev.	Med.	Mode
Brand Digitalization				4,34			
BD1	100	1	5	4,21	1,018	5	5
BD2	100	1	5	4,27	0,952	5	5
BD3	100	2	5	4,46	0,846	5	5
BD4	100	2	5	4,41	0,877	5	5
Brand Familiarity				4,27			
BK1	100	1	5	4,15	0,892	4	5
BK2	100	1	5	4,30	0,823	4	5
BK3	100	1	5	4,36	0,882	5	5
BK4	100	1	5	4,27	0,839	4	5
Brand Competence				4,00			
BT1	100	1	5	4,05	0,957	4	5
BT2	100	1	5	4,14	0,954	4	5
BT3	100	1	5	3,96	1,004	4	5
BT4	100	1	5	3,87	0,991	4	5
Brand Market Performance				4,33			
TPB1	100	1	5	4,52	0,810	5	5
TPB2	100	1	5	4,42	0,987	5	5
TPB3	100	1	5	3,95	0,968	4	5
TPB4	100	1	5	4,42	0,890	5	5

Source: Authors

Table 1 presents the results of the analysis of the impact of brand digitalization on specific aspects

of its performance. The range of responses to the questions varies from 1 to 5. Based on the data analysis in Table 2, it can be concluded that respondents largely agree with the given statements (the standard deviation values are around 1), while the values of the mode ($Mo = 5$) and median ($Me = 4$) indicate that the majority of respondents fully agree, and about half agree, with the statements regarding the impact of brand digitalization on its specific performance indicators.

To examine the impact of brand digitalization on its performance in greater detail, a correlation analysis was conducted. The results of the correlation analysis of the relationship between brand digitalization and brand competencies are presented in Table 2.

Table 2: Correlations analysis - The impact of brand digitalization on brand competence

Brand Digitalization		TPB1	TPB2	TPB3	TPB4
	Brand Competence				
	N=100; Spearman's rho				
BD1		0,319**	0,403**	0,432**	0,495**
BD2		0,382**	0,416**	0,449**	0,418**
BD3		0,390**	0,329**	0,468**	0,367**
BD4		0,508**	0,482**	0,535**	0,457**

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Authors

The correlation analysis presented in Table 2 indicates a positive relationship between the level of brand digitalization and brand competencies — the values of Spearman's correlation coefficient ranged from above 0.3 up to 0.535, with a significance level of 0.01. According to general guidelines, this suggests a weak to “moderately weak” correlation, thereby confirming hypothesis H1. However, although the strength of the relationship is relatively low, the observed correlation is not random, as evidenced by a significance level below 0.01.

In the next phase, the correlation between the level of brand digitalization and its reputation and awareness was also analysed (Table 3).

Table 3: Correlations analysis - The impact of brand digitalization on brand reputation and familiarity

Brand Digitalization		BK1	BK2	BK3	BK4
	Brand Reputation and Familiarity				
	N=100; Spearman's rho				
BD1		0,458**	0,434**	0,452**	0,454**
BD2		0,338**	0,327**	0,402**	0,474**
BD3		0,332**	0,332**	0,363**	0,413**
BD4		0,430**	0,541**	0,411**	0,494**
-		-			
	N=100; Spearman's rho				
	Digitalization of favourite brand				Awareness of the favourite brand
					0,662**

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Authors

Table 3 presents the analysis of the relationship between brand digitalization and brand reputation based on respondents' perceptions. The results indicate the existence of a positive correlation, thereby confirming hypothesis H2. However, since the values of Spearman's correlation coefficient range from slightly above 0.3 to 0.541, according to standard guidelines, this suggests a moderately weak relationship ($p < 0.01$).

Subsequently, the correlation between the level of digitalization of respondents' favourite brand and its awareness was analysed at a significance level of 0.01. The analysis of respondents' attitudes revealed a significant positive correlation ($r = 0.662$), thereby confirming hypothesis H3.

To test H4, the relationship between brand digitalization and brand competence was further examined (Table 4).

Table 4: Correlations analysis - The impact of brand digitalization on brand competence

Brand Digitalization	BT1	BT2	BT3	BT4
Brand Competence				
N=100; Spearman's rho				
BD1	0,342**	0,486**	0,385**	0,420**
BD2	0,290**	0,499**	0,378**	0,479**
BD3	0,257**	0,490**	0,355**	0,336**
BD4	0,430**	0,563**	0,418**	0,482**

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Authors

The results of the correlation analysis (Table 5) indicate a positive relationship between brand digitalization and brand competence, as the values of Spearman's correlation coefficient are positive and statistically significant at the 0.01 level, thereby confirming hypothesis H4. However, since the coefficients range approximately from 0.2 to 0.5, according to standard guidelines, this suggests a weak correlation.

5. CONCLUSION

This paper explored the impact of digitalization on brand strategy and performance within the hobby industry. The findings confirm a positive, though moderate, correlation between brand digitalization and key performance indicators such as reputation, awareness, and competence ($p < 0.01$). These results highlight that digitalization enhances brand visibility, customer engagement, and competitiveness by integrating technological innovation with consumer-oriented strategies. In the hobby industry, digital transformation enables broader market reach and stronger customer relationships, positioning digitalization as a crucial driver of sustainable brand growth.

The results should be interpreted with caution, as the sample size and survey design introduce methodological limits that may affect generalization. The applied analytical methods reflect the studied population but may not capture all factors influencing brand performance in digital contexts. Despite these constraints, the study offers valuable insights: in the hobby industry, digital transformation broadens market reach and strengthens customer relations, serving as a key driver of sustainable brand growth.

Future research should include qualitative methods such as semi-structured interviews, a larger and stratified sample, and open-ended questions to capture respondents' perspectives when predefined options do not reflect their views. While not exhaustive, this study lays the groundwork for deeper exploration of digitalization's role in brand strategy and future, more practically oriented findings. This research clearly shows that we have explored only a small area of this large and complex scientific field. (Mihić,2025)

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