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DEVELOPMENT TRENDS OF DIGITAL MARKETING



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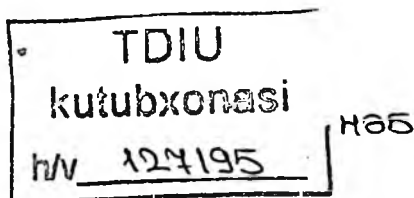
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TASHKENT STATE UNIVERSITY OF ECONOMICS

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DEVELOPMENT TRENDS OF DIGITAL MARKETING

(Monograph)



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This monograph is dedicated to the development trends of digital marketing and electronic commerce in the field of digital economy. Also, the concepts of image recognition systems and electronic commerce and their impact on human life, classification, and application areas, as well as the impact of digital marketing on the general commercial growth in Uzbekistan are widely covered.

Mazkur monografiyada raqamli iqtisodiyot sohasidagi raqamli marketing va elektron tijoratning rivojlanish tendensiyalariga bag‘ishlangan. Shuningdek, tasvirni aniqlash tizimlari va elektron tijorat tushunchalari va ularning inson hayotiga ta’siri, tasnifi va qo‘llanilishi sohalari, shuningdek, raqamli marketingning O‘zbekistondagi umumiy tijorat o‘lishiga ta’siri keng yoritilgan.

Монография посвящена тенденциям развития цифрового маркетинга и электронной коммерции в сфере цифровой экономики. Также широко освещены концепции систем распознавания изображений и электронной коммерции и их влияние на жизнь человека, классификацию и области применения, а также влияние цифрового маркетинга на общий коммерческий рост в Узбекистане.

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INTRODUCTION

The world is evolving constantly, and this has an impact on how we perceive time. There are no longer isolated regions of the globe, and visiting relatives, meeting people, or waiting for a message no longer require months-long trip. Accessing the Internet only requires a few quick clicks to complete everything. The Internet, a well-known "substance" that has been seamlessly incorporated into modern society like mushrooms and tree roots, has undoubtedly benefited all players in this game. It is difficult to pinpoint exactly what occurs in the world of numbers, but it alters reality and makes time fly.

The internet and online purchasing have expanded the possibilities of marketing and given rise to new sectors, tactics, and varieties of it. Here is where digital marketing expanded to include not just television and radio but also the online environment, which is brimming with clever and practical promotional techniques that are currently in use. Even more so, it produced a highly competitive climate for businesses vying for web leadership.

Retailers face the greatest problem since, unlike technology and innovation firms, they do not create anything new; rather, they sell items (particularly in cases where the firm is dealing only with online sales). Manufacturers must find a means to enhance the value of their products and guarantee not only their high quality but also their distinctiveness. This explains why all firms must engage with digital marketing in one form or another.

This work will also attempt to demonstrate how businesses that do not use digital marketing strategies will find it difficult to compete with their rivals and will be unable to expand. The question "What is making customers buy?" frequently asked in practically every business worldwide. There is not a single solution that is acceptable and applicable for all organizations, but there are unique sets of characteristics and challenges that are specific to each industry, along

with certain common drivers. Similarities are common and should be relate to psychology and human nature, so the solution to the question above might be straightforward.

The use of CRM is becoming increasingly important in the modern day as the prevalence and importance of innovation continue to grow. It increasingly recognized as a coordinated commercial foundation that supports or organizes several utilitarian offices rather than merely a subset of IT or marketing. From a business readiness perspective, the question “Will our CRM framework be successful?” is no longer sufficient; instead, businesses should ask which CRM strategies are more effective? and “by what implies might such CRM methods impact the working of the organization?” (Kim, 2012).

Uzbekistan prioritized digitalization and development of information-communication technologies (ICT) yet in early 2000s. For instance, Uzbekistan has been implementing an integrated program of National Information and Communication System Development 2013–2020, the National Action Strategy on Five Priority Development Areas 2017–2021, the “Digital Uzbekistan – 2030” Strategy and the latest the Development Strategy of New Uzbekistan for 2022–2026 to implement digital transformation in national economy, industry and society in general.

Consequently, in a relatively short period of time, Uzbekistan has achieved visible results in the sphere of digitalization and ICT development. In particular, substantial progress has been observed in introducing e-government and ICT in public sector for the last few years, when in 2013 was launched “Single portal of interactive government services” – central e-government service of the country.

Moreover, digital and IT infrastructure of the country has remarkably improved, considerable amount of resources were invested which built solid foundations for better ecosystem of the ICT.

As a result, in the country, according to the State Committee of the Republic of Uzbekistan on Statistics, in the field of Information and

communication during 2017–2021, the gross value added increased more than 2 times and reached 11.8 trillion UZS (more than 1 billion U.S. dollars) in 2021.

In addition, since the creation of IT parks in Uzbekistan, the industry's export volume has grown 50 times and reached 46 million US dollars. The number of park residents increased from 147 to 500, more than 300 new companies were opened and 8,500 highly paid jobs have been created. Currently more than 11 thousand young people work in IT parks.

The total length of fiber-optic communication lines in the country has been remarkably expanding since 2017. For instance, during 2017–2022 it has increased almost 6 times and reached 118 thousand kilometers as of January 2022.

Since 2017, the overall bandwidth speed of the international networks has been increased more than 28-fold – from 64.2 to 1800 Gbit/s in January 2022.

As of January 2022, in Uzbekistan following the public administration reforms and digitalization of the sphere 56% public services provided through the portal of interactive public services (e-government portal). The number of public services on the e-government platform of the country (my.gov.uz) reached 307 and 1.3 million citizens are actively using such electronic public services. Whereas, the total number of Internet users in Uzbekistan reached 27.2 million.

At the same time following the revealed vulnerabilities and challenges in the sphere, the government has revised and upgraded its national digitalization strategy under the impact of the global pandemic.

Meanwhile, Uzbekistan recognized the power of digitalization in transforming society, whereas the COVID-19 pandemic has made that transformation essential.

In this vein, the President of Uzbekistan Shavkat Mirziyoyev's Decree on October 5, 2020 has approved countries Strategy "Digital Uzbekistan – 2030" and "Roadmap" for its implementation. According

to the document from all state obligatory payments such as fees and fines are being made through provided online payment-services. Furthermore, in line with the Strategy "Digital Uzbekistan – 2030" more than 400 information systems, electronic services and other software products in various areas of socio-economic development are being carried out automatically [1].

Among expected results of "Digital Uzbekistan – 2030" Strategy are high-quality and inexpensive Internet and mobile communications, the reduce of the digital divide between cities and villages.

Adoption of the "Digital Uzbekistan – 2030" Strategy and the "road map" for its implementation in 2020–2022 creates, first of all, a legal basis for the transition to a digital economy. The document includes such priority areas as the development of digital infrastructure, e-government, the national digital technology market, education and advanced training in the field of information technology.

The strategy considers approval of two programs: digitalization of regions and digitalization of industries. Thus, two approaches were considered as territorial and industrial. Undoubtedly, it will provide the most comprehensive coverage and effective implementation of the document.

The most important conditions and guarantees for the successful implementation of the Strategy is to ensure funding and increase the digital literacy of the population. So, according to the document, the Ministry for Development of Information Technologies and Communications of the Republic of Uzbekistan, together with other relevant governmental bodies will take measures to complete the digitalization of preschool education, health care and secondary schools by the end of first stage of the implementation period.

The implementation of the Strategy will ensure the provision of high-quality digital services to the population, reduce corruption, increase the level of citizen involvement in government decision-making processes, modernize the system of higher and secondary

education in order to ensure the competitiveness of citizens not only within the country, but also in the regional and global labour markets.

The Strategy contributes the implementation of other national strategic documents and programs and, first of all will be important for achieving the national goals and objectives in the field of the UN Sustainable Development Goals for the period up to 2030, as well as the Development Strategy of New Uzbekistan for 2022–2026.

The Development Strategy of New Uzbekistan for 2022–2026, which has been adopted on January 28, 2022, covers seven priority areas of further reforms regarding a good governance, public administration, and the rule of law, economic development, social policy, spiritual enlightenment, and security as well as an open, pragmatic and active foreign policy. In turn, the seven priority areas identify hundred target goals to be achieved by 2026.

Digitalization of several important spheres such as public services both at central and local levels by improving “e-government”; the judicial system; law enforcement; the traffic control system; healthcare system; social services as well as social protection, banking and agriculture sectors and other main spheres of the national economy have been targeted in the new Development Strategy.

In particular, improvement of the e-government of Uzbekistan and bringing the share of electronic public services to 100 %, implementation of “Mobile ID-identification” system of a person in the provision of public services, introduction of “digital passport of citizens” and “digital authority” project have been prioritized to digitalize public administration and optimize administrative procedures at central and local levels.

By maintaining stable growth rates of it is planned to reach 4,000 US dollars GDP per capita and join the group of countries with “upper-middle income” by 2030. In this regard, the development of the digital economy is also defined as the main “driver” with an increase in its share by at least 2.5 times by the end of 2026. Moreover, it is planned

to expand the volume of the software products industry 5 times, and software export - 10 times, up to 500 million US dollars, the level of digitalization of production and operational processes in the real sector of the economy, in the financial and banking sectors to 70% by the end of 2026. Moreover, digitalization of urban planning and construction, development of cities in accordance with the concept of "Smart City" has been prioritized.

Certainly, in the context of the global pandemic and in general digital technology and services play a central role in recovering from the pandemic and building resilient economies. Therefore, expanded digitalization and digital transformation should be the main priorities for developing countries, like Uzbekistan. For the last decade, Uzbekistan has achieved remarkable results in the sphere of digitalization and ICT development, especially, in provision of digital public services. Meanwhile, along with ongoing cooperation with South Korea, Russia, Estonia, China it is necessary to attract more technologically advanced countries such as Germany, United Kingdom, United States, Singapore, Japan and others to ICT sector of the country by diversifying geography of international partners. Investing in digital eco-system, ICT infrastructure and qualified IT services will further facilitate modernization of national economy and accelerate inclusive growth in all spheres.

Also, "Digital Uzbekistan – 2030" is of great importance in achieving the tasks stipulated in other national strategic documents and programs, in particular, the national tasks according to the UN Sustainable Development Goals until 2030 and the goals set in the "Development Strategy of New Uzbekistan" for 2022–2026.

The Government of Uzbekistan is consistently working to increase the share of the digital population. In particular, in the Development Strategy of New Uzbekistan for 2022–2026, approved by the Decree of the President of the Republic of Uzbekistan dated January 28, 2022, No. UP-60 at 25, the goal is designated as "Defining the development of the

digital economy as the main “driver” with ensuring an increase in its volume by at least 2.5 times” [2].

Given the status of the company in the world market and its importance for the development of international trade in Uzbekistan, the problem of using modern marketing technologies is timely and relevant. Therefore, this study is devoted to the:

- analysis of trends in the development of digital marketing technologies and their utilization in Uzbekistan;
- development the framework for CRM system selection. For this purpose, “Ajoyib group distribution” company was chosen as the object of the study. In addition, a questionnaire survey was conducted and the results of processing were presented.

The aim of this study is to examine the trends and development of technological means of digital marketing and to develop a framework for CRM system selection.

CHAPTER I. COMPARATIVE ANALYSIS OF TRADITIONAL AND DIGITAL MARKETING

1.1. Comparative analysis of traditional and digital marketing

In the recent past, most businesses employed traditional marketing to promote their products and services to potential customers. This form of marketing reaches customers and audience offline through the old forms of marketing such as the print media, big signs or billboards that are placed by the roadside. It further covers a wide array of advertising forms including to broadcasting, poster campaigns as well as well as radio broad casting that seek to attract customers to a product or service regardless the cost. According to Tarik & Adnan (2018), traditional marketing relies on one-way communication in sharing messages to the audience. This form of marketing plays an important role only in reaching local customers. Startup businesses may put their trust on these traditional forms of marketing with the hope of the methods offering good services. However, it is a matter of time to realize it does not work effectively on their favor to reach out to many customers as anticipated and the business may fail to remain afloat due to dynamic marketing strategies. This kind of marketing majorly rely on Ansoff model to identify opportunities of business growth which links the marketing strategy of an organization to its strategic direction.

Figure 1 illustrates traditional marketing and the strategies that are incorporated by this type of conventional marketing. Most of the digital marketing strategies above fall under four categories; print which includes newspapers, magazines, flyers and brochures and any printed material to be distributed, broadcast which includes Radio and television, materials mailed direct to consumers such as flyers and brochures as and what we see almost daily (Billboards).

The term "traditional marketing" encompasses a wide range of marketing and advertising strategies.

According to Durmaz & Efendioglu (2016), the main objective of traditional marketing is to provide time, place, and possession utility, to create value for customers and convince them to buy what the company is selling. All the channels that were used for marketing before the advent of digital marketing are referred to as traditional marketing. It is typically divided into two categories: ATL (above the line marketing), which uses high-reach channels like TV ads, conferences, billboards, and radio ads to reach more people than just the target audience, and BTL (below the line marketing), which aims to only reach the target audience using guerilla campaigns, mail, telephones, and sponsorships (Sloan, 2020).

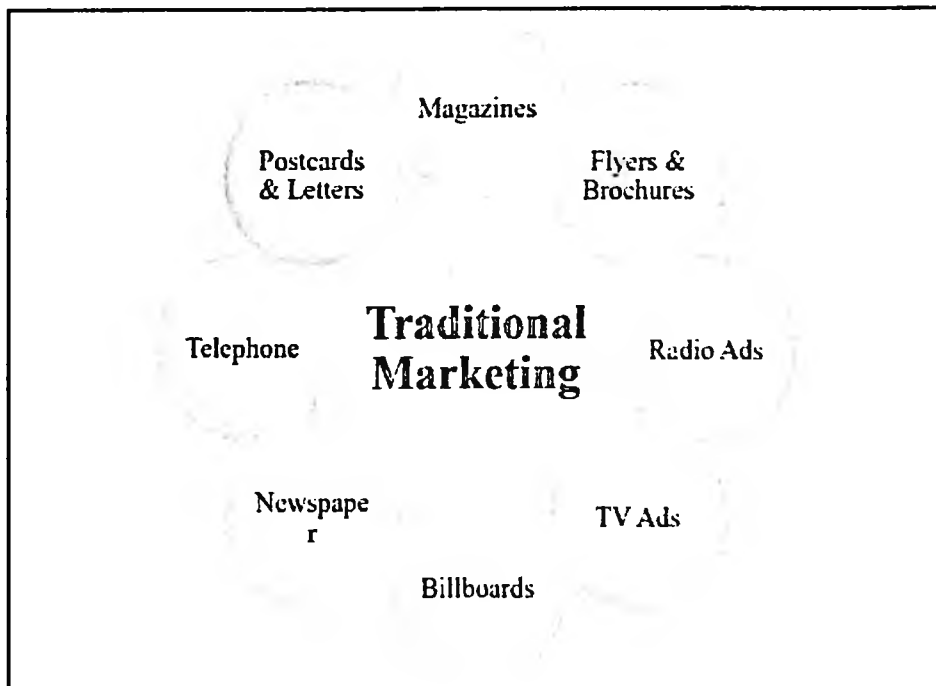


Figure 1. Forms of traditional marketing¹.
(Source: www.marketing.com)

¹ This figure was created by Lawrence et al. 2018, representing the different methods of traditional marketing.

In the last few decades, traditional marketing might have changed and advanced, however, selling techniques used today, depend heavily on well-known four P's of marketing: price, product, placement, and promotion. Although it could seem that digital marketing is different from traditional marketing, it nevertheless adheres to the four Ps of traditional marketing. Instead, it makes use of each of them uniquely, frequently better than traditional marketing does.

Digital Marketing. As an alternative to more conventional media like television, print, and radio, digital marketing is the active promotion of goods and services using digital distribution channels. Focusing on interactive components that invite customers to participate in the marketing process is the aim of digital marketers.

The majority of individuals in this day and age, where more than 4.5 billion people use the internet everyday (according to Statistics), should be familiar with the fundamentals of digital marketing because it offers a variety of options for people to advance and expand their enterprises. All marketing initiatives that make use of technology or the internet fall under the category of digital marketing.

To lock in with display and potential clients, businesses utilize advanced channels counting look motors, social media, mail, and other websites. 2020 (Alexandar) In other words, through an assortment of computerized promoting stages that are basic to utilize to reach the company's target clients, computerized promoting helps businesses in advancing their items or brands.

Digital marketing is essential for brand awareness and business nowadays, and organizations who find it difficult to adapt these methods and incorporate them into their daily operations risk falling behind their rivals and eventually going out of business.

While traditional marketing strategy and its reliance on Ansoff matrix marketing strategy may work out to some business, it may not take long before it is phased out due to shortcomings of this marketing strategy (Dawes, 2018). It fails to capture some details of business

markets or its position such as competitors. Because of its simplicity, much more thought and effort must be put into it. Due to fierce market competition, small and new retailers find it challenging to differentiate out.

This type of traditional marketing is no longer used. The global Covid-19 pandemic, which began in 2020, should also be noted because it "meant that both stores and consumers had to switch to digital reality instantly" (Alexandar, 2020). The commercial landscape has been dramatically upended by the Covid 19 age and the automated economy, making traditional marketing ineffective. "The digital method will function well if SMEs have digital transformation so that they can compete intensely," claim Indriastuti & Fuad (2020). For the sake of ease and safety, the strategy entails shifting their offline business to internet transactions (p.1).

However, digital marketing is a contemporary, superior, simpler, and successful technique of expanding a company's consumer base, and no new organization should ignore this sizable contemporary sector. Digital marketing is the use of digital channels to advertise products or services to reach customers. It has changed and shaped the way companies attract their customers and revenue generation in Ireland. The internet and its in build features especially search capabilities have utterly transformed how small and medium enterprises market themselves. The number of potential customers which is found online is far away higher than the tally that can be attracted locally. Use of digital marketing reaches an enormous audience in both measurable and cost-effective way. It is possible for new businesses to interact with their prospects and be able to understand exactly what the customers are looking for.

Further, digital marketing allows one to know his or her audience and as well allow them to know him or her in person which helps in creating brand loyalty. Through digital marketing, a new company may track the results of its marketing efforts right away.

In recent years, a large number of new enterprises operating in developing economies have started using their websites, social networking platforms, and online banner ads. Planning for internet sales and general digital marketing techniques in 2019 (Vieira et al.). To be effective with digital marketing, a company should have implemented the following:

I. an online store that enables the purchase of goods or services from a business;

II. email marketing, which enables a company to contact clients directly from their inbox messages;

III. social media marketing can broaden brand messages and enable interaction with prospective customers;

IV. daily video uploads should be made to the companies' video platforms, if applicable.

In the past decade, use of digital marketing has become very vital to not only organizations but also startups with its capability to allow tailored messages reach specific audiences. It encompasses a wide array of marketing tactics and technologies deployed to reach customers and consumers online.

There are many ways to capture the audience's attention. Marketing is one of the most fundamental things in a business, as it helps obtain people's attention.

There are two methods of marketing. One is traditional marketing, a classical type of marketing, and the other is digital marketing, a modern type of marketing.

Traditional marketing has been evolving for ages, while digital just got in a few years ago. Both are good in their way, as they both have pros and cons. Therefore, choosing between both is entirely dependent on the people and the businesses that want to use it.

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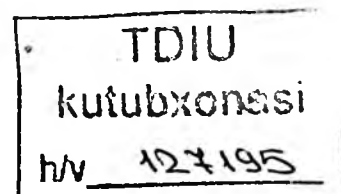
Traditional and digital marketing are very different from one another. Although they both have few similarities, they both are unique in their ways.

Table 1²

A summary of the differences between digital marketing and traditional marketing

Comparison basis	Traditional marketing	Digital marketing
Definition	it is one type of marketing that utilizes media, TV, or magazine to advertise any business's services and products	it is one type of marketing that uses the internet and social media for advertising businesses
Engagement	low	relatively high
Conversion	slow	extremely fast
Nature	static	dynamic
Investment returns	not easy to measure	simple to measure
Effectiveness	more expensive less effective	less expensive more effective
Targeting	standardized	customized
Tracking	not possible	possible
Reach	local	global
Tweaking	not possible once the advertisement is placed	one can change or edit anytime
Results	slow results	quick and live results
Communication	it is mostly one-way communication	it is a two-way communication
Interruptions	it is not easy to skip the advertisements, as they are bound to the users	one can easily skip between advertisements if it does not interest them

² Developed by author on the base of different literatures sources.



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