

## **Innovative Digital Marketing in Banking: Attracting and Retaining Customers in the Digital Age**

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### **Abstract**

*The article describes the definitions and different approaches to the "digital economy" category. Also, the nature, classification, development trends, advantages and disadvantages of electronic commerce, which is part of the digital economy, are shown on the example of foreign countries.*

**Keywords:** *digital economy, e-commerce, B2B (Business-to-Business), B2C (Business-to-Consumer), B2E (Business-to-Employee), B2G (Business-to-Government), B2O (Business-to-Operator), C2A (Consumer-to-Administration), C2B (Consumer-to-business), C2C (Consumer-to Consumer), A2A (Administration-to-Administration), A2B (Administration-to-Business), A2C (Administration-to-Consumer), G2B (Government-to-Business).*

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## Introduction

The digital economy is an innovative idea. This view was expressed by the World Bank in its 2022 World Development Report 2016: Digital Dividend. The conclusions of this research show how relevant and important the digital economy is in the development of countries' economies. In particular, a 10% increase in Internet speed will also affect the growth of the country's GDP. In developed countries, this indicator is 1.21 percent, while in developing countries it is 1.38 percent. Therefore, if the speed of the Internet increases by 2 times, it is possible to achieve an increase in GDP by 13-14 percent.

The digital economy includes e-government, e-business, e-commerce, digital economic relations, digital banks, digital archives, virtual enterprises, crypto-currencies - electronic money, use of marketing services in social networks, introduction of blockchain technology, digital "pockets" of enterprises, including digital dividends and more.

The directions of the digital economy include big data, artificial intelligence, blockchain, quantum technologies, production technologies, industrial Internet, robotics, wireless communication, and virtual reality.

E-commerce is a branch of economy that includes all financial and commercial transactions and business processes related to such transactions using computer networks. E-commerce includes:

- Electronic data interchange (Electronics Data Interchange, EDI);
- Electronic capital movement (Electronic Funds Transfer, EFT);
- Electronic trade (e-trade);
- Electronic money (e-cash);
- Electronic marketing (e-marketing);
- Electronic bank (e-banking);
- Electronic insurance services (e-insurance).

The first systems and methods of electronic commerce are associated with the emergence of sales automation technologies and the introduction of automated systems for corporate resource management. In 1960, American Airlines and IBM started to create an automation system for booking flights. SABER (Semi-Automatic Business Research Environment) has made air travel more affordable for ordinary passengers and helped them manage the ever-growing number of flights and flight fares. Due to the automation of the process of calculating fares for seat reservations, the price of services has decreased and the volume of passenger transportation has increased. A joint project between American Airlines and IBM is the first example of e-commerce.

## Literature review

**Table 1. Different approaches and definitions of the digital economy**

The digital economy is a virtual environment that complements our reality	V. Ivanov
Digital economy is economic production using digital technologies	R. Mesheryakov
The digital economy is a type of modern economy characterized	A. Kuntsman

<p>by the active use of digital technologies for the production of material products and services, as well as their storage, processing and transmission of information and information.</p>	
<p>The digital economy is based on the production of electronic products and services and their distribution through electronic commerce: "businesses specializing in electronic products carry out production processes and money transfers, as well as work with and manage customers using Internet technologies."</p>	<p>R. Asanov</p>

In 1971, Stanford University and Massachusetts Institute of Technology students organized the sale of marijuana using the Stanford Artificial Intelligence Laboratory's ARPANET computer network. Later, these transactions were considered the first online transfers, the beginning of electronic commerce. In 1979, Michael Aldrich introduced the first online shopping system. In 1981, Thomson Holidays UK, the first online shopping system for businesses, was established.

In 1982, Minitel was introduced nationwide by France Telecom and used for online ordering. In 1983, the California State Assembly held the first "electronic commerce" hearing in Volcano, California. In 1995, Jeff Bezos launched Amazon.com and launched the first 24-hour ad-free radio stations Radio HK and NetRadio. eBay was created by developer Pierre Omidyar under the name AuctionWeb. Four years later, Alibaba Group was established in China. 7.5 million to Business.com eCompanies, founded in 1997 for 149 thousand US dollars. sold for dollars. At the same time, the peer-to-peer program Napster was launched. ATG Stores started selling home decor items online. In December 2001, Alibaba.com became profitable. In 2002, eBay bought PayPal for \$1.5 billion. bought for dollars.

### **Research methodology**

In this study, analysis, synthesis, comparative analysis, and modeling methods were used to determine today's real definition, to expand the types of services, and to develop the strategies of banks in this way.

### **Analysis and discussion of results**

Amazon.com reported its first annual earnings in 2003. In 2004, DHgate.com, China's first B2B online transaction platform, was created, leading other B2B sites to move away from the yellow pages model. In 2007, R. H. Donnelley bought Business.com for 345 million. bought for dollars. In 2015, Amazon.com sent nearly 500 million dollars to the United States. SKU sales accounted for more than half of e-commerce growth.



**Figure 1. Volume of sales in global Internet stores (trln.doll)**

In 2022, global e-commerce retail sales will reach 2.36 trillion. reached USD and increased by 14.8% compared to 2021 (Figure 1). In the last 20 years, the e-commerce market is developing dynamically due to the rapid increase in the number of Internet users, the increasing influence of social networks and other interactive online platforms, the dynamic development of electronic payment systems, and the transition of leading market participants to new technological platforms for e-commerce.

Electronic commerce forms.

Electronic commerce is divided into several categories according to the target group of consumers. We will consider their classification below

1. E-commerce classification: Commercial organizations:

- B2B (Business-to-Business) – “relations between commercial organizations”;
- B2C (Business-to-Consumer) – “relations between commercial organization and consumers”;
- B2E (Business-to-Employee) – “commercial organizations and employees (relations between employees”;
- B2G (Business-to-Government) – “relations between commercial organizations and the government”;
- B2O (Business-to-Operator) – “relations between commercial organizations and communication operators”.



**Figure 2. E-commerce in commercial organizations**

Disadvantages of e-commerce:

For organizations, the doubts of the parties about the relevance of the project to the company (negativity), legalization of the enterprise's activity on the Internet and some difficulties in its activity.

For consumers, consumer distrust of services sold over the Internet 15, the inability to "hold" goods by hand, waiting for the delivery of purchased goods, possible difficulties and costs of returning goods, additional costs for the delivery of goods.

An attractive platform for fraud to society (decreased network security), driving offline businesses out of the market.

The "gray" system of accounting for the state consists in the incomplete receipt of tax payments to the state budget.

E-commerce has become an integral part of the modern economy. Consumers buy goods on the Internet, and at the same time, commercial organizations widely use the opportunities of this network in their business activities. The number one reason to shop online is that you can shop 24/7.

What is the difference between the digital economy and the ordinary economy? For example, a customer needs clothes. If he goes to the market and chooses it directly and buys it for cash, this is a traditional economy. By choosing a suitable product through a trading bot or channel on Telegram, paying the owner of the product through an electronic payment system (payme, click, paynet, qiwi, webmoney, visacard.) and receiving the product through the delivery service - called the digital economy. This is the simplest example to explain.

In fact, we are all already in the digital economy, using its convenience. In fact, we are all already in the digital economy, using its convenience.

The digital economy is not some kind of economy that needs to be created from scratch. By

creating today's technologies, platforms and business models and implementing them into everyday life, it means moving the existing economy to a new system.

Signs:

- high degree of automation;
- electronic document exchange;
- electronic integration of accounting and management systems;
- electronic databases;

Availability of CRM (customer relationship system):

1. Costs for payments are reduced (for example, the fare to go to the bank and other resources are saved).
2. Get more and faster information about goods and services.
3. In the digital world, there are great opportunities for goods and services to enter the global market.
4. Goods and services are rapidly improved due to acceleration of feedback (consumer opinion).
5. Faster, better quality, more convenient. A clear example.

As one of the bright examples in the field of development of digital platforms, it is possible to cite the Chinese company "Alibaba", which has an e-commerce system. The experience of its use shows that in the process of collecting data, competitive advantages are created for expansion into various sectors of the economy. Alibaba is not just a digital platform, but an ecosystem of platforms.

What does the development of the digital economy give us?

The digital economy is the main link of corruption and "black economy".

Because numbers seal everything, store it in memory, provide information quickly when needed. In such conditions, it is impossible to hide any information, make secret deals, not to provide full information about this or that activity, the computer will reveal everything. The abundance and systematicity of information does not allow for lies and fraudulent activities, because it is impossible to cheat the system. As a result, it will not be possible to launder "dirty money", steal funds, spend ineffectively and aimlessly, increase or hide it. This will increase the flow of legal funds into the economy, taxes will be paid on time and correctly, budget allocation will be open, funds directed to the social sphere will not be stolen, schools, hospitals, the money allocated for the roads will reach in full, etc.

The digital economy has terms such as its own currency (cryptocurrency, bitcoin), money storage card (blockchain), calculation methods (mining). It is recommended to get more detailed information about them.

Digital technologies are a global phenomenon. They formed a universal information and communication environment that made it possible to use a new, social interaction (from personal practice to practices related to the development of individual social groups, national and regional communities). These technologies have created new opportunities for conducting business, fully

covering all areas of human life. For every enterprise, digitization has become a factor supporting their competitiveness and development, from small enterprises to market giants. It became a necessary condition for the socialization of market business, expanded the scope of economic development, and at the same time created new challenges and problems.

The positive effects of the digital economy (digital dividends) are very diverse and are presented in studies of large companies. But it is necessary to pay attention to the very important multiplier effect of digitalization from the perspective of economic development. Many traditional ways of business development - reducing costs, improving forms of interaction with buyers and suppliers, investing in innovation - are fundamentally new in the introduction of digital technologies, including the possibility of obtaining additional value, through business models that transform and multiply. It is this digital economy itself, which does not replace previous economies, but rather creates new innovative changes and expansion of markets. In the sense of structural changes, first of all, the Internet of Things (IoT) and its segment - the Industrial Internet (Industrial Internet of Things - IIoT) are used in the labor market as an important prospective direction of the introduction of digital technologies. Their introduction will transform operation and information technologies into mutually integrated open systems. In this case, the unified information space provides an increase in efficiency due to the reduction of capital costs and labor of all production chains - from the development of products to sales and service. The implementation of IIoT is calculated to allow enterprises to reduce downtime by 10%, as well as reduce maintenance costs and prevent equipment abandonment.

The development of labor relations in the digital economy leads to the replacement of permanent employees with temporary workers, in which many types of work are performed thousands of kilometers away from company and even national borders. In recent years, the number of out-of-state employees - freelancers - is rapidly increasing. For example, in the USA alone, the number of freelancers, including freelancers, has reached 57.3 million people, which is 36% of the country's employment.

In the digital economy, not only the nature of work changes, but also the entire system of labor relations. If in the traditional economy there are vertical economic relations (management - subordination) between the employee and the employer, in the digital sector the leader is no longer a boss, but an employee who often coordinates people's work remotely. Accordingly, vertical ties are replaced by horizontal ties, in which the employee's dependence on the company's management is seriously loosened.

Businesses now require employees with technical, operational, interpersonal and creative skills to effectively use digital technologies and expand their business at national and international levels. In such conditions, the previous skills are not enough, now the employee must have the qualities of work ethic and interpersonal relations. Any production process or service delivery needs employees who are suitable for managing special digital technologies, enriched with modern technical skills and leadership skills (C-suite level of entrepreneurship). In recent years, the "soft skills" (soft skills) of job candidates for employers: personal qualities and social skills, such as teamwork, curiosity, initiative, critical thinking, self-management, solving complex tasks the ability to work in cooperation with different people, correctly determining priorities is required.

In general, the process of personnel selection is also changing in the conditions of the digital economy. According to forecasts, in the near future, a personnel management specialist is an

analyst who works with a large database and makes decisive decisions. Data collection through open sources on the Internet is carried out by a robot. The Stafory startup has already completely taken the place of recruiters: artificial intelligence receives information about candidates from recruiting sites, social networks, makes initial contact with them, talks with these candidates, hires prepares recommendations and gives it to the personnel service of the company.

It is possible to analyze two directions of the development of the labor market in the conditions of digitization of the economy. First, in a positive and digital economy, the labor market needs creative, thinking people. Manufacturing mostly no longer needs people, but they will be needed for human-centered services. In the near future, most robots will not be able to create, invent, design, program, and organize their own services and production. The technology of online control of robotics is developing, which requires a large number of online operators.

In this way, the introduction of artificial intelligence and robots into production is seen as an expansion of technical capabilities. In addition, digital technologies will enable older workers and disabled people to integrate more effectively into the labor market. Robots, on the other hand, do mostly dangerous and boring work. People will have more opportunities for recreation, creativity, and innovative services due to increased free time. Timely development of educational programs and their implementation with the help of the state ensures the transition from traditional professions to new ones. Employees of the "Digital Age" provide development, storage, processing and implementation of information, create and manage unique knowledge.

At the same time, there are negative assumptions that as a result of the digitization of production, objects will be more closely connected with each other (industrial internet of things), and alienation between people will increase. As a result, it can have a negative impact on those who are employed in manufacturing and providing services. According to some experts, by 2030 the labor force will be smaller in number, older, and have formal education. In addition, 50% of current professionals will disappear.

Let's look at the global changes of the labor market in the digital economy in order to confirm or reject these predictions. First of all, they are related to automation and digitization of many sectors of the economy. At the same time, the role of digital technologies is increasing in most industries. According to experts, this will lead to changes in the composition of the labor market and the employment of certain specialists.

The National Project Management Agency under the President of the Republic of Uzbekistan is an authorized body in the field of introduction and development of the digital economy. In addition, the Ministries of Economy, Finance, Information Technology, Justice, and other state structures have specific responsibilities and tasks for the development of the digital economy.

25% of online stores on the Internet use WooCommerce. In 2022, 61% of online consumers in the US made purchases based on blog recommendations. 93.5% of Internet users worldwide have purchased products online.

The e-commerce sector is growing at an average of 23% annually. However, due to the pandemic, the growth rate is decreasing from 2020. Looking at e-commerce statistics via e-mail, 61 percent of consumers prefer to communicate with e-brands by e-mail. Email marketing has a return on investment (ROI) of 4400%, meaning that every dollar spent brings in \$44. 58% of the 1,000 largest online stores in the US send welcome emails. Email companies increase their revenue by 760%. Transactional emails get 8x more opens and 6x more revenue. Email marketing accounts for 20% of e-commerce traffic. 60% of consumers make purchases as a

result of email marketing messages. Online stores with social networks have 32% more sales. The average e-commerce site publishes 4.55 posts per week on their Facebook page. 74% of consumers rely on their social networks to make purchasing decisions. 85% of social media orders come from Facebook. 75% of Instagram users visited the site after seeing an ad. The average order value for customers attracted from Instagram is \$65.

Looking at mobile e-commerce statistics, more than 40 percent of all holiday shopping is now done on mobile devices.

82% of Internet users in the United States used mobile devices to shop online. 53% of smartphone and tablet owners make purchases through corporate programs. In 2018, e-commerce sales on "Black Friday" and "Cyber Monday" reached 2 billion. more than dollars.

Free shipping increases the profits of many (small and medium-sized businesses) by 46.5%. 28% of shoppers will immediately stop shopping if prompted to top up an account. An optimized checkout design can increase the conversion rate by 35 percent. 2 out of 3 eCommerce websites lose money due to cart abandonment. Mobile devices have the lowest cart abandonment rate at 86 percent. 44% of minutes spent on mobile devices are e-commerce. 1 in 3 users buys a product within five days of searching on Google.

E-commerce enables customers to overcome geographical barriers and buy goods anytime, anywhere. Online and traditional markets have different strategies for doing business. Traditional retail stores offer a smaller assortment due to limited counter space. Online retailers usually do not carry inventory, but ship orders directly to the manufacturer. Pricing strategies are different for both brick-and-mortar and online stores. Traditional retailers set their prices based on the number of visitors to the store, the average cost of purchase, the number of transactions completed and the cost of renting the premises. Online stores also take into account the number of purchases, and they can also estimate the speed of delivery. Security is a major concern of e-commerce in both developed and developing countries. E-commerce security protects sites and customers from unauthorized access and data use. The types of threats include: malicious code, malicious software (adware, spyware), phishing, hacking, and cyber vandalism. Brick-and-mortar stores also use the online space to effectively communicate outside the offline store, store customer data, implement loyalty programs, and drive customers online to increase customer retention and sales. At this point, the question arises as to how e-commerce affects the labor market. On the one hand, e-commerce information services help create new jobs thanks to the necessary software developments and digital products. On the other hand, the emergence of Internet stores also leads to job losses. Sectors most likely to lose jobs include markets, the post office and travel agencies.

### **Conclusions and suggestions**

The development of e-commerce also creates new jobs that require highly skilled professionals to manage large amounts of data, customer needs, and production processes. They cannot be occupied by employees who do not have high technical skills. E-commerce technologies reduce transaction costs, allowing both producers and consumers to work without intermediaries. This is achieved by expanding the search for the best price offers and group purchases. The success of e-commerce at the city and regional level depends on how local businesses and consumers perceive e-commerce. However, in e-commerce there is no direct contact between people and customers. Customers are also concerned about the security of online transactions and tend to stick with retailers they already know. We will consider the principles of e-commerce on the

example of ordering goods in an online store. The following sequence is followed:

- the first step - the buyer browsing the online catalog decides to choose a product. His computer or mobile device interacts with the store's server through a browser.
  - The second step is that the server receives the user's request and sends it to the manager in the order processing system.
  - The third step - the manager sends a request about the availability of goods in the database. If the product is not available, then a request is sent to the manufacturer, the time of delivery to the warehouse is determined, after which the customer is given specific information.
  - The fourth step - if the goods are in stock, the store employee will continue to process the application.
1. The fifth step is to contact the financial system with a request to perform the operation and make a payment by the client.
  2. The sixth step - the financial system allows or blocks the transaction depending on the situation in the client's account (lack of funds, defective card, etc). If the operation is successful, the manager confirms the transaction and notifies the server.

The online service algorithm of Internet banking is approximately the same, because the services may not have a tangible meaning. For example, full access to program features, purchase of e-books, etc.

Examples of successful e-commerce implementation:

1. Online services for utility bills, fines, registration, etc. Long queues at the bank to pay utility bills are now a thing of the past. Electronic services can be used through any computer or gadget. For this, it is enough to download Internet banking. You can easily pay for an apartment, rent, loan and other services without leaving your home.
2. Directory sites, bulletin boards, aggregators of goods and services. Among individuals and companies, the names of trading sites such as Avito and Yula are popular. The ability to book tickets and hotels in advance opens up great prospects for the development of this industry.
3. Movie distribution sites, paid books, online cinemas and more. Intellectual property has become a digital product, so the results of the work of writers, musicians and directors are actively sold online.
4. Internet stores, Internet auctions, Internet banking, advertising, marketing and many other areas have found their place in the virtual environment.

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