



ECONOMIC PRINCIPLES OF DEVELOPMENT OF ADVERTISING SERVICES IN THE DIGITAL ECONOMY

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Abstract:

The article describes the system of indicators representing the effectiveness of advertising services based on the number of consumers provided with advertising services, the impact on the sale of services, consumer evaluation, digitalization, and the level of profitability, the structure of the Republican services market, considering the offer of advertising entities, infrastructure provision, and state regulatory mechanisms in accordance with consumer demand for advertising services, also the factors affecting the reduction of costs and increase of profits of the services provided to the advertising industry using digital technologies and the creation of conditions for innovative development of services

Keywords: advertising services, advertising entities, digital technologies, digitalization, indicators, infrastructure provision, services market, efficiency, profitability.

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Introduction.

Today, the development of advertising services has a special place in the rapid development of the world economy based on digital technologies. In the distribution of labor in the world, advertising services occupy a leading position in important branches and sectors of the economy.

Global advertising spending acknowledges the rapid growth in the global advertising market, including an increase of 579 billion US dollars or 4.6% in 2018 [20]. Therefore, the further development of the world economy in line with digital technologies on an innovative basis is directly related to the success of advertising markets, as well as the development of advertising services and the improvement of its effectiveness. The development of advertising services in the conditions of the digital economy in Uzbekistan is a very urgent task, as the President of our country Sh. Mirziyoev stated in his Address to the Oliy Majlis: "In order to achieve progress, it is vital to acquire digital knowledge and modern

information technologies. ...of course, we know very well that building a digital economy requires the unique infrastructure, a lot of money and labor resources. ... active transition to the digital economy will be one of our top priorities in the next five years" [1].

Therefore, in the conditions of the transition to the digital economy in our republic, it is very necessary to develop and improve the efficiency of advertising services in all sectors and areas, especially to form a system of indicators suitable for them and to improve the methods of determining efficiency. Therefore, finding ways to develop and increase the efficiency of advertising services in our republic, researching scientific problems on the development of the advertising services market is of urgent importance.

It is worth noting that deep structural changes are taking place in our country in important economic sectors and industries, especially in the service sector, in the advertising activity, as well as in the provision of services related to it. This is also defined as an



important task in the action strategy of the development of our republic, including "...rapid development of the service sector, radical change of the structure of the provided services, first of all, at the expense of their modern high-tech types" [2]. Today, the development of advertising services and the improvement of its economic efficiency, as well as the research of its scientific-methodological and practical aspects in determining its future development, are extremely urgent tasks.

The level of study of the problem.

Many foreign scientists [7-12], including: R.Batra, D.D.Myers, D.A.Aaker, D.T.Russell, U.R.Lane, G.A.Vasilev, V.A.Polyakov, E.L.Golovleva, S.M.Davis, G.Carter, Y.A.Lvova, V.L.Polukarov, B. E. Toffler, Dj. Imber, F. Holmes and others researched scientific and methodological aspects of the development of advertising services. Also, the following foreign economists have achieved significant results on the fundamental issues of developing innovative activity and increasing the effectiveness of advertising services: V.L.Muzykant, L.Ogoleva, D.Y.Raygorodsky, E.V.Romat, B.Temporal, K.Hopkins, Dj. Aitchison [14-18], and others.

The fact that the methodological and conceptual approaches of improving the effectiveness of advertising services in the republic and managing innovative activities in the field are not sufficiently justified and systematized in the context of the digital economy represent the relevance of the topic and allow for the correct definition of its goals and tasks.

Advertising is scientifically based special information distributed in any form and by any means about legal entities or individuals, products, including trademarks, service marks and technologies for the purpose of direct or indirect profit (income) [3]. At the same time, advertising can also be expressed as follows. That is, Advertising is a message that affects people, carried out by the entity providing the advertising service [19].

Today, advertising services are increasingly being used digitally. That is, establishing contact with the consumer through digital technologies requires further rapid development of the economy. **In our opinion, digital advertising services are services for the distribution of special information about individuals, legal entities and goods through digital technologies for the purpose of direct or indirect income.**

In general, digital advertising services have several advantages over traditional advertising services. First, in digital advertising services, there is an opportunity to study the information about the target consumer group of service providers and manufacturers obtained from the Internet and place them in the advertising message. At the same time, contacting a target group of consumers through digital advertising does not require high costs. In addition, companies now have the opportunity to use their consumers as distributors of advertising through social networks [21].

Digital advertising services are superior to traditional advertising services due to their high efficiency (low distribution costs, possibility of continuous communication with the consumer).

In our opinion, the effectiveness of digital advertising services is calculated by the ratio of the sales volume before the placement of digital ads to the sales volume in the period after the placement of digital ads.

According to the results of the research, a system of indicators representing the effectiveness of advertising services was developed based on the number of consumers provided with advertising services, the impact on the sale of services, the evaluation of consumers, digitization, and the level of profitability. It is important to calculate the effectiveness of digital advertising, and to do this, we have proposed a system of indicators for measuring the effectiveness of advertising services below (Table 1).



It is no exaggeration to say that measuring the impact of advertising after its introduction determines the success of a company's marketing strategy. Since marketing in enterprises is mainly delivered to consumers on the basis of advertising, it is the positive effect of advertising on the volume of sales that increases the importance of the marketing department.

In measuring this indicator, it is possible to determine the effect of advertising on sales

volume by dividing the volume of sales in the period after the introduction of advertising by the volume of sales before the introduction of advertising. Of course, other factors, such as a sharp change in the volume of competing goods and services, the adoption of various legal documents, natural disasters, etc., affect the volume of sales. In addition, it is important to deliver advertising services to the target group of consumers.

Table 1
Performance indicators of advertising services¹

Indicators	Formula	Explanation
Indicator of the introduction of advertising services	$C_1 = \frac{S_0}{S_1}$ <p>C_1 – post factum effectiveness of advertising services; S_0 – the volume of sales before the introduction of the advertising service; S_1 – the volume of sales after the introduction of the advertising service;</p>	Evaluates the impact of advertising services on sales volume
Indicator of delivery of advertising services to the target consumer	$C_2 = \frac{R_0}{R_1}$ <p>C_2 – the indicator of delivery of advertising services to the target consumer; R_0 – the number of consumers who consider advertising services desirable; R_1 – the number of consumers who saw the advertisement;</p>	Evaluates whether advertising services have reached the target group of consumers.
An indicator of the level of positive evaluation of advertising services by consumers	$C_3 = \frac{M_0}{M_1}$ <p>C_3 – indicator of positive evaluation of advertising services by consumers; M_0 – the number of consumers who positively evaluated advertising services; M_1 – the number of consumers who participated in the evaluation of advertising services;</p>	Evaluates the relevance of advertising services to consumers
Profitability of advertising services	$C_R = \frac{F_{CR}}{X_R} \times 100$ <p>F_{CR} – Net profit from advertising service (thousand soums); X_R – Organization of advertising services, costs related to its implementation (thousand soums);</p>	Estimates net profit from advertising services

¹ Developed by the authors based on monographic research



Effectiveness of digital advertising services	$C_{RR} = \frac{C_{DR}}{C_{RX}}$ <p>C_{DR} – Revenue from digital advertising services; C_{RX} – Costs of providing advertising services based on digital technologies;</p>	Digital advertising penetration rate
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In this case, in order to determine the level of delivery of the advertisement to the target group, by dividing the number of consumers who consider it necessary by the total number of consumers who took part in the survey, determine what percentage of consumers viewing the advertisement approve of it, and if this indicator is below 70%, take measures to find the consumer group. is important.

One of the important indicators in measuring the effectiveness of advertising is the evaluation of advertising by consumers. In particular, the level of positive evaluation of advertising by consumers determines its quality, comprehensibility, purposefulness, in short, its success.

Also, for the effective use of advertising tools, it is important to distinguish the advantages and disadvantages of each tool. The table below lists the advantages and disadvantages of traditional advertising media (see Table 2).

Table 2

Advantages and disadvantages of advertising media²

Advertising tool	Advantages	Disadvantages
Newspaper	Ability to cover the local market in a short time	Short duration of influence, low quality and not wide audience
Television	Presence of image, sound and movement in advertising, attracting attention quickly	High cost, short duration of advertising contact
Radio	Availability of mass, low price	Dissemination by voice only, short duration of advertising contact
Outdoor advertising (out-of-home Ad)	Availability of recurring advertising contact	The impossibility of choosing an audience
Internet Ad	Internet advertising revenues will increase from e-commerce	Low internet speed
Banner advertising	Covers a wide audience, increases brand popularity, provides an opportunity to direct the target audience, is interactive, performs two tasks at the same time: decorates the site and sells the product, attracts only the target audience, motivates people interested in the product to action.	More than a certain amount of time is required
Text advertising	This ad is one of the popular internet ad pages because it helps you get targeted traffic in no time. Gives quick results. Useful and high-quality information can attract people very quickly,	Low internet speed

² Монографик тадқиқотлар асосида муаллифлар томонидан ишлаб чиқилган



	resulting in increased demand for advertising. The advertiser has the opportunity to choose the position in which his ad will be displayed.	
Advertising on social networks	It unites people with a common interest; conveys information to the client in a polite manner; photo or video material can be added to the product to demonstrate its features; the number of regular customers increases; there will be regular updates, as a result, people will not get bored of the product; this type of advertising is relatively affordable.	More than a certain amount of time is required
Exhibitions and fairs	Establishing personal relationships serves to increase the possibility of visual acquaintance with goods	A large amount of expenses required

The effect of advertising depends on the value of the advertised product and the arguments in its favor. If the consumer does not find such evaluations and evidence, the effect of advertising will also decrease. Evidence can be divided into objective evidence that logically reveals the distinctive features of the advertised product, and evidence that evokes certain emotions and images. Research shows that advertising is effective in the following cases:

- the product is standardized;
- there are many end consumers;
- additional service is important;
- a large part of the manufacturer's sales is made up of new products.

In general, there are three main groups of activities in advertising:

- providing information (notifying about product availability and quality);
- persuasion (evoking positive emotions, forming a position of product recognition);
- propensity support (strengthening existing customers as the main source of future sales).

Based on this, it is possible to choose advertising tools depending on the goal of the advertiser and how long the audience will be covered and how much money will be allocated.

It is worth noting that among traditional advertising means, only external advertising services have a tendency to increase in the world. The advantage of this advertising service is that people do not ignore it. Because it has been proved by experiments that banners or exhibitions hanging on the street attract a large part of the population.

Analysis and results. 7,108 (57.7%) of the total 12,318 outdoor advertising objects (constructions) placed in the territories of the republic were found to be non-compliant with the requirements of the decision. Earlier, there were reports on social networks that hundreds of outdoor advertising structures in Tashkent city are being torn down without any legal grounds. Businessmen call the action of the government, which has removed more than 300 banners, illegal and demand an explanation in this regard. The business ombudsman is investigating the legality of demolition of outdoor advertising structures in Tashkent. Due to the increasing number of videos about violations of outdoor advertising devices in Tashkent via social networks, the Anti-Monopoly Committee announced the following: Building, installing, and allocating land for outdoor advertising objects (structures) with the decision of the Cabinet of Ministers of Uzbekistan "On Regulation of the Outdoor Advertising Market" , on determining the amount of payments, technical regulation and other issues, unified mechanisms have been introduced.



In particular, the volume of advertising services in Samarkand region grew rapidly from 2010 to 2019 (see Figure 1).

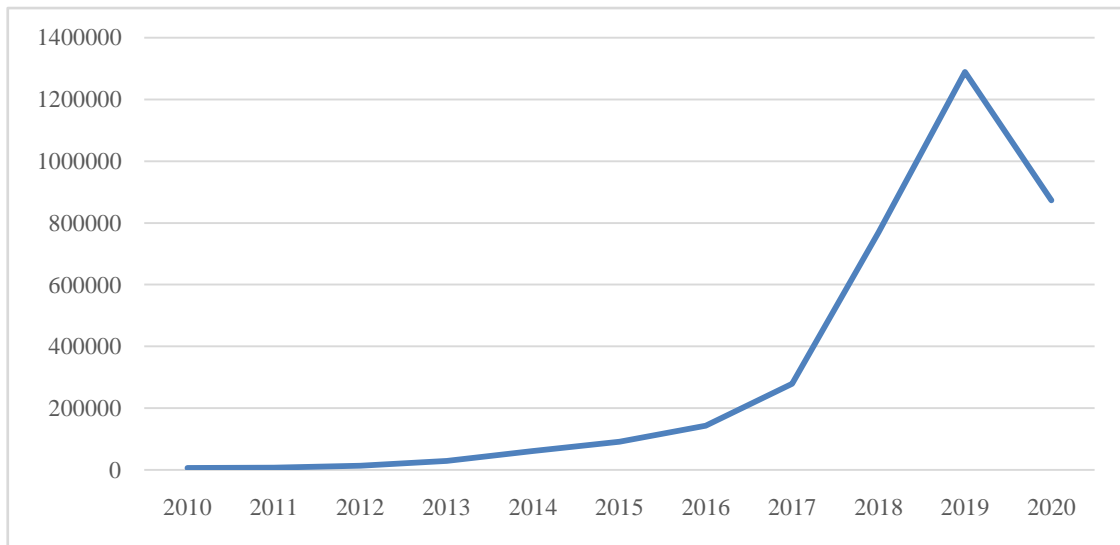


Figure 1. Dynamics of the volume of advertising services in Samarkand region³, thousand soums.

This graph only includes information on television and radio advertising, outdoor advertising, and print advertising in national and local magazines. In 2020, the volume of advertising services decreased by about 40% compared to 2019 due to the slowdown in business activity due to the spread of the coronavirus pandemic (see Figure 2).

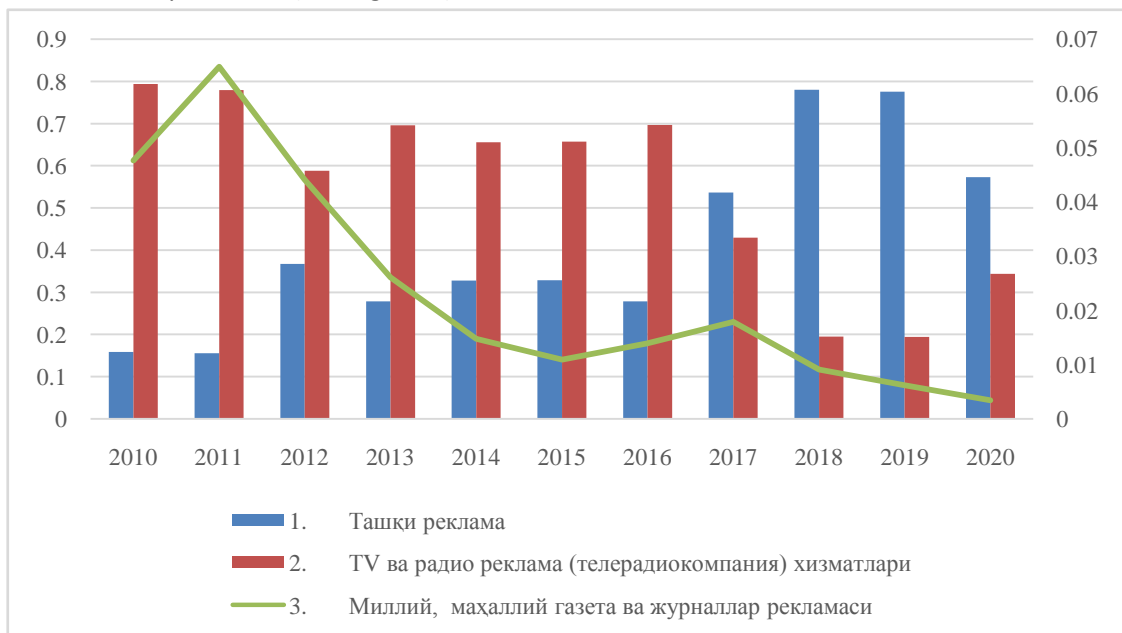


Figure 2. Dynamics of change in the share of advertising media⁴

When we analyzed statistical data on the share of advertising media in total advertising, from 2010 to 2016, TV and radio services recorded an average of 60-70% of total services. But by 2017, out-of-home advertising services have grown significantly, even surpassing TV and radio advertising services. In 2018 and 2019, outdoor advertising services accounted for almost 80% of the total advertising

³ Developed by the authors based on monographic research

⁴ Шу манба



services provided. Due to the negative impact of the pandemic on the economy, especially on business activities, all advertising services have decreased.

During our research, we studied the activities of "Samarkand TRK" and found that its activities are carried out at the expense of state budget funds, sponsors and advertising funds, as well as other sources not prohibited by law. When we studied the report on the financial results of the revenue of the TRK of Samarkand region, we got the following information. When we study this data, we can see that 44.2% of the company's funds, i.e. 2037716.5 thousand soums, are budget funds, 55.5%, i.e. 2563428.9 thousand soums, are from non-budgetary funds, and 0.3%, i.e. 12540.7 thousand soums it consists of exemptions from taxes and other mandatory payments. That is, a large part of the enterprise's activity is still financed by the state budget.

As can be seen from the above data, the income received from the services rendered in the TRK of Samarkand region is 2563428.9 thousand soums. According to the results of the research, the following factors influence the effectiveness of advertising.

- the marketing context of the placement (dependency on the subject of advertising, the target audience and the communication situation in the market);
- media planning parameters (type of mass media, features of their content in general, as well as content before or around certain advertising messages);
- the type, content, structure and other features of the advertising message.

Some factors are well studied and covered in scientific literature. These factors include the content of the advertising text and its artistic treatment.

In our opinion, all factors affecting the effectiveness of advertising should be divided into two groups: those that are not controlled by the creator of advertising and those that are controlled by him. It includes other factors of different "scales". At the same time, consideration of each factor directly affects the final effectiveness of advertising. It is worth noting that sometimes controlled factors can become uncontrollable. It should be used if, for some reason, the customer of the advertising text independently decides for the creator of the advertisement, for example, what advertising medium will be used, what idea should be included in the text, what emotions, characters, etc.

In general, in terms of final efficiency, we can talk about a number of factors. It should be noted that some factors are controllable and some are uncontrollable. Thus, controllable factors are always secondary, because if there is no marketing effectiveness, then the consumer will not buy the product if it is packaged in any form. At the same time, controllable factors can amplify and weaken uncontrollable factors. Advertising research is the systematic collection and analysis of information in order to evaluate and improve the effectiveness of advertising activities. An advertiser can achieve high advertising effectiveness by studying the following factors in depth:

- target audience;
- distribution channels;
- a component of the advertising tool;
- size of advertising material;
- the duration of the posted advertisement and the number of repetitions;
- amount of advertising expenses.

Digital advertising is a set of advertising tools that use Internet technology to deliver an advertising message to consumers. Digital technologies not only strengthen the position of advertised products, but also change the results of advertising companies. Digital advertising includes ads and messages delivered via email, banners on websites, digital promotions, branded pages and landing pages, videos, photos and contextual advertising. At the same time, digital advertising is not limited to the Internet, but also using television, radio, telephone, direct sales, direct communication sources.



The market of advertising services is an independent sector of the economy, within which market entities - advertisers, producers of advertisements, distributors of advertisements and consumers of advertisements - interact. In a broad sense, the advertising services market is a social institution designed to satisfy public demand for advertising services (Figure 3).

Advertising activity is basically an economic phenomenon that arises and develops within the framework of the general laws of the market economy. A number of socio-economic conditions are necessary for the advertising market to work:

1. Economic freedom of the subjects of the advertising market - independent disposal of the created product, setting prices, receiving appropriate profits, etc.
2. Existence of need for advertising services and effective demand from consumers of advertising services.
3. Existence of competition between providers of advertising services and manufacturers who create an offer.
4. Availability of developed market infrastructure.
5. The existence of legal documents and laws regulating the relations of market entities and the absence of state administrative control over advertising activities and market entities.

Figure 3

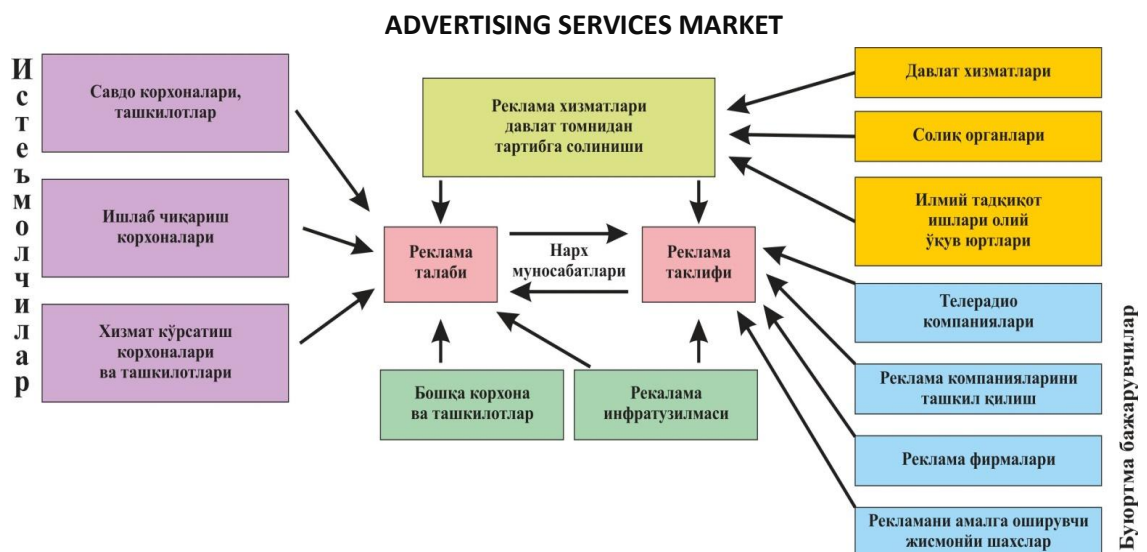


Figure 3. Approximate structure of the market of advertising services of the Republic

The advertising market creates and regulates the relations of market entities on the basis of economic entities. Economic relations between market participants are coordinated through the pricing mechanism, which provides a balance between production and consumption, demand and supply in the market. As an economic regulator, the

advertising market performs the following main functions:

1. It unites the interests of advertisers and advertising producers on an economic basis based on the satisfaction of the need for advertising services provided on the basis of demand.



2. Contributes to elimination of imbalances between demand and supply of advertising services and adapts them to market needs.

3. Informs market participants about the economic processes taking place in the market through economic indicators.

4. Creates conditions for the development of advertising business, stimulates its effectiveness, identifies leaders - those who know market conditions better, have lower prices and higher quality of advertising services.

5. Eliminates the deficit of advertising services and expands opportunities for business entities.

Conclusions and suggestions

1. The most important task is to further develop the digital economy in Uzbekistan, and special attention was paid to digital advertising services:

- to ensure close cooperation of state bodies and business entities in the field of introducing innovative ideas, technologies and developments for the further development of the digital economy.

- training of qualified personnel with practical work skills in the production and use of blockchain technologies.

- comprehensive development of cooperation with international and foreign organizations in the field of activities on cryptoassets and blockchain technologies, and attracting highly qualified foreign experts working in the field of production.

- creation of a legal framework for the introduction of blockchain technologies, taking into account foreign experience.

2. Effective organization of digital advertising services, bringing products and services to the market, as a means of studying consumer demands, is manifested in the following:

- taking into account the requirements of consumers for services and products, research of purchasing power, development of

methods of their determination and their implementation in practice;

- increasing the index of competitiveness of products and services provided by the enterprise;

- achieving dynamics of growth of consumers' demands for products and services;

- meeting the market requirements that competing enterprises cannot meet;

- development of innovative approaches to distribution of enterprise products to their sales channels.

3. Digital advertising services are superior to traditional advertising services in terms of high efficiency (low distribution costs, possibility of continuous communication with the consumer). In our opinion, the effectiveness of digital advertising services is calculated by the ratio of the sales volume before the placement of digital ads to the volume of sales during the period after the placement of digital ads.

4. One of the important indicators in measuring the effectiveness of advertising is the evaluation of advertising by consumers. In particular, the level of positive evaluation of advertising by consumers determines its quality, comprehensibility, purposefulness, in short, its success.

5. Digital advertising services are undoubtedly the fastest growing services in the advertising market. Currently, the use of digital billboards in the streets is becoming more and more popular around the world. In this way, enterprises will have the opportunity to anticipate the needs of the population and measure the possibilities of expanding the level of coverage. In 2018, the income from digital advertising was 6 billion. dollar, which accounted for 18% of global brand spending. In comparison, in 2010, global brands spent only 10% on digital content. Currently, the number of digital advertising constructions worldwide exceeds 300,000. These advertising services are expected to grow at an average annual rate of 12% over the next five years.



6. The results of the research show that 44.2%, i.e. 2037716.5 thousand soums, of the television and radio company's budget funds, 55.5%, i.e. 2563428.9 thousand soums, from non-budgetary funds, and 0.3 % i.e. 12540.7 thousand soums consists of exemptions from tax and other mandatory payments. That is, a large part of the enterprise's activity is still financed by the state budget.

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