

# Improving Marketing Activities in Small Business Entities

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**Abstract.** The article examines the problems of improving the marketing activities of small enterprises that produce construction materials. We propose concrete measures based on the experience of the most advanced enterprises that implement innovations and modern information technologies.

**Keywords:** Marketing, small business, entities, marketing activities

## 1. INTRODUCTION

In the 30s and 40s of the 20th century, Marketing and its problems appeared in Europe, formed in England, Austria, and many other countries. The main purpose of Marketing in this stage is to perfect methods and techniques of goods circulation. In the early 50s and 60s, the complexity of production and consumption of products, as well as the increasing volume of products produced, led to fierce competition between competing manufacturers. Fierce market competition increases the role and significance of Marketing in managing the economy in strongly developed capitalist countries. A series of scientific institutes, marketing establishments, and consulting offices were established in factories and companies. [2]

## 2. LITERATURE REVIEW

Electronic Marketing (E-Marketing) can be viewed as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the Internet and other electronic means. By reviewing the relevant literature, it is noticed that definitions of electronic marketing (E-Marketing) vary according to each author's point of view, background and specialization. For that, while Smith and Chaffey define it as: “Achieving marketing objectives through applying digital technologies” [3], Strauss and Frost define it as: “The use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational goals” [4].

## 3. ANALYSIS AND RESULTS

Digital transformation is characterized by the introduction not only of information technology, but also of other innovations: biotechnology, nanotechnology, quantum technology. Each of the listed technologies, cooperating with information technologies, creates innovations at their intersection. [1]

To assess the degree of digital transformation in different countries of the world, the Digital Evolution Index (DEI) is used, which includes the following parameters:

- level of development of physical and digital infrastructure;
- demand for digital technologies in the country;
- level of development of the institutional environment;
- level of development of the national innovation system.

In accordance with these indices, the quality of the digital infrastructure of the Republic of Uzbekistan significantly exceeds the similar indicator in Kyrgyzstan and Tajikistan. Russia, Belarus, Hungary. The disadvantages of international indices of the development of the digital economy include the fact that they do not take into account the characteristics of each country; there is a peculiar adjustment of country indicators to the calculated requirements of international indices. Existing methods do not allow, in our opinion, to comprehensively assess the degree of development of the digital economy in the country.

Table 1: Values of the digital economy development index for some EAEU and EU countries

Country	Quality of ICT infrastructure	Internet usage intensity	Human capital	Digitalization of the economy	Digital Economy Development Index
Sweden	0,08141	0,9343	0,6604	0,9235	0,8536
Germany	0,5384	0,5408	0,6155	0,7231	0,5785
Hungary	0,2469	0,5845	0,5183	0,7668	0,5015
Belarus	0,3118	0,4980	0,5548	0,6458	0,4642
Russia	0,3245	0,2332	0,4571	0,4558	0,3396
Kazakhstan	0,3710	0,1590	0,4732	0,1455	0,1927
Uzbekistan	0,3811	0,1699	0,4155	0,1463	0,1985
Kyrgyzstan	0,2369	0,1322	0,3265	0,1100	0,1422
Tajikistan	0,2234	0,1241	0,3140	0,1062	0,1344

These methods assess mainly the technical side, thus identifying the development of the digital economy and the level of ICT infrastructure and preparedness of the population.

Belarusian scientist G.G. Golovenchik developed a methodology for forming a ranking of countries according to the level of development of the digital economy in the form of a hierarchical three-level model (Fig. 1).

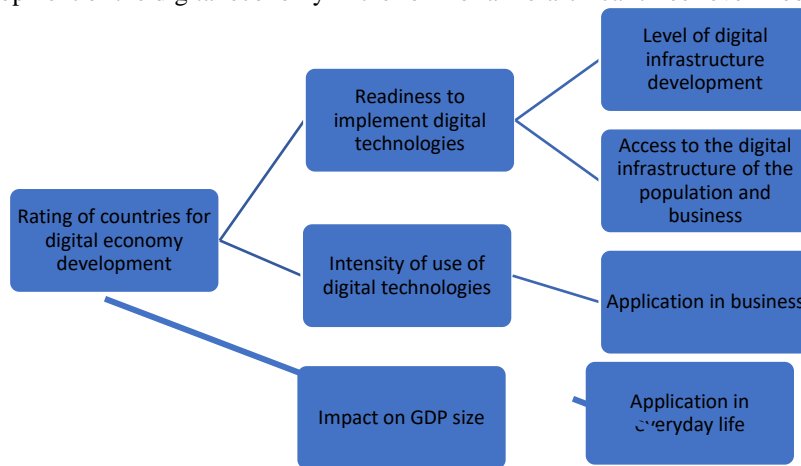


Fig.1. Hierarchical three-level model for the development of the digital economy in the country

The information and communications technology (ICT) industrial sector, which typically includes telecommunications services, electronic equipment, computing and software, plays an important and growing role in the global economy. According to McKinsey, in 2020 it accounted for approximately 7.5% of global GDP.

However, the sector's share of GDP does not fully reflect the enormous impact that ICT, due to the nature of the product, has on economic growth and all aspects of human activity, including the availability of various social services, health care and education. The increased use of modern information technologies (high-speed Internet, mobile broadband and computer services) in itself contributes to economic growth, and the fact that such technologies facilitate and speed up the process of interaction between people and increase labor productivity creates an additional socio-economic effect.

The digital economy is an addition to the real economy, capable of pushing the development of industry, the agricultural sector, construction, services and public administration, and increasing the country's global competitiveness and its national security. The introduction of digital technologies is carried out with the parallel development of traditional production, when society receives the main dividends from the digital economy.

Digitalization has covered all business entities in different countries of the world, including small businesses, which is associated with the development of digital infrastructure. In Fig. 2.1.3 shows the quantitative ratio of small businesses in different countries of the world with access to broadband Internet with access speeds from 2 to 100 Mbit/s and more than 100 Mbit/s.

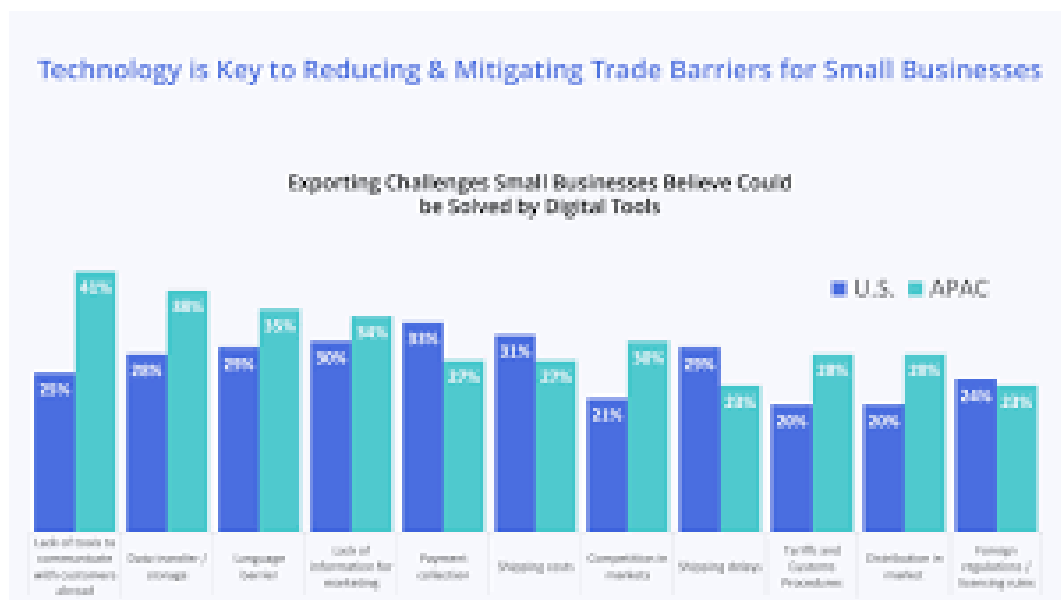


Fig.2. Access to the Internet in small businesses

Digitalization of small businesses is a source of development of small businesses in different countries of the world. The data presented indicate that the highest level of provision of small businesses with high-speed broadband Internet occurs in Denmark, Sweden, and Finland. However, the provision of small enterprises in the Republic of Uzbekistan with broadband Internet at speeds from 2 to 100 Mb/s is quite high.

Cloud technologies are most in demand for small businesses, since small businesses most often do not have the funds and the need to maintain huge software for solving various problems and specialists to support it. The use of cloud technologies by small businesses can improve data consistency, speed up the process of updating information platforms at minimal cost, reduce operating costs and guarantee the security of important client and internal data.

Using cloud technologies, you can automate your business as much as possible, spending a minimum of time setting up and monitoring the operation of services and applications.

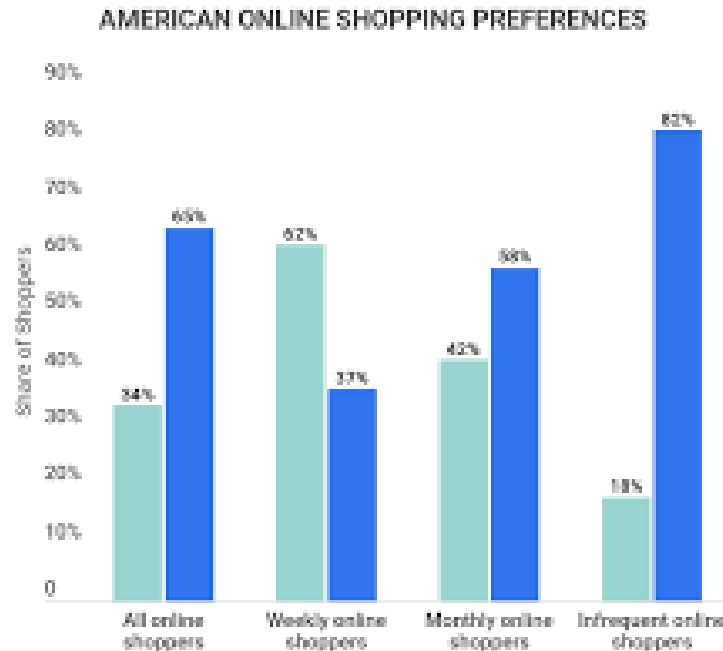


Fig3. Use of cloud services in small businesses

In their activities, small businesses use various digital technologies that allow them to reduce the costs of doing business: financial instruments for online payments; targeted advertising tools on social networks, accounting programs, CRM systems, a small business’s own website.

From the above data it is clear that in Finland, Japan, and Sweden almost all small businesses have their own website. Using your own website makes it possible to promote the products of a small enterprise not only to domestic but also to foreign markets, provides the opportunity for quick feedback from consumers of products or services, and in some cases an additional sales channel for a small enterprise.

When assessing the socio-economic efficiency of improving small business marketing, they depend on the purpose of the study and the scope of use of the results. Qualitative methods involve the use of a marketing audit, during which a comprehensive analysis of the organization’s external environment, as well as all threats, is carried out and opportunities.

Quantitative methods are based on comparing the costs of improving marketing with gross profit generated and advertising costs with sales volume, they characterize the final financial results of small business and entrepreneurship.

Sociological methods for assessing the effectiveness of marketing improvement are aimed at using the tools of applied sociology - developing a sociological survey program. This survey involves both small businesses and consumers of their goods and services.

Scoring methods used to assess the effectiveness of measures to improve small business marketing make it possible to determine the effectiveness of each measure, taking into account compliance a list of criteria, compliance of processes with the marketing concept with the assignment of certain points for each criterion.

During this study, we interviewed 50 small business representatives who used digital marketing tools in their activities and asked them to rate on a scale from 1 to 10 points the indicators of socially effective development before and after the use of marketing activities (Table 2).

Table 2 shows that almost all indicators have changed for the better, but indicators for which a significant increase has been noted are sales volume (as the customer audience has expanded), market coverage, consumer loyalty, and, as a result, profit has increased.

The reason for the positive effect of digital marketing is the fact that the Internet makes the electronic market accessible to small businesses and allows them to enter international markets.

Table 2 : Results of a survey of small business representatives

Index	Before using digital marketing, points (average)	After using digital marketing, scores (average)
Capacity utilization	7	8
production costs	4	4
volume of production	4	6
production cost	5	6
volume of sales	4	7
market coverage	5	9
consumer loyalty	5	8
use of labor resources	4	5
profit	5	7

Small businesses and entrepreneurs can truly benefit from the opportunities presented by e-commerce as they are not burdened by existing relationships with traditional retail outlets or large sales staff. They may adopt a business model that forces larger, established competitors to restructure their existing relationships or be seen as uncompetitive.

The Internet can level the competitive playing field, allowing smaller companies to expand their geographic reach and reach new customers in ways previously unavailable to much larger firms.

The formation of an appropriate level of competitiveness is the end result of the production and commercial activities of enterprises, which requires enterprises to introduce the latest management mechanisms. To ensure a high level of competitiveness and efficiency, it is necessary to determine the directions of organizational, production, technological and commercial changes, the implementation of which is the content of strategies for creating and implementing competitive advantages.

Digital technologies make it possible to significantly reduce consumer costs through the use of a variety of payment methods in electronic payment systems, as well as adaptive pricing based on consumer value preferences and competitors' offers. For example, platforms for interaction between consumers and suppliers (Booking, Momondo, Airbnb, Uber), electronic trading platforms, online stores allow, in the process of dialogue with the buyer, to select the most advantageous offers, taking into account the discounts and bonuses provided.

The emergence of digital marketing somewhat modifies consumer behavior, involving the use of Internet resources at almost all stages of the decision-making process.

By putting the necessary information online in an accessible format, the use of digital marketing significantly increases the efficiency of the sales process. As a result, even when customers complete a transaction the traditional way (offline), over the phone or in a showroom, they often arrive knowing what product they want and ready to buy. This can improve salespeople's productivity tenfold.

The effectiveness of digital marketing by small businesses and entrepreneurs and the factors for its increase are shown in Figure 4.

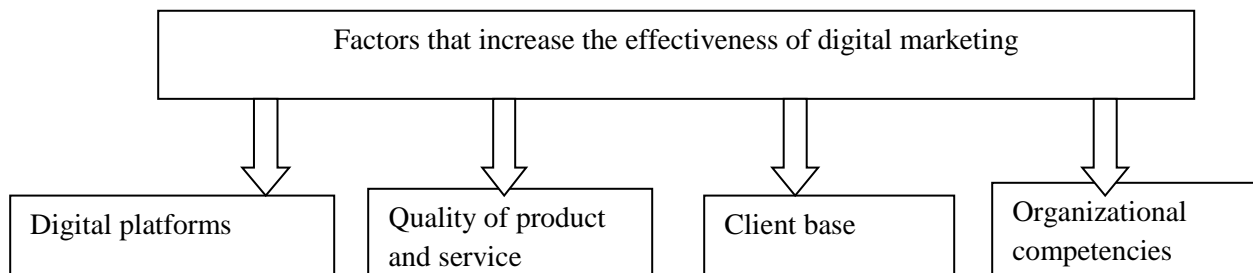


Fig.4. Factors that increase the effectiveness of digital marketing for small businesses

Although e-commerce and digital marketing are primarily economic phenomena, they are part of a broader process of social change characterized by the globalization of markets, the transition to a knowledge and information-based economy, and the growing influence of all forms of technology in everyday life.

These major social changes are currently underway and will likely continue for the foreseeable future. As a product and manifestation of such transformations, e-commerce is taking shape and will increasingly contribute to shaping modern society as a whole.

Let's calculate the performance indicators of the small confectionery enterprise Sumbula Non LLC, which produces bread, fresh flour confectionery products, cakes and pastries.

Table 3: Product release data before and after the use of digital marketing of the confectionery enterprise Sumbula Non LLC

Index	Before using digital marketing	After applying digital marketing
Production volume, kg.	8000	9000
Revenue, million soums	180	202,5
Number of personnel, people	60	60
Raw materials and supplies, million soums.	25	25
Salary, million soums.	50	50
Utilities, million soums.	19	19
Repair and maintenance of equipment, million soums.	20	20
Other expenses, million soums.	12	15
Cost of production, million soums.	126	129
Profit, million amounts.	54	73,5

From the table 3 it can be seen that the cost of using digital marketing has changed due to the item “other expenses”, which includes the costs of marketing activities. Due to the use of digital marketing tools, the volume of demand increased, which led to an increase in the enterprise's output and, accordingly, an increase in profits.

Based on the data in table. 4.3.5 we calculate the following partial indicators of product output efficiency:

- cost intensity of the main groups of production costs in the structure of the total cost of production;
- production efficiency.

An important stage of the online product promotion program is the determination of positioning and the formation of a unique selling proposition, which must meet the following criteria:

- each advertising message contains an appeal to the buyer with the promise of a specific benefit;
- the offer is formed in such a way that the competitor either cannot give it or did not have time to put it forward earlier;

- the offer must be powerful in order to attract as many consumers as possible.

The formation of a unique selling proposition is the basis for further work, which determines its success.



Fig.5. Socio-economic effect of using digital marketing in the activities of small businesses

After complete information about all target groups has been collected, it is necessary to identify narrow segments among them to which the advertising campaign will be directed. It is recommended to carry out competitor analysis according to the following plan:

- positioning and unique selling proposition;
- assortment and pricing policy;
- customer service;
- Internet marketing tools and budgets for their promotion;
- points of contact with the target audience.

If the answer is positive, the media plan is implemented, after which the effectiveness of the program as a whole is assessed. If the answer is negative, then the selected marketing tools are adjusted, after which the algorithm is executed in the same order.

In Table 4.3.7, we examined the efficiency and cost indicators of the Internet promotion program for small business products.

The effectiveness of an online promotion program largely depends on whether an Internet user can easily find on the advertiser's website all the information he is interested in, necessary to make a decision to purchase a product or for some other targeted action.

An interesting process is comparing the audience that visited the advertiser's website before the start of the online promotion program and the audience attracted directly by advertising.

The presented methodological recommendations for assessing the effectiveness of an Internet promotion program can be used by small businesses and entrepreneurs when assessing the effectiveness of their marketing activities on the Internet.

Thus, considering the socio-economic effectiveness of improving the marketing of small businesses and entrepreneurship, the following conclusions can be drawn.

Digital technologies significantly reduce the cost of economic and social transactions not only for the public sector, but also for small businesses, entrepreneurs, and individuals.

The Internet makes the electronic marketplace accessible to small businesses and entrepreneurs and allows them to enter international markets.

The widespread use of digital marketing in small businesses is generating social changes driven by the globalization of markets, the transition to a knowledge- and information-based economy, and the growing influence of all forms of technology in everyday life. E-commerce has the potential to accelerate existing trends and introduce new ways of doing business, organizing work and interacting in society.

#### **4. CONCLUSIONS**

The methodological recommendations we have developed for assessing the effectiveness of an Internet promotion program can be used by small businesses and entrepreneurs when assessing the effectiveness of their marketing activities on the Internet.

To achieve the maximum socio-economic effect from the use of digital marketing in the activities of small businesses and entrepreneurs, the author has developed an algorithm for promoting their products on the Internet.

When developing the algorithm, the procedure for forming the goals of advertising campaigns was formalized and a methodology was proposed for assessing the state of digital marketing when used by small businesses.

The proposed algorithm includes fundamentally new stages that have not been previously proposed by anyone, namely:

- Internet demand research;
- development of a media plan;
- selection of suitable marketing solutions and tools;
- development of an Internet promotion program (Fig. 4.3.5).

From Table 4.3.6 it can be seen that after the use of digital marketing, material intensity and wage intensity of products decreased, production profitability and sales profitability increased. Consequently, the use of digital marketing in a small enterprise in the confectionery industry has proven its socio-economic effectiveness.

Reducing costs for a small business does not automatically translate into lower prices. They depend on sufficient competition. The adoption of digital marketing will certainly change the structure, if not the level, of pricing as more products are subject to differential pricing associated with customized products, fine market segmentation and auctions, and increasing ease of price changes.

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