

STRATEGIC ANALYSIS OF E-COMMERCE IN UZBEKISTAN

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A B S T R A C T	K E Y W O R D S
This thesis is devoted to defining and solving problems of the development of electronic commerce in Uzbekistan. We analysed the main web-sites in Uzbekistan online market. Research findings have been identified by using PEST method.	information and communication technology, internet, E-commerce

Within the framework of the Concept of E-commerce development in the Republic of Uzbekistan, it is planned to conduct a set of measures to stimulate E-commerce in Uzbekistan, for which all the necessary conditions have been created. The key factor is the growth of Internet users. Currently, the number of Internet users in Uzbekistan has exceeded 27.2 million. This was reported by the press service of the Ministry for the Development of Information Technologies and Communications. [1]. Note that the population of Uzbekistan is 34.7 million people [2]. It follows that large number of the population of Uzbekistan are potential participants in electronic transactions.

It can be noted that Uzbekistan has established a stable base for the development of E-commerce. Guided by a step-by-step method, E-commerce is developing at a steady pace in our country. The Concept adopted in 2015 already gives its results, namely the following measures have been taken:

- A separate section "E-commerce" was created in the National Information retrieval system WWW.UZ for the registration of online stores and E-commerce resources. To date, 65 websites have been registered in the section, among them online stores, trading floors, message boards, etc.
- In recent years, a number of government resolutions have been adopted in country aimed at the introduction and development of E-commerce is being formed: the laws "On E-commerce" (2004, 2015), "On information" (2003), "On Electronic Digital Signature" (2003) and "On Electronic Document Management" (2004).
- The study of international experience in the field of improving state regulation in postal communication in the field of electronic commerce, is being conducted.

A comprehensive analysis of all existing and really working online stores is impossible. But some participants in the market deserve attention:

Table 1. Main web-sites in Uzbekistan online market

Name of e-markets	Type of business	Payment system
www.korzinka.uz www.lebazar.uz	Online shopping website of Hypermarket "Korzinka" (B2C)	UZCARD, Click.uz (mobile banking system)

www.arba.uz	Online shopping website (B2B, B2C)	UZCARD, Click.uz (mobile banking system)
www.mediapark.uz	Online store specializing in the sale of home appliances and electronics in Tashkent. (B2C)	UZCARD, Click.uz (mobile banking system)
www.mbc.uz	Company activity is focused to building of unique residential complexes notable for innovativeness, smart-approach and high quality. (B2C)	UZCARD, Click.uz (mobile banking system), cash.
www.bringo.uz	Service orders and delivery of food from cafes and restaurants, as well as everyday food in Tashkent. Order delivery to your home or office. (B2B, B2C)	UZCARD, Click.uz (mobile banking system), cash.

1. www.korzinka.uz. In 1996 was established Anglesey Food company, and as one of the pioneers, ventured into the large-format supermarket chain in the retail market of the Republic of Uzbekistan. Originally, the stores operated under the Anglesey Food brand as “convenience stores”. Soon after in 2001, the decision to re-brand the company was made. This gave an impetus for the retail supermarket chain development under the brand [korzinka.uz](http://www.korzinka.uz). Indeed, it’s no exaggeration to say that [korzinka.uz](http://www.korzinka.uz) Supermarket Chain is a national brand. [Korzinka.uz](http://www.korzinka.uz) and www.lebazar.uz stores constantly serve tens of thousands of customers daily. The consumer confidence is based on the constant work on improvement of the quality of service, attractive pricing policy and the bespoke loyalty program.

2. www.arba.uz - First, the online store had its own warehouse stuffed with all sorts of things, and the founders tried as best they could: the buyer wants - Arba.uz buys. And he buys not several models, but immediately the entire line. The case ended with the fact that all the working money went to the goods, most of which could be in the warehouse for a long time. Food, household chemicals, goods for beauty and health - a total of more than 15 000 items in their own warehouse. In this format, the project worked for about two years, but in 2017 it was decided to change the concept. Now Arba.uz is an online store as a service providing services. The warehouse is closed, but now [Korzinka.uz](http://www.korzinka.uz), [TexnoStatus](http://www.texnostatus.uz) (home appliances and electronics), [Togora.uz](http://www.togora.uz) (ready-to-eat food, semi-finished products), [Fiori Flower Boutique](http://www.fiori.uz) (flowers) and others are on the list of partners

Initially, it was assumed that the target audience for the new project would be specialists with a non-standard working schedule and busy young people. And after six months of work, Arba.uz employees discovered a completely different segment of customers - an unexpected, but most demanding. They were young mothers. "In every second order there were diapers, and this allowed us to do a new analysis and determine the largest audience of customers. Moreover, in process of receipt of orders young mothers asked to add milk mixtures, hygiene products for toddlers and much more. Then Arba.uz realized that this segment is very large.

3. www.mbc.uz online store of Murad Buildings company. Murad Buildings is of the leading and fast growing development company with 15-years' experience at real estate market of Uzbekistan. Company activity is focused to building of unique residential complexes notable for innovativeness, smart-approach and high quality.

Murad Buildings team specifically attends to both construction issues and relations with the clients, ensuring the individual approach and detailed advice during choice of apartment and business facilities. Company's primary objective is not only the high quality construction and development of social infrastructure, but also timely occupation and post-sales maintenance.

4. www.mediapark.uz - an online store specializing in the sale of home appliances and electronics in Tashkent. The assortment of online store consists of products from the world's leading brands such as LG, Samsung, Artel, Avalon, Philips, Polaris, Panasonic, Sony, Electrolux and many others.

5. www.bringo.uz - is a service of orders and delivery, through which consumers arrange delivery of food from cafes and restaurants. Bingo's mission is to improve the lifestyle of consumers by providing better and more convenient access to quality food.

Table 2. PEST - analysis of internal environment in Uzbekistan E-commerce

Political factors	Economic factors
<ul style="list-style-type: none"> - Political stability; - Emphasis of developing the Uzbekistan E-commerce industry - Government strongly support market economy and private enterprise; - State incentives and programs to support the development of ICT technologies; - Development of the regulatory framework, which will become the main regulator of electronic data, financial transactions; - Protection from the state with a possible cyberattack on personal data; - State reforms in the general education system. 	<ul style="list-style-type: none"> - Young population ratio and large consumers; - Average income category: middle income; - High costs of access to telecommunications infrastructure - the structure of pricing and tariffs; - Commercial infrastructure, promotion of the banking sector; payment systems; - Innovative Business Models.
Social factors	Technological factors
<ul style="list-style-type: none"> - Middle level of computer literacy of the population; - Enough providing the population with computers, tablets, mobile phones, etc. - Security threat in E-commerce. 	<ul style="list-style-type: none"> - Computerization of Government and Private Sector business; - Increasing use of Social media networks; - Low but developing Internet-providers.

Compiled by the author

Based on the analysis we are able to draw some conclusions. Very stable political conditions and rapid economic growth has made the e-commerce industry in Uzbekistan attractive to investors, Government strongly support market economy and private enterprise.

The Uzbekistan E-commerce industry analysis (Porter's "Five forces" model).

Bargaining Power of Suppliers (High). Hypermarkets and entrepreneurs are the main suppliers in the Uzbekistan E-commerce market. They need a website to be created for electronic sale. But some of them also created their own websites, for example, korzinka.uz is a big hypermarket set in Uzbekistan. This company has its own e-shops and also supply for many other E-commerce websites. There are

many small and medium entrepreneurs are also suppliers for E-commerce websites, but they also can use social media create some groups and sale own products. For example, many companies have account pages in Facebook, Instagram and Telegram.

Bargaining Power of Buyers (Low). In Uzbekistan E-commerce market not too much options for e-shopping. Buyers can use international E-commerce websites, but not for all needs they can choose it, import products take time and also costly. So, most of the time consumers use uzbek electronic markets.

Threat of New Entrants (High). Since the E-commerce market has no entry barriers from the government or technological perspective, it is very attractive for other firms to enter into this market. Also, the nature of business itself does not have any cost, so it is hard to achieve or realize the economies of scale. As we know, the technology is improving every second or even minute, which means people can create a website in five minutes. Therefore, the threat of new entrants is very high.

Threat of Substitutes (Low). There is no technology that can substitute the Internet so far in the market. Even, analog signal that use to send the television signal or radio signal are not the main threat. The main substitute that exists is the brick and motor store, which they change or move their place to be on the Internet. Therefore, the E-commerce industry has low threat of substitutions.

Rivalry among Firms (Low). The rivalry intensity in Uzbekistan is very low, according to our research as we can see that there are only few firms (www.lebazar.uz www.arba.uz www.mediapark.uz etc.) that are generating revenues and with different market segmentation, there are many opportunities due to the few competitors in the market. The amount of the firms is still insufficient when we compare with the population or the Internet users in Uzbekistan.

As we can see from the Porter's five forces analysis, the Uzbekistan E-commerce industry is still under the competitive level, and the profit margins for each firm are relatively high.

E-commerce should increase the efficiency of Uzbekistan's economy by making products higher quality and customer service more efficient. The Uzbekistan economy will gain many advantages from E-commerce that will totally change the way that businesses operate. E-commerce is rapidly changing the foundation of Uzbekistan government policies and improving their online communication strategies for expanding their economy.

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