

## THE IMPACT OF ONLINE SHOPPING ON TRADITIONAL RETAIL STORES IN UZBEKISTAN

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**Abstract:** Online shopping has grown rapidly worldwide and is increasingly influencing retail trends in Uzbekistan. This research investigates how the rise of e-commerce affects traditional retail stores in Uzbekistan, including consumer behavior, business challenges, and market dynamics. Using both primary and secondary data, the study explores customer preferences and identifies key factors contributing to the shifting landscape. A structured questionnaire with a five-point Likert scale was used to collect the data from respondents in Tashkent city.

**Keywords:** Online Shopping, Retail Stores, Consumer Behavior, E-commerce, Uzbekistan

**Introduction.** The retail industry in Uzbekistan is undergoing a transformative shift due to the increasing popularity of online shopping. Global technological advancements, ease of mobile and internet access, and changing consumer preferences have led to a notable decline in footfall in physical retail stores. Online shopping platforms provide consumers with flexibility, variety, and often lower prices, reshaping the competitive landscape for traditional retailers. In this context, the study seeks to evaluate the extent to which online shopping affects traditional retail outlets and what adaptations are necessary for these businesses to survive.

Literature Review Globally, online shopping has been identified as a disruptive force in traditional retail. According to various international studies, price competitiveness, convenience, and home delivery are major factors motivating online purchases (Dholakia et al., 2002). Local studies, including those within Uzbekistan, suggest that customers increasingly prefer online platforms for electronics, fashion, and household items due to ease of use and product variety. However, challenges such as digital trust, delayed deliveries, and lack of tactile product experience still remain concerns. Traditional stores, especially small businesses, are struggling to adapt to this new paradigm. Research also shows that retailers that combine online presence with offline services (omnichannel retailing) tend to perform better in retaining customers.

Online sales make up only 2% of Uzbekistan's retail trade, according to InfoLine director Ivan Fedyakov's presentation at the XX International Convention «World of Trade» in Almaty. In Uzbekistan, 83% of retail sales occur through bazaars, markets, and counters, while chain and independent self-service stores account for 13%. For

comparison, e-commerce represents 12% of retail trade in Kazakhstan and 6% in Kyrgyzstan. InfoLine reports that e-commerce turnover reached \$1.1 bln in Uzbekistan, \$5.3 bln in Kazakhstan, and \$0.4 bln in Kyrgyzstan. *Kursiv Uzbekistan* also reports that Uzbekistan joined the Framework Agreement on the Simplification of Cross-Border Paperless Trade Procedures in the Asia-Pacific Region (APEC). Example Tashkent, Uzbekistan (UzDaily.com) — Wildberries is boosting the export potential of Uzbek manufacturers and supporting local businesses' expansion in online markets. In the first nine months of 2024, sales of goods by Uzbek entrepreneurs on Wildberries surged 87 times compared to the same period in 2023, as reported by the company's press service. Uzbek products, particularly clothing and home textiles, are highly popular. Sales of T-shirts grew by 40%, bath towels by 35%, pajamas by 40%, long sleeves by 49%, sportswear by 34%, and bed linens by 112%. The primary demand for Uzbek textiles comes from Russia, where clothing sales increased by 66% and home textiles by 75%.

**Research Method** To understand the impact of online shopping on retail stores, a survey was conducted among 32 respondents in Tashkent using a Google Form questionnaire. The survey included nine core items addressing preferences, habits, and trust in both online and offline shopping. The Likert scale ranged from "Strongly Disagree" to "Strongly Agree." The questions focused on issues such as delivery convenience, price comparisons, product quality concerns, and the reasons for still visiting physical stores.

**Data Collection** The data was collected from university students, employees, and homemakers in Tashkent, ensuring a diverse demographic. Respondents were reached through social media and email. Responses were carefully filtered, and incomplete or biased responses were excluded. The final dataset consisted of 29 complete responses. The analysis was based on frequencies and percentages to highlight consumer inclinations.

### Results

The results suggest that while online shopping is favored for convenience and pricing, physical stores are still important for urgent and quality-based purchases. Trust in online systems is growing but still not universal.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I prefer online shopping due to convenience	2	2	2	3	20

I trust online payment systems	1	9	2	3	15
I still visit physical stores to check product quality	1	1	2	8	17
Prices online are cheaper	0	2	2	5	19
Physical stores are important for urgent purchases	0	0	1	5	23

**Discussion:** The study reveals a strong consumer shift toward online shopping in Uzbekistan, particularly among the younger demographic. Key drivers include ease of access, product range, and competitive pricing. However, traditional stores remain significant for immediate needs, quality checks, and customer interaction. The hybrid model—where traditional stores develop online platforms—appears to be the most sustainable solution. Many businesses are already exploring this, creating opportunities for integrated retail systems in Uzbekistan. Retailers must invest in digital transformation, customer education, and seamless service to remain competitive. Policy support, especially for SMEs, and improved logistics and digital infrastructure will further enable the transition and help maintain a balanced retail ecosystem.

**Conclusion** Online shopping is rapidly changing the consumer-retail relationship in Uzbekistan. While traditional retail still holds ground, particularly for certain product types and urgent needs, the overall trend favors digital channels. Businesses that adapt to this change—especially by embracing e-commerce—are more likely to survive and thrive. A balanced strategy combining the benefits of both formats can ensure long-term growth and customer satisfaction in the evolving market.

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