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E-Commerce Growth and Its Impact on Local Marketing

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Abstract: Rapid expansion of e-commerce has reconfigured the competitive landscape for local businesses and reshaped the practice of place-based marketing. This article examines global e-commerce growth trajectories over the past decade and analyses how the rise of digital retail platforms alters local marketing strategies, budgets and consumer relationships. Drawing on a mixed-methods approach – statistical analysis of market data, a survey of 214 Uzbek and Central Asian small enterprises, and qualitative interviews with marketing managers – the study identifies three primary effects. First, the boundary between “online” and “offline” markets is eroding, compelling local firms to integrate omni-channel tactics. Second, data-driven targeting enabled by platforms such as Meta Ads and Yandex Direct is accelerating hyper-local personalisation while simultaneously heightening competition for attention. Third, regulatory interventions, logistics infrastructure and digital payment penetration act as mediating variables that determine whether e-commerce expansion crowds out or complements neighbourhood retailers. The findings suggest that local businesses that proactively adopt hybrid fulfilment models, invest in first-party data analytics and cultivate community-based brand narratives can offset the power asymmetry vis-à-vis global marketplaces. Policy implications include the need for granular digital-skills programmes and nuanced tax regimes that level the playing field without stifling innovation.

Keywords: e-commerce, local marketing, omni-channel, small business, digital transformation, Uzbekistan.

Introduction: Over the past fifteen years the steady digitalisation of retail has evolved from a disruptive novelty to a systemic pillar of the world economy. Global online retail turnover reached nearly US \$6 trillion in 2024 and continues to expand at an annualised rate of 8.4 per cent, adding close to US \$500 billion in new spending despite mounting macroeconomic headwinds. Although the COVID-19 pandemic amplified digital purchasing behaviour, the underlying structural drivers – ubiquitous mobile connectivity, declining logistics costs, platformisation of commerce and widespread adoption of digital payments – predated the crisis and persist in the post-pandemic period. UNCTAD's 2024 Digital Economy Report estimates that business-to-consumer (B2C) and business-to-business (B2B) e-commerce combined generated US \$27 trillion in 2022, an increase of almost 60 per cent compared with 2016.

This vigorous growth, however, is not evenly distributed. Mature digital markets in North America and parts of East Asia now experience mid-single-digit growth, whereas much of Central and South-East Asia, Africa and Latin America still post double-digit expansion rates driven by first-time online shoppers and improving last-mile logistics. In Uzbekistan, for example, the number of registered e-commerce users rose from 2.1 million in 2019 to 7.4 million in 2024, while the proportion of retail transactions completed online climbed from 1.6 to 4.8 per cent, according to national statistics.

For local enterprises whose historical competitive edge relied on proximity, personal relationships and community reputation, the proliferation of borderless digital storefronts represents both an existential threat and a gateway to broader markets. Academic and industry literature highlights dual narratives. Some studies describe e-commerce as a centrifugal force that diverts consumer spending away from brick-and-mortar establishments, thereby depressing local economic multipliers. Other analyses emphasise complementary dynamics in which digital channels extend reach, lower search costs and augment sales for nimble small businesses.

Scholarly discussion has increasingly framed these developments within the concept of "glocalisation", in which global digital infrastructures are appropriated for locally nuanced value propositions. Yet empirical evidence concerning how local marketing practices evolve in response to e-commerce diffusion, especially

in emerging economies, remains fragmented. The present study seeks to bridge this gap by systematically investigating the effects of e-commerce growth on local marketing budgets, message design, channel selection and customer-relationship management among micro-, small- and medium-sized enterprises (MSMEs) in urban and semi-urban districts of Central Asia.

The research design combined quantitative market-data analysis with primary data collection. First, secondary statistics from UNCTAD, eMarketer, national commerce registries and leading payment gateways were compiled to chart macro-level e-commerce expansion between 2014 and 2024. The data set included annual online retail turnover, number of active digital buyers, average order value and share of e-commerce in total retail for 32 countries, facilitating cross-regional comparison.

Second, an online questionnaire targeting owners and marketing managers of MSMEs operating physical outlets in Tashkent, Samarkand, Bishkek and Almaty was disseminated between February and April 2025. The survey gathered 214 valid responses covering sectors such as apparel, electronics, groceries and personal services. Key variables included marketing expenditure as a percentage of revenue, breakdown of online versus offline spend, perceived return on advertising spend (ROAS), adoption of specific digital tools (e.g., Google Analytics, Telegram bots) and subjective assessment of e-commerce competition intensity.

Third, 18 semi-structured interviews (average duration 52 minutes) were conducted to deepen understanding of strategic decision-making processes. Participants were purposively sampled to ensure diversity in firm size, digital maturity and urban density. Interview transcripts were coded inductively using NVivo 14, enabling thematic triangulation with survey findings.

Quantitative data were analysed with SPSS 29. Descriptive statistics mapped central tendencies, while paired-sample t-tests measured shifts in marketing-budget allocation between 2019 and 2024. Multiple regression assessed the influence of e-commerce penetration, platform fee sensitivity and firm age on changes in local advertising outlay. Qualitative insights enriched interpretation of numeric trends, adhering to an explanatory sequential mixed-methods logic. Ethical clearance was obtained from the Tashkent University of Information Technologies ethics committee (protocol #TU-25-03-2025).

Global e-commerce maintained robust momentum despite the normalisation following the pandemic. eMarketer's latest projections anticipate that online retail will represent 24.5 per cent of overall retail turnover by 2025, rising to 27 per cent by 2028. In the

United States alone, e-commerce revenues are forecast to approach US \$1.2 trillion in 2024, equal to 16.2 per cent of retail sales. Emerging economies exhibit faster catch-up: India's gross merchandise value expanded at a compound annual rate of 22 per cent (2018–2023), while Kazakhstan recorded a fourfold increase in digital transactions over the same period, according to its Ministry of Trade.

Regulatory frameworks are beginning to mediate competitive dynamics. A high-profile example is South Africa's closure of the "de-minimis" import-duty loophole in 2025, which prompted price readjustments by cross-border platforms such as Shein and influenced local consumer sentiment, indirectly benefiting domestic retailers.

Local marketing budgets are rebalancing toward digital. Respondents reported an average marketing-to-revenue ratio of 8.1 per cent in 2024, mirroring global small-business benchmarks. However, the share devoted to online channels surged from 27 to 53 per cent between 2019 and 2024 ($t = 14.36$, $p < 0.001$). Social media advertising absorbed the largest incremental spend, followed by marketplace storefront fees and search-engine promotion.

Perceived ROAS improved significantly for enterprises integrating click-and-collect or same-day delivery, suggesting that operational hybridity amplifies marketing effectiveness. Regression analysis indicated that each one-percentage-point rise in national e-commerce penetration is associated with a 0.6-percentage-point increase in the digital share of local marketing budgets ($\beta = 0.43$, $p = 0.011$), controlling for firm age, sector and revenue band.

Interviewees consistently emphasised the strategic value of hyper-local advertising formats within global platforms. For instance, bakery owners in Samarkand described using geofenced Instagram stories combined with Telegram loyalty groups to entice foot traffic during off-peak hours, while a Tashkent electronics retailer leveraged Yandex Direct's zip-code targeting to align online campaigns with in-store product availability. Marketing managers noted that the data granularity offered by e-commerce ecosystems facilitated rapid experimentation but imposed continuous content-production demands.

Several participants recounted competitive pressure from foreign sellers offering lower prices through subsidy-driven shipping models. Firms unable to match these prices responded by foregrounding authenticity, locality and after-sales support in their messaging. A minority explored cooperative logistics hubs to pool delivery resources, mitigating cost disadvantages.

The findings corroborate theoretical assertions that

digital commerce both disrupts and revitalises local marketing landscapes. The observed budgetary shift toward online channels reflects cost-effectiveness and measurement precision inherent in platform advertising ecosystems. At the same time, the hybrid strategies adopted by successful local firms illustrate an adaptive trajectory rather than outright displacement.

One salient outcome is the erosion of the physical-virtual dichotomy. Consumers no longer regard a purchase journey as strictly online or offline; rather, decision-making encompasses sensory evaluation in stores, price comparison on smartphones and fulfilment through whichever channel offers optimal convenience. Local marketers therefore must architect integrated experiences in which physical presence becomes a trust anchor and online touchpoints deliver personalised engagement.

Data accessibility emerges as a strategic resource. Digital marketplaces grant granular behavioural insights that traditional foot-traffic statistics could not provide. While this democratises analytics for small firms, it also raises dependency risks: algorithm-driven visibility can fluctuate abruptly due to platform policy changes, as evidenced by recent adjustments in Meta's cost per mille (CPM) structure that compressed profit margins for several interviewees. Diversifying data ownership through first-party channels such as branded mobile apps or SMS databases reduces such vulnerabilities.

Regulation carries ambivalent effects. Protective tariffs or VAT reforms, like South Africa's de-minimis revision, can grant breathing space to domestic retailers but may simultaneously diminish consumer welfare through higher prices and restricted variety. Policymakers should seek equilibrium by coupling tax enforcement with capacity-building initiatives that upgrade digital logistics and payment infrastructures for local enterprises.

Finally, cultural capital retains value. Businesses that articulated authentic local narratives – for example, sourcing from regional artisans or embedding folklore motifs in packaging – reported stronger engagement metrics than purely price-led propositions. This aligns with "glocal" branding theory, suggesting that global digital channels do not homogenise consumption but rather amplify differentiation for those adept at storytelling.

CONCLUSION

E-commerce growth is re-shaping local marketing not by eliminating the neighbourhood storefront but by redefining its function within a digitally mediated customer journey. The transition from a predominantly analogue promotional mix to data-driven, omni-channel strategies is well underway among Central Asian

MSMEs. Success hinges on the capacity to integrate online discovery with offline experience, leverage platform analytics while cultivating proprietary data assets, and foreground locality as a unique selling proposition. Future research should employ longitudinal designs to quantify causal relationships between policy shifts, logistics innovations and marketing performance at the municipal level.

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