



THE PROSPECTS OF DIGITAL ECONOMY IN UZBEKISTAN

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Abstract: *The article discusses the modern development of Internet commerce in the Republic of Uzbekistan*

Key words: *economy, technology, product.*

Introduction

The sphere of e-commerce today acts as the most modern means of promoting a product (goods, services, rights, etc.). One of the main trends in the global economy is the rapid growth and increasing role of e-commerce in it. The result of the formation of a modern worldwide information network and economy was the emergence of e-commerce as an innovation in entrepreneurial activity, the platform of which is electronic technologies and the telecommunications capabilities of electronic networks, their various forms, in particular Internet commerce. Internet commerce is a single industry on a global scale, operating offline, using modern technology and electronic technologies.

Electronic commerce is actively developing in the Republic of Uzbekistan. This is facilitated by the favorable conditions created for e-commerce and the active reduction of tariffs for Internet services. On May 14, 2018, the Decree of the President of the Republic of Uzbekistan No. PP-3724 "On measures to accelerate the development of electronic commerce" was adopted. This resolution removed the main obstacles hindering the development of e-commerce in the country, and also approved the Program of measures for the development of e-commerce for 2018-2021.

An important innovation of this resolution is the provision of preferential taxation conditions for e-commerce entities. The National Register of Electronic Commerce Participants has been formed, the inclusion of entrepreneurs in this register is carried out on a voluntary and free basis, with the condition that income from the sale of goods (services) through electronic commerce must be at least 80% of the total volume of goods (services) sold by them. Members of the National Register pay a single tax payment at a rate of 2%. (www.e-tijorat.uz).

Thus, ensuring the dynamic development of the national economy is directly related to the intensification of the efforts of the state and domestic entrepreneurs to increase the scale of participation in the Internet business. The use of the theory and methodology of e-business in Uzbekistan through the use of modern information



technologies, mathematical models and methods will more effectively solve a number of economic problems, including the problems of long-term presence of business structures in the target market.

And in this regard, we can say that all of the above suggests that the chosen topic of the master's thesis today seems to be very relevant.

MAIN PART

In Uzbekistan, the share of e-commerce is small, about 1%, but nevertheless the market is growing and developing, as it has a number of advantages. Online shopping is very convenient and saves a lot of time for customers. However, despite their advantages, you may encounter fraud or a discrepancy between the price and quality of a product or service. Therefore, we have prepared some tips on how to protect yourself as a consumer when purchasing a product or service via the Internet.

Electronic commerce is regulated by the Law of the Republic of Uzbekistan "On Electronic Commerce".

E-commerce in international trade today plays an important role, as the Internet has become an effective intermediary between merchants around the world. International transactions in goods and services have been transformed throughout the supply chain. The integration of information and communication technologies (ICT) into international business transactions presents new opportunities and presents new challenges for businesses, governments, consumers and international organizations.

The global e-commerce trend is driving the rapid and steady growth of the parcel market. The global e-commerce market has grown almost twenty-fold since 2000 and is projected to grow at around 10% annually through 2025 in developed regions to an expected €8 trillion. A wide range of market mechanisms are supporting the growth of e-commerce as new regions (e.g. Sub-Saharan Africa, Eastern Europe), new consumer segments (e.g. seniors), new product verticals (e.g. furniture) enter the online shopping world, new channels (eg social media platforms) and new cases (eg hyper-local "instant" purchases). In fact, between 2016 and 2021, online retail will outstrip physical retail expansion by a factor of five and account for 25 to 30% of total retail by 2030, up from 9% currently.

New challenges for postal services in e-commerce competition The entire small package and parcel supply chain is targeted primarily at e-commerce giants that have recently taken significant steps towards integration, such as Amazon, Alibaba and JD.com. The moves include Amazon ordering 20,000 US delivery vans and Alibaba moving to offer package delivery beyond its own needs to the wider market. These three giants alone account for about two-fifths of online shopping worldwide, and shifting to package delivery seems like an obvious choice.¹³ A study by McKinsey & Company shows that structurally uncompetitive labor costs remain a barrier to growth for most postal operators, which are 20-40% higher than their new competitors, as well as IT systems and a culture of risk aversion; at the same time, their new competitors are



weakening their main sources of competitive advantage: strong brands and benefits from scale.

Consumers

Consumers today expect that the delivery of the goods they order will become even faster, transparent and convenient, and will be carried out at constant or lower prices. Despite the proliferation of more expensive shipping methods, including same-day shipping, about 70% of consumers expect free shipping for e-commerce products. Consumers are also constantly expanding the categories of products they expect to buy online, including furniture and food.

Retailers

A study by McKinsey & Company highlights that two-fifths of global e-commerce is controlled by three giants: Amazon, Alibaba and JD.com. These retail leaders are able to offer their customers a wide and rapidly growing range of delivery options, including innovations such as timed delivery, advanced track and trace, in-flight redirection, home pickup, and new access options such as automatic lockers and smart locks. In fact, many of these innovations have already become market standards in just a few years.

New competitors in the B2C parcel segment

It is becoming increasingly difficult for postal operators to cover the costs of these innovations, given that transforming B2B and express parcel players and venture capital-funded startups (such as Postmates, DoorDash and Instacart) have received \$3.9 billion in funding since 2011. billion US dollars and are currently eyeing the non-food market). They are willing and able to spend a significant amount of cash to gain market share in the B2C parcel market. These competitors take this approach, forgoing short-term profits in exchange for increased profits, or offering customers shipping at discounted prices because they benefit from cross-selling other services. As consumer expectations rise, they are increasingly reluctant to incur additional costs. In particular, online merchants are putting pressure on their logistics partners to cover costs in order to make up for lost shipping fees and not disrupt their unit economy. The increase in volume and experience of these online stores in relation to their logistics partners means that they can get the concessions they want, if only through the latent and growing threat that they will either attract their own logistics resources or use the services of several third-party logistics companies.

Efficient postal services are the foundation of e-commerce

To succeed in a competitive e-commerce environment, postal services need to accelerate the creation of an integrated cross-border e-commerce ecosystem, which postal operators must provide through physical e-commerce centers that interact with online e-commerce platforms based on innovative UPU standards and IT tools.

How to stay competitive in the rapidly growing e-commerce market.

As e-commerce continues to grow in the coming years, postal services should continue to play a vital role in the e-commerce market, capitalizing on their core



strengths. To take their place, postal operators must further optimize their current operational activities, i.e. improve the efficiency of processes and operations such as sorting, transportation, handing, delivery, and intensify often neglected support functions. A study by McKinsey & Company suggests seven key actions to reduce overall costs by up to 20%. The most effective of these measures for many players are the following: the use of advanced methods of manufacturing integration, the introduction of flexible resource planning using analytics, and the automation of operational planning and support activities up to 50%. Posts also need to have a long-term plan to build the additional capacity needed to keep up with the ongoing parcel growth. In the long term, three key questions need to be answered:

-What kind of performance is needed (and where) to meet changing online store fulfillment strategies and service expectations?

-What technical automation tools are best suited for products?

-How best to integrate the additional potential of internetwork characteristics?

The study also notes that, given that about 75% of the quality problems associated with the speed of delivery in today's postal networks are structural, strategic investments in the network provide a unique opportunity not only to create growth potential and improve the operating cost base, but also for real changes in service offerings. For this reason, the top players are already constantly investing billions of dollars in their networks. Postal services can continue to play a vital role in many areas of the e-commerce market: they can provide shipping, logistics and payment solutions, as well as partnering to provide advanced e-commerce solutions to meet the requirements of their individual markets.

Why email services are entering the e-commerce market?

Through diversification strategies (expansion strategies), postal services support e-commerce and create unique competitive advantages. The UPU Digital Economy Report also shows that, through diversification, postal organizations are creating a potential market for e-commerce. Postal services also remain competitive in the growing e-commerce market while protecting and strengthening their core business.

Large competitors pose a serious threat to postal operators, as do constantly changing digital technologies. Recent UPU research has identified five major barriers to the adoption of digital postal services to support e-commerce. Globally, more than half of email services face the following issues:

-limited resources, which hinders the introduction of postal electronic services in full;

-the time required for the transition to a digital culture;

-IT infrastructure limitations; insufficient internal experience for the development of e-services.

Postal services can continue to play a vital role in many areas of the e-commerce market: they can provide shipping, logistics and payment solutions, as well as



partnering to provide advanced e-commerce solutions to meet the requirements of their individual markets.

Key Postal Competitors in E-Commerce Understanding both internal and external issues and challenges is critical to keeping postal services competitive. If postal operators are to maintain their core business and provide universal service in the most cost-effective way, they must become competitive players in the parcel market. The online trading market is becoming more and more concentrated. The e-commerce supergiants alone, such as Amazon, Alibaba and JD.com, currently account for about 40% of online stores, dominating seven of the top 10 e-commerce markets in the world. Similar companies in most of the remaining markets are equally large, including Flipkart in India and eBay in Korea (Rep.). Only in the Russian Federation has not yet been identified a leader that dominates the market.

Postal operators should heed such warning signs. While the e-commerce giants are taking steps to meet a growing share of their logistics needs within their companies, they are laying the groundwork for broader market service.

There are several possible ecommerce business models for mail. These models are not mutually exclusive and can be combined according to postal capabilities and market characteristics.

To analyze e-commerce models in the postal industry, it is important to identify the target group for an e-commerce solution. First, the clientele can be defined depending on the type of relationship in the field of e-commerce.

CONCLUSION

In order to develop the e-commerce market, the country has created a system of online sales and delivery of goods from local manufacturers through the creation of a "National Online Trading Platform".

In addition, create opportunities for the export of goods produced by enterprises through integration with foreign online stores.

Establishment of a "National Online Trading Platform" In order to develop the e-commerce market in the country, a system of online sales and delivery of goods from local manufacturers will be established through the creation of a "National Online Trading Platform".

In addition, due to integration with foreign online stores, it will be possible to export goods produced by the business abroad.

exhausted by business, abroad. Creation of additional conveniences for clients; increase the volume and competitiveness of services.

Establishment of a Fulfillment Center Creation by the company of automated fulfillment centers for the development of e-commerce in regional centers will ensure its share in the e-commerce market.

Fulfillment Center solves the problem of storing their products, i.e. warehouses, and allows e-commerce platform owners to quickly package and deliver products purchased through the e-commerce platform to customers on the spot. It provides for



the implementation of the possibility of managing warehouses, transport logistics and customer relations using information technology. 2020-2023

Activities to promote electronic commerce.

It is necessary to develop a set of measures aimed at popularizing e-commerce as a modern, efficient trading format that meets the highest standards and requirements of the consumer, which allows, through advanced business methods, to significantly reduce the consumer's money and time costs.

Including:

- promoting the standards of online stores, ensuring their implementation by retailers will create a safe service zone for consumers, provide additional guarantees to customers and will contribute to the further development of online commerce;
- promotion of positive experience in solving issues of personal data protection and security of electronic commerce by participants of electronic commerce together with government agencies can significantly increase consumer confidence;
- the creation of interactive programs in the media, the organization of various industry discussion and presentation and exhibition platforms, incubators, accelerators, co-working and other modern forms of work with SMEs will additionally involve a significant number of start-up entrepreneurs in the perimeter of active e-commerce entities.

To ensure the development of logistics in the framework of e-commerce and the provision of electronic services for tracking the delivery of parcels, it is necessary to introduce modern technologies in the activities of the postal operator.

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