PRICE SENSITIVITY AND TRADITIONAL RETAIL IN THE UZBEK MARKET: CONSUMER BEHAVIOR AND IMPLICATIONS FOR FOREIGN INVESTORS.

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ABSTRACT: This research paper examines the psychology of the Uzbek consumer market against the backdrop of the country's rapid economic transformation and pending WTO accession. Drawing on a survey of 75 randomly selected adult respondents (aged 18 and over) alongside secondary data from national and international sources, the study analyzes current customer behavior, monthly spending patterns, and purchasing preferences in Uzbekistan. It compares these findings with consumer trends in the Gulf, European, and Chinese markets to contextualize Uzbekistan's stage of retail development, and reviews the country's tax system and investment incentives available to foreign investors. The findings show that Uzbek consumers remain highly price-sensitive and favor traditional, offline points of purchase such as bazaars over online and modern retail channels, distinguishing the market from more digitally mature economies. Because the sample is small and the analysis is descriptive, the results indicate general tendencies rather than precise population estimates. The paper concludes that, as WTO accession and infrastructure development progress, the market is likely to move gradually toward a hybrid online-offline model rather than a rapid shift to digital-first retail.

KeyWords: Bazaar economy, consumer behavior, emerging markets, price sensitivity, Uzbekistan, WTO accession.

Introduction: Over the last few years, more and more businesses have grown interested in Central Asian countries. Today, a fast-growing population, abundant

underground and above-ground resources, and a series of political and economic reforms are attracting foreign businesses to the region more than at any time since independence from the USSR in 1991.

This land was once a central hub of the Silk Road, connecting China and India with Europe and Africa. Samarkand, Bukhara, Merv, and many other cities were among the biggest trade hubs and centers of learning. However, the region lost its importance after the 15th century, once sea routes were discovered. This discovery had an undeniable impact on the region: everything from the finest "medreses" (the universities of their day) to "bazaars" (the malls of their day), to roads and cities, became deserted, while the European economy thrived.

Now, aware of its geographical disadvantages, Uzbekistan is building new railways with the help of neighboring countries. With permission to use land in Afghanistan and Pakistan for railway construction, Uzbekistan aims to gain access to the Indian Ocean. These political and economic moves are clearly visible in the country's GDP and GDP per capita over recent years. According to Worldometer, Uzbekistan's GDP rose from $81.17 billion in 2021 to $181.5 billion in 2026 [1].

Today, Uzbekistan is open to the world. With a population of nearly 40 million, including about a million newborns every year, a fast-growing economy, and high demand for resources and services, it is a market that needs to be understood. This research analyzes current customer behavior, compares it with other markets, identifies high-demand product categories, and paints a clear picture of the psychology of the Uzbek market. The paper first presents survey evidence on customer behavior, then reviews import demand, compares Uzbekistan with the Gulf, European, and Chinese markets, and finally outlines the tax framework and incentives relevant to foreign investors.

METHODOLOGY: Primary data were collected through a survey of 75 respondents, who were selected at random and were all aged 18 or older. The questionnaire covered their primary point of purchase (POP), monthly spending on daily basics, use of loans and installment plans, and the factor they value most

when buying. Secondary data on GDP, wages, imports, and taxation were taken from national statistical and legal sources [1], [2], [5], [6], [12]–[16], and comparative evidence on the Gulf, European, and Chinese markets from published consumer surveys and industry analyses [7]–[11]. Results are reported as descriptive percentages. With 75 respondents, the margin of error is roughly ±11 percentage points at the 95% confidence level, so the findings indicate general tendencies rather than precise population values, and they should not be generalized to all Uzbek consumers without a larger sample.

CURRENT CUSTOMER BEHAVIOR: According to the survey of 75 individuals, current customer behavior in Uzbekistan differs considerably from that of other markets. Respondents generally prefer cheaper products, which reflects a mix of economic, financial, and traditional factors. One of the clearest examples is bargaining at bazaars: people in Uzbekistan have historically negotiated prices down, and this habit is also visible in their primary points of purchase (POP).

Most respondents (59.5%) buy mainly from supermarkets and bazaars, the traditional counterpart of modern malls. The second most common POP is shops and bazaars (25.7%), while supermarkets combined with online shopping and markets combined with online shopping rank third and fourth, with 10.8% and 4.1%, respectively (Fig. 1).



Fig. 1. Primary point of purchase (% of respondents).

Fig. 1 shows that traditional purchasing still dominates: the two bazaar-based options rank first and second. Offline channels account for 85.2% of respondents, and only 14.9% combine online shopping with supermarkets or markets.

Monthly spending on daily basics covers all spending on food, taxis, eating out, and similar expenses. Participants usually spend either 0–1,000,000 UZS or 1,000,001–2,500,000 UZS, each accounting for 43.2%. While 12.2% of participants spend 2,500,001–5,000,000 UZS monthly, only 1.4% spend 5,000,001–10,000,000 UZS. Notably, none of the 75 respondents spends more than 10,000,000 UZS per month (Fig. 2).

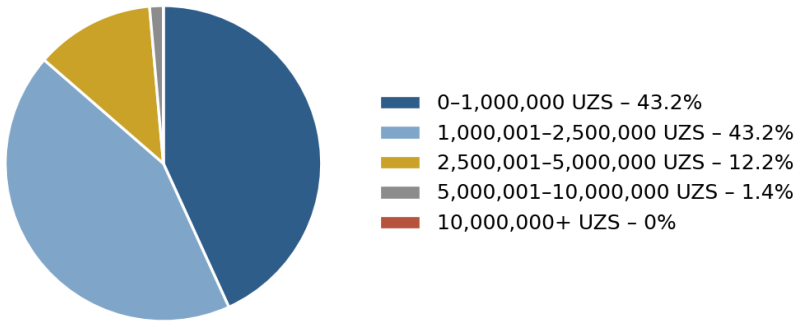


Fig. 2. Monthly spending on daily basics (% of respondents).

Fig. 2 indicates that most respondents keep their spending on daily basics low. The average monthly salary in Uzbekistan is 7,091.1 thousand UZS [2], so the 86.4% of respondents who spend no more than 2,500,000 UZS use roughly 35% of that average salary or less.

Another important aspect of customer behavior is the likelihood of using loans and installment plans. According to the survey, 77% of participants do not buy products on loans or installment plans. Only 13.5% of them might buy home appliances or gadgets on loans, 4.1% would use loans for real estate, and cars and money & other purchases each account for 2.7% (Fig. 3). Most respondents therefore avoid buying on credit.

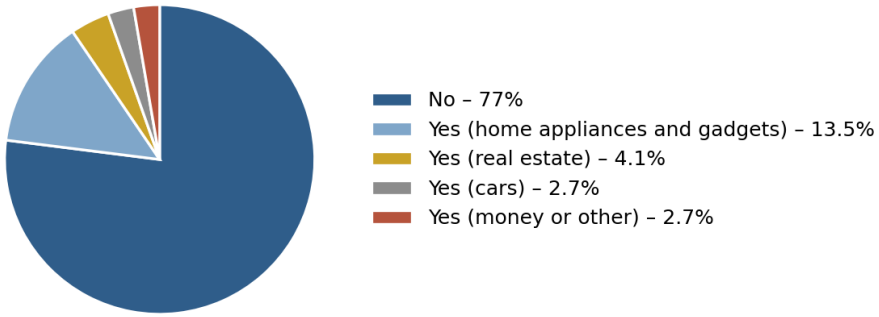


Fig. 3. Likelihood of buying on loans and installment plans (% of respondents).

According to Fig. 4, more than half of the participants (55.4%) said price matters most to them, while 29.7% said quality is the most important factor and 14.9% said availability is vital. Taken together, these results suggest that a product is most likely to sell in Uzbekistan if it is inexpensive, available at a bazaar, and open to bargaining, whereas high-priced items sold through online shops are likely to be the hardest to sell.

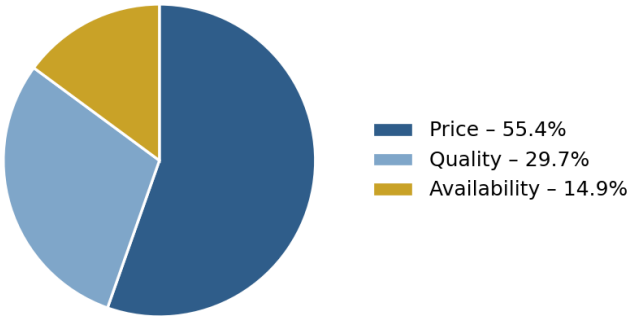


Fig. 4. Most important purchase attribute (% of respondents).

Import Demand in the Uzbek Market

The Uzbek market has changed considerably in recent years, with reforms to its economic laws, taxes, and currency. As Uzbekistan is set to join the World Trade Organization (WTO), with accession currently targeted for the end of 2026 [3], the country is aligning its policy and tax system with international standards, as the organization has requested [4]. These policies include reducing tax amounts and opening the doors to international companies, among others.

In 2025, Uzbekistan mostly imported machinery and transport equipment, which made up 17% of market share [5], [6]. With an 11% market share, mineral fuels, lubricants, and similar materials were the second most purchased products from other countries. Electronics & electronic devices and vehicles other than railway equipment tied for third place, each with 9.8%. The full structure is shown in Fig. 5.

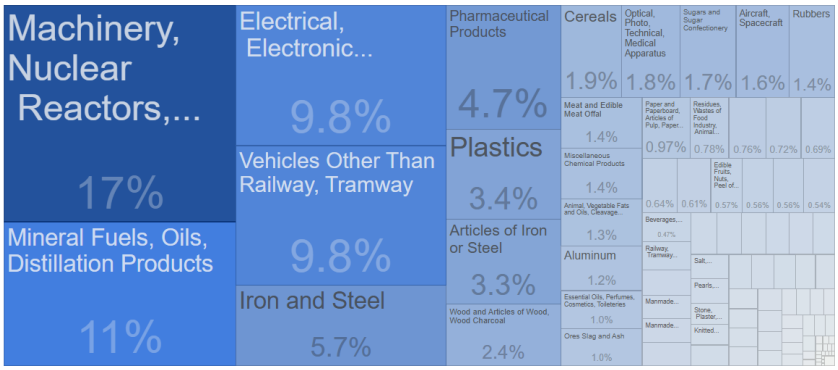


Fig. 5. Structure of Uzbekistan's imports, 2025 [5], [6].

Imports have also grown sharply year over year. According to data from the National Statistics Committee, Uzbekistan's import volume in January–March 2026 amounted to 12.2 billion US dollars. The composition of imports and the change in each category are given in Table I.

TABLE I

IMPORTS BY CATEGORY, JANUARY–MARCH 2026

Category	**Value (USD)**	**Change**
Machinery and transport equipment	4.1 billion	+29.9%
Industrial goods	1.7 billion	+14.2%
Chemicals and similar products	1.5 billion	+21.5%
Food products and live animals	1.4 billion	+45.9%
Services	1.2 billion	+17.9%
Mineral fuels, lubricants, and similar materials	1.2 billion	+64.4%
Miscellaneous manufactured articles	441.8 million	+43.7%
Non-food raw materials, except fuel	288.9 million	+28.7%

Other goods	177.9 million	+2.3 times (+130%)
Animal and vegetable oils, fats, and waxes	158.1 million	+46.0%
Beverages and tobacco	71.3 million	+42.6%

Imports grew in every category. The fastest growth was recorded in other goods (+2.3 times), mineral fuels, lubricants, and similar materials (+64.4%), and animal and vegetable oils, fats, and waxes (+46.0%), while industrial goods grew the slowest (+14.2%). Mineral fuels, lubricants, and similar materials stand out as a domain that is both growing quickly and, in 2025, among the largest import groups.

Comparing the Uzbek Market with Other Markets

To understand where Uzbekistan stands today, it is useful to place its consumer behavior next to three very different reference points: the Gulf market, the European market, and the Chinese market. Each of these represents a different stage of retail development, and comparing them highlights both how far Uzbekistan has come and how far it may still go.

Gulf Market

The Gulf Cooperation Council (GCC) markets, such as the UAE and Saudi Arabia, were historically seen as affluent and brand-driven, but recent surveys show a shift toward a more value-conscious shopper. PwC Middle East's 2025 Voice of the Consumer survey [7] found that 57% of regional consumers describe themselves as financially secure, above the global average, while 49% still name the cost of living as their top concern: a consumer who is digitally sophisticated but increasingly careful about price, even while remaining financially secure. Unlike Uzbekistan, where 59.5% of shoppers still rely on supermarkets and bazaars as their primary point of purchase, Gulf consumers combine heavy e-commerce use (platforms such as Amazon and Noon) with physical malls, so online and offline channels coexist rather than one dominating the other.

The similarity with Uzbekistan lies in the growing price sensitivity itself: McKinsey's research on the Middle East's consumer sector [8] found that at least 15% of UAE and Saudi consumers have traded down to less expensive brands, a behavior close to the bargaining culture seen in Uzbek bazaars. The key difference is digital infrastructure: the Gulf's high smartphone penetration and mature delivery networks let price-conscious shopping happen online, while in Uzbekistan it still happens mostly offline, in person.

European Market

Analysts describe Europe as entering 2026 with a structural, rather than temporary, price sensitivity [9], a lasting effect of recent inflation rather than a passing reaction to it. This has pushed private-label products to take over a growing share of shelf space, with forecasts suggesting private-label could exceed half of shelf space in Germany, and has driven strong growth in proximity stores and discounters, projected to grow by more than 5% in France in 2026 alone. E-commerce keeps growing but still represents a modest share of total FMCG spending, around 11% in France [10], which means most everyday shopping still happens in physical stores, not unlike Uzbekistan's own offline-heavy pattern.

The core difference is the format: European price-conscious shopping moves toward discounters, proximity stores, and private labels, while Uzbek price-conscious shopping moves toward bazaars and bargaining. Both markets show that price sensitivity does not automatically push shoppers online; it can just as easily reshape which physical format they choose.

Chinese Market

China sits at the opposite end of the spectrum from Uzbekistan. Its retail behavior is built around mobile commerce and digital wallets: mobile payment apps like Alipay and WeChat Pay accounted for 89% of point-of-sale spending in China in 2025 [11], far above the global average of 37%, and mobile devices account for the large majority of all online retail transactions.

Social commerce, where consumers discover and buy products directly through apps such as Douyin and WeChat, has become a major channel on its own. This is almost the mirror opposite of Uzbekistan, where the two point-of-purchase options that include online shopping together make up only 14.9% of shoppers, according to the survey used in this research. The comparison suggests that Uzbekistan's traditional, cash-oriented, in-person retail culture is closer to where China itself stood roughly a decade ago, before mobile payment infrastructure and delivery networks matured enough to move the majority of transactions online.

What This Comparison Shows

Placed side by side, the four markets form a rough spectrum of digital and channel maturity: China is the most digitally driven, the Gulf market blends digital and physical retail fairly evenly, Europe remains mostly physical but highly price-optimized, and Uzbekistan remains the most offline and bazaar-centered of the four, with price as the dominant purchase driver over quality or brand. What Uzbekistan shares with all three markets is the same underlying trend: consumers everywhere have become more careful about price since the mid-2020s. What sets Uzbekistan apart is the channel through which that price-consciousness is expressed: not private labels or delivery apps, but direct, face-to-face bargaining at bazaars. As Uzbekistan's WTO accession process moves forward and internet and delivery infrastructure continue to expand, the more likely trajectory for the Uzbek market is not a jump straight to China's mobile-first model, but a gradual move toward the hybrid online-offline pattern already visible in the Gulf market today.

Considerations for Foreign Investors

When deciding where to invest, most companies weigh tax rates and import duties heavily. As previously noted, Uzbekistan's accession to the WTO requires it to standardize certain elements of its tax system. Table II gives an overview of the current tax framework [12]–[16].

TABLE II

TAX FRAMEWORK FOR BUSINESSES IN UZBEKISTAN

Regime	Tax	Rate / description
General tax system (Umumiy soliq rejimi)	Corporate income tax (CIT)	15% (standard rate)
	Value added tax (VAT)	12% (standard rate)
	Property tax	Levied on the residual value of buildings and fixed assets
	Land tax	Paid for the use of land plots
	Water resource use tax	Based on water limits or consumption volume
	Excise tax	Applied to specific goods such as alcohol, tobacco, and energy drinks
Simplified tax system	Turnover tax	Flat percentage of gross revenue, usually 4%, replacing CIT and VAT
Employer-withheld and payroll taxes	Personal income tax (PIT)	12% flat rate, withheld from employees' salaries
	Social tax	12% standard rate, paid by the employer on the payroll fund

As Uzbekistan continues to attract greater volumes of foreign investment, policymakers have introduced a range of incentives to encourage it further. Companies that invest in industrial parks or free economic zones may be exempt from certain taxes altogether, while investments exceeding $300,000 qualify for additional tax reductions. Further details on taxation and import duties can be found in [12]–[16].

Conclusion

In summary, Uzbekistan is one of the most dynamic and rapidly evolving emerging markets in Central Asia. Driven by a fast-growing population, strategic trade integration, and comprehensive macroeconomic reforms, the country offers

substantial potential for international investment across high-demand sectors such as industrial machinery, energy resources, and consumer goods.

However, entering this market requires a clear understanding of its distinct consumer psychology. As the survey data show, the domestic consumer base remains strongly value-driven, anchored by traditional retail habits, local price negotiation, and a preference for offline points of purchase. While global trends and impending WTO accession will progressively modernize the nation's digital and logistics infrastructure, the immediate retail ecosystem favors accessible pricing and compatibility with traditional market frameworks rather than immediate digital-first models.

The study has limitations: the sample of 75 respondents is small and the analysis is descriptive. Future research could use a larger and more diverse sample, track how channel preferences change after WTO accession, and compare results across regions and age groups.

Ultimately, foreign enterprises and domestic strategists who successfully bridge the gap between sweeping macroeconomic liberalization and localized consumer behavior will be best positioned to thrive in Uzbekistan's expanding economic landscape.

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