



## Article

# Problems of Using Marketing in the Foreign Economic Relations of Uzbekistan's Firms

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**Abstract:** The article examines the main problems and shortcomings in the use of marketing by Uzbek companies in entering foreign markets. The institutional, organizational, cultural and technological factors that affect the effectiveness of export and import marketing, as well as B2B interactions in international supply chains, are analyzed. The analysis revealed that the causes of the problems are the reliance on the "cost + benefit" principle in pricing, insufficient localization of products and communications, and dependence on a single foreign distributor. According to the author, the solution to the problem lies in the transition from periodic export attempts to a systematic, data-driven international marketing strategy. Practical recommendations include the introduction of market assessment models, optimization of Incoterms terms, and the creation of multi-channel distribution networks.

**Keywords:** Export Marketing, International Marketing, Foreign Economic Relations, Uzbekistan, Localization, Distribution Channels, Branding, B2B, Logistics

## 1. Introduction

The Republic of Uzbekistan is currently engaged in a deep economic transformation characterized by significant liberalization and an expansion of Foreign Economic Relations (FER). This engagement has led to a surge in the number of domestic firms seeking to enter international markets, particularly within Central Asia, the CIS, and emerging markets in the Middle East and Europe. While governmental reforms have lowered institutional entry barriers, achieving sustainable success in global markets is critically dependent on the marketing maturity of the exporting firms.

A firm's capacity to achieve stable export growth is contingent not only on product quality and price competitiveness but also on its ability to systematically identify, penetrate, and maintain position in a target market. This process requires sophisticated international marketing capabilities, encompassing segmentation, value proposition development, channel establishment, and brand management [1-2]. Preliminary observations suggest that many Uzbek firms approach FER with a domestic-centric, "sales-first" mindset, leading to suboptimal marketing efforts and systemic barriers that reduce their overall export efficiency and profitability.

All this is just a part of Uzbekistan, which is unfolding a large-scale economic transformation, implementing a course towards radical liberalization and an increase in a foreign economic relations (FER). Such a transformation has opened the doors for Uzbek businesses for international markets particularly in Central Asia, CIS and growing markets

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of the Middle East and Europe. The lowering of institutional entry barriers, coupled with better trade agreements, all touted as benefits of government reforms, have enabled domestic firms to penetrate into foreign markets more easily. The sustainable success in these international markets, however, is still a great challenge largely because marketing practices in many Uzbek firms are still underdeveloped[3-4-5].

Stable export growth for Uzbek firms relies not just on product quality and price performance, but also on their ability to identify and penetrate into target markets, as well as their long-term value in these markets. This entails sophisticated international marketing skills—including market segmentation, channel management, and value proposition development. Despite the existence of these opportunities, a significant number of Uzbek firms retain a foreign economic relations strategy that stems from an orientation with a domestic focus — based on a "sales first" approach and concentrating on achieving short-term sales goals over long-term strategic marketing. However, this attitude, along with institutional and operational obstacles, has produced poor marketing practices that prevent firms from being as efficient and profitable in their exports as they could be. These deficiencies are most clearly illustrated in product localization, pricing policies, and distribution management.

Prior work on emerging market marketing was focused on the phenomenon of "export myopia," in which firms think too domestically and are insufficiently attuned to the requirements of international markets. Research demonstrates that filling the voids in transition economies, such as the lack of or inadequate market research, the poor adaptation of products to local tastes and habits, and the ill-adjustment to local laws and norms, are major issues faced by businesses. Many companies, for example, use "cost-plus" pricing methods that overlook the realities of international trade (e.g., shipping costs, tariffs, local market conditions, etc.). This class of pricing frequently results in poor competitive pricing and as a result lower margins. In addition, the inability to localize products and communications — including language barriers and regulatory compliance — has been highlighted as an important reason that hindered a successful entry and sustainable position in foreign markets[6-7].

## 2. Methodology

This article aims to identify and analyze the key institutional, organizational, and operational problems that impede the effective application of marketing by Uzbek firms in their foreign economic relations, thereby proposing actionable strategic solutions.

The study utilized a qualitative, exploratory research design. The primary data source was a qualitative analysis of marketing practices among a sample of approximately 30 Small and Medium-sized Enterprises (SMEs) and large state-owned enterprises (SOEs) operating in the food processing, textile, and construction materials sectors with established export operations. The sample selection was non-random, focusing on firms with documented international trade experience between 2020 and 2024.

Review of trade reports, market entry guides, and aggregated export data from the Chamber of Commerce and Industry of Uzbekistan (CCI)[8-9-10].

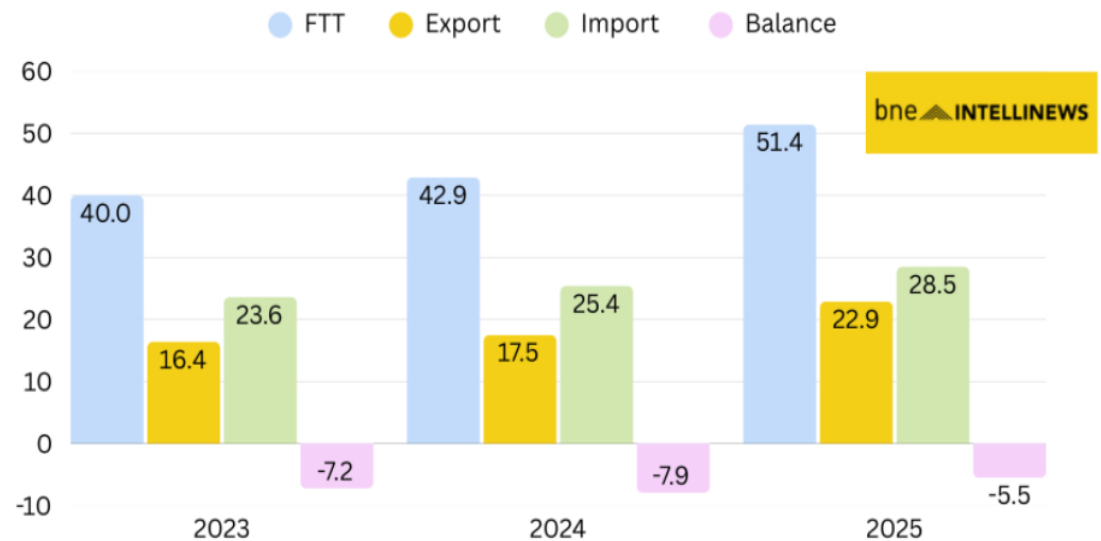
## 3. Result and Discussion

Uzbekistan's foreign trade turnover showed a positive trend in 2025, with a 19.8% increase in total trade compared to the previous year. Exports rose significantly by 31.3%, reaching \$22.98 billion, while imports grew by 11.8%, totaling \$28.45 billion. Despite the increase in both exports and imports, Uzbekistan's trade balance continued to reflect a deficit of \$5.47 billion. The country's main export sectors include agriculture, textiles, and services. Notably, Uzbekistan's agricultural sector saw a notable expansion, with fruit and vegetable exports increasing by 7.3% y/y, reaching 1.46 million tonnes, valued at \$1.27 billion, and accounting for 5.5% of total exports. Conversely, the textile sector faced a

decline, with exports falling by 17% to \$1.67 billion. Despite this, finished textile products and yarn made up half of the total textile exports[11-12].

## Uzbekistan's foreign trade turnover

(January-August 2025, USD billion)



**Figure 1.** Dynamics of Uzbekistan's Foreign Trade Turnover and Trade Balance (2023–2025)

In terms of services, exports grew by 28.6%, totaling \$5.71 billion, with the largest share coming from travel and tourism, accounting for over 50% of service exports. The import side saw significant growth in both goods and services. Machinery and transport equipment led the import categories, accounting for 33.8% of total imports. Meanwhile, services imports grew by 28.6%, totaling \$2.92 billion, with travel and tourism services dominating the import share at 56.8%[13-14].

This positive shift in export growth reflects a diversified export base, particularly in the agricultural and services sectors, while highlighting the challenges in the textile industry and the persistent trade deficit. These results underscore the importance of enhancing product localization and diversifying distribution networks to increase Uzbekistan's competitiveness in global markets.

Three omnipresent groups of marketing issues were identified in the analysis which lessen the efficiency of foreign economic relations (FER) of Uzbek firms greatly and backed by the empirical examples of case studies. The former issue is cosmetic market research where the majority of companies depended on word of mouth or the demands of one or two customers rather than data-driven market rating. The second challenge is the cost-plus pricing that tends to create risks of losing profits. Most companies used domestic cost-plus pricing model without properly considering international trade variables and they made huge losses. The third issue is the lack of analytics based on CRM as majority of the small and medium-sized enterprises (SMEs) did not have strong customer relationship management systems towards foreign clients. This made it difficult to monitor the behavior of buyers in order to predict demand elasticity and also to handle long-term business-to-business (B2B) relationships[15].

These issues are described in more detail with the help of case studies. A company named "TextilePro" was also involved in the textile industry where they were selling cotton yarn to Turkey and through a fixed cost-plus 15 percent pricing formula relying on

domestic input prices. They however did not consider the need to pay international certification which is mandatory and the intricacies in international logistics which made their profit margin to diminish to below 5%. The deal was economically unsustainable as a result of this situation. Moreover, their products, packaging, and communications lacked localization enough to comply with foreign regulations or consumer demands and they also had one distributor, which made them vulnerable and less able to sway the prices and brand promotion.

The other example is based on the furniture manufacturing business whereby DesignUz, one of the companies that export to Kazakhstan, failed to localize their web site or instruction in assembling the product, and all instructions are in Russian only. This caused big B2B retailers to postpone their partnerships, with the firm forced to invest six months on responsive translation and compliance controls, which further caused it to lose momentum in market entry.

CeramPro in the construction materials industry was introduced into the Tajikistan market by one, huge distributor. This distributor exploited the channel monopoly by selling under the recommended retail price and negotiating high wholesale margins that significantly reduced the control of the brand image and long time profits of "CeramPro" by the distributor.

Moreover, the problem of Incoterms, including the application of Ex Works (EXW), Free Carrier (FCA), was also recognized as one of the barriers. An example would be the case of CableGroup which was a manufacturer of copper cables to Europe where it was exported on FCA terms, but the European consumers, who wanted reduced risk, started changing suppliers to those in Turkey and Poland who were offering DAP (Delivered at Place) or DDP (Delivered Duty Paid) terms. This presented the offer of CableGroup as logistically disadvantaged although the quality of its products was high.

The results bring out the main challenge facing Uzbek companies, namely, their inability to stop being export-as-selling oriented and instead becoming international-marketing-as-strategy oriented. The identified problems, such as analytical weaknesses up to channel myopia, can be related to the notion of export myopia that is widespread in the literature on emerging economies. The firms that became successful and more efficient in their exports were the ones that followed the systematic ways of scoring in the markets, the localization approach and channel diversification approach.

The results of this research underscore the extreme need to incorporate a Value-Based Marketing (VBM) strategy into the strategies of Uzbek companies. These companies need to create and convey a distinctive export value proposition (EVP) that does not only consist of price rivalry but further is specifically planned and assessed to satisfy the anticipations and demands of the foreign consumers to perform well in the international markets. There are a number of initiatives that are important to strategic improvement. To begin with, companies have to introduce a Market Scoring Model prior to entering a new market and use simple Customer Relationship Management (CRM) software to manage management with overseas customers and predict demand. Secondly, a detailed Export Price Sheet should be undertaken where all its elements of landed costs should be accounted in systematic structure that enables it to negotiate flexibly and knowledgeably especially with regards to Incoterms. Third, it is essential to have strategic use of Incoterms. Shifting to provide more competitive conditions, including DAP (Delivered at Place) or DDP (Delivered Duty Paid) will also lessen the risk perception of the foreign B2B purchasers, which will expand the appeal of Uzbek companies to the international markets. Additionally, there is a need of diversification of channels. The Uzbek companies should implement a multi-channel distribution policy and enter into legally viable distribution contracts to ensure that they are not so dependent on one distributor and are in charge of pricing and branding positioning.

The effective application of marketing strategies is the key to the long-term development of foreign economic relationships of Uzbekistan. Nevertheless, the analytical flaws, the inability to localize the product, and inappropriate distribution framework are the factors that complicate current practices. A proactive and data-based international marketing approach has to be a top priority to Uzbek firms in order to realize long-term global engagement. Such directions must encompass investment in market analytics, strict product and communication adjustment to the local market needs, the creation of multi-channel distribution networks, and increased compliance with regulations. The adoption of these strategic enhancements will enable the Uzbek businesses to become more resilient, diversify their incomes, and eventually make the brand Made in Uzbekistan more recognizable and competitive in the world.

#### 4. Conclusion

This work will discuss the major limitations that confront the Uzbek companies in their implementation of marketing strategies to improve their foreign economic relations. The results denote that the primary challenges are the general dependence on the cost-plus pricing mechanism, the inadequate product localization, and the excessive reliance on individual distributors. These problems can be explained by the so-called export myopia where companies are concentrated on the short-term sales instead of the strategic, data-oriented approach to international marketing. The analysis points out the need to implement a holistic Value-Based Marketing (VBM) model, improve market scoring, and create pricing flexibility by leveraging better use of Incoterms. Moreover, the Uzbek firms should also expand their distribution channels and improve their CRM systems to achieve long-term relations with the international purchasers. The paper draws attention to the practical value of the transition to proactive marketing attitude in lieu of the reactive one to enhance the efficiency of exports and guarantee sustainable development of international markets. Future studies might also be done to investigate the particular effects of digital marketing technologies and communication channels on enhancing these marketing activities within the business segments of export in Uzbekistan, and how AI and big data analytics could be used to optimize the process of market entry by Uzbek companies.

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