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HOW E-COMMERCE IS CHANGING TRADITIONAL
MARKETS

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Abstract: E-Commerce is rapidly changing the global economy and reshaping the way businesses engage with consumers, of which there are businesses large and small, such as Amazon and Alibaba and local businesses who engage via social media (such as Instagram-based shops). Interestingly this research examines how traditional businesses (such as neighborhood store's and physical shops are been impacted with the transition into e-commerce markets and the place they occupy in the global economy, particularly in developing and transitional economy's). E-commerce provides lower cost, greater market access and opportunity, better convenience the simultaneous reality of higher competition, retail job loss and a digital divide has emerged. This paper explores the process of traditional businesses adaption towards (hybrid) models of e-commerce, utilizing social media in sales, and applying digital tools and strategies to further their business scope. In essence this paper attempts to argue that with the right approach e-commerce could be an opportunity to innovate, modernize and provide inclusive growth rather than simply disrupting traditional markets.

Keywords: E-commerce, traditional markets, digital economy, online shopping, business transformation, retail industry, small businesses, technological disruption, consumer behavior, digitilization.

Anatatsiya: Elektron tijorat global iqtisodiyotni tez o'zgartirmoqda va korxonalarning iste'molchilar bilan aloqa qilish usullarini qayta shakllantirmoqda,



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ular orasida Amazon va Alibaba kabi yirik va kichik korxonalar va ijtimoiy media (Instagramga asoslangan do'konlar kabi) orqali shug'ullanadigan mahalliy korxonalar mavjud. Qizig'i shundaki, ushbu tadqiqot an'anaviy korxonalar (masalan, mahalla do'konlari va jismoniy do'konlar elektron tijorat bozorlariga o'tish va ularning jahon iqtisodiyotida, xususan, rivojlanayotgan va o'tish davri iqtisodiyotida egallagan o'rni) qanday ta'sir qilganini o'rganadi. Elektron tijorat arzonroq xarajat, bozorga kengroq kirish va imkoniyatlarni ta'minlaydi, bir vaqtning o'zida yuqori raqobat haqiqati, chakana ish joylarini yo'qotish va raqamli tafovut paydo bo'lishi uchun qulaylik yaratadi. Ushbu maqola an'anaviy biznesning elektron tijoratning (gibrid) modellariga moslashish jarayonini o'rganadi, savdoda ijtimoiy mediadan foydalanish va biznes doirasini kengaytirish uchun raqamli vositalar va strategiyalarni qo'llash. Aslini olganda, ushbu maqola to'g'ri yondashuv bilan elektron tijorat an'anaviy bozorlarni buzishdan ko'ra innovatsiyalar, modernizatsiya va inklyuziv o'sishni ta'minlash imkoniyati bo'lishi mumkinligini ta'kidlashga harakat qiladi.

Kalit so'zlar: Elektron tijorat, an'anaviy bozorlar, raqamli iqtisodiyot, onlayn xaridlar, biznesni o'zgartirish, chakana sanoat, kichik biznes, texnologik buzilish, iste'molchilarning xatti-harakatlari, raqamlashtirish.

Аннотация: Электронная коммерция стремительно меняет мировую экономику и способы взаимодействия бизнеса с потребителями. Среди компаний есть как крупные, так и мелкие, такие как Amazon и Alibaba, а также местные компании, взаимодействующие через социальные сети (например, магазины в Instagram). Интересно, что данное исследование рассматривает влияние перехода на рынки электронной коммерции на традиционные предприятия (например, магазины у дома и физические магазины) и их место в мировой экономике, особенно в развивающихся странах и странах с



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переходной экономикой. Электронная коммерция обеспечивает более низкие издержки, более широкий доступ к рынку и новые возможности, большее удобство, несмотря на одновременное обострение конкуренции, сокращение рабочих мест в розничной торговле и цифровое неравенство. В данной работе рассматривается процесс адаптации традиционных предприятий к (гибридным) моделям электронной коммерции, использованию социальных сетей в продажах и применению цифровых инструментов и стратегий для расширения сферы своего бизнеса. По сути, в статье делается попытка доказать, что при правильном подходе электронная коммерция может стать возможностью для инноваций, модернизации и обеспечения инклюзивного роста, а не просто для разрушения традиционных рынков.

Ключевые слова: электронная коммерция, традиционные рынки, цифровая экономика, интернет-торговля, трансформация бизнеса, розничная торговля, малый бизнес, технологический прорыв, поведение потребителей, цифровизация.

INTRODUCTION

In the last twenty years, e-commerce has become one of the biggest disruptive changes to the global economy. It has changed not only how consumers shop, but what businesses can do to operate, market, and grow. In addition to online shopping, traditional markets can now use digital tools, online platforms, and rapidly developing technologies such as artificial intelligence, customer analytics and mobile commerce. As Simtech Development discusses, e-commerce has made business operations more rapid, data-driven and customer-oriented. In the past, small and medium enterprises (SMEs) were limited due to physical store hours, limited-



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to-local commerce, and face-to-face interactions. Now, many SMEs can access audiences across the globe, engage in commerce 24/7 and respond to changing consumer preferences faster than ever before. [1]

This transition is not limited to developed economies. Developing and emerging markets around the globe, including Uzbekistan, are quickly digitizing to remain competitive[2]. COVID-19 accelerated the movements of many companies to digitization and consequently e-commerce. As they lost customers, traditional stores needed to go online for survival. Many businesses turned to e-commerce platforms to handle their orders, manage their payments, and even oversee their inventory. These platforms have made it possible to combine existing and integrated technologies such as CRM, SEO, and cloud-provided technology so traditional businesses can jump successfully into the digital economy. [1]

Of course, there are still many competing challenges. Traditional business retailers are still dealing with issues like last mile delivery logistics, costs of digital infrastructure, cyber security and data risk, and limited digital literacy among their employees. Effectively, the emergence of large global players, such as Amazon, AliExpress and Lazada, has created even more competition that requires local businesses to explore new business models. Feasibly, the digital progress alongside e-commerce changes, traditional markets introduced and revealed new pathways for innovation, customer engagement, and inclusive sustainable economic development.[1] This paper discusses e-commerce's impact on traditional markets including the main opportunities and challenges while outlining the adaptive strategies of the businesses being researched in order to help them survive or thrive in a new digital landscape.



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Methodology

This research utilizes a qualitative secondary research design to investigate the impact of e-commerce on traditional markets. In this approach, instead of collecting new data, researchers examine data that is already available from legitimate and relevant sources (companies, academics, etc.) and synthesize that information. The materials examined included academic journals, economic reports, case studies, expert analysis, and articles published by professional business websites and institutions. They were chosen because they were the authority on the topic, timely (published in 2018-2024), and directly related to an investigation of e-commerce and market structures. The process of researching began with identifying trusted databases and business websites. Some platforms included Simtech Development, Shopify, McKinsey & Company, and national academic institutions such as the National Bureau of Economic Research (NBER). The relevant data were then grouped thematically. The main themes that emerged were 1) the structural changes traditional retail is undergoing, 2) the economic and operation advantages of e-commerce, 3) the new challenges and risks, and 4) the longer-term impact of e-commerce on global consumer behavior and competition.

Result:

Impact on Traditional Markets

E-commerce has changed the way the markets operate, both in terms of consumer behavior and business practice, and the impact has led to change. One area that is very evident is that foot traffic to physical stores has decreased. Online shopping is easier and more convenient and many customers would like to browse as well as purchase from the comfort of their homes. As a result, smaller shops and larger retailers have seen a decline in their in-store sales. As stated by Simtech Development (2024), given how fast communities are coming to accept and utilize



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e-commerce like eBay and Amazon, there is tremendous pressure for traditional businesses to convert to some form of digital platform or become obsolete[1].

Furthermore, consumer expectations have evolved. Today's purchases are often made after researching product reviews, ratings, and specifications. In this digital shopping behavior, the face-to-face customer service traditionally found in physical markets is diminished. According to Pioneer Publisher which indicates the overlapping trends reported in similar studies (2023), consumer preferences are shifting away from various forms of reflectively prompted advice that made sense in traditional in-store environments toward more demand for online price transparency, ease of comparison, and peer opinions [3] As a result, retailers are competing not only on price and quality, but they are also competing on digital presence, name recognition, and the user experience. Another significant impact of growth in e-commerce is increasing disruption of traditional supply chains. Many manufacturers are now selling direct to consumer through their own websites or online marketplaces with no wholesaler or brick- and-mortar distributors in between. In essence, channel conflict is diminishing the role of intermediaries and undermining age-old retail and distribution structures. According to Wikipedia (2024), one way to describe this shift in the retail and supplier system is the "Disinter-mediation" effect where middlemen are losing their jobs as e-commerce models connect both parties directly. [5]

Logistics and delivery infrastructure have become critical components to provide point-of-parity competition. E-commerce giants like Amazon and Alibaba are establishing very high expectations for fast and usually free delivery service provided (usually) by not having a brick-and-mortar store. Simtech Dev (2024) highlights that businesses lacking strong logistics capabilities frequently have



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problems keeping up with consumer demands for speed and convenience[4] .Many smaller retailers are compelled to create delivery systems, partner with a last mile delivery company or join a larger online marketplace to stay competitive.

Benefits of E-Commerce.

Implementing e-commerce into traditional retail has several benefits for the consumer and for the business. Among the benefits, perhaps the biggest gain can be seen in the reduced overall cost of doing business. For example, the storefront of a traditional retail business can require paying for rent, wages, utilities, and inventory upkeep; thus making the operating costs significant. Alternatively, most online retailers have reduced operating costs because they are not static locations that require financial resources to maintain. In many instances, online retailers can utilize various forms of automation to facilitate a sale, disburse payments from customers, and even facilitate the coordination of shipping products. Since the significant costs of doing business are so reduced in online retail relative to physical retailing, e-commerce businesses are able to offer competitive prices and obtain higher profit margins with less financial risk.[6] In addition, e-commerce broadens market access. SMEs that relied on a local customer base have the opportunity to sell products on a national or even global scale. Online stores are always open (even outside the business's operating hours) and allow consumers anywhere in the world, with internet access, to browse, compare, and buy products, thereby removing geographical barriers compared to brick & mortar stores [7]. This increased market access benefits niche businesses, as well as rural producers, who can now connect with specialized consumers located outside of their local market area [6],[8].

Another considerable advantage is the ability to provide more personalized and data-driven customer experiences. E-commerce platforms track behavioral data,



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which includes browsing behavior, history, demographics, etc., to create more refined marketing and product recommendations when they are building customer profiles. [7]. Personalization leads to greater user satisfaction, higher conversion rates, and increased customer loyalty. In addition to this, real-time analytics will provide actionable data that helps companies understand customer preference, purchase trends, and better utilize promotions and inventory.[9] Efficiency and scalability are also main advantages of e-commerce. Digital platforms can quickly alter their product catalogs, marketing promotions, or prices in response to market movements—without the logistical challenge of changing store layouts [10]. Additionally, businesses can quickly scale to satisfy increasing demand--like seasonal spikes or viral sales--by using automation, third-party logistics, and cloud-based systems; which means without needing to invest in a new physical location.[11] Ultimately, e-commerce also supports continuity and resilience during crises. Consider how SMEs adapted during the COVID-19 pandemic: retailers with robust online presence and digital marketing were able to recover sales when foot traffic stopped. This hybrid or full digital selling preserved revenues, enabled businesses to survive and even scale during a difficult period.[12][13]

Challenges Created by E-Commerce

E-commerce has many benefits for consumers and businesses alike, but it has created many challenges for traditional markets and businesses also. For one, the increased competition due to e-commerce is very real, particularly for small, local retailers that cannot compete with the pricing, convenience, and reach of companies such as Amazon or Alibaba. Many physical stores have ceased to exist, leaving many communities without local employment and an economy decimated [14] Additionally, supply chain pressures have increased exponentially with consumer



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expectations of fast, often same-day delivery. Businesses are now required to commit resources to logistics, warehousing, and last-mile delivery—not risk management areas where smaller businesses tend to under-resourced.[16]

Another current issue relates to cybersecurity and data privacy. With the rapid increase in digital transactions, businesses are more prone to threats like fraud and data breaches, meaning that there will have to be significant investment in secure systems, and adherence to complex regulations such as GDPR or CCPA (which would be difficult for many SMEs to comply with) [16]. Finally, customer service paradigms have changed drastically, where consumers are demanding 24/7 service and seamless digital services which enables companies to incur more costs with expensive AI systems or chat-based systems. These challenges are significant for business and are indicators that while e-commerce has unlocked new ways of doing business, it has also transformed the minimum demands of surviving as a business.

Discussion:

The transformation of e-commerce has undeniably altered existing markets, changed consumer and traditional purchasing behavior, disrupted key business models, and radically reshaped the global retail landscape. This paper has pointed to some major opportunities offered by e-commerce—lower operational costs, an almost instant access to wider markets, greater personalization of consumer experiences, and flexible operations—allows businesses, particularly small and medium-sized enterprises, to compete more directly, innovate more rapidly, and scale more easily without the infrastructure inherent in traditional business.

But the digital transformation process also has its downsides. Traditional retailers are competing against other businesses (e.g. global e-commerce companies like Amazon) in addition to traditional channels where the manufacturer sells



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directly to the customer online, creating channel conflict that will force many physical retailers to rethink their position, or face slow extinction. Technology has created the expectation of fast, reliable logistics, however, rapidly developing successful, data-driven technology decision-making strategies have highlighted a divide; many businesses do not have digital literacy, cybersecurity tools and skills or technology infrastructure and will stay behind.

In addition, e-commerce lessens some barriers while also creating others. Cybersecurity risks, data privacy issues, and customer trust are still challenges in the online marketplace. Additionally, the lack of harmonization of regulations in different countries is a barrier to operations, especially for SMEs who are moving into international markets. It is important to create a more supportive policy environment that includes training programs and digital infrastructure investment, and more straightforward regulatory approach for international e-commerce . The COVID-19 pandemic highlighted e-commerce opportunities and vulnerabilities. Businesses with higher digital capability coped more effectively with the crisis, and this demonstrated that digital readiness is not an option, but a necessity. In contrast, many traditional businesses that did not already perform online sales operations had substantial losses, or did not continue in operation. The gap of privilege that existed prior to the pandemic highlights the imperative need for digital transformation across all sectors.

In the end, e-commerce is not simply a technological shift, it is representative of larger economic and cultural change. As consumers increasingly value convenience, transparency, and personalization, business must not only embrace e-commerce strategies, but reimagine their value propositions. Hybrid models that provide a physical business presence with substantial online prominence may



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represent the future of retail. In conclusion, e-commerce is fundamentally changing the DNA of traditional markets. The extent to which it prevails depends on how businesses, policymakers, and consumers respond—balancing innovation with inclusion, growth with resilience, and convenience with responsibility.

Conclusion:

The growth of e-commerce represents an inflection point in the development and shaping of global markets, including changes to how businesses are operated and how consumers consume goods and services. This paper interrogated the various ways e-commerce has disrupted traditional market functions with operational efficiencies, added market access, and personalization and the challenges it poses in competition, digital infrastructure, and cybersecurity. The secondary research carried out in this paper and the thematic analysis demonstrated that businesses who adapt to the use of digital tools are better positioned to adapt and succeed in a growing online economy. The potential benefits that e-commerce provides (cost savings, convenience/availability, data analytics, and scalability) while certainly presenting a powerful incentive to adopt the e-commerce, whichever route this form of commerce takes, is not standardized or straightforward for all businesses. Many traditional businesses, particularly those in developing areas or do not have a technological savvy person, are still struggling to keep pace with this rapid fire change.

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