

"DIGITAL MANAGEMENT IN THE RETAIL SECTOR: THE CASE OF KORZINKA AND MAKRO"

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Abstract

This article explores the critical role of digital management in modern retail, focusing on its strategic implementation within the Uzbek market. Utilizing Korzinka and Makro as prominent case studies, the research investigates how leading retail chains leverage digital technologies to optimize operations and enhance customer engagement. It examines various facets, including e-commerce platforms, data-driven decision-making, and digital supply chain integration. The study highlights the transformative impact of these digital strategies on operational efficiency, market competitiveness, and the overall customer experience. Findings offer valuable insights for retailers aiming to navigate the evolving digital landscape and foster sustainable growth in emerging markets.

Keywords: Digital Management, Retail Sector, E-commerce, Supply Chain Optimization, Data Analytics, Customer Experience, Korzinka, Makro

Introduction

The global retail landscape is undergoing a profound transformation, driven by rapid technological advancements and evolving consumer expectations. Digital management, encompassing the strategic integration of digital technologies across all facets of business operations, has become an imperative for retailers seeking to enhance efficiency, customer experience, and competitive advantage. This paradigm shift is particularly critical in emerging economies, where the adoption of digital strategies can unlock significant growth potential while simultaneously presenting unique challenges related to infrastructure, expertise, and market readiness.

Uzbekistan, a dynamic Central Asian economy, exemplifies this complex transition. While the nation has made noticeable strides in digital transformation, particularly in public sector e-government indicators, a significant "design-reality gap" persists in the broader digital ecosystem [1]. The adoption of advanced digital practices, such as Marketing 5.0, reveals an uneven progression across local businesses; large corporations demonstrate significant advancements in digital integration, contrasting with the limitations faced by small and medium enterprises due to insufficient expertise and resources [2]. Despite a growing Customer Relationship Management (CRM) software market driven by cloud solutions and artificial intelligence adoption, challenges like low overall technology adoption and a shortage of skilled IT professionals remain pertinent, highlighting the urgent need for effective digital strategies [6]. This context underscores the critical need for robust digital management within the burgeoning Uzbek retail sector.

This article aims to explore the strategic implementation of digital management within Uzbekistan's retail industry, focusing on two leading players: Korzinka and Makro. By conducting in-depth case studies of their respective digital transformation journeys, including omnichannel development, loyalty programs, and enterprise resource planning integrations [3, 5], this research seeks to identify key strategies, challenges, and success factors. The study contributes to the academic discourse on digital retail management in emerging markets, offering valuable insights

for practitioners and policymakers navigating the complexities of digital transformation in Central Asia.

Main Body

Digital retail management strategically integrates digital technologies across all retail operations, leveraging data, automation, and connectivity to optimize processes and enhance customer experience. Key components include omnichannel strategies for seamless customer journeys, robust Customer Relationship Management (CRM) systems, Enterprise Resource Planning (ERP) for core business integration, and sophisticated loyalty programs for retention [3, 4]. In emerging economies like Uzbekistan, digital adoption offers significant growth potential, yet faces unique challenges related to infrastructure, regulation, and human capital. Theoretically, omnichannel ensures a unified brand experience, crucial for modern consumer expectations [3]. Loyalty programs, evolving beyond mere discounts, create "VIP clubs" offering exclusive access and experiences, addressing high customer acquisition costs and churn by emphasizing value [4]. Uzbekistan's digital transition shows uneven progress; large corporations advance, but a "design-reality gap" persists for SMEs due to insufficient expertise and resources [1, 2]. Despite a growing CRM market driven by cloud and AI adoption, challenges include low overall technology adoption and a shortage of skilled IT professionals [6]. Effective digital retail management here demands technological investment, robust policy support, comprehensive digital education, and a balance between automation and human-centric approaches [2]. The subsequent case studies of Korzinka and Makro illustrate how leading Uzbek retailers navigate these complexities with distinct strategic emphases.

Korzinka has pursued an ambitious digital transformation focused on creating a cohesive omnichannel presence for a consistent user experience across its supermarkets, Mahalla stores, and the Korzinka Go (KGo) online platform. A core strategy involves deep system integration, with over 15 connections between SAP enterprise systems and the KGo backend ensuring full alignment of prices, promotions, and discounts across all channels [3]. This integration is critical for consistency. Korzinka has also integrated deep links into its main app's promotional catalog, enabling seamless transitions to the KGo app for online purchases, minimizing customer journey friction. The KGo payment module is fully linked with in-store Point-of-Sale (POS) systems, providing a unified purchase history and digital receipts within the Korzinka app, enhancing convenience and offering comprehensive customer behavior insights [3]. A cornerstone is the Korzinka Plus loyalty program, fully integrated into the KGo app. Users manage cards, earn bonus points on KGo purchases, and view status. Future enhancements include automatic card linking, virtual QR codes for in-store use, and point redemption within the KGo app [3]. These initiatives underscore Korzinka's commitment to leveraging digital tools for customer loyalty, market position, and retention, capitalizing on Uzbekistan's growing digital adoption through an optimized end-to-end customer experience [3].

Makro, Uzbekistan's largest food retailer, has adopted a distinct digital management strategy centered on robust internal operational efficiency and financial transparency. Driven by evolving market trends and the transition to International Financial Reporting Standards (IFRS), Makro initiated a significant digital transformation in 2021, implementing comprehensive SAP solutions [5]. This strategic move aimed to automate and streamline core business processes, enhancing accounting, sales, logistics, and controlling functions. Through a gradual migration of its existing SAP ERP system, Makro sought to increase financial transparency, reduce operational labor costs,

integrate with external systems, automate currency updates, and boost warehouse efficiency [5]. The successful implementation of these SAP solutions highlights Makro's commitment to leveraging sophisticated enterprise technology for internal optimization and compliance with international financial standards [5]. While its primary focus is internal, Makro also engages customers digitally through its E-Makro app, with 140,000 downloads and a loyalty program attracting 350,000 participants [5]. Makro's prioritization of ERP for IFRS alignment and operational streamlining reflects a foundational digital management approach, ensuring robust core business infrastructure before potentially expanding into more extensive customer-facing omnichannel integrations. This strategy earned Makro industry recognition in 2021 [5].

A comparative analysis reveals distinct yet complementary digital management paradigms. Korzinka's approach is overtly customer-centric, intensely focused on creating a seamless, unified omnichannel experience by integrating online and offline touchpoints [3]. Its efforts—aligning prices, unifying purchase histories, and integrating loyalty programs—aim to enhance customer convenience, foster loyalty, and drive engagement, directly addressing evolving consumer expectations [3]. In contrast, Makro's paradigm, while including customer engagement via its E-Makro app and loyalty program, primarily emphasizes internal operational excellence and financial transparency through robust Enterprise Resource Planning (ERP) implementation [5]. Its significant investment in SAP solutions for IFRS alignment, automating core processes, and boosting efficiency underscores a strategy centered on foundational infrastructure and compliance, essential for sustainable growth in a dynamic market [5]. Both retailers leverage significant IT infrastructure, utilizing SAP systems for different strategic ends: Korzinka for customer-facing omnichannel integration [3], and Makro for comprehensive internal process automation and financial reporting [5]. Both also operate substantial loyalty programs, acknowledging their critical role in customer retention and value creation [3, 5]. This divergence reflects different pathways to navigate Uzbekistan's "design-reality gap" and "uneven progression" of digital adoption [1, 2]. Korzinka's omnichannel push elevates the consumer digital experience, while Makro's focus on internal systems ensures fundamental business soundness for future expansion. These strategies offer insights into how leading retailers prioritize digital management, balancing immediate market demands with long-term objectives.

The digital retail landscape in Uzbekistan, while dynamic, faces challenges and offers significant opportunities. A persistent "design-reality gap" means technological progress often outpaces infrastructure and interoperability [1]. This leads to uneven digital adoption, with large corporations advancing while SMEs struggle with expertise and resources [2]. Low overall technology adoption and a shortage of skilled IT professionals further hinder sophisticated digital management [6]. For retailers, these issues complicate scaling initiatives and leveraging advanced technologies like AI/ML. Comprehensive digital education and robust policy support are crucial for a uniformly digitally-enabled retail environment [2]. Despite these hurdles, opportunities are substantial. Uzbekistan's rapidly growing economy and government investment in infrastructure provide fertile ground for digital expansion [6]. There is burgeoning demand for cloud-based solutions, mobile-friendly software, and AI/ML technologies, driving businesses to automate tasks, personalize marketing, and enhance customer experience [6]. Future trajectories will likely involve intensified investment in omnichannel strategies, mirroring Korzinka's efforts. Retailers will increasingly leverage AI and machine learning for deeper customer insights, automated inventory, and hyper-personalized recommendations, moving beyond basic loyalty programs.

Expansion of digital payment systems and potential blockchain integration for supply chain transparency are also on the horizon. For Korzinka and Makro, continuous innovation, adaptation to emerging technologies, and addressing infrastructure and human capital challenges will be crucial. Their current strategies provide strong foundations, but sustained success requires ongoing digital education, strategic partnerships, and an agile approach to market changes. Policy interventions supporting digital literacy, incentivizing SME technology adoption, and fostering an IT talent pipeline will narrow the "design-reality gap" and promote inclusive digital growth across the retail sector.

Conclusion

This study revealed that leading Uzbek retailers, Korzinka and Makro, adopt distinct yet effective digital management strategies. Korzinka prioritizes customer-centric omnichannel integration, creating seamless experiences across all touchpoints. In contrast, Makro focuses on internal operational efficiency and financial transparency through robust ERP systems. Both approaches successfully navigate Uzbekistan's evolving digital landscape, underscoring the necessity of tailored digital transformation to leverage opportunities and overcome unique challenges in emerging markets.

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