

RESEARCH ARTICLE

# The Role and Distinctive Features of Retail Trade in The National Economy

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## Abstract

This article analyzes the role of retail trade in the national economy and its specific characteristics. It examines the contribution of retail trade to economic development, the provision of the domestic market through the service sector, the satisfaction of consumer needs, and the creation of jobs. The article also discusses opportunities to improve the quality of retail services through the implementation of modern digital technologies and innovative approaches, the classification of services according to various criteria, their material and intangible elements, and compliance with international standards. Based on scientific research and comparative analysis, the study identifies trends in the development of retail trade and its role in the national economy.

## KEY WORDS

Retail trade, national economy, service sector, domestic market, consumer demand, digital technologies, innovative approaches, service classification, material and intangible elements, service quality.

## INTRODUCTION

In today's global economic environment, the rapid development of the service sector is exerting a significant influence on the structural composition of national economies. In particular, in countries with developed market economies, the share of the service sector in gross domestic product (GDP) exceeding 65–70 percent demonstrates its decisive role in economic development. From this perspective, the development of the service sector, including retail trade, is one of the key conditions for ensuring the stability of the national economy. In the context of innovative economic development, the retail sector is not only a mechanism for the exchange of goods, but also an important economic institution that shapes and satisfies consumer demand. Through retail enterprises, the daily needs of the population are met, while the

assortment of goods and services is formed in accordance with market conditions, thereby contributing to the development of the domestic market within the national economy.

Retail trade is an integral part of the consumer market infrastructure, and its effective functioning serves, on the one hand, to fully and efficiently satisfy the population's demand for various goods and services, and on the other hand, to ensure the close interconnection between production and distribution processes. In this regard, the retail sector is considered an important link in the "production – distribution – consumption" chain of the national economy. At the current stage, within the framework of economic reforms being implemented in Uzbekistan, special attention is being paid to the modernization and diversification of the service sector. In

particular, strengthening the competitive environment in retail trade, introducing modern retail formats, and expanding the use of digital technologies to improve service quality and efficiency are among the priority tasks.

At the same time, the role of retail trade in the national economy is also determined by its share in GDP, its contribution to employment, and its importance in supporting small business and private entrepreneurship. The development of this sector serves as an important factor in increasing household incomes, enhancing consumer culture, and ensuring sustainable economic growth. Furthermore, the distinctive features of retail trade—such as its proximity to consumers, high adaptability to market demand, the significant role of the human factor in service delivery, and the intensity of competition—are of particular importance. This necessitates increasing efficiency in the sector, improving service quality, and widely implementing innovative approaches.

#### **LITERATURE REVIEW**

In scientific literature, the essence and content of services in the service economy, as well as the development trends of the retail services sector, have been extensively studied. In particular, issues such as improving the quality and competitiveness of retail services provided to the population, evaluating the efficiency of business entities, effectively organizing service processes, and satisfying consumer demand occupy an important place from both theoretical and methodological perspectives.

The renowned economist J.M. Keynes, who made a significant contribution to the development of global economic thought, in his work "The General Theory of Employment, Interest and Money," laid a theoretical foundation for the development of the service sector through the concepts of economic growth factors, employment levels, and effective demand. His research emphasizes that an increase in demand in the economy stimulates the expansion of service sectors, including retail trade, which in turn leads to higher labor productivity and overall economic efficiency.

Foreign scholars such as K. Haksever, B. Render, R. Russell, and R. Murdick have deeply analyzed the socio-economic importance of the service sector. Their works extensively cover the classification of services, the organization of service

processes, mechanisms for improving efficiency in service enterprises, rational use of labor resources, as well as issues related to enhancing service quality and implementing innovative approaches in retail enterprises.

Russian scholar A.A. Tkachenko has paid particular attention to the development of the labor market in the service sector. His research substantiates ways to ensure the sustainable development of the sector through the creation of new jobs, efficient use of labor resources, and the encouragement of employers. This further enhances the role of retail trade in ensuring employment within the national economy.

In the scientific works of Uzbek economist B.A. Abdukarimov, the stages of formation and development of the trade sector, achieving economic efficiency in the retail system, increasing labor productivity, ensuring service quality, and strengthening competitiveness are comprehensively analyzed. In addition, directions for the effective use of production factors in the retail process are scientifically grounded.

I.Sh. Dzakhmishева, in her research, has focused on improving methods and indicators for assessing the competitiveness of services in the retail sector, enhancing service quality, and increasing labor productivity. This serves as an important theoretical and practical basis for the stable operation of retail enterprises in a competitive market environment.

The scientific works of O.A. Semin, V.A. Saydasheva, and V.V. Panyukova analyze the organization of service activities in retail trade, service quality management, implementation of marketing research, and directions of innovative development. They substantiate that effective application of the marketing concept in the retail system makes it possible to achieve both social and economic efficiency.

In general, the above-mentioned scientific studies contribute to revealing the role of retail trade in the national economy, its development patterns, and the factors for improving its efficiency. However, in the context of the modern digital economy, issues such as the development of retail services, the introduction of innovative technologies, and the improvement of service quality based on a deeper study of consumer demand require further in-depth research.

#### **METHODOLOGY**

In this study, modern economic research methods were widely

used to scientifically examine the role and distinctive features of retail trade in the national economy. In particular, a dialectical and systematic approach was adopted as the main framework for studying the theoretical and methodological foundations of retail service development, allowing economic processes and phenomena to be analyzed in their interrelation.

During the research process, the comparative analysis method was employed to study the formation of retail services, their development trends, and their classification according to specific characteristics and directions. Through this method, the experiences of different countries, as well as the current state of the retail sector within the national economy, were compared, enabling the identification of its level of development and distinctive features.

Furthermore, using comparative and factor analysis methods, the main factors influencing the efficiency of retail services were evaluated, including consumer demand, market infrastructure, the competitive environment, and service quality indicators. This made it possible to conduct an in-depth analysis of the sector's development dynamics. The grouping method was also applied to classify retail enterprises based on various criteria, such as type of service, organizational and legal form, service volume, and market segment. This approach played an important role in identifying structural changes in the retail sector and their impact on economic efficiency. In addition, methods of statistical data analysis, generalization, and drawing scientific conclusions were utilized, ensuring the reliability and scientific validity of the obtained results.

## **RESULTS**

Historically, the service sector has evolved as a distinct field of activity specializing in specific types of services, developing gradually over time. At the current stage of economic development, this sector has transformed into a multifaceted and complex system, advancing through the integration of various forms of activity and types of services. From this perspective, it is of great importance to scientifically analyze the service sector-particularly retail services-and to classify them in a systematic manner.

In terms of its economic content, retail services involve not only the direct delivery of goods to consumers but also include

a range of additional service components. Considering the diversity of such services, the need arises to classify them accordingly. In scientific literature, several approaches to service classification exist, which are mainly based on criteria such as the functional purpose of the service, the degree of interaction with the consumer, the form of service delivery, and the market segment.

The analysis shows that it is appropriate to group retail services into the following main categories:

- ✚ core services related to the sale of goods (organization of the sales process, payment and settlement operations);

- ✚ additional service offerings (delivery, installation, warranty services);

- ✚ information and advisory services (providing product information, marketing communications);

- ✚ digital services (online trade, electronic payment systems, services via mobile applications).

This classification makes it possible to study service processes more deeply and to evaluate their efficiency. At the same time, grouping service types expands opportunities for the efficient use of resources in retail enterprises, improves service quality, and enhances competitiveness.

The conducted analysis revealed that retail trade occupies an important place in the national economy, serving as a key factor in ensuring the stability of the domestic market, satisfying consumer demand, and stimulating economic growth. In particular, the introduction of digital technologies is elevating retail services to a qualitatively new level, increasing both the speed and convenience of service delivery. At the same time, the analysis also identified certain challenges in the retail sector. In particular, factors such as uneven service quality across regions, insufficient development of digital infrastructure, and a shortage of qualified personnel hinder the sustainable development of the sector. Overall, the research findings indicate that the systematic development of retail services, their improvement in line with modern requirements, and the introduction of innovative approaches are of great importance for enhancing the efficiency of the national economy. (Table 1). Analysis and Results. As a result of rapid scientific and technological progress and the accelerated development of the digital

economy, new types of services with non-traditional characteristics are emerging in the service sector. This fundamentally transforms the content, form, and delivery mechanisms of services, requiring them to be considered as a new economic category distinct from traditional service types. In particular, information services differ from traditional services in several specific aspects. For instance, the outcomes of such services can be stored and distributed through material carriers (electronic documents, databases, mass media). At the same time, one of their key features is that they do not necessarily require direct personal interaction between the service provider and the consumer, as they can be delivered remotely in digital formats. This has led to an increasing share of e-commerce, online platforms, and digital services in the retail sector.

The ratio between tangible and intangible elements varies across different forms and types of services, which serves as an important criterion for their classification. According to scientific approaches, services can be conditionally divided into traditional and non-traditional types. Traditional services are usually directly dependent on the human factor, whereas non-traditional services are based on digital technologies and innovative solutions. The analysis shows that in most service

types, tangible and intangible elements are closely integrated. For example, services such as computer repair or internet connectivity require not only physical resources (equipment and technical tools) but also a high level of intellectual labor and expertise. Similarly, in catering services, both service and product elements are combined: a portion of consumer expenditure is allocated to the finished product, while the remaining part relates to the service process (preparation, service delivery, ambiance creation, etc.).

Certain service types are characterized as "pure services," where intangibility predominates. These include healthcare services, education, and social care services (care for the elderly, persons with disabilities, and children). Although these services are not directly related to retail trade, they play an important role in shaping overall trends in the service market. Based on the above analysis, it can be concluded that the integration of tangible and intangible elements in retail services, the widespread adoption of digital technologies, and the diversification of consumer demand are the key factors determining the development of the sector. This highlights the need to apply innovative approaches, improve service quality, and strengthen competitiveness in the development of retail services.

**Table 1**  
**Common Approaches to Service Classification**

Foreign		National	
ISO	International Standard Industrial Classification (ISIC)	Russian Classification of Services to the Population OK-002-93 (OKUN)	National Classification of Services to the Population
1. Business activity		1. Household	1. Household
2. Telecommunications	1. Telecommunications	2. Telecommunications	2. Telecommunications
3. Construction and Engineering			
4. Distribution (Distributorship)	2. Warehouses, Trade, Restaurants, and Hotels	3. Trade, Public Catering, and Markets	3. Trade, Public Catering, and Markets
5. Education		4. Education	4. Education
6. Financial, including Insurance		5. Banks, Insurance, and Financial Intermediation by Banks	5. Banks, Insurance, and Financial Intermediation by Banks

7. Healthcare and Social Services	3. Public, Individual, Social	6. Medical 7. Housing and Utilities	6. Medical 7. Housing and Utilities
8. Tourism and Travel		8. Tourist and Excursion	8. Tourism and Recreation
9. Recreation, Culture, and Sports			
10. Transport	4. Транспорт	9. Transportation	9. Transportation
11. Others	5. Others	10. Others	10. Others

Service Classification and International Experience. The service sector is constantly evolving, and the emergence of new types and forms of services often results in traditional domestic and foreign classifications not fully aligning with international standards. Newly emerging service types are frequently excluded from scientific classifications and existing classifiers, which creates challenges for analyzing and evaluating services in the modern economic environment. According to ISO 9004-2, all services are divided into two main types:

- ✚ Mixed services (containing products or semi-finished goods) – services combined with goods or tangible products;

- ✚ Pure services – services that do not produce tangible products and are entirely focused on service delivery.

The French Standardization Association has proposed the following classification of services:

- ✓ Services stimulated by product production but independent – including after-sales services, technical maintenance and repair, and marketing services.

- ✓ Services linked to other services – such as order processing, information provision, and internships;

- ✓ Independent services – including consulting, financial services, tourism, and others.

Foreign scholars have also extensively studied the types and classification of services. For example, F. Kotler, in "Principles of Marketing," classifies goods and services as follows:

- ❖ Pure tangible goods – consist solely of the product, without additional services;

- ❖ Tangible goods with accompanying services – one or more relevant services are added to enhance the attractiveness of the product to the customer;

- ❖ Core services with supplementary goods and services – the main offering is a service, complemented by goods and additional services;

- ❖ Pure services – the offering consists primarily of a service.

P. Patterson analyzed service types based on two key characteristics: the degree of tangibility and the level of direct interaction between producer and consumer, identifying four types:

- ✓ Pure services – minimal interaction: financial, insurance, design, and information technology services;

- ✓ Productized services – low interaction: audio and video products, equipment testing, specialized software development;

- ✓ Pure services – high interaction: engineering, legal, and management consulting;

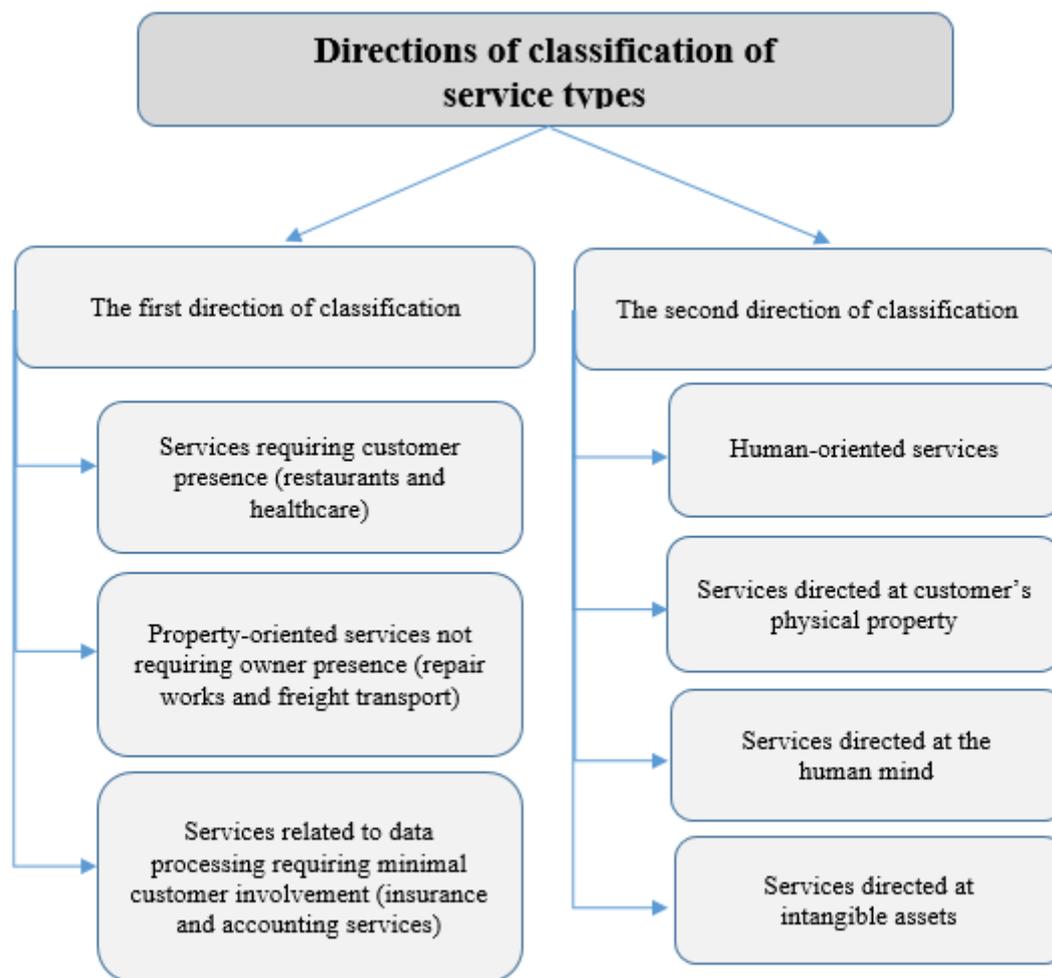
- ✓ Productized services – high interaction: on-site training, hotel services, and advisory services for complex equipment usage.

K. Lovelock proposed a detailed and comprehensive system for classifying services. His approach distinguishes two main directions:

- ✚ Customer presence during service delivery – the level of direct interaction with the consumer;

- ✚ Nature of the service object – the type of object targeted by the service and its structural components.

Lovelock's matrix model allows for classification of services based on their fundamental characteristics: the composition of objects and the nature of actions. This model is applied in retail trade to evaluate the tangible and intangible components of services, as well as the efficiency and competitiveness of service delivery processes.



**Figure 1. Classification of Service Types Proposed by K. Lovelock**

The service sector has been classified by various scholars according to different criteria, and a single unified standard has not yet been established. The types and characteristics of services have been analyzed as follows:

1. By Resources:

K. Grönroos divides services into two main groups based on the level and ratio of resources used in service delivery:

- ✚ People-dependent services

- ✚ Technology-dependent services

✚ Services can also be classified by purchase frequency: regularly purchased services (e.g., banking, cleaning, delivery) and occasional services (e.g., medical services).

2. By Communication and Tools:

T. Clark and D. Rajataman categorize services into four types:

- ✓ Services based on direct interaction between buyer and seller

- ✓ Services delivered without direct interaction via telecommunications (radio, TV, satellites)

- ✓ Services linked to service platforms requiring direct investment

- ✓ Services embodied in goods

3. By Impact and Purpose:

K. Haksever et al. classify services as:

- ✚ Services affecting people physically

- ✚ Services directed at people's minds

- ✚ Services aimed at processing assets

- ✚ Services aimed at processing information

4. By Object and Orientation:

A.A. Aleksunina et al. classify services according to the characteristics of the service object:

- ✓ Actions directed at the human body (healthcare, transport, beauty salons, restaurants, cafes)
- ✓ Actions directed at physical objects (cargo transport, equipment repair, cleaning, veterinary services)
- ✓ Intangible actions directed at human intellect (education, information services, theaters, museums)
- ✓ Intangible activities with intangible assets (banking, legal and consulting services, insurance)

5. Functional and Sectoral Criteria:

V.D. Markova divides services into five types:

- ✚ Production services (leasing, engineering, technical services)
- ✚ Distribution services (retail, transport, communications)
- ✚ Professional services (banking, insurance, advertising)
- ✚ Consumer services (household, leisure)
- ✚ Collective services (TV, radio, education, culture)

6. Retail Trade-Specific Criteria:

T.N. Nikolaeva and N.R. Yegorova classify services as:

- ✓ By direction: general and specialized
- ✓ By payment type: paid and free
- ✓ By importance to the consumer: core and supplementary

7. Detailed and Comprehensive Classifications:

E.A. Batraeva identifies ten main characteristics of services:

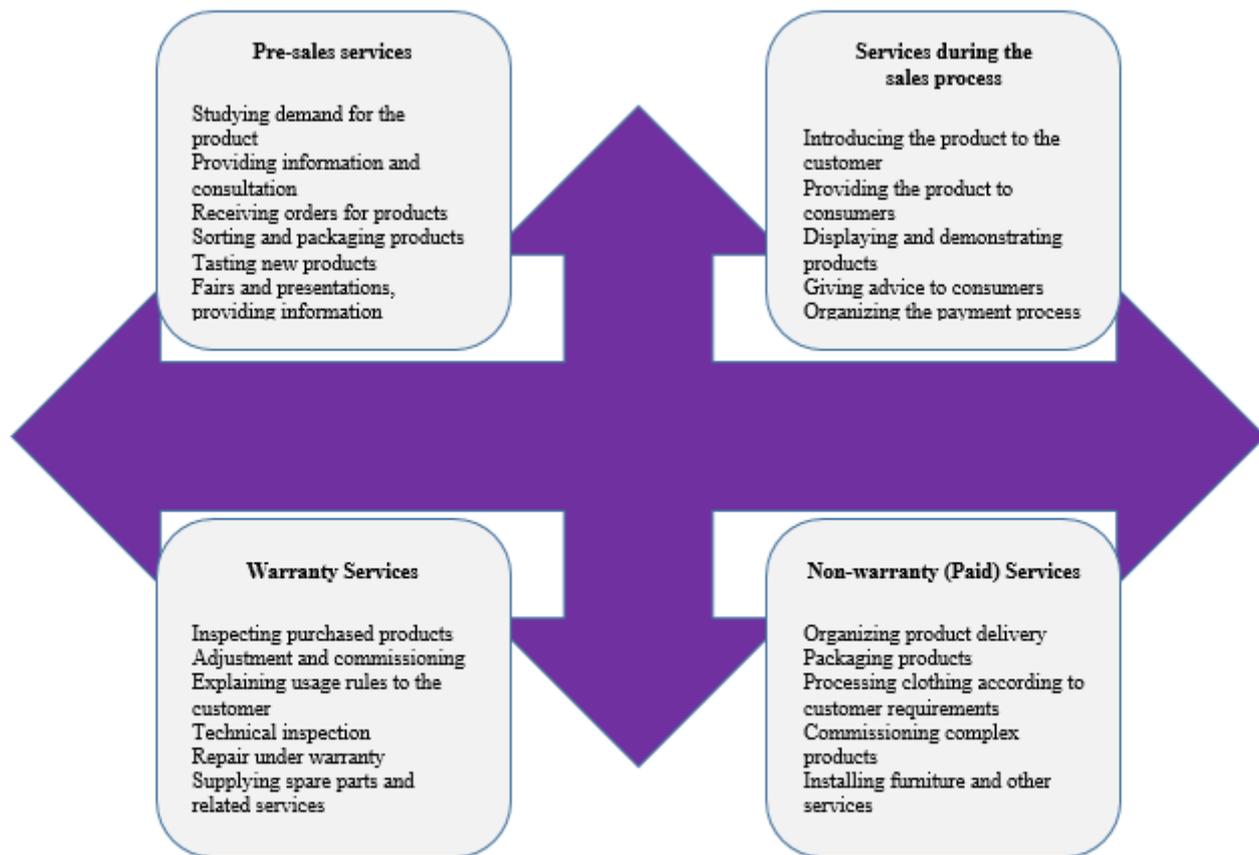
- ✚ Field of activity: tangible and intangible
- ✚ Delivery type: paid and free

- ✚ Orientation: production or consumption
- ✚ Consumption mode: societal, individual, mixed
- ✚ Location: domestic and foreign
- ✚ Economic sector: financial and non-financial
- ✚ Ownership: state and private
- ✚ Territorial focus: local, regional, national
- ✚ Legal status: legal and illegal
- ✚ Type of service: information, transport, etc.

V.N. Stakhanov and D.V. Stakhanov provide a detailed and comprehensive classification:

- ✓ Nature: absolute and utilitarian
- ✓ Purpose: personal and collective
- ✓ Distribution sector: production and non-production
- ✓ Commercialization level: commercial and non-commercial
- ✓ Organizational form: state and non-state
- ✓ Production method: pure and mixed
- ✓ Abstraction level: ideal and real
- ✓ Legality: legal and illegal
- ✓ Externalism: public and private goods
- ✓ Degree of tangibility: tangible and intangible
- ✓ Complexity level: simple and complex

This comprehensive overview demonstrates that services can be analyzed and classified along multiple dimensions, which is essential for evaluating service efficiency, planning development strategies, and improving competitiveness, particularly in the retail sector.



**Figure 2. Types and composition of retail enterprise services by duration of delivery**

In retail enterprises, services that require additional expenses are provided for a separate fee based on an approved price list. At the same time, retail services must comply with the following main requirements:

1. Social Purposefulness

- ✚ Accessibility and equitable distribution of services for different categories of consumers;
- ✚ Product assortment and sales methods should meet consumer expectations;
- ✚ Professionalism of personnel and quality of the service nomenclature;
- ✚ Preferences and convenient conditions for children, people with disabilities, and physically limited individuals;
- ✚ Consideration of social aspects in the design of retail facilities and buildings.

2. Functional Appropriateness

- ✓ Compliance with work schedules and order deadlines;
- ✓ Quality and variety of products and services;
- ✓ Professional competence of staff, ability to interact with consumers, and adherence to ethical standards.

3. Information Provision

- ✚ Availability of reliable information about products and services;
- ✚ Information about consumer rights and rules of sale.
- ✚ These requirements are established in accordance with the Law of the Republic of Uzbekistan "On Protection of Consumer Rights."

4. Ergonomics and Convenience

- ✓ Convenient placement of goods and ease of the purchase process;
- ✓ Proper lighting, ventilation, hygiene, and temperature control in sales areas;
- ✓ Interior design, furniture, and equipment layout for accessibility;
- ✓ Visual information and navigation systems for customers.

#### 5. Service Culture

- ✚ Professional skills, courtesy, competence, and high level of service of personnel;
- ✚ Fast and efficient service delivery to consumers.

#### 6. Safety

- ✓ Ensuring safe conditions for the life and health of customers;
- ✓ Protection of property and goods;
- ✓ Emergency plans and coordination with emergency services.

#### 7. Environmental Protection

- ✚ Compliance of retail premises, building technical conditions, ventilation, and water supply with standards;
- ✚ Ensuring that retail activities do not negatively impact the environment;
- ✚ Compliance with occupational safety and health regulations.

#### ✚ Methods for Assessing Service Quality

- ✚ Expert Method: Evaluation of retail service providers by experts and industry specialists; analysis of the service process and documentation.

#### Sociological Method:

- ✓ Collection of consumer feedback via surveys and questionnaires;
- ✓ Analysis of online reviews and opinions;
- ✓ Assessment of service quality and effectiveness through sociological research.

### **CONCLUSION**

Service classification-the process of categorizing services-is important in economic theory and practical activities of market participants. Classifying service types allows us to reflect their development in the national economy and the modern understanding of retail trade services. It also clarifies the role and importance of each service type in the retail process and

highlights its distinctive characteristics.

Although service classification has been widely discussed in the literature, the process remains incomplete. Modern scientific and technological progress, digital technologies, consumers' capabilities, and rising demands for service quality drive the development of new service types. Existing classifications do not fully capture the characteristics of the retail trade system, indicating the need for deeper research.

Classification of Retail Trade Services by Consumer Needs:

- ✚ Core services related to the sale of goods;
- ✚ Supportive services assisting consumers in purchasing and using products;
- ✚ Information and consulting services;
- ✚ Additional services providing convenience for consumers.

When classifying retail services, key characteristics must be considered. Some services may belong to multiple groups, reflecting their multifunctionality and the flexibility of the service system. For example, retail sales services can be classified according to:

- ✓ Level of importance;
- ✓ Interaction with products and goods;
- ✓ Degree of customer involvement;
- ✓ Sensitivity level;
- ✓ Purpose, and others.

This approach allows for selecting the most appropriate criteria for evaluating service types and ensures flexibility in service classification.

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