

## ROLE OF MARKETING STRATEGY IN CHEWING GUM INDUSTRY IN UZBEKISTAN

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### Abstract

This article discusses the importance of marketing strategy in the Uzbek chewing gum market and how companies gain competitive advantage through it. Another main goal of writing the article is to study and analyze an unexplored market. On the other hand, it is to discuss a market that is currently developing and expanding. For this, primary and secondary research is conducted, and in primary research, an interview was conducted with the head of marketing of one of the giants of the chewing gum industry in Uzbekistan. By analyzing and discussing this data, the role of marketing in the chewing gum industry is revealed.

**Key words** – chewing gum, marketing, strategy, differentiation, market, dynamics.

### Introduction

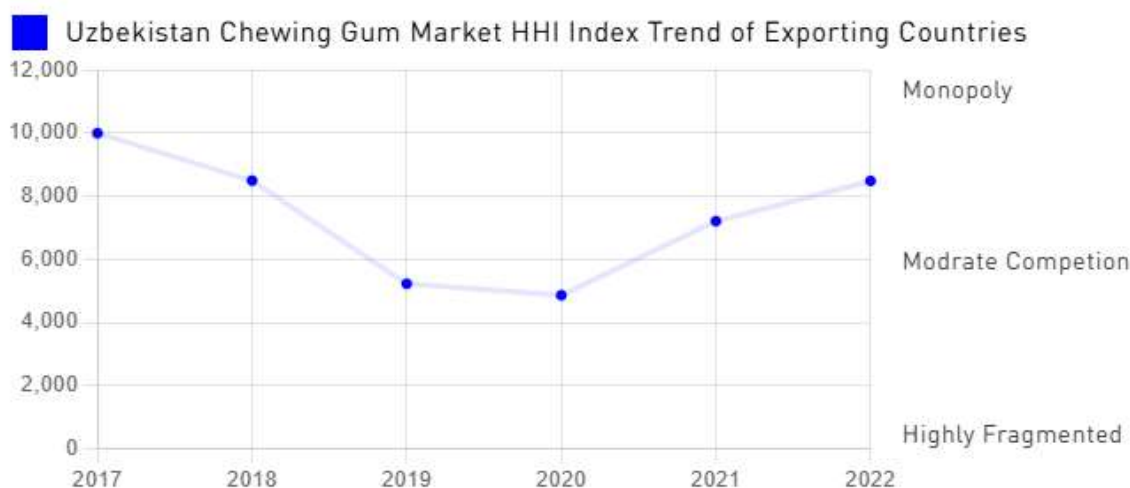
According to "Chewing Gum Market Size was valued at USD 16.8 Billion in 2023. The Chewing Gum is projected to grow from USD 17.6 Billion in 2024 to USD 25.4 Billion by 2032, exhibiting a compound annual growth rate (CAGR) of 4.70% during the forecast period (2024 - 2032) (MarketResearch.com, 2023)." This report determines the importance of marketing strategy in the chewing gum industry in Uzbekistan. This is determined by international research and research by the company "Gumstar". An interview with the chief marketer of this company, Ismail, helps to see the market. It shows how they are entering the growing industry with what marketing strategy and sharing the share with the market giants. These statistics are a clear example of this.

### Literature review

According to Euromonitor International (2023) The chewing gum market, which was expected to decline until 2020, has been growing since that year and is still growing. This is due to the increase in impulse purchases after COVID-19. Sales are also expected to increase. Although inflation is also increasing, the increase in the purchasing power of the Uzbek population, urbanization and increased employment are increasing sales. Recent retail sales levels have achieved significant growth in 2018-2023. Health levels and economic growth are also leading to an increase in chewing gum sales.

The total revenue of the Confectionery & Snacks market is estimated at US\$5.31bn in 2024 and is expected to grow by 6.78% by 2029 in Asian Countries. The highest revenue is observed in America, which is US\$135bn in 2024. This translates to US\$65.85 per person. The volume of the Confectionery & Snacks market is expected to grow by 1.07bn kg by 2029. This value is expected to grow by 2.3% in the following year. The expected Confectionery & Snacks market volume per person in 2024 is estimated to be 12.0kg (statista, 2024).

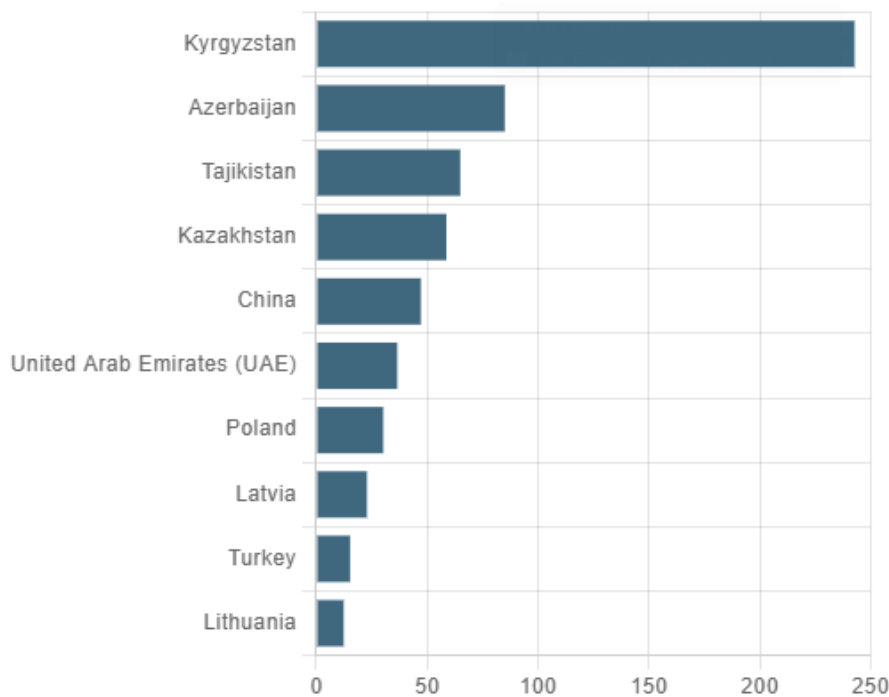
The Chewing gum market in Uzbekistan is currently ranked at 8489 according to HHI. This figure was 10000 in 2017. This means that the market is moving towards a highly concentrated market. The Herfindal index measures how competitive exporting countries are. Where a lower index number represents a larger number of players or exporting countries in the market while a large index number means fewer numbers of players or exporting countries in the market (6Wresearch, 2024).



Source: 6Wresearch

Note: HHI Index which is also known as Herfindahl Hirschman index measures the competition in the country where HHI less than 1500 means highly competitive; 1500-2500 means moderately competitive; 2500-6000 means concentrated and more than 6000 means highly concentrated

### Uzbekistan Export Potential Assessment For Chewing Gum Market (Values in USD Thousand)



Source: 6Wresearch

Note: Export potential is calculated by considering trade relations, duties, distance, tariffs, total import demand, GDP growth projection from IMF World Economic Outlook

For Uzbekistan, the Kyrgyz market is one of the best export destinations, ahead of Azerbaijan, Tajikistan, Kazakhstan and China. However, if we take the whole world, America is in the lead. By 2028, Kyrgyzstan may become a good country for chewing gum export with the highest potential for Uzbekistan (6Wresearch, 2024).

**Hypothesis** – marketing strategy is playing a crucial role in growth in chewing gum industry in Uzbekistan

#### Methodology

##### Primary research

I collected primary research by interviewing marketing manager of “GumStar” chewing gum Company that produces “Alif” and “Pulpy” chewing gums.

Questions that I gave on interview:

1. *How would you describe the market dynamics and consumer behavior in the Uzbek chewing gum industry? Are there unique cultural or regional factors that influence customer preferences?*
2. *What strategies do you use to differentiate your brand from competitors in a market where products can appear similar to the consumer?*
3. *What types of marketing campaigns are proving to be the most effective in engaging your target audience and increasing sales? For example, digital marketing, in-store promotions, events and etc.*

4. *What are the main challenges you face in developing and implementing a marketing strategy for chewing gum in Uzbekistan? How do you solve these problems?*
5. *What trends or innovations in the chewing gum market do you think will affect your marketing strategies in the coming years?*

## Results

<p><b>1. How would you describe the market dynamics and consumer behavior in the Uzbek chewing gum industry? Are there unique cultural or regional factors that influence customer preferences?</b></p>	<p>There is a significant growth in the chewing gum market in Uzbekistan and around the world. Our research has shown that the world has seen a significant increase in the consumption of sugar-free chewing gum. The main growth is observed in the Asian continent, because social life is also growing in the Asian continent. When we studied social life in Uzbekistan, we also witnessed a significant growth. The increase in social life and income leads to the population taking care of their health, and the consumption of chewing gum also increases. Then the consumption of chewing gum increases, the consumption of healthy chewing gum increases, and the demand for sugar-free chewing gum increases. Most of the population of Uzbekistan considers chewing gum to be an ethical etiquette for digestion.</p>
<p><b>2. What strategies do you use to differentiate your brand from competitors in a market where products can appear similar to the consumer?</b></p>	<p>Currently, there is no one in Uzbekistan who can give a clear answer to the question of why people chew gum of this particular brand. The reason is that gum is sold impulsively. When we conducted a study, it became clear that the answer to the question of why people chew Orbit is simply watching a lot of advertising and being in constant contact with Orbit. There is no main reason. In our strategy for the next two years, we plan to add some substance to the gum. It will</p>

	<p>perform some specific function. For example, cleaning tooth enamel, preventing nicotine addiction, and another of our main plans is to increase male potency. Although Uzbekistan is currently one of the countries with the highest testosterone levels in men, however there are also many people who are forced to awaken the male hormone with the help of drugs.</p> <p>Our current strategy is to give the same message everywhere. We can surround people from all sides with the message "Every meal ends with Alif."</p>
<p><b>3. What types of marketing campaigns are proving to be the most effective in engaging your target audience and increasing sales? For example, digital marketing, in-store promotions, events and etc.</b></p>	<p>So far, we have not taken any action towards the consumer in chewing gum. Our main action was to implement a campaign for shopkeepers in order to increase the active customer base, and this led to a 2-fold increase in our sales compared to last year. Our plan for the coming years is to focus on consumer-oriented campaigns after introducing new products to the market. In order to increase product sales, we will further increase the focus on digital marketing and campaigns such as "Every meal ends with Alif".</p>
<p><b>4. What are the main challenges you face in developing and implementing a marketing strategy for chewing gum in Uzbekistan? How do you solve these problems?</b></p>	<p>In Uzbekistan, many businesses are not systematized, and problems with the cooperation of internal departments have always plagued marketers. As I mentioned above, we want to develop a new product. For example, if the marketing strategy plans to promote the product in the spring, this may be delayed until the summer due to interrelationships. In this case, only the adaptation of the marketing manager will</p>

	<p>be the solution. Many business owners in Uzbekistan can only predict for a year and they do not allow to Marketing managers to conduct a long research. It is very difficult to explain this to a businessperson. We give two solutions to this situation. The first is to prove this to the business owner with specific numbers, and the second is to work with short-term marketing strategies. The third problem is the problem of implementing it. As a solution to this, we hire strong specialists and make a deep research.</p>
<p><b>5. What trends or innovations in the chewing gum market do you think will affect your marketing strategies in the coming years?</b></p>	<p>As I mentioned earlier, the next gum will be filled with additional flavors. The goal is for, customer need to know why they are chewing gum and why they are chewing our gum. Another innovation is that we are working on a gum that can be chewed in three different flavors in 3 minutes, and we have started analyzing how it is received in the market. The main strategy right now is to giving clearly clear message to the customer.</p>

**Secondary research**

I got information as a secondary research from articles and websites that related to my topic. Information more about aspects that impacting on growth of chewing gum consumption in Uzbekistan.

Although the Marketing manager of “Gumstar” company gave us some market information that they researched for a years.

**Analysis**

Alif also entered the market with a clear understanding of the growth in the market. The fact that people are now more concerned about sugar-free health and a good understanding of the growth in the chewing gum market helped them develop a strong strategy. As mentioned in the interview, social consciousness is really growing in the Asian region. Realizing this, Alif developed pricing and marketing strategies for the market.



From the interview, we learned that currently the market is almost homogeneous and the only thing that distinguishes companies from each other is their marketing strategy. Alif's marketer gave this example of Orbit, a giant in the market. Orbit entered the market many years ago and analyzed the market gap very well. Orbit's strategy was to constantly communicate with the customer and show him advertising everywhere. Therefore, if you ask a person why he chews this particular brand of gum now, he will not be able to answer this question. Based on this conclusion, Alif has set a clear strategy for the next two years. Give a clear message to the customer. The customer must know why he chews Alif. To do this, they want to mix a substance that performs a specific function in the gum. For example, as mentioned above, to increase male harmony. They develop all new strategies by studying the market and customer conditions. They are currently also using the same strategy of displaying the same message on every side, "Every meal ends with an Alif."

According to the marketing manager, Gumstar is not currently using digital marketing. They used a different strategy to enter the market. They held a campaign for shopkeepers to increase their active customer base, which doubled their sales. In the coming years, they plan to introduce new products to the market. After the product is introduced, they plan to implement a consumer-oriented marketing strategy. The main message here remains "Every meal ends with "Alif".

From the interview, we learn that the main problem in the Uzbek market is currently the systematized businesses. The marketing manager of the "Gumstar" company is also facing problems in creating and implementing a marketing strategy due to the lack of systematization of the business. Since the company is new, it has not yet been fully systematized. The marketing manager says that due to the problem of interrelationship between departments, the manager is facing problems in organizing and implementing his work. For example, if the marketing manager plans to introduce a new product to the market in the spring and has prepared a market analysis and marketing strategy for the spring, but due to the irresponsibility of other departments or other factors, the new product will have to appear on the market in the summer, this will create a big problem for the marketing manager. In this case, the solution is for the marketing manager to adapt to this situation or to develop risk management for such a situation in advance. Many businesspersons cannot predict beyond a year and ask the marketing manager to study the market and increase sales in a certain period of time. In this case, the marketing manager cannot analyze the market well and has difficulty creating a long-term marketing strategy. In this case, Ismail, the marketing manager of the "Gumstar" company, said that he could make his job easier by showing the businessman how important it is to create a long-term strategy with specific numbers. The reason is that in a normal situation it is very difficult for a businessman to understand this. We learned from the interview that there were always problems and

difficulties in implementation, and the only solution to this was to assemble a good team. The reason is that a good team can solve problems together and quickly.

The Gumstar team studied the market and found that the main problem with chewing gum brands is that they are not able to convey a clear message. Therefore, they want to approach chewing gum with a clear message and to do this, they have focused on chewing gum that solves the customer's problem as their main goal for the coming years. They mentioned that another major innovation they are currently working on is a chewing gum that can be made in 3 different flavors in 3 minutes and they are also conducting research on how the market and customers will receive it.

### **Discussion**

We have seen above that the chewing gum industry is growing in Central Asia, and we can see this in the numbers. The company "Gumstar" entered the market after studying this information in depth. We saw that the snack market began to develop again 2-3 years after Covid 19, which also had a great impact on the Uzbek market. According to the information provided by the company "Gumstar", although Orbit is currently the market leader, there is a vacant place in the upper tier. And this tier is easily covered by customers. That is why they have focused their main focus here. There is no main purpose for chewing gum among customers, and many customers think that they only need to chew it to eliminate bad breath after eating. In the conversation after the interview, the marketing manager mentioned many more things. One of them is that they plan to pay special attention to chewing gum for adults and children. The reason is that chewing gum is usually given to young children. That is why they worked separately for each one.

Currently, since 2017, competition in the market has been growing, as we have seen in the graphs. From the interview, we learned that over the past few years, Gumstar has been studying the Uzbek market and developing marketing strategies. Based on the information provided by Gumstar, these include ensuring that their chewing gum is always available where there is food, and therefore giving a constant message, emphasizing that it is sugar-free, and also covering the segment of customers who care about their health, and promoting halal chewing gum to the public, since the main population of Uzbekistan is Muslim. In addition, they should not underestimate the importance of constant distribution.

The Gumstar company is currently developing a strategy for the market in Uzbekistan and is also studying the countries of Central Asia. Marketing manager Ismail said that they are currently analyzing neighboring countries and are close to expanding. Research has shown that Kyrgyzstan is the most favorable country for chewing gum export among neighboring countries, and the Gumstar team has also noticed this. They said that they are currently studying the market and developing a marketing strategy for the Kyrgyz market.



Until now, only one marketing strategy has worked in the chewing gum market. This is a constant message through mass marketing. We can see this in the example of Orbit and other once-giant companies that have not been in the market for many years. Companies that were once giants in the Uzbek market, such as "Kango" and "Zizi", have captured the market in this way, but now they are barely gaining market share. Companies that have entered the market with new innovations and new marketing strategies are pushing them out of the market. This was examined in this research using the example of "Gumstar". The role of marketing strategy is important not only in the chewing gum industry, but in every industry.

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