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IMPROVING MARKETING SERVICES FOR LOCAL BRAND DEVELOPMENT: A THEORETICAL AND ANALYTICAL FRAMEWORK FOR EMERGING MARKETS

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Abstract: The development of competitive local brands has become a strategic priority for transition economies seeking to diversify exports and reduce dependence on commodity trade. This article examines the role of marketing services — market research, advertising, public relations, digital promotion, and branding — in strengthening the competitiveness of domestically produced goods, using Uzbekistan as an illustrative case of a rapidly digitalizing emerging market. Drawing on brand equity theory, customer-based brand equity, and nation-branding literature, the study integrates PESTEL and Porter's Five Forces analysis to evaluate the institutional and market conditions under which local marketing service providers operate. The analysis finds that the marketing services sector in such economies is expanding unevenly: digital channels and e-commerce infrastructure are growing quickly, while strategic branding capacity among small and medium-sized producers remains underdeveloped. The article proposes a structured framework for improving marketing service delivery to local brands and offers policy and managerial recommendations relevant to producers, marketing agencies, and public authorities engaged in export promotion.

Keywords: marketing services, local brands, brand equity, emerging markets, digital marketing, nation branding, export competitiveness, Uzbekistan

Introduction

Brand-driven competition has become one of the defining features of contemporary trade, and the ability of domestic producers to build recognizable, trusted brands increasingly determines whether they can compete against imported goods at home and expand into foreign markets abroad. For economies undergoing structural transformation, this challenge is particularly acute: local producers frequently possess adequate production capacity but lack the marketing infrastructure — research, advertising, positioning, and digital promotion — needed to translate product quality into market recognition and consumer loyalty.

The topicality of this research is reinforced by recent structural shifts in transition economies. In Uzbekistan, for example, industrial output grew by 6.8 percent in 2025 and exports rose by roughly 24 percent to approximately €29 billion, a trajectory that has prompted state authorities to introduce targeted support for brand promotion, including subsidies of up to €43,000 for enterprises adapting their branding to international market requirements. At the same time, the domestic digital

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environment is changing rapidly: by early 2025 the country had approximately 11.7 million active social media users, equivalent to roughly a third of the population, and e-commerce turnover is forecast to grow at an average annual rate of over 40 percent through 2027. These parallel developments — expanding production and exports, growing state support for branding, and rapid digitalization of consumer behavior — create both an opportunity and an urgent policy question: how should marketing services be organized and improved so that local brands can convert these favorable conditions into durable competitive advantage?

Despite the practical urgency of this question, the academic literature on marketing services as an object of study — as distinct from marketing as a general business function — remains fragmented, particularly for transition and emerging-market contexts. Existing studies tend to treat branding, advertising, and digital promotion as separate subfields rather than as components of an integrated service system that connects producers, marketing intermediaries, and consumers. This article addresses that gap by proposing an integrated theoretical and analytical framework for studying and improving marketing services in the context of local brand development, and by testing the framework's relevance against recent evidence from a representative emerging market.

The remainder of the article is organized as follows. Section 2 reviews the theoretical foundations of brand equity, customer-based brand equity, and nation branding, and situates marketing services within this literature. Section 3 sets out the analytical methodology, including the application of PESTEL and Porter's Five Forces frameworks. Section 4 presents the analysis of the marketing services environment for local brands. Section 5 discusses the practical significance of the findings and proposes directions for improving marketing service delivery. Section 6 concludes.

Literature Review and Theoretical Framework

Brand equity as the foundation of marketing service value: The concept of brand equity provides the starting point for understanding why marketing services matter for local producers. Aaker's foundational model conceptualizes brand equity as a set of assets and liabilities linked to a brand's name and symbol, comprising brand awareness, perceived quality, brand associations, brand loyalty, and other proprietary assets, which together add to or subtract from the value a product provides. This model implies that marketing services are not peripheral to production but are the mechanism through which latent product quality is converted into recognized, monetizable brand value.

Keller's customer-based brand equity model extends this reasoning by locating brand equity in consumer knowledge structures — specifically, brand awareness and brand image built through favorable, strong, and unique brand associations. Keller's later strategic brand management framework operationalizes this model further, setting out a sequential process of brand identity, meaning, response, and resonance that marketing service providers can use to plan and sequence their interventions rather than treating awareness campaigns and positioning work as unrelated activities. For local brands competing against established international products, this pairing of models highlights a structural disadvantage: without sustained investment in marketing communications, local producers struggle to build the depth of brand knowledge that international competitors have accumulated over decades. Marketing services, in this sense, function as the primary instrument by

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which local brands can accelerate the formation of brand knowledge among domestic and, eventually, foreign consumers.

Nation branding and the country-of-origin dimension: A distinguishing feature of local brand development in emerging markets is the interaction between individual brand equity and the reputation of the country of origin. Anholt's competitive identity framework argues that the international image of a country functions similarly to a corporate brand, shaping how goods, tourism, investment, and culture associated with that country are perceived abroad. Anholt's earlier empirical work constructing a nation brands index demonstrates that this country-level image can be measured along dimensions such as exports, governance, culture, people, tourism, and investment, and that it varies systematically across countries rather than being a vague or unmeasurable perception. For local brands, this means marketing services cannot be designed in isolation from national image-building efforts; a coordinated country brand strengthens the credibility of individual product brands seeking to enter foreign markets, while a fragmented or weak country image raises the marketing burden placed on each individual exporter. This interaction is particularly visible in current Uzbek policy, where state subsidies for brand adaptation are being paired with broader efforts to project a coherent "Made in Uzbekistan" identity in international markets.

Marketing services as an intermediation system: Building on these brand-theoretic foundations, marketing services can be conceptualized as an intermediation system comprising five interrelated service types. Market research reduces producers' uncertainty about consumer preferences. Advertising builds awareness and associations. Public relations, defined by the profession's own standard-setting body as a strategic communication process that builds mutually beneficial relationships between organizations and their publics, manages reputation and stakeholder trust rather than one-off promotional messaging. Digital marketing, understood in line with established strategy-and-implementation literature as the application of digital technologies to achieve marketing objectives through improved customer knowledge, targeting, and integrated communication, enables scalable, data-driven engagement. Branding services proper cover design, positioning, and identity development. Underlying all five service types is the broader function that the marketing profession's own accepted definition assigns to marketing itself: the set of activities, institutions, and processes for creating, communicating, delivering, and exchanging offerings of value. The scientific novelty of the framework proposed here lies in treating these five service types not as independent functions but as a coordinated system whose components must be sequenced and integrated for local brands to achieve the levels of awareness, perceived quality, and loyalty that brand equity theory identifies as necessary for sustainable competitiveness.

Research Methodology

The study adopts a qualitative-analytical approach combining theoretical synthesis with structured environmental analysis, appropriate for a topic where quantitative firm-level data on marketing service consumption by local brands remains limited in most emerging-market statistical systems.

Two complementary analytical tools are applied. First, PESTEL analysis — an extension of the environmental-scanning approach originally proposed for systematically tracking the political,

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economic, social, and technological trends that condition organizational strategy — is used to map the political, economic, social, technological, environmental, and legal factors shaping the operating environment for marketing service providers and their local-brand clients. This tool is well suited to capturing the state-driven and rapidly digitalizing character of marketing environments in transition economies, where policy incentives and technological adoption often move faster than firm-level strategic capacity. Second, Porter's five-forces framework, first articulated as a way of explaining how industry structure determines the intensity of competition and long-run profitability and later elaborated into a full competitive-strategy framework, is applied to the marketing services industry itself — treating marketing and branding agencies as the industry under analysis — in order to assess competitive rivalry among service providers, the bargaining power of local-brand clients, the threat of substitution from in-house or informal marketing solutions, the bargaining power of digital platform suppliers (social media and marketplace operators), and barriers to entry for new agencies.

Secondary data for the analysis are drawn from national statistical reporting, industry and market research publications, and recent sector commentary on digital marketing and e-commerce trends in the case-study economy, triangulated to ensure that quantitative claims about market scale and growth are corroborated across at least two independent sources. This methodological choice reflects the analytical, evidence-based approach the study aims to demonstrate: theoretical claims about brand equity and service intermediation are tested against observable, current market conditions rather than treated as abstract propositions alone.

Analysis: The Marketing Services Environment for Local Brand Development

PESTEL analysis: Political and legal conditions in the case economy currently favor local brand development: state programs offering subsidies of up to €43,000 for export-oriented branding adaptation signal a deliberate policy choice to treat marketing and branding as investable, state-supported activity rather than a discretionary private expense. Economically, sustained export growth of approximately 24 percent and industrial output growth of 6.8 percent create rising production volumes that require commensurate marketing capacity to reach both domestic and foreign buyers; without parallel investment in marketing services, production growth risks outpacing brand recognition. Socially, the consumer base is young, increasingly urban, and linguistically distinct, with the overwhelming majority of digital content consumption occurring in the local language — a factor that raises the strategic value of marketing services capable of culturally localized communication rather than translated international campaigns. Technologically, the environment is characterized by rapid growth in social media penetration and e-commerce infrastructure, including domestically developed marketplace and fintech ecosystems that already serve tens of millions of monthly users; this lowers the technical barrier to market entry for local brands but simultaneously raises the sophistication threshold for effective digital marketing execution. Legal and regulatory factors are anchored in Uzbekistan's Law "On Advertising" of 25 December 1998 (No. 723-I, as subsequently amended), which sets the baseline rules for permissible advertising content, comparative and outdoor advertising, and consumer protection; together with still-developing intellectual property enforcement for trademarks, this legal framework affects the willingness of local producers to invest in long-term brand-building rather than short-term promotional activity.

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Five Forces analysis of the marketing services industry: Applying Porter's framework to the marketing services industry itself reveals a sector in transition. Competitive rivalry among agencies is intensifying as international and regional marketing firms enter the market alongside domestic digital agencies, increasing the range of service quality and pricing available to local brands. The bargaining power of local-brand clients is generally moderate to low for smaller producers, who often lack the market research capacity to evaluate agency proposals critically, creating an information asymmetry that can be addressed through improved service standardization and transparency. The threat of substitution is significant: many small and medium-sized producers rely on informal, in-house social media management rather than professional marketing services, which limits market depth for formal agencies but also represents an underserved segment with growth potential. Supplier power is concentrated in the hands of dominant digital platforms and domestic e-commerce ecosystems, which set the technical and algorithmic terms under which both agencies and brands must operate. Barriers to entry for new marketing agencies are relatively low in digital services but considerably higher in integrated strategic branding, where reputation, portfolio depth, and cross-border expertise are required — suggesting that the most significant service gap, and therefore the area of greatest improvement potential, lies in strategic brand positioning and identity development rather than in tactical digital execution, where supply is already relatively abundant.

Synthesis: Read together, the PESTEL and Five Forces analyses indicate that the marketing services environment for local brands is currently asymmetric: policy support, production growth, and digital infrastructure are advancing faster than the strategic branding capacity of local producers and the strategic-service segment of the marketing agency sector. This asymmetry is consistent with the brand equity literature reviewed in Section 2, which suggests that awareness-building and platform-level digital promotion — the services currently most abundant in the market — are necessary but not sufficient conditions for brand equity; without complementary investment in perceived quality signaling, consistent brand associations, and coordinated country-of-origin positioning, expanded digital reach may increase product visibility without proportionately increasing brand value or price premiums.

Practical Significance and Recommendations

The practical significance of this analysis lies in its implications for three groups of actors. For local producers, the findings suggest that marketing budgets should be rebalanced toward strategic branding and market research rather than concentrated solely in digital advertising spend, since awareness without differentiated positioning is unlikely to generate durable brand equity or export-market premiums. For marketing service providers, the identified gap in strategic branding capacity represents a specific commercial opportunity: agencies that can combine local cultural and linguistic expertise with international brand-positioning methodology are positioned to capture an underserved segment of the market. For policymakers, the analysis supports extending existing export-branding subsidy programs to explicitly cover strategic marketing services — market research and brand identity development — rather than limiting support to promotional or advertising costs alone, and coordinating individual brand-support programs with broader national image-building efforts, consistent with the country-of-origin mechanisms identified in the nation-branding literature.

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The proposed integrated framework — linking brand equity theory, customer-based brand equity, and nation branding to a five-service intermediation model assessed through PESTEL and Five Forces analysis — offers a replicable methodology for other transition and emerging-market economies undergoing similar export-diversification and digitalization processes, extending the framework's relevance beyond the specific case examined here.

Conclusion

This article has examined the role of marketing services in local brand development, integrating brand equity, customer-based brand equity, and nation-branding theory with structured PESTEL and Five Forces analysis of a representative emerging-market case. The analysis demonstrates that while favorable policy, production, and digital-infrastructure conditions are creating strong tailwinds for local brand development, a persistent gap in strategic branding and market-research capacity limits the extent to which expanding digital reach translates into durable brand equity. Improving marketing services for local brand development therefore requires a coordinated approach that treats research, advertising, public relations, digital marketing, and branding as an integrated system rather than a set of discrete purchases, and that aligns individual brand-building efforts with broader national reputation strategies. Future research should test the proposed framework using firm-level survey data on marketing service consumption and brand performance outcomes, which remain scarce in most transition-economy contexts and represent a priority area for further empirical work.

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