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UNDERSTANDING THE GAP BETWEEN CONSUMER EXPECTATIONS AND PERCEIVED BUSINESS INNOVATION: EVIDENCE FROM LOCAL BUSINESSES IN UZBEKISTAN

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Innovation is often seen as the main force that moves economies beyond simple growth toward real development. But what counts as "innovative" is not obvious. Philip Crosby (1979) once said that quality is "ballet, not hockey." He meant that quality is a matter of interpretation, not something that can be measured. And the same is true of innovation. Schumpeter (1934) makes a related point, but from the producer's side. From the Schumpeterian perspective, innovation is usually led by producers, not consumers. In his view, it is the producer who creates change first while consumers are taught to want things they did not ask for. The Oslo Manual supports this idea from a measurement perspective. It describes innovation as a subjective construct, meaning that how it is measured can change depending on who is answering and what context they are in (Galindo-Rueda and Van Cruysen, 2016, as cited in OECD/Eurostat, 2018).

These debates were mostly developed in mature economies. But they raise an important question for countries like Uzbekistan. In Uzbekistan, the local business sector is growing fast, and consumer expectations are shifting as markets continue to open up. National data shows the scale of this shift: small businesses made up over half of total value added in the Uzbek economy in 2024 (State Statistics Committee of the Republic of Uzbekistan, 2025). This shows that most of the country's economic activity, and its capacity for innovation, now depends on local firms rather than large state enterprises. Whether these firms are actually delivering the innovation their customers expect is an empirical question. And this study is designed to answer it.

This growth in the local business sector has happened alongside more government attention to entrepreneurship. This is reflected in coordinated SME support measures across Central Asia (OECD, 2022). But despite this attention, there is still little empirical evidence on how consumers themselves judge the innovation local businesses offer. This study does not assume that local businesses in Uzbekistan are failing to innovate. No evidence yet supports that claim. Instead, the study investigates, empirically and from the consumer's own point of view, how well perceived innovation matches their expectations.

This distinction between firm-defined and consumer-perceived innovation leads to the practical question this study addresses: do local businesses meet what consumers expect? At the firm level, the Oslo Manual (OECD/Eurostat, 2018) defines a business innovation as a new or improved product or process. This improvement must differ significantly from what the firm previously offered, and it must be introduced on the market. For product innovation specifically, this improvement should show up in qualities like reliability, affordability, convenience, or usability.

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But whether a firm's innovation is recognized as such depends on how consumers perceive it, not on the firm's own judgment. Research on consumer perceived innovativeness (Kunz, Schmitt and Meyer, 2011; Lowe and Alpert, 2015) shows that consumer's judgement of the innovation is subjective shaped by expectations, past experience, and how novel something seems compared to alternatives. This mirrors a pattern already well established in services marketing. Parasuraman, Zeithaml and Berry (1985) showed that quality is judged by comparing what consumers expect with what they actually experience, not by the objective features of the product or service itself. Applying this same logic to innovation is a natural extension supported by both streams of literature. Even though a firm introduces somethings the firm itself considers innovative, it will not be simply an innovation if consumers do not count it as innovation.

This expectation-perception gap has been studied in developed-market service industries, such as banking, credit cards, and brokerage services (Parasuraman et al., 1985). Furthermore, consumer perceived innovativeness has also mostly been studied in mature, high-income markets (Kunz, Schmitt and Meyer, 2011). But comparable evidence for local businesses in transition or Central Asian economies remains limited. Market maturity and consumer expectations in these contexts may differ from the settings where these models were first developed. This gap matters beyond theory. Understanding it can help local firms direct limited innovation investment toward the improvements consumers actually notice and value, instead of changes that go unrecognized.

Within entrepreneurship research, this gap also represents an unexploited opportunity, in the sense defined by Shane and Venkataraman (2000). They describe entrepreneurship as the study of how, by whom, and with what effects opportunities to create goods and services are discovered, evaluated, and exploited. An unmet consumer expectation is itself a signal of unexploited value. If consumers feel a gap between what they want and what is currently offered, this gap points to a specific opportunity. A business could discover and act on this opportunity, even if it is not yet aware of it. Measuring where this gap is largest is therefore not just a consumer-behaviour question. It is also a way of finding where entrepreneurial opportunity is currently going unnoticed among local businesses.

This leads to the following research question: to what extent do local businesses in Uzbekistan meet consumers' expectations for innovation, and where do consumers perceive the largest gaps? To answer this, the study compares consumers' expected and perceived levels of innovation across specific dimensions. These include the introduction of new products or services and responsiveness to changing customer needs. The goal is to identify which aspects of innovation local businesses are currently failing to deliver, relative to what consumers expect.

Long before "innovation" became a dominant term in management research, Schumpeter (1934) described the phenomenon as "new combinations." From his perspective, development came from entrepreneurs disrupting the existing economic order themselves, not from forces outside the economic system. He identified five ways this could happen: introducing a new good, a new method of production, a new market, a new source of supply, or a new way of organizing an industry (Schumpeter, 1934, Ch. II). A firm reorganizing its supply chain, for instance, counts under this definition just as much as a firm launching a new product.

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For much of the twentieth century, innovation was often treated as the same thing as invention. The Oslo Manual draws a clear line between the two. An idea becomes an innovation only when it is implemented — put into use, rather than left on paper (OECD/Eurostat, 2018). An idea that is never implemented remains an invention, not an innovation, by this definition. The Manual measures innovation along four dimensions: knowledge, novelty, implementation, and value creation. Of these, implementation is what separates innovation from invention. Schumpeter and the Oslo Manual agree that implementation matters, but they disagree on how much disruption it takes to count. Schumpeter's five categories are, by definition, disruptions of the existing economic order. The Oslo Manual sets a lower bar: a change only needs to be new relative to the firm's own prior practice, whether or not it disrupts anything beyond the firm itself. A firm could satisfy the Oslo Manual's criteria while doing nothing Schumpeter would call disruption at all.

This also points to a limitation in the existing literature. The definitions above establish what qualifies as innovation from the perspective of the implementing organization. They explain when a firm can legitimately claim to have innovated. But they do not address whether customers recognize or perceive those changes as innovative. A business may satisfy accepted innovation criteria while customers remain unaware of, or unconvinced by, those innovations. This is a gap the innovation-definition literature does not resolve on its own, and one this paper treats as a distinct empirical question.

Drawing on an empirical study of 52 firms, Miller (1983) identified three organizational archetypes, each associated with different drivers of entrepreneurship. The sample was drawn from businesses in the Montreal region, not randomly selected, and five of the 52 "firms" were actually divisions of three larger diversified organizations, treated as separate entities because each had its own profit centre. In Simple firms, entrepreneurship depended mostly on leadership characteristics — particularly the owner's locus of control, concentration of decision-making authority, and access to market knowledge. In Planning firms, entrepreneurship was more strongly linked to the clarity and integration of formal product-market strategy, which helped these organizations overcome their tendency to prioritize operational efficiency over growth. In Organic firms, innovation came mainly from decentralized structures, technical expertise, open communication, and the demands of dynamic, hostile environments, where no single manager could process all relevant information alone.

While Miller (1983) explains innovation mainly through internal organizational conditions, Kohli and Jaworski (1990) focus on the firm's relationship with its external environment. Drawing on 62 field interviews with managers, they defined market orientation as the organization-wide generation of market intelligence about current and future customer needs, the spread of that intelligence across departments, and the organization's responsiveness to it. Importantly, they argued that market intelligence should not be limited to existing customer preferences. It should also anticipate future needs, since developing a new product often takes years, and firms that wait to react risk entering a market too late.

Taken together, these perspectives suggest that business innovation depends on both internal organizational capability and external market responsiveness. Miller (1983) explains the organizational conditions that give a firm the capacity to innovate in the first place. Kohli and

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Jaworski (1990) pick up from there, addressing a separate question: once that capacity exists, what determines whether it gets pointed at what the market actually needs? A firm with the right conditions Miller describes — leadership, structure, or technocrats — can still produce innovations nobody in its market wanted, if it never developed the market intelligence to know what those innovations should be.

Oliver (1980) provides the foundational model for this shift. His expectation–confirmation framework holds that consumers form expectations about a product or service before they ever consume it, based on prior experience, communication from the firm, or general beliefs about what a given category of business should offer. These expectations function as a reference point, not as a prediction that must be literally fulfilled. Once consumers experience the product or service, perceived performance is compared with this pre-existing reference point, and the outcome falls into one of three categories. If perceived performance exceeds expectations, positive disconfirmation occurs. If it falls short, the result is negative disconfirmation. If performance matches what was expected, the outcome is simple confirmation. Oliver's model does not require expectations to be accurate, or even reasonable. It only requires that they exist before consumption and serve as the standard against which later perceptions are judged. For this study, what matters is not Oliver's downstream concern with satisfaction, but the comparison process itself: expectation and perception are treated as two analytically separate stages, and it is the relationship between them — not either stage alone — that determines the consumer's evaluative outcome.

Parasuraman, Zeithaml and Berry (1985) extend this comparison logic from a single transaction to an organizational system capable of producing systematic mismatches. Their Gap Model was developed to explain quality perception in services, but it also offers a useful framework for the present study. Central to the model is what they call Gap 5: the difference between expected service and perceived service, which shapes the consumer's overall perception of quality. Importantly, Parasuraman et al. (1985) argue that Gap 5 is not just a consumer-side error. It is the downstream result of a chain of upstream gaps inside the firm: between what management believes customers want and what customers actually want, between that understanding and the service standards the firm sets, between those standards and what is actually delivered, and between what is delivered and what is externally communicated to customers. A firm can fail to close Gap 5 not because it failed to change anything, but because what it changed does not match what customers were led to expect, or because the change was never properly communicated. Parasuraman, Zeithaml and Berry (1988) reinforce this same expectation–perception structure in their later SERVQUAL work. This study does not adopt SERVQUAL as a measurement instrument, but it adopts the underlying logic: perceived evaluations are shaped by the gap between expectations and perceptions, not by either state alone.

Read together, Oliver (1980) and Parasuraman et al. (1985) explain why an expectation–perception gap can exist at all. Expectations are formed independently of, and often before, whatever a firm actually does. Perception, meanwhile, is shaped by factors like communication, prior category norms, and word of mouth, which firms do not fully control. Applied to innovation specifically, this means a business may satisfy the Oslo Manual's criteria for innovation (Section 2.1), and may have the organizational capability and market orientation described in Section 2.2, and still fail to meet consumers' expectations for innovation. Businesses may believe they have introduced meaningful innovations. But if those innovations fail to meet consumers' expectations, or are not perceived as

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innovative, an expectation–perception gap emerges. Accordingly, this study treats consumers' expectations and their perceptions of business innovation as two distinct constructs, which must be measured separately before any gap between them can be identified. Understanding this gap requires one further step: identifying the specific attributes consumers use when judging whether a business is innovative. This is the focus of the next section.

Rogers (2003) supplies the foundational answer. In his diffusion of innovations framework, an innovation is defined not by objective technical novelty, but by whether it is perceived as new by the person encountering it. An idea or practice can already be well established elsewhere and still count as an innovation for someone who has not encountered it before (Rogers, 2003, p. 11). This connects directly to Section 2.1: just as the Oslo Manual measures novelty relative to the adopting firm rather than a universal standard, Rogers measures novelty relative to the perceiving individual, not the object itself. In both cases, perception does the defining work, not intrinsic newness.

Rogers (2003, Ch. 6) identifies five attributes that potential adopters use to evaluate an innovation and decide how readily to accept it. Relative advantage is the degree to which an innovation is perceived as better than what it replaces; in line with Rogers's broader framing of newness as perceptual rather than objective (Rogers, 2003, p. 11), relative advantage too is defined by what the individual perceives, not by any independently verifiable measure of improvement. Compatibility is the degree to which an innovation is perceived as consistent with adopters' existing values, past experiences, and needs; an incompatible innovation, however useful, faces resistance simply because it conflicts with established practice. Complexity is the degree to which an innovation is perceived as difficult to understand or use — greater perceived complexity slows adoption. Trialability is the degree to which an innovation can be tried on a limited basis before full commitment, which lowers the perceived risk of adopting it. Observability is the degree to which an innovation's results are visible to others, since visible benefits encourage the peer discussion that speeds up adoption. Taken together, these attributes show that consumers do not judge innovation as one single, undifferentiated verdict. A business can score unevenly across them — offering, say, a genuine relative advantage undermined by high perceived complexity — and it is this uneven perceptual profile, not any objective inventory of what has changed, that determines how the innovation is actually received.

Rogers (2003) explains the general perceptual attributes through which any innovation is judged. But the question of what "being innovative" means when the judgment is directed at a business itself — rather than at any single new offering — required its own line of research. Kunz, Schmitt and Meyer (2011) address this gap directly. They define consumer perceived firm innovativeness as a consumer's perception of an enduring firm capability that produces novel, creative, and impactful ideas and solutions for the market (Kunz et al., 2011, p. 817, as cited in Shams, Alpert & Brown, 2015). Two features of this definition matter for the present study. First, it treats innovativeness as a durable capability attributed to the firm as a whole, built up over a track record of activity, rather than as a judgment about any single product or launch. This fits well with asking survey respondents about local businesses in general, rather than about one specific new offering. Second, because it is explicitly the consumer's perception of that capability, it carries the same logic established in Section 2.3: a firm may have real innovative capability by the criteria reviewed in

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Section 2.1, and still fail to be perceived as innovative if that capability has not registered with consumers.

What is missing is the point where these three bodies of work intersect. The expectation–perception literature (Section 2.3) and the perceived-innovativeness literature (Section 2.4) were developed and tested mostly in developed-market contexts, typically at the level of a single transaction, service encounter, or named brand, rather than at the level of "local businesses" as a category consumers reason about collectively. The emerging-economy SME literature (Section 2.5), meanwhile, is entirely firm-side: it documents whether and why formal SMEs in transition economies innovate, using firm surveys such as the World Bank Enterprise Survey. But it does not measure how the consumers of those firms perceive or evaluate that innovation, nor whether local consumers' expectations for innovation are being met. No study identified in this review measures both sides of the expectation–perception gap specifically for local businesses in a Central Asian transition economy. This is the gap the present study is positioned to address — not whether Uzbek SMEs innovate by the Oslo Manual's criteria, which the firm-side literature can already partially answer, but whether the consumers those SMEs serve perceive them as innovative to the degree they expect, and where that gap is largest.

The conceptual framework that follows from this synthesis treats expectation and perception as two independently measured constructs, rather than a single innovativeness rating, consistent with Oliver's (1980) insistence that the two are formed at different points, through different inputs. Expectations for business innovation are treated as shaped by prior experience with local businesses, general category norms for what a business "should" offer, and word of mouth — the same antecedents Oliver (1980) and Parasuraman et al. (1985) identify. Perceptions, meanwhile, are treated as shaped by consumers' direct encounters with local businesses' actual offerings, evaluated along the five attributes Rogers (2003) identifies (relative advantage, compatibility, complexity, trialability, observability), and aggregated into a judgment of firm-level innovativeness in the sense defined by Kunz et al. (2011). The gap between these two measures — similar to Parasuraman et al.'s (1985) Gap 5, but applied to innovation rather than service quality generally — is the central dependent construct of the study. Section 2.5's findings are not treated as a third measured variable, but as interpretive context: because Uzbek SMEs face documented, firm-side constraints on innovative capacity (informality, resource limits, short institutional horizons), a wide expectation–perception gap identified by the survey cannot automatically be read as a communication or perception failure on the consumer side alone. It may equally reflect a genuine shortfall in what local firms are institutionally positioned to deliver — a distinction the discussion of results will need to keep open, rather than resolve by assumption.

This study uses a descriptive, cross-sectional survey design to examine the gap between what consumers expect from local businesses regarding innovation, and how they perceive local businesses to be performing in this area. A quantitative approach was chosen because the research question requires a direct comparison between two measurable things: the importance consumers place on certain innovation-related behaviors, and the extent to which they believe local businesses actually demonstrate these behaviors. A qualitative approach could offer deeper insight into individual experiences, but it would not allow for the systematic comparison this study requires across a large

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sample of respondents. The design is cross-sectional because data were collected from all respondents at a single point in time, rather than tracking the same respondents over a longer period.

The population for this study consists of consumers in Uzbekistan who have purchased from a local business within the past six months. This time frame was chosen so that respondents would be reporting on a recent and direct experience, rather than an outdated impression of local businesses.

The final sample size for this study was 100 respondents, and data collection concluded once this number was reached. This figure was informed by Cochran's (1977) formula for sample size estimation in survey research:

The survey instrument was created using Google Forms and administered in Uzbek since the target population is Uzbek people, reducing the risk of misunderstandings. The survey began with a short introduction explaining the purpose of the study, confirming that responses would be analyzed anonymously and used only for research purposes, and noting that the survey would take approximately three minutes to complete.

Several aspects of validity were considered in the construction of this instrument. Content validity is supported by the fact that each survey item was derived from established literature on innovation and service quality, including Rogers (2003), Oliver (1980), Parasuraman et al. (1985), and Kunz et al. (2011), rather than being written without theoretical grounding. Face validity was assessed informally through the pilot test described in Section 3.3, in which no respondents reported confusion about what the items were asking. Construct validity, meaning the extent to which the six items together capture the broader concept of perceived business innovation, will be further examined through the reliability analysis described in Section 3.6; internal consistency values close to or above the conventional threshold of 0.70 would provide additional support for treating the six items as a coherent measure of a single underlying construct.

The dependent variable in this study is the innovation gap score, calculated separately for each of the six attributes as follows:

This section presents the results of the consumer survey described in Section 3. It reports the profile of the respondents, the mean importance and current-performance ratings for each innovation factor, the size and statistical significance of the gap between them, and the main themes that emerged from the open-ended question. Together, these results answer the research question of this paper: to what extent do local businesses in Uzbekistan meet consumer expectations for innovation, and where is the gap between expectation and reality the largest.

The survey collected 100 valid responses. All respondents confirmed that they had purchased from a local business within the last six months, meeting the screening requirement described in Section 3.

Table 1. Age Distribution of the Sample (n = 100)

Age Group	n	%

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Age Group	n	%
Under 18	49	49.0
18–24	27	27.0
25–34	9	9.0
35–44	7	7.0
45 and above	8	8.0
Total	**100**	**100.0**

Table 2. Top Regions by Share of Respondents (n = 100)

Region	n	%
Namangan	26	26.0
Tashkent city	15	15.0
Ferghana	9	9.0
Andijan	9	9.0

Internal consistency of the two six-item scales was evaluated using Cronbach's alpha. The importance scale showed marginal reliability (α = .65, n = 99), falling short of the .70 threshold referenced in Section 3.7. The performance scale showed good reliability (α = .86, n = 99), comfortably above this threshold.

This asymmetry is treated as a limitation of the importance scale specifically, rather than of the instrument as a whole: because the performance ratings, which anchor the behavioral side of the gap score, show strong internal consistency, the central importance-performance comparison in Section 4.3 is not undermined by the weaker importance-side reliability. However, the lower alpha does mean the six importance items should be interpreted with some caution as a single underlying construct, and this is revisited in Section 5.

Table 3 reports the mean importance rating, mean performance rating, and resulting gap score for each of the six attributes, based on the respondents with valid paired data on each item (n = 100 for five of the six attributes; n = 98 for differentiated ideas, due to two missing responses). Because the Shapiro-Wilk test indicated that the importance-performance differences were not normally distributed for any of the six attributes (all $p < .001$), the non-parametric Wilcoxon signed-rank test was used to

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test statistical significance, following the analysis plan in Section 3.6, rather than the paired-samples t-test.

Table 3. Importance, Performance, and Gap Scores by Attribute (n = 98–100)

Attribute	n	Importance M(SD)	Performance M(SD)	Gap	p
New products/services	100	3.94 (1.04)	2.87 (1.17)	−1.07	< .001
Adapts to changing needs	100	4.32 (0.89)	2.80 (1.25)	−1.52	< .001
Service quality	100	4.35 (1.00)	2.80 (1.08)	−1.55	< .001
Uses modern technology	100	4.23 (1.01)	2.64 (1.00)	−1.59	< .001
Differentiated ideas	98	4.28 (1.02)	2.65 (1.00)	−1.62	< .001
Overall/general innovativeness	100	2.91 (1.23)	2.59 (0.94)	−0.32	= .013

Note. Gap = Performance M − Importance M. Negative values indicate performance rated below importance. p-values are from Wilcoxon signed-rank tests (two-tailed).

Gap scores were negative for every attribute and statistically significant at $p < .05$ for all six ($p < .001$ for five of the six; $p = .013$ for the general item), meaning that on every dimension measured, respondents rated local businesses' current performance below what they consider important. This is consistent with a broad-based innovation gap rather than a close alignment between expectation and perceived performance. The three largest gaps were differentiated ideas (−1.62), uses modern technology (−1.59), and service quality and adapts to changing needs, which followed closely (−1.55 and −1.52, respectively). These four attributes were also rated among the most important on average ($M \geq 4.23$), which sharpens rather than narrows the shortfall: respondents care most about the areas where they see local businesses falling shortest.

The smallest gap was on the general, overall-innovativeness item (−0.32); this item was also rated lowest in importance of the six ($M = 2.91$), suggesting that when consumers are asked to judge local business innovation as a single global impression, their expectations and their perceptions of performance sit closer together than when they are asked about specific, concrete behaviors. New products/services showed the smallest gap among the five specific attributes (−1.07), though it was still large and highly significant.

An overall gap score was calculated for each respondent as the mean of the five specific-attribute gap scores (excluding the general summary item), for the 98 respondents with complete data on all five. A Levene's test found no evidence that the assumption of homogeneity of variance was

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violated across age groups ($p = .213$), so a one-way ANOVA was used, alongside the non-parametric Kruskal-Wallis test as a robustness check given the differing size of the age groups.

The overall gap score differed significantly across age groups (under 18, $n = 49$, $M = -0.84$; 18–24, $n = 27$, $M = -1.92$; 25–34, $n = 9$, $M = -2.54$; 35–44, $n = 7$, $M = -2.20$; 45 and above, $n = 8$, $M = -2.04$): $F(4, 93) = 11.34$, $p < .001$. The Kruskal-Wallis test confirmed this result ($H = 31.34$, $p < .001$). The pattern is not perfectly linear: the gap grows steadily from the youngest group through the 25–34 group, where it peaks, before easing slightly among the two oldest groups, though it remains far larger for every adult group than for the under-18 group. Given the small size of the three oldest groups ($n = 9$, 7, and 8), this specific ordering among adult age groups should be treated as suggestive rather than conclusive; the more robust pattern is that the innovation gap is substantially smaller among the youngest respondents than among adult consumers of any age. A regional breakdown was not analyzed statistically given the small cell sizes in most of the fourteen represented regions outside Namangan and Tashkent city; this is noted as a direction for future data collection rather than a tested finding.

All 100 respondents provided a response to the open-ended question asking what local businesses should improve to better meet consumer needs, though five of these (5.0%) indicated no specific suggestion (e.g., "I don't know"). Responses, most of which were written in Uzbek, were read in full and coded by the researcher into recurring themes. Five themes appeared most frequently: product quality, variety, or differentiation (46.0% of responses), service quality and staff behavior (24.0%), understanding and responding to customer needs (16.0%), pricing and affordability (10.0%), and digitalization or online/payment systems (7.0%). Responses could raise more than one theme, so percentages do not sum to 100%.

These themes broadly reinforce the quantitative pattern in Section 4.3: product quality/differentiation, service quality, and responsiveness to needs, three of the most frequently raised themes, correspond closely to three of the four attributes with the largest measured gaps. One notable exception is digitalization: despite modern technology showing one of the largest quantitative gaps (-1.59), it was one of the least frequently mentioned themes in the open-ended responses (7.0%). This is a genuine discrepancy between the two parts of the instrument worth flagging rather than smoothing over: it may mean that consumers rate technology adoption as important when asked directly on a Likert scale, but do not spontaneously think of it as the main thing local businesses should improve when asked an open question. If so, this suggests that quality, service, and responsiveness to improvements may be more immediately visible and salient to consumers than investment in digital tools specifically, a nuance that would not have been visible from the Likert data alone.

Across 100 respondents, local businesses in Uzbekistan were rated as falling short of consumer expectations on every one of six innovation-related attributes tested, with statistically significant gaps ranging from -0.32 (general innovativeness) to -1.62 (differentiated ideas). The gap was largest on the same attributes rated most important, and was significantly larger among adult respondents than among the youngest, under-18 respondents. Open-ended responses broadly reinforced these patterns, particularly around product quality, service, and responsiveness, though notably not around digital

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technology specifically. These results are discussed in relation to the study's research question and the literature reviewed in Section 2 in the following Discussion section.

The central finding of this study is that the gap between what consumers expect from local businesses and what they believe local businesses currently deliver is not limited to one or two weak areas. It is present, and statistically significant, across all six measured attributes, from concrete behaviors such as adapting to changing needs and improving service quality to the single general item asking whether local businesses are innovative overall. This matches the producer-led view of innovation discussed in Section 2.1: Schumpeter (1934) argued that producers, not consumers, usually lead change, and that consumers are gradually taught to want things they did not originally ask for. A broad, consistent gap across attributes is consistent with a market in which local businesses have not yet caught up with expectations that, on this evidence, already exist among a socially and digitally active segment of consumers.

At the same time, the results do not show that local businesses are failing to innovate in an absolute sense; they show that respondents' perceptions of current performance fall below their own stated importance ratings. Following the logic of Parasuraman, Zeithaml, and Berry (1985), discussed in Section 2.3, a gap of this kind can arise from an actual shortfall in what firms deliver, from consumer expectations that have risen faster than firms can respond, or from both at once. This study's design, described in Section 3.1, cannot separate these two explanations, since it measures perception rather than firms' actual innovation activity. This is revisited as a limitation in Section 5.6 and as a direction for future research in Section 6.

The three attributes with the largest gaps, differentiated ideas, use of modern technology, and service quality and adapting to changing needs (close behind), were also among the attributes rated most important. New products/services, by contrast, showed the smallest gap among the five specific attributes, and was also rated somewhat lower in importance than the top four. Taken together, this suggests that the areas where local businesses are perceived to fall shortest are not marginal concerns for consumers; they are the areas consumers care about most. This is consistent with the market orientation literature discussed in Section 2.2 (Kohli and Jaworski, 1990): a firm's ability to gather and act on accurate information about what customers want, rather than simply investing more in innovation activity in general, appears to matter for whether its efforts are recognized as meeting expectations.

Following Shane and Venkataraman's (2000) framing of entrepreneurship as the study of how, by whom, and with what effects opportunities are discovered, evaluated, and exploited (Section 1.2), the pattern of gaps found here can be read as a map of currently unexploited opportunity among local businesses in Uzbekistan, rather than only as a list of shortcomings. The attributes with the largest gaps, differentiated ideas, technology adoption, service quality, and responsiveness to changing needs, are also the attributes consumers say they care about most, which is exactly the combination, high stated importance paired with low perceived performance, that this study's framework would identify as the most promising direction for a new or existing business to act on. A business that closes the gap on these specific dimensions, rather than pursuing innovation in a general or unfocused way, would be targeting the improvements this sample of consumers is most likely to notice and value.

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This study set out to answer a single question: to what extent do local businesses in Uzbekistan meet consumers' expectations for innovation, and where do consumers perceive the largest gaps? Using an expectation-performance survey design applied to a sample of 100 Uzbek consumers, it finds a consistent answer across six different measures of innovation: local businesses, in the perception of this sample, fall short of what consumers expect on every dimension tested, and the shortfall is largest precisely on the dimensions, differentiated ideas, technology adoption, service quality, and responsiveness to changing needs, that consumers say matter most to them. The gap is smaller among younger respondents and larger among adult respondents, and the open-ended responses broadly reinforce the quantitative pattern, particularly around product quality and responsiveness to customer needs.

This study makes three contributions, building on those set out in Section 1.4. Empirically, it applies an expectation-performance gap framework, developed originally for service quality in mature markets, to local businesses in a transition economy, and finds that the framework's basic logic, a measurable, significant gap between what consumers want and what they perceive they are getting, extends to this new setting. Conceptually, it treats this gap not simply as a shortfall to be lamented, but as a signal of where entrepreneurial opportunity is currently going unrecognized, following Shane and Venkataraman's (2000) view of entrepreneurship as the discovery and exploitation of unmet demand. Practically, it identifies specific, ranked areas, differentiated ideas, technology, service quality, and responsiveness, where a business owner or a new entrant could direct limited resources with the best chance of closing a gap that consumers themselves say they notice and care about.

For an entrepreneur rather than a researcher, and this study was written with that audience in mind, the finding does not stop at describing a gap; it points toward where to act. A new venture that targets one of the largest, most important gaps identified here, for example, by building genuinely differentiated offerings, adopting the digital tools consumers say they value, or by structuring operations specifically around fast, responsive service, is targeting exactly the kind of unmet demand that this study's framework identifies as currently unexploited. The evidence here does not say which specific business or mechanism would succeed; it says where, among the Uzbek consumers surveyed for this study, the distance between expectation and current experience is largest.

This study also has clear boundaries, discussed fully in Sections 3.7 and 5.6, that should guide how its findings are used. The sample was recruited through convenience, social-media-based sampling, skews young, and is mostly concentrated in two regions; the importance scale's reliability was only marginal; and several subgroups, particularly the older age groups and most individual regions, are too small to support strong claims on their own. None of these limitations overturn the central, consistent finding of a broad-based innovation gap, but they do mean the specific numbers reported here should be read as indicative of a pattern among a particular, digitally engaged segment of Uzbek consumers, not as precise, nationally representative estimates.

Future research could extend this study in several directions: a probability-based or quota sample that better represents older and rural consumers; a design that also measures firms' actual innovation activity, alongside consumer perception, to separate a real performance shortfall from a rise in consumer expectations; a formal multi-coder approach to the open-ended data; and a longitudinal

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design that could track whether, and how quickly, local businesses close the gaps identified here over time. As Uzbekistan's local business sector continues to account for a growing share of the national economy, understanding not just whether local businesses innovate, but whether their innovation efforts meet the expectations of the consumers they serve, is likely to remain a relevant question for researchers, entrepreneurs, and policymakers alike.

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