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OVERVIEW OF UZBEKISTAN TOURISM INDUSTRY (DEVELOPMENT OF UZBEKISTAN'S TOURISM INDUSTRY DURING THE PERIOD 2007-2012)

Мақолада 2007-2012 йилларда Ўзбекистонда туризм ривожланиши маълумотлари асосида туризм индустриясининг бугунги кундаги ҳолати таҳлили берилган. Шунингдек Ўзбекистонда туризм ривожланишига таъсир этувчи омиллар ўрганилиб чиқилган. Туризм индустриясини келажакда ривожлантиришига йўналтирилган тақлиф ва тавсиялар келтирилган.

В статье дается анализ состояния индустрии туризма, на основании данных развития туризма Узбекистана в 2007-2012 г.г. Также рассмотрены факторы влияющие на развитие туризма в Узбекистане. В статье разработаны выводы и предложения для дальнейшего развития индустрии туризма.

Keywords: *Tourism, exports, TV clips, international market, statistics analysis.*

INTRODUCTION

Tourism activities are considered to be one of the sources of economic growth in the world. Tourist spending has served as an alternative form of exports, contributing to an ameliorated balance of payments through foreign exchange earning in many countries. A balanced and harmonic growth of tourist economy in relation to the other sectors of economic activity and mainly the most basic sectors, such as agricultural and industrial economy, ensures with the types of nutrition and the capital equipment the production of tourist products, which are necessary for the satisfaction of tourist needs or wishes. As a result, the development of tourism has generally been considered a positive contribution to economic growth.

Taking into account that a large proportion of tourist expenditures are spent on the consumption of non-traded goods and services in the host country, there exist factors, which can have either a positive role or an unfavorable impact on economic growth. Non-traded goods and services are not exportable in the traditional sense, because their price is not determined in the international market, but in the local market.

On the past several decades, international tourism has been gaining importance in many economies of the world. It continued to grow throughout the world, in line with vigorous world economic expansion especially in countries with high tourist outflows. The number of tourists worldwide went up in 2012 to almost 989 million. By region, Europe remained the leading tourist destination in world with 516 million visitors, posting a market share of 53.8% in 2012 (World Bank 2013).

The purpose of this paper is to empirically re-examine the long-run co movements between economic growth and tourism development in a multivariate model with tourism real receipts per capita, the number of international tourist arrivals per capita, real effective exchange rate i.e., a proxy variable for external

competitiveness and real GDP per capita (GDP) using the comparative statistics analysis technique.

The main aim of the current paper is twofold. First, the paper aims at investigating whether tourism benefits have different impact on destination countries under consideration, due to specific characteristics. The second objective is to derive some recommendations and suggestions regarding the best practices and efficient tools to develop the tourism sector in Uzbekistan.

The article is organized as follows: Section 1 Introduction, section 2 reviews various studies related to tourism development thus comprising a brief literature review. The model specification and data issues, as well as statistical analysis combined with some essential figures relating to the Uzbek tourism sector, section 3. Concluding remarks as well as recommendations on the development of the Uzbek tourism sector with regards to the findings from the current study are given in the final section.

LITERATURE REVIEW

Tourism is a dynamic, evolving, consumer-driven force and is the world's largest industry, or collection of industries. Tourism plays a foundational role in framing the various services that hospitality companies perform. Tourism affects other industry sectors, such as public transportation, foodservice, lodging, entertainment, and recreation. In addition, tourism produces secondary impacts on businesses that are affected indirectly, which is known as the multiplier effect. From a social and cultural perspective, tourism can further international understanding and economically improve poorer countries (Walker, 2010).

Over the last decades, the growth and development of tourism as both a social and economic activity has, by any stretch of the imagination, been remarkable (Richard Sharpley 2009). In 1970, the total worldwide international tourist arrivals amounted to just 165.787 million; by the start of the new millennium, that figure had risen to 696 million and since then international tourism has continued its growth. In 2011, 980 million international arrivals and \$1.031 billion international tourism receipts were recorded (UNWTO). In 2012 the international tourist arrivals surpassed the milestone of 1 billion tourists globally for the first time in history and it is foreseen that they will grow by 3-4% in 2013 (UNWTO World Tourism Barometer, April 2013).

In 2000 the total number of jobs generated directly in the Travel & Tourism industry plus the indirect and induced contributions was 788,3 million. In 2012 the total number declined to 688,8 million jobs (SETE, 2013). Despite this decline, tourism remains one of the world's most important sources of employment and *for many developing nations it represents a large percentage of gross national product and a way of gaining a positive balance of trade with other nations* (Walker, 2010).

Economic development level affects virtually all aspects of tourism development, including the size and features of tourism demand, the availability and adequacy of tourism resources, the characteristics of tourism development, the organization and management of the industry, and the impacts of the tourism development. Therefore, while leisure travel has become a mass consumption item in developed countries it is still a luxury in the developing world (Zhen-hua Liu, 1998).

The tourism development model of the country can determine not only the level of tourist activity but also sociocultural changes in these countries. Each country has own historical development, cultural traditions, geographical location, local citizen's involvement and acceptance of the tourism industry. This is why the selection of a development orientation can be difficult. Gartner (1996) shows the eligible type of development model for each area depends on the level of public support for tourism development, resources and attractions currently in place, level of government involvement and the size of expected market.

A systematic approach to tourism development, planning and management is advocated because it can accommodate social and environmental problems, as well as economic factors that have been the focus of previous research (*Smith, 1996*). Furthermore, it is argued that the tourism system is an open system in that it responds to changes in social, natural and economic factors and is evolving into an increasing state of complexity. In addition tourism promotes infrastructure development and the redistribution of resources to further the amelioration of poverty.

Obidjon Khamidov (2010) mentioned that tourism industry has gained top priority in most of the destination countries and there exist increased competition among the countries to attract tourists. In the face of world-wide increased competition, Uzbekistan lacks far behind in attracting relatively larger number of foreign tourists mainly due to inadequate and ineffective promotional strategies of the industry, due to lack of sufficient funds, low quality of promotional materials and its improper distribution, perceived negative image of potential tourists about Uzbekistan, etc. The author also showed the importance of the competition and to attract potential tourists Uzbekistan needs to give priority to effective promotional activities in order to attract a significant number of foreign tourists. In addition, tour operating firms need to give proper attention in developing the promotional materials and careful attention is required to incorporate the factors affecting the choice of potential tourists. Without effective and sufficient promotional activities from both the public and private sector, there is no possibility or little possibility to emerge tourism as a major contributor to the national economy.

Tourism researchers have long been advocating the importance of tourism destinations to perform appropriate marketing strategies so as to promote the right tourism products and services to specific traveller groups (Ahmed and Krohn, 1992; Mill and Morrison, 1985 as cited in Law et. al, 2004). After having visited the official Destination Marketing Organization Web sites of Korea and Japan (two of the most visited destinations by Hong Kong travelers), the authors commented that these destinations have developed their web sites in a way that promote Hong Kong travelers' favorite activities such as food, sightseeing and shopping. From the practical point of view, it is obvious that for an effective marketing strategy, a country has to target the appropriate markets first and then plan product positioning and sales. The Uzbekistan Tourism industry is lagging far behind this.

Tukhliev and Kudratov (2007) described the current situation of Uzbekistan's tourism industry and the followed present marketing strategies in their research book "Uzbekistan Tourism Industry". The authors comment that Uzbekistan tourism industry cannot achieve any remarkable progress if compared to other neighboring

(Central Asian) countries, although the country is endowed with many tourism attractions. Their criticism was concentrated mainly on the failure of Uzbek National Tourism Board to develop and launch any dynamic and effective promotional strategy and then they proposed the creation of an independent organization to perform the marketing activities of the Uzbek National Tourist Board and the tourist destinations administered by it. In addition to that they strongly recommended formulating and implementing the marketing strategy to realize the potential of the tourism market and to avoid the aimless policies to develop mass tourism at the present stage in Uzbekistan.

Navruzzoda (1996) mentioned that possessing outstanding tourism resources is not sufficient to lure the optimal number of tourists to a tourist destination. According to the author, tourism promotion plays an important role in enhancing the competitive edge of one tourist destination over another because of tourists' image of a destination and the attitude of tourists toward that destination seem to be two of the most important factors responsible for this variation. As a result, the aggressiveness of the promotion campaigns launched by tourist destinations has added a new dimension to competitiveness and has resulted in increasing numbers of image advertisements in travel and tourism literature and in the mass media which leads the tourist destinations to spend billions of dollars annually on image building and image correction promotion programs.

The author also concluded in his study that in order to formulate the promotional strategy, destination's promotion strategists should identify the respective images of different constituents of the total image, and not just one total image. By determining the most significant constituents of a destination's tourist image, the destination's promotion strategists should direct promotional efforts toward inducing a more favorable image based on those constituents. The appropriate positive image constituents could then be emphasized in the promotional programs which may help a destination to re-emerge from the effects of negative image(s).

RESEARCH METHODOLOGY

After receiving its independence in 1991, Uzbekistan has begun to structure and organize its tourism industry. As a result of organizational and structural changes implemented, a new system of state regulation and control was established, preconditions for infrastructure development were created, and the mechanism of preservation and restoration of cultural and historical attractions was ensured. The new institutions and relations at the world market were established almost from scratch. As a result, international tourism arrivals started increasing. In some years this growth constituted up to 25% per annum. Many experts believe that currently the tourism sector has a limited impact on the national economy of Uzbekistan, and its potential is not used to its full extent.

In many situations the local stakeholders have no clear understanding of characteristics of tourism demand and which type of services should be provided in order to satisfy tourists' needs and wants. The ability to influence the demand depends on how well the supplier of good/services knows the customer, his needs and preferences. There are no published study results on the profile of a foreign tourist.

Each tourism company identifies such a profile by studying its clients. This is not enough to gain an understanding of the overall picture that addresses the questions of who, when, with what purposes, and with what kind of demands arrives in Uzbekistan.

According to the information provided by Uzbek tour operators, almost 90% of leisure tourists arriving in Uzbekistan are of middle and old age. They mainly visit cultural and historical attractions while undertaking a trip from Tashkent to Samarkand, Bukhara and Khiva (which is the standard and the most popular tour provided by local travel agencies).

Due to the fact that majority of foreign tourists arrive in Uzbekistan not only with the purpose of visiting cultural attractions, and those, who arrive with this purpose come to Uzbekistan just once and use usually only the abovementioned standard tour. The elder tourists expect high quality and special services that will ensure their comfort. They spend their money not as easily as their juniors. Lifestyle, habits, values, attitude to leisure and ways of getting the knowledge about the world of today's youth completely differs from those of the older generation at the times of their youth. This implies that there is no guarantee that this small tourism flow arriving in Uzbekistan currently will not exhaust itself in some time.

The charts given below provide insight and sheds light on how Uzbek tourism market developed from 2007 to 2012.



Chart 1. International tourist arrivals (mln.)

Source: NC Uzbektourism.



Chart 2. The cash receipts generated from international incoming tourist arrivals (in blns. USD)

Source: <http://data.worldbank.org>,

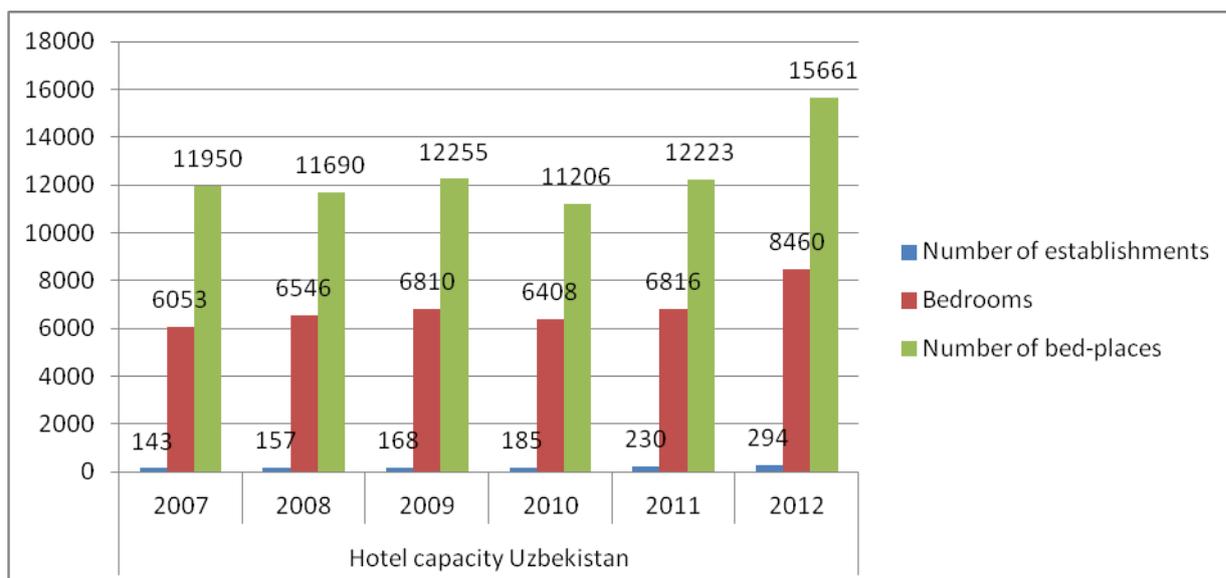


Chart 2. Hotel capacity(number of beds available, units). Years 2007-2012

Source: NC Uzbekturism.

Despite the fact that the tourism industry was determined to be one of the priorities for economic development of Uzbekistan, its potential is underestimated. A comprehensive policy on tourism development is still missing. In particular, there is still no clear strategy on tourism development that could optimize the efforts and resources targeted at tourism sector development.

As we can see, all these charts and figures give us a clear understanding of the status quo of Uzbek tourism market and implies that urgent measures are to be taken should tourism is considered as one of the key directions of the economic growth of this gas and gold-rich Central Asian country, striving to get rid of raw-material export-based economy to a more efficient, sustainable one, seeing tourism as a lucrative solution for its goals.

CONCLUSION

Because tourism is a growth industry many countries see the promotion of tourism as a development strategy. The development of tourism not only creates growth in the tertiary sector, but it can also have a positive multiplier effect and cause growth in the primary and secondary sectors as well.

Tourism not only creates jobs in the tertiary sector, it also encourages growth in the primary and secondary sectors of industry. This is known as the multiplier effect which in its simplest form is how many times money spent by a tourist circulates through a country's economy. Money spent in a hotel helps to create jobs directly in the hotel, but it also creates jobs indirectly elsewhere in the economy. The hotel, for example, has to buy food from local farmers, who may spend some of this money on fertiliser or clothes. The demand for local products increases as tourists often buy souvenirs, which increases secondary employment.

As one of the conclusions from the research article, we suggest that Uzbek Government and tourism market can exploit experiences from different Worlds tourism destinations which is similar with Uzbekistan:

a) focusing on cultural tourism revolving around historical sites as well as recreational tourism, which is an advantage in Uzbekistan;

b) in Uzbekistan government should act as the key player to promote tourism development and formulate strategies for this purpose;

c) high emphasis on human resource development in the tourism sphere, because efficient human resource management in tourism is one of the key solutions to successful tourism development, with many new courses in higher education are being introduced in several leading universities and colleges around the country, with the respective departments and faculties employing the highly skilled professionals specializing in this sphere.

Another recommendation to achieve sustainable tourism development for Uzbekistan, based on the research conducted and the observations made in the tourism sectors of the tourism developed countries is that the Uzbek Government should formulate a long-term development framework for tourism (10-20 years) with emphasis on policy and strategy, planning, institutional strengthening, legislation and regulation, product development and diversification, marketing and promotion, tourism infrastructure and superstructure, economic impact of tourism and tourism investment, human resource development, and socio-cultural and environmental impacts of tourism. It includes a short term (three-year) action plan for priority actions to be undertaken to kick-start sustainable tourism development, and preparation of several demonstration projects for pilot areas.

The third recommendation consists of several solutions related to issues that can stimulate tourism sector development. These include, but not limited to:

a) Relaxing immigration controls (remove visa requirements). Uzbekistan is gradually scrapping its visa requirements for the tourists from several developed countries.

b) Improving transport links (airports, roads and railways). Uzbekistan has rebuilt its main four international airports (Tashkent, Samarkand, Bukhara and Urgench, the main tourism destinations in Uzbekistan), it is updating highway 1 (the country's principal highway) and building a new high-speed rail link running the length of the

country. Uzbekistan Airlines is also investing heavily in new planes, it has recently bought 3 state of the art Boeing Dreamliners.

c) Deregulation. Uzbekistan is a newly-independent country in market transition phase, but the government relaxed government control and allowed foreign investment in the tourist sector.

Improving tourist facilities like hotels and restaurants. In Uzbekistan international chains like the Raddison SAS, Dedeman, Le Meridien and Hyatt have been welcomed along with a rapid expansion of local hotels.

d) Improving local language skills e.g. start English classes (and other major languages e.g. German and French).

In Uzbekistan English is now the second language, but also other language skills, especially German and French are being developed.

e) Advertising campaigns and links with international travel agents. Uzbekistan has recently been running several TV clips about its tourist destinations on Euronews channel. f) Creating tourism board and tourist information offices at home and abroad.

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