
ANALYSIS OF POTENTIAL OF E-TOURISM AND E-COMMERCE DEVELOPMENT TRENDS OF UZBEKISTAN

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Abstract. Uzbekistan, albeit slowly, but still confidently drawn into the sphere of world tourism. Its territorial resources for this are enormous and, which is very important, for tourism are unique, just as the Uzbek civilization itself is unique. This is the most important factor in the country's attractiveness for world tourism. Uzbekistan currently has all the objective prerequisites for the large-scale development of tourism, both outbound and inbound, as well as domestic. The following thesis will provide an overview of Uzbekistan's potential in terms of e-commerce and digital tourism prospectives.

Key words: e-tourism, ecommerce, development

The country has a huge cultural and natural potential; it is open for mass tourism. This is supported by the relevant legal framework, including the laws of the Republic of Uzbekistan on tourism, health protection of citizens and Article 38 of the Constitution of the country. Uzbekistan, with its colossal tourism potential, occupies a very modest place in the world tourism market. In terms of the number of arrivals of foreign tourists, it accounts for less than 0.2% of the world tourist flow. A study of the development of the tourism sector in Uzbekistan shows that in a fairly short period of time, the tourism market has made a huge step forward in terms of creating an extensive tour operator and agency network capable of satisfying almost any requests of domestic consumers in any region of the country. With the acquisition of independence in Uzbekistan, the foundation was laid for the regulation of tourism activities and the revival of the historical and cultural heritage of the people. The constant attention of the country's leadership to the formation and development of a single tourism industry in the republic is already bearing tangible results, attracting more and more businessmen and public figures of the international tourism business to Uzbekistan. In the Decree of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev dated December 2, 2016 No. 4861 "On measures to ensure the accelerated development of the tourism industry of the Republic of Uzbekistan", the target tasks and priorities of state policy in the field of tourism for the medium term have been determined.

If in 2015 our country was visited by more than two million travelers from 70 countries of the world, and the volume of export of services in this area exceeded one billion US dollars, then last year the volume of tourist services increased by

15.9%, and their export - by 12%. It is also important that within the framework of regional programs for the development of tourism 814 jobs have been created, the number of employees in this sector has exceeded 200 thousand people. It should be noted that the important factors that influenced the twofold increase in the number of arriving foreign tourists in 2018 were the liberalization of the visa regime, the simplification of the rules for staying in Uzbekistan, the simplification of doing business, the development of infrastructure in the tourism sector and the promotion of tourism potential, including: – additional establishment of a visa-free regime for 9 countries (18 in total), an increase in the number of countries for whose citizens a simplified regime for obtaining entry visas from 12 to 50 is applied; – the beginning of the functioning from July 15, 2018 of the system of registration and issuance of electronic entry visas and the introduction of a procedure for visa-free entry, temporary stay and exit from Uzbekistan through checkpoints for citizens of 101 states passing through the territory of Uzbekistan; – simplification of the procedure for temporary registration of foreign citizens on the territory of the republic, which has been completely transferred to electronic format through the E-MEHMON system, according to which the right to register foreign citizens is granted, in addition to accommodation facilities, to medical institutions, travel companies, owners of private apartments and guest houses, as well as foreign citizens traveling independently around the country via the Internet and mobile applications. The developed concept for the development of the tourism sector of the Republic of Uzbekistan in the period up to 2025 is aimed at achieving an increase in the effectiveness of ongoing reforms to create favorable economic conditions and prerequisites for the development of the national tourism sector, as well as developing priority goals and objectives for the accelerated development of the tourism industry, increasing its role and contribution to the economy, diversification and improvement of the quality of tourism services, improvement of tourism infrastructure.(Tuhliyev I.S Mahmudov J.A “Development of e-commerce Tourism”(2018) According to Datareportal.com’s “Digital 2020” report in January 2020, 59 percent of the world’s 7.75 billion people, or 4.54 billion, use Internet, 67 percent (5.19 billion) are mobile phone users and 3.80 billion people, or 49 percent of the world’s population, are active social media users. These numbers are growing accordingly every year. (14)(Journal of critical review 16.03.2020 (http://creativecommons.org/licenses/by/4.0/) DOI: <http://dx.doi.org/10.31838/jcr.07.05.72>)

Table 2.1 Digitalization indicators of the economy of the Republic of Uzbekistan

No	INDICATORS	2014	2015	2016	2017	2018	2019
1	Total number of Internet users (million)	4.9	10.2	12.1	14.7	20	22
2	Number of mobile subscribers (mln.)	19.6	20.1	20.6	21.4	22.8	23.9
3	Number of mobile base stations (unit)	14309	14921	16265	18194	22178	26017
4	International data network bandwidth (Gbit / s)	10	16.07	25.7	64.2	1200	1200
5	Total distance of fiber-optic communication lines (thousand km)	14.4	16.4	17.9	20.3	24.5	36.6

Source: prepared by author based on the date from stat.uz and mitc.uz

Thanks to the support of the "watchdog" of e-commerce - the GDS, in the era of the Internet, electronic sales within one decade have reached such an impressive scale in a number of countries that they began to influence the structure of relationships between participants in the entire tourism industry. Today, the development of e-commerce in tourism is highly concentrated in several centers: the United States, Western Europe and countries such as India, Brazil and Russia. However, it is clear that the processes of introducing elements of e-commerce are going on everywhere, from China to Chile. At both inter-firm and retail levels, significant progress has been seen in other industries across all regions. The ability to proceed from your own needs, and not from the offers available, to form your own set of services in the desired order and at any stage of the journey, personification of systems designed for a mass client, the availability of any service 24 hours a day - these are some of the advantages of e-business that increase its relevance. But for the implementation of a new approach to the provision of services, changes are required in the entire chain of formation of a tourist product. Figure.2.1

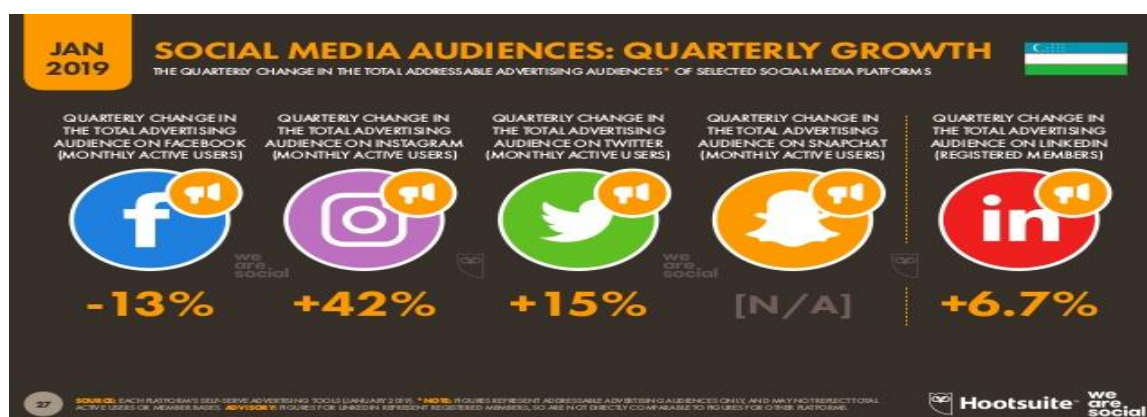


Figure 2.1 Social media growth. www.digitalinformationworld.com

Uzbekistan in the way of integration with other Central Asian countries, with its richly diverse cultural inheritance and wealth of natural tourism attractions spanning across 12,000 kilometers, unique World Heritage Sites and through distinctive tourism presence, is making a great interest of tourist from all over the world (Kemal Kantarci, Muzaffer Uysal, & Vincent P. Magnini, 2014). The „Silk Road“ has been travelled along for centuries by conquerors, traders, missionaries, geographers and, more recently, tourists. It served as a fundamental mode of exchanging cultures, crafts, ideas, technologies, beliefs and peoples. Currently, corridor cities of this trade way, such as Samarkand, Bukhara and Khiva, have been appealing flow of travelers from all over the world. Since 1991, coinciding with the independence of Uzbekistan from the former Soviet Union, there has been a revival of interest in the Silk Road – for cultural exchange, trade and tourism. After having received its independence the state has been established the policy and model of tourism development (Coulibaly et al., 2012).

By the end of 2017, Uzbekistan had a population of 32.64 million people, out of which 15.45 million were Internet users, placing the penetration rate at 47.7% ([Uzbekistan National News Agency](#)). 51% of users access the Internet through their smartphones, 47% go online using computers (both desktops and laptops), and 2% use their tablets. Growing mobile penetration has been playing a critical role in improving Internet access. However, service is still expensive, and broadband speeds are low, which curbs internet use. With the goal of increasing Internet access, Uzbektelekom plans on introducing modern fiber optic technologies, which will reach distant regions in the country, including over 2 thousand kilometers of fiber that was installed in 2017. In 2017, there were 21.38 million (70% of the population) mobile connections in Uzbekistan, out of which 42% were either 3G or 4G. Uzbeks prefer pre-paid connections, which represent 97% of all mobile connections, while only 3% of them were post-paid. According to [Freedom House](#), Uzbekistan has one of the most tightly controlled online environments in the world. However, the government has been taking an interest on e-commerce, particularly with a "social web solution" that seeks to expand the scale of e-commerce and make it more convenient for social services to be provided online ([Uz Daily](#)). As of July 2018, the most popular browsers in the country by market share were Chrome (53.69%), followed by UC Browser (19.99%), Opera (5.62%), Samsung Internet (4.61%), Firefox (4.52%), and Safari (3.88%). As for search engines, Google was the most popular one in Uzbekistan, with a market share of 71.87%, followed by Yandex RU (24.02%) and Mail.ru (2.64%). E-commerce is still underdeveloped in Uzbekistan, and it is only now starting to become a priority.

In May 2018, the Uzbek President signed a decree "On measures for the accelerated development of e-commerce", and approved the "Program for the Development of E-commerce in Uzbekistan for 2018-2021" Table 2. As a result, the market is expected to grow significantly in the next few years. Nevertheless, given that e-commerce is still rather uncharted in Uzbekistan, there aren't any official numbers on the market value or revenue. The main barriers to development of e-commerce in the country are insufficient electronic banking services, conversion limitations and underdeveloped trade and customs regulations. The capital, Tashkent, is currently the only viable e-commerce market in the country, as it's home to 90% of Uzbek internet users. On the other hand, the increasing number of mobile internet access contributes to the potential for e-commerce growth, and moderate to strong growth is expected in mobile broadband use over the next five years. However, at the moment mobile e-commerce is not widespread in Uzbekistan and is still developing. According to [Euromonitor International](#), the increasing use of Internet services and the competition among internet providers is driving down prices. Arbauz led online sales in 2016 with 11% value share, broad product variety, and strong promotional campaigns. Other popular e-commerce websites include [OLX](#), [AliExpress](#), and [Amazon](#). The most popular products purchased online are health and beauty products, electronics, clothing and shoes. As for cross-border e-commerce, Chinese and Turkish products are the most popular ones among Uzbeks. Online payment is done through the use of bank cards linked to Smartphone's, although the majority of transactions are still done by cash. (F. M., & Jenkins, C. L. 1997).

Tabel.2.2 Implementation of the Tourism Development Concept in the Republic of Uzbekistan in 2019-2025 years

№	The name of indicators	2018	2019	2020	2021	2022	2023	2024	2025
1	The number of foreign tourists visiting Uzbekistan (thousand people)	5 346	6 041	7 010	8 410	10 010	10 600	11 250	11 810
2	Exports of tourism services (USD million)	1 041	1 180	1 360	1 620	1 900	2 000	2 080	2 170
3	Number of domestic tourists (thousand trips)	15 493	16 100	17 230	18 806	20 317	21 867	23 404	25 010
4	Number of hotels and similar accommodation facilities (units)	914	1 100	1 620	2 200	2 600	2 800	2 900	3 050
5	Number of rooms in accommodation facilities (thousand)	20,2	24	35	47	55	59	62	64
6	Number of places in accommodation facilities (thousand)	41	49	72	95	110	122	124	128

7	Number of tour operators (units)	983	1 100	1 190	1 250	1 320	1 390	1 420	1 450
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To conclude one of the main drivers of Uzbekistan's economy, tourism and its potentials for providing e-tourism services to the world has been analyzed. Moreover, the thorough analysis of current state of e-commerce and its development prospects have been provided.

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