

Application of “Clusters” into Tourism Industry of Samarkand city

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What do we know about tourism resources
of Uzbekistan and Samarkand city ?

- **Ancient civilizations and historical monuments, warm climate, good geographic location, cheap labor force and enough tourism infrastructure**

So why it is not one of the most famous tourist attractions in the world yet?

- **We will try to apply concept of clusters Porter’s Diamond Model to analyze the situation**

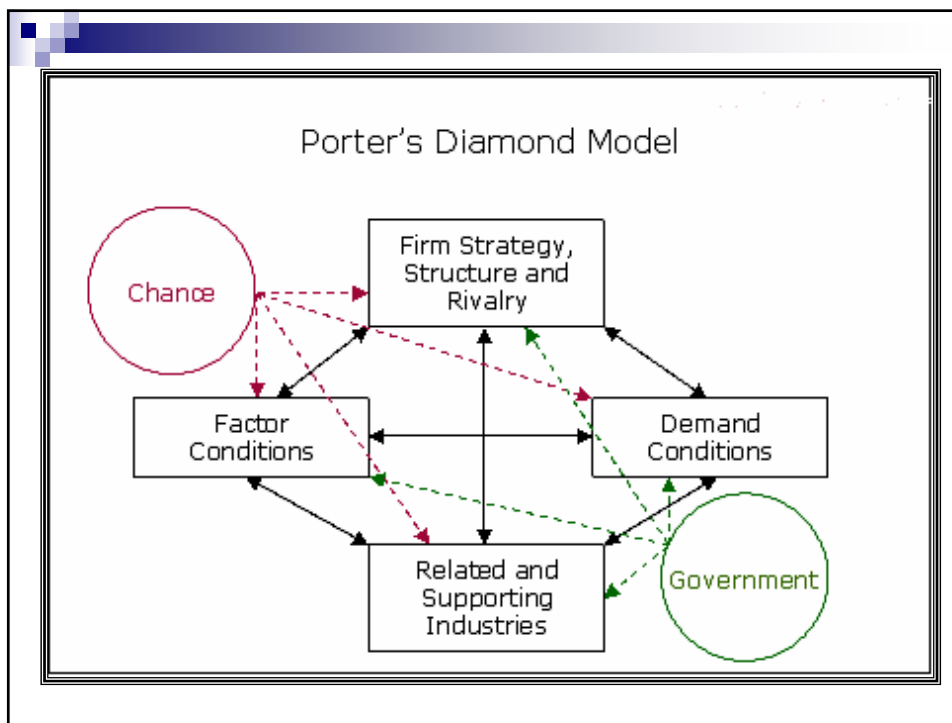
What are Clusters and Porter's Diamond Model?

- **Cluster is geographic concentration of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that arise in certain locations.**

Porter says clusters can influence competition in three ways:

- **They can increase the productivity of the companies in the cluster.**
- **They can drive innovation in the field.**
- **They can stimulate new businesses in the field.**

- Four interlinked advanced factors and activities in and between companies in these clusters which are **The Strategy, Structure and Rivalry of Firms, Demand Conditions, Related Supporting Industries and Factor Conditions** form competitive advantage of nations.
- Those factors themselves form **the Diamond Model of Porter** that can help understand the comparative position of a nation in global competition. In the Diamond Model Porter also includes two additional factors one is **Government** and the other is **Chance**.



Application of “Clusters” and the Diamond Model into Tourism industry of Samarkand

- **We can start by analyzing each of the factors in the Diamond Model and see how advanced they are in the region**
- **Industry resources: 100 tourist firms, more than 50 hotels, a lot of restaurant and etc.**

Strategy, Structure and Rivalry of Firms

- **Mainly small firms and few large ones**
- **Main strategies: low price competition and market segment penetration**
- **Hotels in the region are more competitive and rivalry among them is more apparent**
- **There are some half or fully state owned tourism firms and hotels, but profitability of them differ**

Demand Conditions in tourism industry

- **Tourism firms and hotels are mainly concentrated on demands of the foreign tourists**
- **Attention paid to the demands of local tourist is little**
- **Dilemma: more a firm tries to meet demand of foreign tourists more it ignores demand of local ones**

Related Supporting Industries

- **Few unsatisfactory museums**
- **The restaurant industry is adjusted local needs**
- **Prices in souvenir shops are high**
- **Few clear direction maps and clearly marked bus stops.**
- **Few low quality thematic parks**
- **Academic institutions do little cooperation with tourism firms**

Factor Conditions

- **Labor in tourism industry is not very skilled**
- **Small capital investment**
- **Shallow tourism infrastructure**
- **Most of ancient buildings and historical monuments are not reconstructed and not being used**

Government and Chance

- **Government:**
The actions by local government or branches of national organization are not being very productive.
- **Chance:**
 - **Terrorist acts of 1999 in Tashkent**
 - **Global financial-economic crisis of 2008-2009**

Conclusions

- **The main four interlinked factors of the Diamond Model are not developed enough in the tourism industry of Samarkand city**
- **There are possible division of interest that prevented probable collaborations**
- **The possible causes of the problem:**
 - **Existence of barriers for free market initiatives**
 - **Lack of catalyzing involvement by local government**

Suggestions

- **The academic institutions and their staff should be both financially and spiritually motivated to work together with businesses and other academic institutions.**
- **We propose opening of a center for improving research in tourism development**
Functions of the center will be:
 - **Assurance of collective work among academic institutions;**
 - **Improvement of integration between education, research and businesses;**
 - **Analyzing and approving any new projects;**
 - **Assisting academic institutions with preparation of specialists.**

Final Conclusion

- **The center and overall formation of cluster in tourism could be initially financed by local government.**
- **Tourism clusters will start to work on their own once businesses start benefiting from quality research and**

**Thank you for your
attention!**