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Innovations as An Important Factor in Increasing The Investment Potential of Tourism

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Abstract: The article provides a comprehensive analysis of the strategic role of innovations in increasing the investment potential of the tourism sector and the use of modern solutions such as digital technologies, artificial intelligence, VR/AR, automated services. Practical directions for improving the quality of service through advanced technologies, reducing investment risks, creating new services, and creating an attractive environment for investors are considered. Also, national opportunities are analyzed using the example of innovative development trends and promising projects in tourism in Uzbekistan. The article is enriched with scientific and theoretical views, as well as real examples and graphic information.

Keywords: tourism, innovation, investment, digital technologies, VR, AR, smart tourism, artificial intelligence, investors, digital guides, automated hotels, investment attractiveness, Uzbekistan, technological development.

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1. Introduction

Nowadays, in the context of modern economic development around the world, the tourism sector is considered an important component of the economic growth of countries. Especially innovations require innovations in the tourism service sector. However, even in developed countries, this issue is becoming more relevant, requiring the renewal of the sector. In this area, in the era of digital transformation and technological innovations, the quality of service provision and the level of economic efficiency are increasing through modern approaches in tourism [1]. From this point of view, one of the important directions for increasing investment potential in the tourism sector is the widespread introduction of innovations. A new approach to the role of innovative technologies in the tourism sector, their impact on investment attractiveness in regions, the development of best practices and their implementation based on practical opportunities in Uzbekistan are one of the requirements of the present time [2].

2. Materials and Methods

Innovation in tourism is a tool that allows to enrich the tourist experience and attract investments in the sector through modern technologies, new approaches, digital solutions and improved services. NWTO reports talk about improving tourism infrastructure, improving service quality and creating new investment opportunities through digital transformation and innovative technologies (AI, Big Data, IoT). Digitalization processes have accelerated especially after the pandemic [3].

Poon's research, on the other hand, considers innovation as a key factor in increasing competitiveness. He puts forward the concept of "new tourism", where the customer is at the center, and this model creates a more attractive environment for investors [4].

The innovation process consists of the preparation and implementation of innovative changes and consists of interconnected stages that form a single whole. The change that is made as a result of this process is an innovation. For the implementation of the innovation process, diffusion - the simultaneous distribution of innovations that have been mastered and used once in new conditions and areas of application - is of great importance [5]. The innovation process has a cyclical nature, which must be taken into account when developing compact systems for organizing and managing the economy. In the current economic literature, "innovation" is interpreted as the transformation of potential scientific and technical progress (ITT) into real, new products and technologies. In our country, the problems of innovation have been developed for many years within the framework of economic research on scientific and technical progress [6].

3. Results and Discussion

Innovation is a key factor shaping not only the products and services of the tourism sector, but also future investments and potential. In recent years, Uzbekistan has been actively implementing this strategy through location-based tools, digital systems, startup innovations, and green hotels [7]. Tourist arrivals and tourism exports increased significantly in 2019–2024, with the country aiming to reach 10–14 million tourists by 2025. Currently, the number of foreign tourists has exceeded 11 million. Tourism industry Innovation is an important factor in expanding not only travel, but also a multi-sector service sector that creates great economic opportunities. Innovation means offering new and advanced solutions to existing problems and is an important link in arousing interest in the country in the sector [8]. Tourism and innovation are directly related mechanisms, one of which acts as a driving force in the development of the other. For example, modern tourists prefer fast information, security, convenience, interactive services and services based on mobile applications. Such needs are only reflected in innovation in tourism.

Today, tourists rely on digital technologies in all processes, from planning a trip to using services. For example, online booking systems, mobile applications, electronic payment systems, and services based on artificial intelligence are increasing the confidence of tourists [9]. One of the innovations in attracting tourists is virtual tourism, which allows people to get an idea of tourist attractions from their homes or workplaces. This has certainly been an important factor in maintaining interest in tourism products over the past period, that is, in the post-pandemic period [10].

In the Figure 1 shows that currently, innovations in the tourism sector include Smart Cities, "smart tourism" aimed at creating convenience by integrating hotel, transportation, destination, and security systems using Internet technologies.

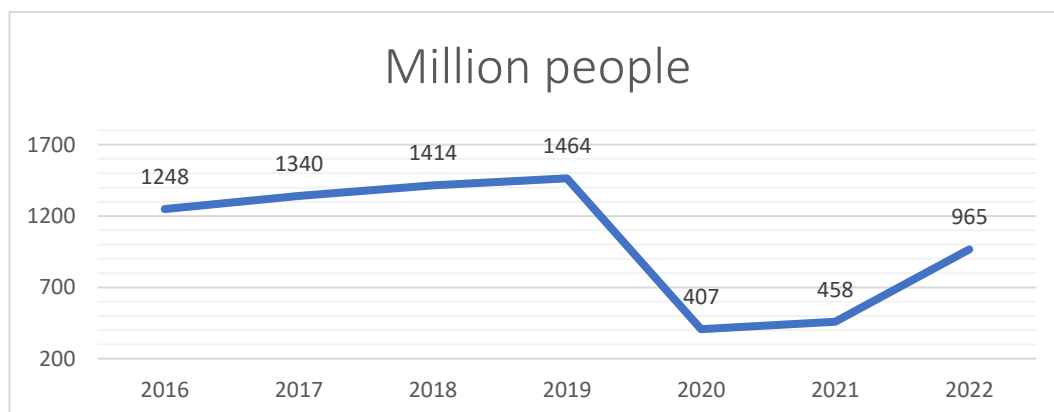


Figure 1. Dynamics of international tourist arrivals, 2016–2022, million people.

It is important for our country to further improve certain opportunities, introduce innovations, reinterpret the industry, and implement the most modern ideas from the

world. The creation of an investment environment with the help of innovative technologies will allow investors to analyze risks in advance. Algorithms based on artificial intelligence will provide more accurate and faster solutions in determining the prospects of the project [11]. Obtaining this information will certainly be an important factor in our country's specialization in tourism. We are leveraging our existing capabilities and innovations to create new services – such as digital guides, VR tour packages, and automated hotels – that will be a step towards greater profitability and attractiveness compared to our traditional activities [12].

In the Figure 2 shows that, Uzbekistan has undergone extensive reforms in the tourism sector in recent years. New hotels, tourist zones, and airports have been built. Visa-free travel has been introduced for citizens of more than 90 countries. All this has opened up new opportunities for foreign investors. But this is not enough, for example, Singapore has implemented systems in the tourism sector, within the framework of the “Smart Nation” project, in which sensors, household appliances, cars, industrial equipment, etc. are connected to each other via the Internet and exchange information [13].



Figure 2. The “Smart Nation” project.

The My Singapore mobile app, created for tourists, makes traveling around the country easier. In Dubai, hotels, shopping malls and airports operate on the basis of artificial intelligence and robotic services. Through the Dubai Now platform, tourists can use all services through one application. The Republic of Korea has organized interactive tours of museums, historical sites and cultural heritage sites based on AR technology. These innovations are of great interest not only to tourists, but also to investors.

Discussion.

In the Figure 3 shows that, Increasing tourism investment potential Uzbekistan has a technopark, IT-park and incubation environment for startups. This is a favorable environment for the development and commercialization of innovative ideas in tourism. However, at the same time, the weak Internet connection in some tourist areas and the underdevelopment of digital services negatively affect the quality of service.



Figure 3. Internet connection in some tourist areas and the underdevelopment of digital services.

Of course, the training of specialists is also important for the adequacy of investment reforms. The lack of specialists who can work with innovative technologies, who know foreign languages, and who have digital literacy creates problems in ensuring modernity in service provision.

In creating a reliable information environment for investors, digital platforms, open databases, and blockchain technologies guarantee investors information transparency. This reduces investment risks. Fraudulent ways of creating an investment environment, the creation of artificial barriers, and our actions are factors that negatively affect investors. The most important factor in the investment environment is the human mind. There are tax incentives, concessions in land allocation, and simplified licensing procedures to attract investment [14]. Measures have also been taken to support investors through the National Agency for Foreign Economic Activity. However, some of our authorized bodies are creating artificial obstacles to the implementation of the work being done.

Due to the low level of financial, investment and investment literacy among the population in our country, as a result of insufficient incentives for entrepreneurship, many innovative projects are being implemented only at the expense of state funds. As a result, the state suffers financial losses due to the inability to achieve its goals. In our country, the mechanism of investment attractiveness should include connecting new innovative projects to a single digital interactive service platform and limiting the intervention of the human factor in its control, and business regulations should not rely on new reforms every day.

In order to increase investment potential, attention should be paid to the development of digital services, support for startups and innovative projects, international cooperation and incentives aimed at the development of human resources. For example: a single online tourism portal, mobile applications, digital maps, automated guide systems, grants to support startups and innovative projects, tax incentives, tourist zones in the development of digital services. Development of technological and investment cooperation in the world for international cooperation. It is necessary to introduce directions such as "Tourism and Innovation", "Digital Tourism Management", aimed at the development of the tourism sector in higher education institutions by directing funds to human capital [15].

4. Conclusion

In conclusion, innovations are one of the most important factors in increasing investment potential in tourism. They not only improve the quality of services, but also create a reliable and stable environment for investors. Therefore, Uzbekistan should formulate and implement a policy in the tourism sector that is resistant to global competition, based on a modern, innovative approach. This will play an important role in improving the country's investment status in the long term.

Innovations are one of the main factors in increasing investment potential in tourism. They improve the quality of service, reduce investment risks, and create a transparent and competitive environment for investors. Even in Uzbekistan, the widespread introduction of innovations can increase the volume of international investments and ensure sustainable economic growth in tourism. Therefore, the development of an innovation policy at a strategic level and its consistent implementation play an important role in strengthening the competitiveness of the tourism sector in the global market.

lead to reduced risks for investors, predictability of market conditions, profit prospects and transparency of management. This, in turn, increases the desire to invest in the tourism sector. Modern technologies allow for automation of the management of tourist facilities, efficient use of resources and reduction of operating costs. This, along with increasing overall income, increases investment attractiveness.

In Uzbekistan, an innovative approach is also needed to increase the potential of tourism. Improving the quality of services created for residents and guests, promoting innovative ideas in the use of ecological, cultural and historical resources is the demand of the day. The investment climate can be significantly improved by developing digital infrastructure, licensing through e-government systems, and creating simplified procedures.

International experience shows that countries that have implemented an innovative development strategy have increased foreign direct investment in the tourism sector, have high employment levels, and have increased the share of tourism in gross domestic product. Uzbekistan also has sufficient potential in this regard, and it is necessary to fully utilize the existing opportunities.

The economic and social efficiency of tourism can be dramatically increased by developing an innovation policy at a strategic level, its consistent implementation, and applying science and technology in practice. It is necessary to stimulate investment activity by strengthening partnerships between the public and private sectors and improving mechanisms for financing innovative projects.

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