BRIDGING THE REGIONAL IMAGE–ECONOMY GAP THROUGH PLACE MARKETING AND TERRITORIAL REPOSITIONING IN BUKHARA, UZBEKISTAN

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Abstract

Regional development increasingly depends not only on the availability of economic, cultural and institutional resources, but also on the capacity of territories to communicate these resources as coherent and credible value propositions. This study introduces the concept of the **regional image–economy gap**, understood as a divergence between the dominant external image of a region and the actual structure and dynamics of its economy. The purpose of the research is to identify the manifestations of this gap in the Bukhara Region of Uzbekistan and to determine how place marketing and territorial repositioning can align the region's internationally recognised heritage identity with its contemporary economic transformation. The study applies dynamic, structural, comparative and territorial analysis to official socioeconomic data for 2025. The findings indicate that gross regional product increased by 7.2%, industrial production by 7.1%, agriculture by 4.3%, market services by 14.0%, retail trade by 9.2% and exports by 32.8%. Manufacturing accounted for 92.3% of industrial production, while small businesses generated 71.0% of market services. However, fixed-capital investment declined by 19.4%, imports exceeded exports more than threefold, and service activity remained strongly concentrated in Bukhara city. These results reveal a mismatch between the region's predominantly heritage-tourism image and its diversified industrial, agricultural, service, export and entrepreneurial economy. The study identifies seven groups of factors influencing territorial repositioning and proposes an umbrella-brand architecture in which the historic city functions as the symbolic core while the districts develop complementary industrial, agricultural, gastronomic, craft and tourism value propositions. The findings contribute to place-marketing research by demonstrating that successful repositioning requires changes in the territorial product, stakeholder coordination and spatial distribution of value rather than communication alone.

Keywords

place marketing, territorial repositioning, regional image–economy gap, Bukhara region, place branding, economic diversification, regional attractiveness, heritage tourism, regional competitiveness.

INTRODUCTION

Regions increasingly compete for investment, entrepreneurial projects, skilled labour, visitors, students, export buyers and consumer demand. This competition is no longer determined exclusively by production costs, natural resources or geographical location. It is also influenced by reputation, digital visibility, institutional reliability, service quality and the ability of a territory to formulate a distinctive value proposition for different target audiences.

Place marketing emerged as a strategic response to this form of interterritorial competition. Kotler, Haider and Rein conceptualised territories as complex market entities that should identify priority audiences, adapt their territorial products and communicate their advantages to investors, tourists, businesses and residents [1]. This interpretation extended marketing from the promotion of individual goods and services to the management of cities, regions and countries.

Subsequent studies demonstrated that place marketing cannot be reduced to advertising. Kavaratzis argues that territorial images are shaped by the physical environment, infrastructure, public policy, stakeholder behaviour and the real experience of interacting with a place [2]. A territory may therefore conduct an intensive promotional campaign without becoming more attractive if the quality of services, institutions and infrastructure remains inconsistent with its communicated promises.

Place promotion, place marketing and place branding represent related but distinct processes. Place promotion primarily communicates selected territorial attributes. Place marketing adapts territorial resources and services to the needs of target groups. Place branding constructs and manages a distinctive territorial identity and long-term reputation [3]. Competitive identity is consequently produced through the interaction of policies, products, institutional behaviour, culture and communication rather than through visual symbols alone [4].

The territorial capital approach further broadens the understanding of regional competitiveness. According to Camagni and Capello, regional development depends on combinations of tangible and intangible assets, including infrastructure, knowledge, social relations, institutions and place-specific characteristics [5]. However, territorial resources generate market value only when they are interpreted, organised and communicated in ways that are relevant to external and internal audiences.

This distinction is particularly important for historically branded regions. Such territories may possess a powerful and internationally recognised image, but that image may represent only a limited part of their contemporary economic structure. A destination known primarily for cultural heritage may simultaneously develop manufacturing, logistics, technology, agriculture and business services. When economic transformation is not reflected in territorial communication and stakeholder perceptions, an image–economy mismatch emerges.

The Bukhara Region offers a relevant case for examining this process. The historic centre of Bukhara is included in the UNESCO World Heritage List and represents one of the best-preserved examples of a medieval Central Asian city [17]. The name Bukhara is internationally associated with Silk Road history, Islamic architecture, religious scholarship, crafts and traditional hospitality.

This strong cultural identity provides significant advantages. It creates international awareness, reduces the communication costs of destination promotion and differentiates the region from competing territories. However, the economy of the wider Bukhara Region is substantially more diversified than its dominant image suggests. The region includes manufacturing, petrochemical production, agriculture, energy, construction, trade, transport, financial services, small business and export activity.

During the previous eight years, more than USD 8 billion in investment was attracted to the region, thousands of industrial enterprises were established, and industrial output expanded considerably [18]. Nevertheless, regional communication continues to rely heavily on the image of the historic city. The economic functions and market propositions of the districts are considerably less visible.

This creates two related gaps. The first is a **sectoral image–economy gap** between heritage-tourism associations and the diversified regional economy. The second is a **spatial image–economy gap** between the high visibility of Bukhara city and the limited representation of the districts.

MATERIALS AND METHODS

The study employs an analytical case-study design. The Bukhara Region is examined as both a socioeconomic system and a territorial marketing entity. The research focuses on the relationship between its objective economic transformation and the value propositions communicated through its dominant regional image.

The object of the study is the Bukhara Region as a territorial unit competing for investment, tourism, entrepreneurship, exports, talent and consumer demand.

The subject of the study is the set of economic, spatial, institutional and marketing factors that generate or reduce the gap between the perceived image of the region and its actual development profile.

The research was conducted in four stages.

At the first stage, the concepts of place marketing, territorial attractiveness, regional branding and competitive identity were reviewed.

At the second stage, the socioeconomic transformation of the Bukhara Region was examined through official statistical indicators.

At the third stage, structural contradictions between the regional image and the regional economy were identified.

At the fourth stage, the findings were translated into territorial-repositioning directions and an extended regional-brand architecture.

The study is descriptive and explanatory rather than causal. It identifies the objective foundations of the image–economy gap, but it does not statistically estimate how each factor affects the decisions of investors, visitors or residents.

RESULTS

The permanent population of the Bukhara Region exceeded 2.1 million people at the beginning of 2025. Gross regional product reached UZS 86.6 trillion and increased by 7.2% compared with 2024 [8].

The main economic indicators are presented in Table 1.

Table 1

Key socioeconomic indicators of the Bukhara Region in 2025[11]

Indicator	2025 value	Change from 2024
Gross regional product	UZS 86.6 trillion	+7.2%
Industrial production	approximately UZS 53.5 trillion	+7.1%
Agriculture, forestry and fisheries	UZS 48.3 trillion	+4.3%
Fixed-capital investment	UZS 42.9 trillion	−19.4%
Construction	UZS 19.2 trillion	+11.3%
Market services	UZS 42.7 trillion	+14.0%
Retail trade	UZS 25.8 trillion	+9.2%
Exports	USD 414.0 million	+32.8%
Imports	USD 1,272.7 million	+25.6%

Market services recorded the highest growth rate among the main domestic sectors. Their growth of 14.0% exceeded the increases in industrial production, agriculture and retail trade.

[11] *compiled by the author from [8–16].*

This finding changes the interpretation of the regional economy. Bukhara is not only an industrial-agricultural territory or a cultural destination. It is also developing a large service economy associated with trade, transport, food services, finance, communication, healthcare and real estate.

The growth of services increases the range of audiences to which the region can offer value. A more complex service sector improves conditions for investors, residents, entrepreneurs and visitors. However, its marketing contribution depends on service quality, accessibility and spatial distribution.

Industrial production reached approximately UZS 53.5 trillion in 2025. Manufacturing generated UZS 49.4 trillion and accounted for 92.3% of total industrial production [10].

This is an important characteristic of the regional economy. The high share of manufacturing demonstrates that industrial activity is not limited to raw-material extraction. The region possesses processing capacity, supplier relationships and potential for the development of higher-value-added production.

The regional economy includes petrochemicals, textiles, food processing, energy, building materials and other forms of manufacturing. However, these activities remain weakly represented in the established image of Bukhara.

This produces a clear sectoral image–economy gap. International audiences may recognise Bukhara as a historic destination but remain unaware of its industrial value chains, production sites, labour resources and investment opportunities.

The marketing problem is therefore not a lack of economic assets, but the insufficient conversion of industrial assets into targeted market information. Potential investors require evidence concerning:

- available industrial land;
- infrastructure capacity;
- local suppliers;
- labour-force skills;
- transport and energy access;
- regional specialisation;
- existing anchor enterprises;
- export-market connectivity.

Without such information, the industrial transformation of the region remains statistically measurable but weakly visible in the territorial brand.

Agriculture, forestry and fisheries produced UZS 48.3 trillion in 2025 [11]. The sector remains economically significant, particularly for the districts and rural employment.

However, the marketing value of agriculture depends on the extent to which production is transformed from anonymous commodities into recognisable territorial products.

Potential mechanisms include:

- regional food brands;
- geographical indications;
- quality certification;
- modern packaging;
- processing within the region;
- traceability of product origin;
- gastronomic tourism;
- digital access to domestic and export markets.

The Bukhara identity can support the promotion of traditional food, textiles, crafts and other products. Nevertheless, heritage associations alone cannot guarantee product competitiveness. Brand extension must be supported by consistent quality, production capacity and distribution.

Agriculture can also contribute to tourism diversification. Farms, traditional food production, rural communities and local gastronomic practices can create additional visitor experiences. This would broaden the territorial product beyond monument-centred tourism and increase tourist expenditure in the districts.

Fixed-capital investment reached UZS 42.9 trillion in 2025. The amount was substantially higher than the 2021 level, but it declined by 19.4% compared with 2024 [14].

The decline may partly reflect the completion of large projects and the high statistical base of 2024. It does not necessarily indicate a general loss of attractiveness. Nevertheless, it shows that the region requires a continuously renewed investment pipeline.

Investment marketing should therefore not focus only on announcing large capital-intensive projects. It should also include:

- medium-sized manufacturing projects;
- food processing;
- logistics;
- tourism services;
- business infrastructure;
- renewable energy;
- district-level supplier development.

The quality of investment attraction should be evaluated through employment, local procurement, exports, technological transfer, productivity and reinvestment rather than project value alone.

The volume of market services reached UZS 42.66 trillion in 2025 and increased by 14.0% [9].

Table 2

Structure of market services in the Bukhara Region in 2025[12]

Service category	Volume	Share	Real growth
Accommodation and food services	UZS 11.58 trillion	27.1%	7.1%
Trade services	UZS 9.38 trillion	22.0%	14.8%
Transport services	UZS 7.66 trillion	18.0%	17.6%
Financial services	UZS 5.20 trillion	12.2%	17.0%
Education services	UZS 1.94 trillion	4.6%	8.2%
Communication and information	UZS 1.30 trillion	approximately 3.0%	19.3%
Healthcare services	UZS 0.78 trillion	approximately 1.8%	22.9%
Real-estate services	UZS 0.67 trillion	approximately 1.6%	29.8%

Accommodation and food services represented the largest service category. However, 95.9% of this group was associated with food and beverage provision, while only 4.1% represented accommodation services [9]. Therefore, the size of the category should not be interpreted as equivalent to the scale of the hotel industry.

The fastest-growing categories included real estate, healthcare, communication, transport and financial services. This indicates the increasing complexity of the regional service economy.

The territorial distribution of services was highly uneven. Bukhara city accounted for UZS 12.56 trillion, or 29.4% of the total. Market services per capita reached UZS 41.53 million in Bukhara city but only UZS 6.54 million in Shafirkan district [9].

The gap exceeded sixfold. This represents a spatial component of the regional image–economy gap. The strong visibility and service density of the historic city are not replicated across the wider region.

The marketing consequences are significant. Districts cannot benefit fully from the Bukhara brand unless they provide accessible accommodation, transport, food services, information, retail facilities and visitor experiences.

At the beginning of 2026, approximately 28,800 enterprises and organisations operated in the region. Small enterprises and microfirms represented 86.5% of the

[12] *compiled by the author from [9].*

total. However, the number of active entities declined by 6.4% compared with the previous year [16].

Small businesses generated UZS 30.28 trillion, or 71.0% of market services [9]. Their role exceeded 80% in several districts.

The findings show that local entrepreneurship is a central component of the regional product. Small businesses operate hotels, restaurants, transport services, shops, workshops, private healthcare and other services that shape the daily experience of residents and visitors.

At the same time, the decline in active enterprises indicates that entrepreneurial attractiveness should not be measured only through business registrations. Relevant indicators include:

- survival rates;
- access to finance;
- digital adoption;
- productivity;
- employment growth;
- participation in supply chains;
- access to domestic and international markets.

Territorial repositioning must therefore include support for existing firms, not only the attraction of external capital.

The foreign-trade turnover of the Bukhara Region reached USD 1.687 billion in 2025. Exports increased by 32.8% to USD 414.0 million, while imports increased by 25.6% to USD 1.273 billion [12].

The trade deficit reached USD 858.7 million. Imports were approximately 3.1 times larger than exports.

The export structure included:

- mineral fuels and related materials — 27.7%;
- manufactured goods — 24.5%;
- machinery and transport equipment — 14.6%;
- services — 13.3%;
- food products — 10.3%;
- miscellaneous manufactured articles — 5.6%.

Machinery and transport-equipment exports increased from USD 6.3 million to USD 60.5 million. Food exports increased from USD 20.2 million to USD 42.5 million. In contrast, manufactured-goods exports declined from USD 135.6 million to USD 101.4 million [12].

These changes suggest both diversification and volatility. The rapid growth of machinery exports may indicate industrial upgrading, but a longer time series is required to determine whether it represents a sustainable trend or several large contracts.

Trade was also geographically concentrated. Russia and China jointly accounted for more than half of foreign-trade turnover. Afghanistan and Russia together represented more than 60% of exports [12].

The region therefore faces two marketing challenges: product diversification and market diversification. Export-oriented territorial positioning should emphasise certification, reliability, production capacity, logistics and digital B2B communication.

The Historic Centre of Bukhara is the region's strongest symbolic asset. Its international recognition supports awareness, differentiation and cultural legitimacy [17].

Tourism is therefore an essential component of the regional economy and brand. However, a heritage-dominated image creates several limitations.

First, it concentrates attention on the historic city rather than the wider region. Second, it encourages short itineraries centred on architectural monuments. Third, it underrepresents industrial, agricultural and entrepreneurial opportunities. Fourth, it may increase pressure on the historic centre if tourism growth is not spatially diversified.

The region requires additional products, including:

- pilgrimage tourism;
- ceramic and craft centres;
- gastronomic routes;
- rural tourism;
- tourist villages;
- desert and ecological experiences;
- cultural events;
- interregional Silk Road itineraries.

Heritage conservation must remain central to this expansion. Authenticity is not only a cultural value but also a strategic marketing asset. Incompatible development may weaken the credibility and distinctiveness of the Bukhara brand.

The findings reveal five principal dimensions of the gap.

Table 3

Dimensions of the regional image–economy gap in Bukhara

Dimension	**Dominant image**	**Economic reality**	**Marketing implication**
Sectoral	Heritage and tourism	Manufacturing, agriculture, services and exports	Expand the regional value proposition

Spatial	Historic Bukhara city	Diverse districts with specialised resources	Develop district-level sub-brands
Temporal	Traditional and historical identity	Contemporary economic transformation	Connect heritage with modern development
Audience-based	Visitors and pilgrims	Investors, entrepreneurs, buyers, residents and talent	Segment regional communication
Value-chain	Cultural attractions and raw materials	Processing, services and industrial cooperation	Promote complete value chains

The table demonstrates that territorial repositioning should not be treated as a communication campaign. It requires the restructuring and clarification of the regional offer.

DISCUSSION

The concept of the regional image–economy gap contributes to place-marketing theory by explaining why a region with a strong brand may still communicate an incomplete market proposition.

Traditional place-branding research often examines awareness, identity, image and stakeholder participation [2–4; 19]. The present study adds the issue of structural alignment. A regional brand should correspond not only to cultural identity but also to the actual composition and strategic direction of the economy.

A strong established image can become both an asset and a constraint. Heritage gives Bukhara international recognition, but it can also create cognitive lock-in, in which external audiences interpret the entire region through one historic function.

Territorial repositioning is therefore required when the established image no longer represents the full range of regional capabilities.

Repositioning should not replace Bukhara's heritage identity with an industrial or investment-oriented image. Such a strategy would risk weakening the region's most valuable reputational asset.

A more appropriate approach is **brand extension through thematic consistency**. The historic identity of Bukhara can be connected to contemporary concepts such as:

- connectivity between markets;
- craft and production expertise;
- entrepreneurship;
- knowledge and scholarship;
- intercultural exchange;

- continuity between tradition and innovation.

These themes allow industrial, export and business activities to be incorporated without creating an artificial break with the regional identity.

The findings support the development of an umbrella-brand architecture.

Under this model:

- Bukhara city functions as the historical and symbolic core;
- Gijduvan may be positioned around ceramics, crafts and manufacturing;
- industrial districts may communicate sector-specific investment opportunities;
- agricultural districts may develop food, gastronomy and rural-tourism propositions;
- pilgrimage sites may form integrated spiritual routes;
- the region as a whole may communicate connectivity, authenticity and economic opportunity.

The model allows districts to differentiate themselves while benefiting from the awareness associated with Bukhara.

The statistical analysis confirms that regional repositioning requires substantive changes in the territorial product.

Marketing communication cannot compensate for:

- weak district-level services;
- limited transport accessibility;
- fragmented investment information;
- insufficient product certification;
- uneven digital representation;
- short tourist stays;
- low business survival.

Place marketing must therefore be connected with industrial, tourism, infrastructure, entrepreneurship and export policies.

Regional authorities should develop audience-specific value propositions.

For investors, communication should focus on industrial sites, infrastructure, suppliers, labour resources and administrative support.

For export buyers, it should highlight product standards, production capacity, logistics and reliability.

For tourists, the region should provide multi-day and multi-district experiences.

For entrepreneurs, it should improve digital access, finance, cooperation and market information.

For residents and talent, the regional offer should include employment, education, services, cultural identity and quality of life.

A unified digital platform could integrate these propositions while maintaining separate pathways for each audience.

CONCLUSION

The Bukhara Region possesses one of the strongest territorial identities in Uzbekistan. Its historical and cultural reputation gives it considerable international visibility. However, the region's contemporary economy is substantially broader than its established tourism-centred image.

The 2025 data demonstrate growth in gross regional product, industry, agriculture, services, trade and exports. Manufacturing dominates industrial production, small businesses generate most market services, and the service economy is becoming increasingly diversified.

At the same time, the region faces several structural challenges:

- fixed-capital investment declined relative to 2024;
- imports exceeded exports more than threefold;
- trade was concentrated in a limited number of markets;
- services remained strongly concentrated in Bukhara city;
- the districts were underrepresented in the regional image;
- the number of active enterprises declined;
- modern economic capabilities were insufficiently integrated into regional communication.

These findings confirm the existence of a regional image–economy gap.

Bridging this gap requires a repositioning strategy that:

1. preserves Bukhara's heritage identity;
2. extends the brand to contemporary economic sectors;
3. differentiates district-level value propositions;
4. links marketing with infrastructure and service development;
5. supports small-business resilience;
6. diversifies tourism, exports and investment opportunities;
7. improves stakeholder and digital coordination.

The appropriate strategic direction is not to move away from heritage, but to use heritage as the symbolic foundation of a broader and more credible regional proposition.

The Bukhara Region should be positioned as a historically rooted, internationally connected and economically diversified territory in which cultural heritage, manufacturing, agriculture, entrepreneurship and hospitality jointly create value.

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