

Characteristics of the Long-Term Regional Tourism Development in Georgia

Valeri Arghutashvili, Mari Gogochuri

Abstract—Tourism industry development is one of the key priorities in Georgia, as it has positive influence on economic activities. Its contribution is very important for the different regions, as well as for the national economy. Benefits of the tourism industry include new jobs, service development, and increasing tax revenues, etc. The main aim of this research is to review and analyze the potential of the Georgian tourism industry with its long-term strategy and current challenges. To plan activities in a long-term development, it is required to evaluate several factors on the regional and on the national level. Factors include activities, transportation, services, lodging facilities, infrastructure and institutions. The major research contributions are practical estimates about regional tourism development which plays an important role in the integration process with global markets.

Keywords—Regional tourism, tourism industry, tourism in Georgia, tourism benefits.

I. INTRODUCTION

IN modern conditions, tourism represents one of the most dynamic, prominent and high-income industries in the world economy, which promotes improvement of living conditions and quality of society, which is proved by the statistical data of the tourism industry. According to the mentioned data, almost half of the world's population is directly or indirectly engaged in the tourism industry. It should be noted that, negative tendencies in some regions limits the tourist flows, due to the fact that the development of the sector is mostly determined by the elasticity of demand in the touristic service. Development of the tourism industry is affected by geopolitical conditions, and it is clear that, an unstable political situation can be considered as a significant hamper to the tourist destinations. Obviously, during the planning process, political and socio-cultural factors should be taken into consideration [1]. An unstable economic environment affects the economic activities of the industry, which is also reflected in the public welfare.

Most of the leader countries in the tourism industry are motivated to fill the budget from the incomes of the tourism industry and are oriented to develop the sector through the prism of the system, which in turn implies to make deep analysis of the internal and external factors. Development of tourism is dependent on the existing resources available in the destination, geographic factors and characteristics of the locations, such as the size of the region, natural resources and socio-economic factors, etc. [2].

And if we are oriented to develop regional tourism, this can

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promote the advancement of a country's tourism industry at the regional and international level. Regional tourism is a complicated system, which is formed with several elements (recreation resources, tourism infrastructure, ecological and private safety, etc.). These elements are closely linked to the issues which measure the satisfaction indicators of potential tourists. Infrastructure and public and private services should be in compliance with international standards [3].

Travel and tourism has become the most dynamic industry for developed as well as for developing countries, which is confirmed by industry development indicators. Herewith, considering the positive economic effects such as job creation, tax generation, foreign currency inflows, should be considered as a significant strength of the industry.

Due to the positive economic effects of the tourism industry, developing countries are trying effectively utilize the existing resources. For achieving productive and effective outcomes, it is required to elaborate the relevant policy which will enhance the sustainable development process at the national and regional level. In turn, sustainable development is directly linked to the environmental protection, preservation of cultural heritage sites and prosperity of the society. Policy is a general vector for the destination, and based on the specific determinants of the location, we should to determine the hindering factors and elaborate the plans for the short-term and long-term periods.

Development of the tourism industry is a priority in Georgia. The country owns unique cultural heritage monuments and traditions, as well as rich natural resources, all of which are very important for tourism development [4]. Nevertheless, it is not possible to fully utilize the existing resources; the reasons for this are both subjective and objective. For the strategic planning of the tourism industry in Georgia, it is important to analyze the different components: Tourist attractions, activities, transport, services, infrastructures and institutional environment. The mentioned elements are vital for tourism development at the regional and national level.

II. BODY OF THE PAPER

In the last decade, the tourism industry worldwide has maintained the stable growth of the global economy, which is confirmed by different economic indicators. According to the data of the World Travel and Tourism Council (WTTC), travel and tourism represents one of the rapidly growing industries worldwide. The share of the travel and tourism industry in the global economy represents 10.2% (7.6 billion USD) of GDP. The tourism industry actively creates jobs and is the leading

industry from this perspective. In 2017, according to the data of WTTC, the number of employed persons in the tourism industry was 293 million [5]. Furthermore, the volume of investments in the tourism industry are increasing significantly from year to year; for example, in 2017 investment reached 807.5 billion USD, which represents 4.4% of all investment in the sector.

Tourism plays a significant role and contributes positively to national, regional and local economic activities. It is obvious that, for the in depth assessment of the tourism industry as a system, it is important to identify positive and negative outcomes of the sector.

The main positive activities are: Improvement of living conditions and quality, workforce development, dialogue between cultures, close ties with foreign countries, formation of business cooperation, and development of touristic infrastructure, which stimulates other industries and adjacent sectors, economic integration and globalization.

The positive effects are accompanied with negative ones, such as contamination of the environment, caused by an increase of transport and tourist numbers, which results in many problems. Tourism areas could be unattractive due to chaotic planning, and also there exists some possibilities related to the transformation of cultural identity. Economic benefit could also be limited for the residents and local population, particularly if the local human resources are not engaged in the tourism development process. From the perspective of economic limitations, the case can also be considered when some goods, for instance agricultural products, are imported from different countries, which in turn reduces the positive financial effects on local economic activities. Furthermore, it is important to assess the functional and institutional factors of tourism development, which creates the fertile fundamental ground for successful tourism planning and development.

In the tourism industry, many types of products are created, which should be delivered to relevant customers; it can be said that, demand varies according to regional, cultural and budget characteristics. From the perspective of the destination it is possible to offer the wide assortment of the touristic product, which should be focused on the target segment. Successful formation of the tourism industry requires maintenance of the infrastructure and delivery of appropriate services. In both cases, tourism represents economic activity which can stimulate regional and national economic growth.

The tourism industry promotes job creation, tax generation, and development of adjacent sectors, etc. When a visitor buys touristic products and services, significant economic effect derives, which positively influences the region, city, village and given destination and place.

For regional tourism development, it is essential to consider the theoretical and practical aspects of the tourism industry, which is a significant prerequisite to integrate the destination to the regional and global markets. Taking into consideration the experiences and practical cases simplifies the decision making process and gives the opportunity to anticipate the potential threats during the planning process.

Any region has its own potential from the perspectives of the resources. At the initial stage, it is important to define clearly the perspectives for the above mentioned resource usage efficiently, formation of right priorities, which will promote engagement of the destination in the global supply chain. For this, it is important to make rational decisions. The need of management decision derives when the object (in our case, the region or sector) must gain new and winnable characteristics. In a globalized world, it is essential that there is involvement of a clear strategy for transforming the mentioned object (region, sector) towards the desired direction with minimal expenditures to ensure high competitiveness.

The influence of tourism on a country's economy and region is fragmented and diverse. The development of tourism promotes and stimulates demand in diverse touristic products and services, due to the different needs and demands of tourists which should be satisfied. It is obvious that, the demands of tourists should be satisfied with products and services created by the tourism industry and producers represented in it. The demand increase leads to the expansion of products and services consumed by local residents and tourists as well [6].

It is obvious that, increase in the number of visitors on the one hand, is related to strengthening of economic activities, while on the other hand it is a challenge, because it is needed more developed infrastructure, as well as services which should be in compliance with international standards, improvement of tourism information bureaus and centers, offering diverse touristic product, and development of human resources.

The above mentioned issues are very closely linked and require an objective assessment of the structure of the tourism industry and formation of appropriate infrastructure and environment.

It should be noted that, in particular, each of the regions of Georgia has its own huge touristic potential, and almost in any municipality exists protected areas, historical, religious and cultural monuments. This is a significant prerequisite for tourism development, as the existing potential from the perspective of the tourism industry requires elaborating the plans for the short- and long-term periods.

According to tourism figures from recent years, dynamics and data, visitors and tourist inflows are significantly increased, which represents a positive tendency. However, a significant number of visitors to Georgia are one-day tourists, which has its own reasons. This increase in the number of international visitors has resulted in the actual development of touristic infrastructure, training of human resources and focus to the issues related to development of touristic destinations.

When we analyze the touristic potential of the country, we have to assess separately touristic activities in the regions and its influence on that country's and region's economy and income redistribution. Within the scope of the survey, the level of institutional development of the country was evaluated by indicators given from the major international organizations. Furthermore, in this work used the techniques of induction, deduction, analysis, and synthesis.

Based on the qualitative analysis of tourism research, the following trends have been identified [7]:

- ❖ More tourists want active participation in recreation, sports, adventure, nature, wildlife and cultural activities.
- ❖ International market trends confirm that modern tourists are inclined to an authentic environment. As such, developing countries can be considered as interesting destinations for potential travelers.
- ❖ The demand for new products is continuously growing, which makes it possible to create attractive destinations for tourists and improve existing products.
- ❖ There is an increasing demand for health tourism, which is associated with travel to health and spas or resort destinations. The major motivation for tourists regarding this form is health maintenance.
- ❖ Tourists prefer short-term but frequent travel that leads to the intensification of tourist holidays and excursions.
- ❖ Modern tourists are experienced, sophisticated, tasteful and demanding. They are attracted by destinations with high quality service.
- ❖ Tourism resorts in developing countries are undergoing a process of modernization to meet international and domestic market needs [8].

The use of modern technologies is embedded in the tourism industry. Modern technologies are making it easier for individuals to arrange their own travel. For instance, through the internet, customers can search for the relevant services, or make reservations using CRSs that are adapted for public access and use. Today, the internet has become an important informational and marketing tool. In the case of Georgia, the initial findings revealed that, existing problems mainly are linked to the dissemination of information through the internet. The content of the websites is very important for promoting a tourist destination's exciting cuisine and food culture, and services etc. Furthermore, the internet, as a commercial tool, has provided the supply side with an alternative channel for communication.

As a result of this research, the following problems and challenges have been identified which exist in the regions across Georgia: 1. Tourists are facing difficulties in the case of finding the information about attractions; 2. It is necessary to improve the quality of services for catering facilities, the installation of special boards and guide pictograms are required along core touristic routes. 3. It is essential to improve the knowledge and skills of service providers, and from that point of view, it is necessary to introduce innovative approaches for the improvement of services.

It is noteworthy that guesthouses are becoming especially popular in recent years, this could be due to the fact that the accelerated pace of life has created a demand for quiet environments for recreation. Development of guesthouses is one of the most important prerequisites for rural tourism development, which promotes local tourism, reduces seasonal migration and supports development of local infrastructure.

The share of the tourism industry in the GDP of Georgia fluctuates around 7% in recent years, and it has not any increasing or decreasing trends. One of the important benefits

of tourism development is its high potential to spread welfare to the whole population of Georgia through several channels (for example through guesthouse development). Analysis of current trends is important to identify problems in the industry that must be addressed to support its development [9].

Based on information from the Ministry of Internal Affairs of Georgia, there were 8,326,139 visitors in Georgia in 2018, which is higher than the previous year's figure by 10.2%. As for the length of stay of tourists in Georgia, statistics show the following figures for the last few years:

TABLE I
 VISITOR STATISTICS IN GEORGIA [11]

Length of visit	Total	24 hour and more	Same-day visit	Transit
2013	5,392,303	2,065,296	2,138,216	1,188,791
2014	5,515,559	2,229,094	2,172,429	1,114,036
2015	5,901,094	2,281,971	2,218,288	1,400,835
2016	6,360,503	2,720,970	2,318,189	1,321,344
2017	7,554,936	3,478,932	2,388,715	1,687,289
2018	8,326,139	4,120,920	2,379,223	1,825,996
2013-2016	54.41%	99.53%	11.27%	53.60%

According to these figures, only about half of visitors can be considered as tourists. This segment of international visitors creates demand for developed tourism infrastructure and provides the largest contribution to the economic and social benefits in the country.

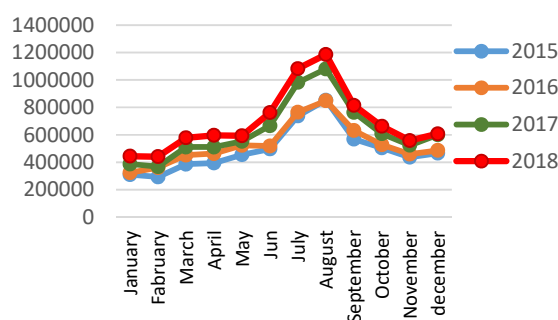


Fig. 1 International arrivals by month in Georgia [10]

A significant trend in the Georgian tourism industry is its seasonality. Namely, the most popular period among international travelers is July and August. In 2018, during these months, the number of international arrivals equaled 2,268,377 (July: 1,082,715; August: 1,185,662), which accounted for 27.2% of all international arrivals for the same year (see Fig. 1). This trend clearly shows that Georgia is much more attractive in summer and the early autumn period than at other times of the year.

According to the Ministry of Internal Affairs of Georgia, in 2018, the majority of all arrivals, 78.7% (6,549,507), were from neighboring countries, with the remaining 21.3% (1,776,632) representing arrivals from other countries. Most visitors are from neighboring Azerbaijan, Armenia, Turkey and Russia (see Fig. 2). The concentration of tourists from neighboring countries can be considered as a positive trend,

but definitely there exists some risks as well. These risks are related to the political instability and economic fluctuation in the mentioned countries. In turn, it can also negatively influence to tourist expenditures at the destination. To reduce the existing risks, market diversification is a much more effective tool. On the other hand, incoming tourists from the developed world such as the EU are more desired because of their high expenditure potential. The number of visitors from EU countries increased slightly over the period, but its share in total visitors remained stable at a low level. In 2018, visitors in Georgia from EU countries amounted to only 5.2% of the total of international visitors. Such a low level of visitors from the EU can be explained by the problems the tourist industry is facing in Georgia today, and at the same time, demand of EU citizen's for the quality of the services are high.

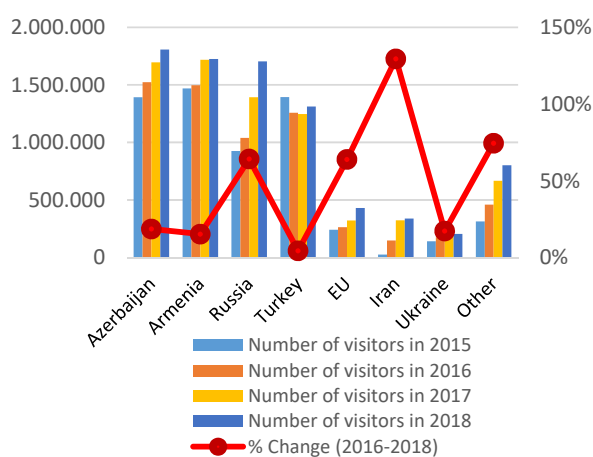


Fig. 2 Number of visitors in Georgia by country [11]

As for the most popular regions for tourists in Georgia, Tbilisi is a leader city, followed by Adjara, Mtsketa-Mtianeti and Kvemo Kartli. Other regions are visited by less than 10% of tourists. This kind of trend shows that several regions of Georgia have seen very little benefit from the development of tourism industry. Racha-Lechkhumi, Kvemo Svaneti, Guria and Samegrelo are in the most unfavorable situation in this regard, which are visited by less than 5-6% of all tourists (see Fig. 3). This trend needs particular attention to evaluate problems that can be obstacles for developing the industry in these regions.

One of the most important identified problems in some regions of Georgia, for example Kartli, is the lack of beds and their high concentration in several places. According to the data of 2018, the number of beds in Georgia was 57,049. In this regard, Tbilisi is leader (14,837, which is 26% of the total available amount). It is followed by the Adjara region with 11,615, which makes up 20.4% of the total amount.

In spite of the promising outlook for the Georgian tourism industry, several problems still remain. These problems are characterized for all regions of Georgia and they require complex, adequate responses of the relevant responsible agencies. First of all, it is necessary to increase the quality of services that will accelerate an increase of tourist flows. In

turn, it will bring significant economic benefits to the country and disperse this benefit over the whole population of all regions of the country.

In the development of Georgia's tourism policy, relevant responsible institutions should establish the main objectives, directions, aims, and strategies. For policy elaboration and planning, accurate statistical data are necessary in order to conduct deep analyses in relation to ongoing processes. In this respect, quantitative indicators, especially at the regional level are not fully accessible in Georgia; this in turn limits the possibility of conducting in depth analysis of the sector and its processes. At the initial stage it would be useful to conduct the needs analysis from the perspective of the regions. Due to the specific characteristics of each of the destinations to be studied, it will be possible to determine core problems and challenges [12].

Additionally, specific preferences of different stakeholders need to be studied in order to reflect each of their views. This information will bring benefits to all participants of the tourism industry [13].

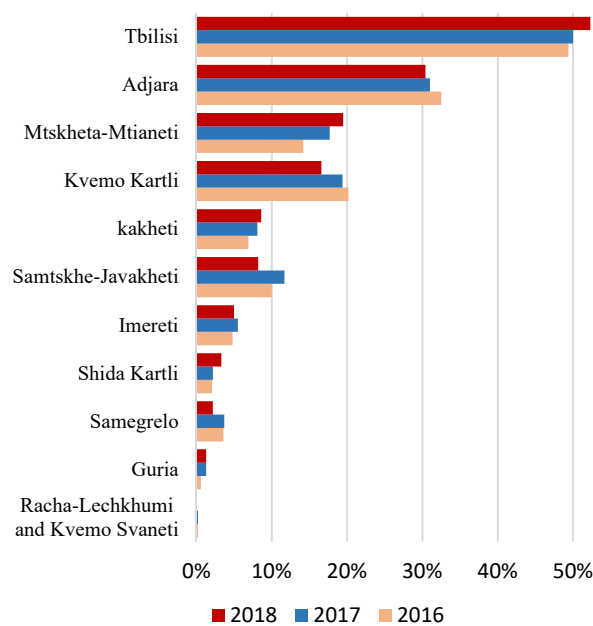


Fig. 3 Share of the total of incoming tourists by region in Georgia (2016-2018) [10]

According to the Ministry of Internal Affairs of Georgia, in 2017, 7,554,994 visitors arrived in the country, which represents and 1987% increase on the previous year's figure. With regard the length of stay of visitors to Georgia, statistics reveal the following figures:

- 24-hours and more – 2,720,970 visits
- Transit – 1,321,344 visits
- One-day visit – 2,318,189 visits

According to the National Statistic office of Georgia, in 2017, most visitors to the country are from Azerbaijan, Armenia, and Russia (see Fig. 4).

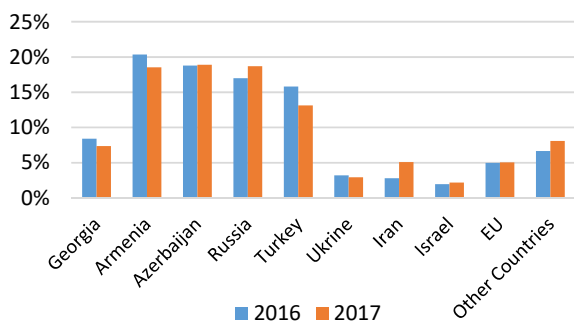


Fig. 4 Share of visitors to Georgia by country [11]

A positive trend in international arrivals was also observed among citizens of the European Union countries. The number of visitors from EU countries is comparatively stable, that can be explained by the problems in the tourist industry facing Georgia today.

Considering all of the above mentioned, it can be said, that in order to sustainably develop Georgia's tourism industry, it is necessary to establish state policy at the national, as well as the regional level. Furthermore, due to the fragmented nature of tourism, more efforts must be focused to develop informational services and the professionalism of the personnel in the sector. For achieving the productive results in the short- and long-term period, it is necessary to strengthen the link between the government and private sector organizations. Obviously, there is no generalized formula for establishing such a platform for public and private cooperation, but it could be useful to consider foreign experiences that exist in the different countries around the world.

III. CONCLUSION

Based on the above mentioned, the following conclusions can be drawn in Georgia, which represents the region with huge touristic potential, it is possible to develop touristic directions such as: medical tourism, wine tourism, religious pilgrim and archaeological tourism, extreme tourism. For this, it is essential and necessary to create appropriate tourism operators and agencies, which will be responsible for the creation of the mentioned touristic routes. In the country natural and cultural attractions are significant prerequisites for developing the tourism industry, but for achieving effective results it's required to elaborate the relevant policy at the national and regional level. Furthermore, it is also necessary to consider the complex nature of the tourism industry and the characteristics of each of the destinations.

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