



- The number of international travelers¹ increased by 141.6% in April 2021 compared to the same period of 2020, and declined by 86.8% compared to the same period in 2019. Meanwhile, the number of international visitors² increased by 140.4% (2021/2020) and declined by 85.0% (2021/2019), and the number of international tourists³ increased by 182.2% (2021/2020) and declined by 78.2% (2021/2019).
- Visitors from the United States and Israel stand out as high-spenders and long-stayers in Georgia, while visitors from Turkey, the Gulf States, Iran, and Armenia have been categorized as high-spenders but short-stayers. Visitors from Russia and Azerbaijan fall into the low-spend, short-stay category.
- Israel and the Gulf States accounted for the highest estimated revenue loss in 2020 due to the COVID-19, apart from immediate neighbors. Now, Israel and the United Arab Emirates have one of the highest percentage of vaccinated population, so visitors from the two countries could be worth targeting.
- For 2021, it is recommended to channel marketing campaigns toward high-spenders and short-stayers, along with high-spenders and long-stayers.
- Due to the abnormal impact of the pandemic on 2020 prices, we use 2019 as the comparison year for the Hotel Price Index for the rest of 2021.

Overview of key source markets for tourism in Georgia - part 2

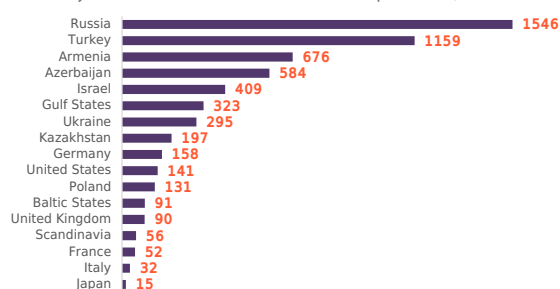
In our [March update](#), we analyzed key source markets for tourism in Georgia in 2015-2019 in terms of average expenditure per visit and average daily expenditure. In this issue, we combine these two indicators in a three-dimensional analysis of key source markets. Mapping the most prominent destinations according to the average daily spend per visitor (Y-axis) and average days spent per visit (X-axis) in 2015-2019, with the average total expenditure per visit represented by the size of the bubble on the graph, is helpful in identifying the higher-than-average daily spenders and the longer-than-average stayers.

Using this method, countries of origin can be segregated into different categories, ranked from most desirable to least desirable:

- High-spend, long-stay – the United States and Israel
- High-spend, short-stay – Turkey, the Gulf States, Iran, and Armenia
- Low-spend, long-stay – the United Kingdom, China, the EU, Scandinavia, the Baltic States, Japan, Kazakhstan, and Ukraine
- Low-spend, short-stay – Azerbaijan and Russia

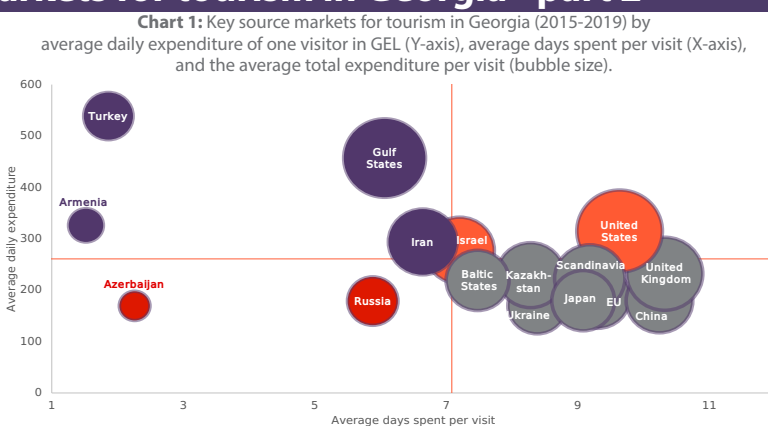
According to the UNWTO⁴, which has identified several expected trends in tourism in the near future, visitors are looking to extend the duration of their vacations (which is mostly explained by the tightened regulations, whereby if one is willing to endure the hassle of travelling during the pandemic, then they would prefer to stay longer at their destination). Thus, at least in the short term, it would be worthwhile to target short-stayers and high-spenders (i.e. visitors from Turkey, the Gulf States, Iran, and Armenia), along with long-stayers and high-spenders (US and Israel).

Chart 2: Estimated revenues lost by the tourism sector in 2020 from key source markets due to the COVID-19 pandemic, in mln GEL



Source: Georgian National Tourism Administration, author's calculations

⁴ UNWTO Insights Series webinar - "The Impact of COVID-19 on Tourism: what was and what will be?" (in collaboration with Google)



Source: Georgian National Tourism Administration, author's calculations

Based on the expenditure data, we estimated the tourism sector's revenue loss from the decline for visitors from key source markets due to the COVID-19 pandemic in 2020, by multiplying the expected number of visitors by average expenditure per visit. It seems that apart from Georgia's immediate neighbors (Armenia, Azerbaijan, Russia, and Turkey), which rank in the top four of the list, visitors from Israel and the Gulf States, followed by Ukraine, would have contributed most to the projected revenues for tourism in 2020.

To sum up, based on the analysis of the average total and daily expenditures per visitor, and the role of each country in the revenue structure of Georgian tourism, targeting visitors from Turkey, the Gulf States, Iran, and Armenia, along with the US and Israel could prove to be an effective marketing strategy for 2021. Moreover, Israel and the United Arab Emirates (one of the main source markets among the Gulf States), as two countries with the highest percentage of vaccinated population, should be heavily targeted by marketing campaigns, at least in the short term. In addition, due to the high share of neighboring countries in tourism revenues (66.6% of estimated revenues in 2020), the re-opening of land borders could prove a significant turning point for Georgian tourism in 2021.

Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 Apr/ 2021 Mar	2021 Apr/ 2019 Apr	2021 Apr/ 2021 Mar	2021 Apr/ 2019 Apr	2021 Apr/ 2021 Mar	2021 Apr/ 2019 Apr
Kakheti	3.0%	15.8%	13.3%	12.6%	-1.4%	16.7%
Imereti	5.8%	11.0%	7.1%	14.8%	4.9%	8.5%
Guria	6.5%	11.2%	11.1%	11.1%	0.0%	11.4%
Kvemo Kartli	25.8%	48.1%	0.0%	17.0%	58.3%	137.5%
Adjara	6.7%	-30.8%	12.4%	-31.4%	-3.0%	-29.5%
Racha	0.0%	-18.5%	-	-	0.0%	-18.5%
Shida Kartli	8.1%	20.1%	16.9%	5.6%	0.0%	36.7%
Samegrelo-Zemo Svaneti	3.7%	18.9%	3.9%	27.5%	3.6%	13.9%
Samtskhe-Javakheti	0.6%	17.4%	2.6%	1.2%	-1.6%	36.2%
Mtskheta-Mtianeti	4.2%	1.7%	2.5%	11.6%	6.4%	-6.4%
Tbilisi	2.2%	3.1%	3.4%	4.0%	-2.3%	-1.3%
Overall Price % Change	3.8%	-2.3%	6.0%	-3.0%	-1.0%	-2.5%

Table 1: Percentage change of prices in April 2021 over March 2021 and over April 2019.

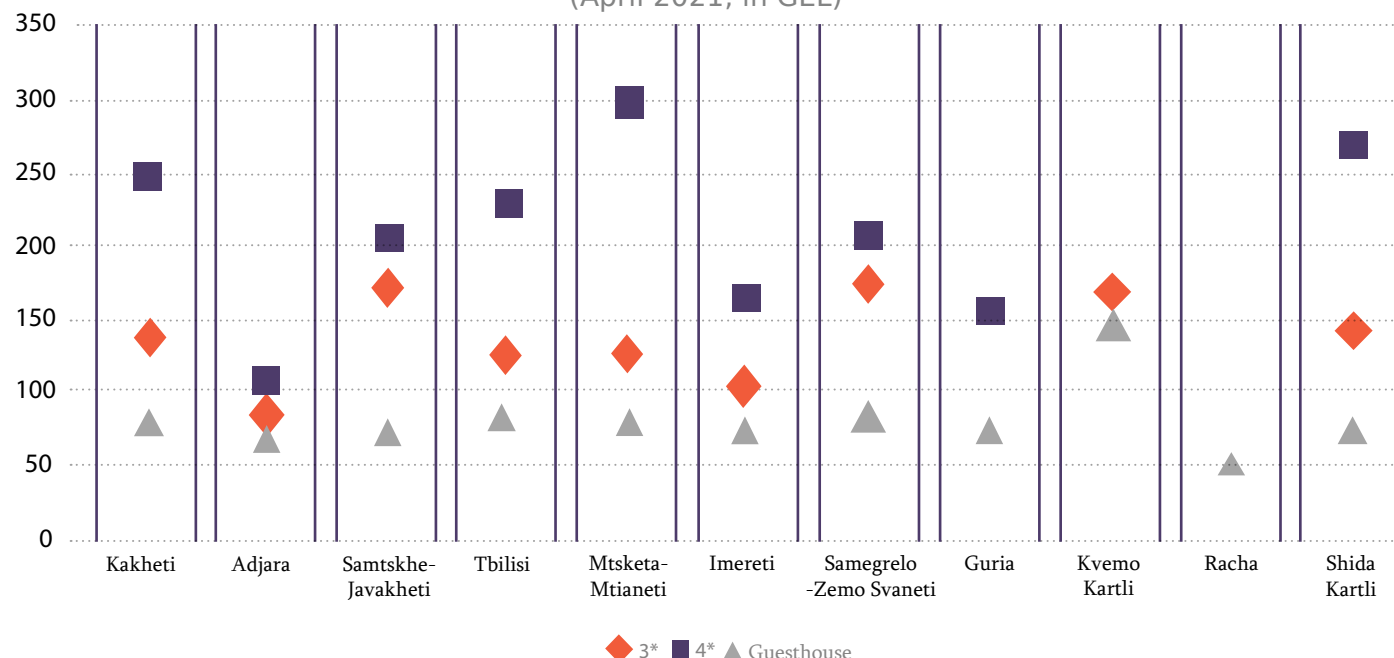
In April 2021, in Georgia the hotel price index⁴ increased by 3.8% compared to March 2021. The 3-star, 4-star and 5-star hotel price index increased by 6.0%, while for guesthouses, the price index decreased by 1.0%.

In April 2021, compared to April 2019, hotel prices in Georgia decreased by 2.3%. The prices of 3*, 4*, 5* hotels decreased by 3.0%, while the prices of guesthouses decreased by 2.5%.

Average Hotel Prices

In Georgia, the average cost of a room⁵ in a 3-star hotel was 133 GEL per night in April 2021, while the average cost of a room in a 4-star hotel in Georgia was 225 GEL per night and the average cost of a room in a guesthouse⁶ was 77 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (April 2021, in GEL)



Graph 2: In the graph, average prices for standard double rooms in 3 and 4-star hotels and guesthouses are given by region. 5-star hotel prices are provided above.

The average cost of a room in a 5-star hotel in Georgia in April 2021 was 380 GEL per night. In Guria, the average price was 606 GEL, followed by Tbilisi - 512 GEL, Kakheti - 425 GEL and Adjara - 329 GEL.

Basic Economic Indicators

	2018	II 2019	III 2019	IV 2019	2019	I 2020	II 2020	III 2020	IV 2020	2020	I 2021
1	1800	537.4	697	564.2	2 223	427.2*	310.4*	335.8*	247.5*	1320.9*	-
2	8679.5	2244.8	3375.1	2120.4	9357.9	1333.1	114.2	150.3	149.6	1749.3	134.7
3	4756.8	1245	1863.6	1089.7	5080.5	765.3	82.3	113.6	125.9	1087	133.6
4	3222.1	877.6	1126.8	685.8	3268.7	427.7	28.8	42.5	42.6	541.7	129.2
5	524.7	167.9	181.6	176.2	657.2	124.1	13.5	20.9	22.0	180.5	-
6	82.3	19.7	36.1	6.6	120.2	15.7*	3.0*	7.9*	-247.4*	-221.5*	-

1 GDP in current prices from Accommodation and Food Service activities (mln)

2 Number of International Travelers (thousand persons)

3 Number of Tourists (thousand persons)

4 Revenue from international travel (mln USD)

5 The Expenditures of Georgian travelers Abroad (mln USD)

6 Foreign Direct Investment in Hotels and Restaurants Sector (mln USD)

1 An international traveler is someone who moves between different geographic locations for any purpose and any duration. This excludes foreign citizens who are Georgian residents and includes Georgian citizens who are foreign residents.

2 An international visitor is a traveler taking a trip to a main destination outside his/her usual environment, for less than a year, for any purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. The usual environment of an individual, a key concept in tourism, is defined as the geographical area within which an individual conducts his/her regular life routines. For the

purposes of defining "usual environment" in Georgia, travelers conducting 8 or more trips are excluded from the data.

3 A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor) if his/her trip includes an overnight stay.

4 The calculation of the hotel price index is based on the recommendations given by the International Monetary Fund (IMF). The elementary aggregate price index is calculated by Jevons index (Consumer Price Index Manual-Theory and Practice (2004), Practical Guide to Producing Consumer Price Indices (2009).

5 The results are based on the surveying of standard double hotel room prices of 3, 4, 5-star hotels and guesthouses in

10 regions of Georgia. Hotels were chosen arbitrarily according to random sampling principle. The study contains 71% (312) of all 3, 4 and 5-star hotels and 25% (456 guesthouses) of all guesthouses registered on www.booking.com. The 3, 4 and 5-star hotel price data was collected by contacting hotels individually, while the prices of guesthouses were taken from booking.com. The average prices are arithmetic mean of standard double hotel room prices.

6 Guesthouse: a type of accommodation that is characterized by having a small number of rooms and services are usually offered by the resident family.

* Preliminary results