



Research

# Monthly Tourism Update

October 2020

- The number of international visitors declined by 92.9% in October compared to the same period of 2019, and the number of international tourists fell by 90%. Georgia experienced a fall of at least 90% in the number of foreign arrivals every month since April 2020, compared to the corresponding period of 2019.
- The price changes in Adjara and Guria are the most representative of tourism's decline. In October 2020, the year over year Hotel Price Index decreased by 51% in Guria and by 27.2% in Adjara.
- The number of international visits to Georgia grew significantly over the period of 2015 to 2019, and this growth was mostly attributable to an increase in the number of visits for holiday, leisure and recreation purposes. However, due to safety concerns arising from the COVID-19 pandemic, the number of visits in this category has been declining significantly, and this trend is likely to continue for the foreseeable future.
- The number of business or professional visits, despite contributing only a modest share of the total visits, also registered significant growth, as it grew by an average of 11% year-on-year from 2015 to 2019.

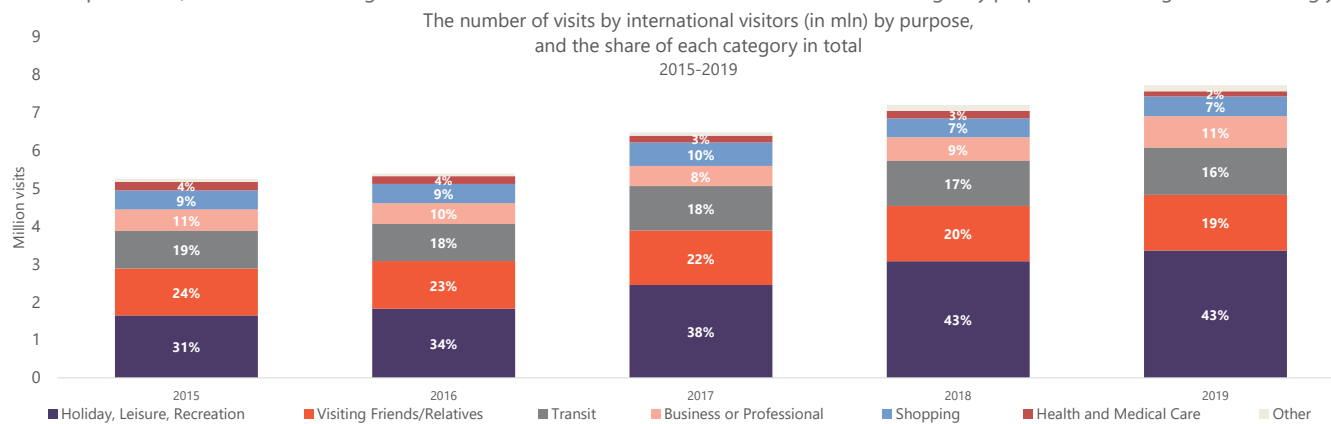
## Purpose of International Visits to Georgia – an Overview

The COVID-19 pandemic has disrupted tourism all over the world. It is now plausible that, mainly due to safety concerns and economic problems, mass tourism will suffer for the next few years, causing changes in the breakdown of the purpose of international visits. Moreover, given the anticipated length of the disruption, it is also likely that there will be shifts in patterns of travel that will last beyond the pandemic, as the preferences of consumers alter significantly due to psychological and economic factors<sup>1</sup>. In this issue, we look at the patterns of international visits to Georgia and the purposes thereof in the period of 2015-2019, in order to obtain some understanding of what the pre-pandemic situation was in this regard.

"Holiday, leisure and recreation," taken as one single category, was the most common purpose of international visits to Georgia in the covered period (2015-2019). Indeed, this category spearheaded growth in the number of total visits over the given period, growing by an average of 20% each year with the absolute number of visits in this category more than doubling from 2015 to 2019, and its share in total visits rising from 31% in 2015 to 43% in 2019. However, given that holiday, leisure and recreation would be considered non-essential, visits of this purpose are inevitably on the decline. A survey in Italy found that 43% of respondents would reduce the number of holidays they take even after all restrictions have been lifted<sup>2</sup>.

The two other main categories of international visits are "visiting friends and relatives" and "transit." The number of visits in both of these categories has been stable over time, growing by just 19% and 25% respectively in 2019 compared to 2015. Such modest growth led to both categories' share in total visits being decreased. While "business or professional" visits maintained a relatively modest share (11% in 2019), it grew significantly in absolute numbers, with an increase of 46% from 2015 to 2019. "Shopping", "health and medical care", and "other" visits did not account for a noteworthy share of total visits over the given period.

As the largest and highest-growing category of international visits, "holiday, leisure and recreation" is likely to diminish significantly due to the ongoing COVID-19 pandemic, it will be interesting to observe how the structure of international visits to Georgia by purpose will change in the coming years.



Sources: National Statistics Office of Georgia

<sup>1</sup> Joint Research Center - Behavioural changes in tourism in times of COVID-19  
<sup>2</sup> <https://www.statista.com/statistics/1120224/opinions-on-holiday-travels-due-to-the-coronavirus-in-italy/>

## Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2020 Oct/ 2020 Sep	2020 Oct/ 2019 Oct	2020 Oct/ 2020 Sep	2020 Oct/ 2019 Oct	2020 Oct/ 2020 Sep	2020 Oct/ 2019 Oct
Kakheti	-1.9%	8.4%	-1.0%	3.9%	-2.2%	9.3%
Imereti	-2.2%	13.0%	-0.6%	20.9%	-3.2%	8.8%
Guria	-12.0%	-51.0%	-19.1%	-56.3%	0.0%	-45.0%
Kvemo Kartli	0.0%		0.0%		0.0%	
Adjara	-4.2%	-27.8%	-7.6%	-37.8%	-0.4%	-15.4%
Racha	0.0%	10.2%			0.0%	10.2%
Shida Kartli	-4.2%	1.2%	-6.9%	-3.7%	-2.7%	2.1%
Samegrelo-Zemo Svaneti	0.7%	-8.7%	7.0%	-18.8%	-2.5%	-8.0%
Samtskhe-Javakheti	-4.7%	-12.1%	-11.3%	-13.8%	0.3%	-10.9%
Mtskheta-Mtianeti	-2.5%	-1.9%	-3.5%	-18.0%	-2.0%	2.1%
Tbilisi	-11.5%	2.1%	-12.0%	1.9%	0.0%	6.3%
Overall Price % Change	-7.6%	-7.4%	-9.4%	-11.2%	-0.5%	-2.1%

Table 1 : Percentage change of prices in October 2020 over September 2020 and over October 2019.

In October 2020, in Georgia the hotel price index<sup>1</sup> decreased by 7.6% compared to September 2020. The 3-star, 4-star and 5-star hotel price index decreased by 9.4%, while for guesthouses, the price index decreased by 0.5%.

In October 2020, compared to October 2019, hotel prices in Georgia decreased by 7.4%. The prices of 3\*, 4\*, 5\* hotels decreased by 11.2%, while the prices of guesthouses decreased by 2.1%.

## Average Hotel Prices

In Georgia, the average cost of a room<sup>2</sup> in a 3-star hotel was 120 GEL per night in October 2020, while the average cost of a room in a 4-star hotel in Georgia was 211 GEL per night and the average cost of a room in a guesthouse<sup>3</sup> was 67 GEL per night.

The average prices of 3\*, 4\* star hotels and guesthouses by regions (October 2020, 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 October 2020 was 387 GEL per night. In Tbilisi, the average price was 454 GEL, followed by Guria - 432 GEL, Samtskhe-Javakheti - 424 GEL and Kakheti – 395 GEL.

### Basic Economic Indicators

	III 2018	IV 2018	2018	I 2019	II 2019	III 2019	IV 2019	2019	I 2020	II 2020	III 2020
1	534.5	468.6	1800	426*	498.5*	605.7*	541.9*	2072.1*	451.9*	278.4*	-
2	3226.4	1891.1	8679.5	1617.5	2244.8	3375.1	2120.4	9357.9	1333.1	114.2	150.3
3	1838.3	984.7	4756.8	882.1	1245	1863.6	1089.7	5080.5	765.3	82.3	113.6
4	1210.6	650.8	3222.1	578.4	877.6	1126.8	685.8	3268.7	427.7	28.8	42.6
5	149.9	142.4	524.7	131.3	167.9	181.6	176.2	657.2	124.1	13.5	-
6	44.9	15.7	77.8	66.2*	28.8*	45.7*	16.4*	157.5*	15.8*	2.4*	-

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 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)).

2 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.

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

4 \* Preliminary results