



Research

# Monthly Tourism Update

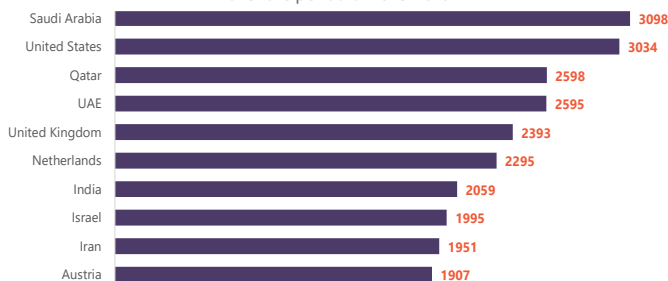
March 2021

- The number of international travelers declined by 75.3% in March compared to the same period of 2020, and by 90.7% compared to the same period in 2019. Meanwhile, the number of international visitors fell by 73.4% (2021/2020) and by 89.0% (2021/2019), and the number of international tourists fell by 64.4% (2021/2020) and by 84.4% (2021/2019).
- Saudi Arabia, the United States, Qatar, United Arab Emirates (UAE), and the United Kingdom rank as the top five countries of origin when it comes to highest average expenditure per visit.
- Turkey, Saudi Arabia, Qatar, UAE, and Armenia rank as the top five countries of origin when it comes to average expenditure per day.
- Targeting visitors from Turkey, via both air and land routes, could be an effective marketing strategy, at least in the short term.
- 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

March 2020 marked the start of nationwide restrictions on movement in countries around the globe, with the aim of curbing the spread of the COVID-19 pandemic. Tourism has been hit hard by the combination of the pandemic itself and corresponding restrictions, which is reflected in tourism figures plummeting to 1990 levels according to the UNWTO\*. However, with the rollout of vaccines in the first quarter of 2021, the first glimpses of an end to the pandemic are emerging. To plan ahead and ensure the recovery of the tourism industry, countries are carefully selecting which markets to direct their marketing campaigns toward.

Average expenditure of one visitor per visit by country of origin in GEL over the period of 2015-2019



Source: Georgian National Tourism Administration

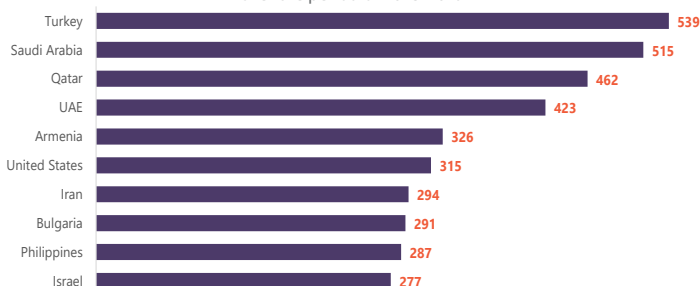
The graph on the right ranks the top ten countries of origin when it comes to the highest average expenditure per day over the period of 2015-2019. It could be argued that this indicator more accurately captures high-value visitors, as expenditures are analyzed on the same scale (daily expenditure) for each country.

While all three Gulf states that were present in the abovementioned top five by average expenditure per visit still reside in this top five, visitors from Turkey emerged as the top per-day spenders in Georgia, with Armenia taking the place of the United States.

With this in mind, an analysis of the key source markets for tourism in Georgia in the pre-COVID era might offer some insights about how the country as a whole and tourism industry stakeholders specifically should position their marketing campaigns in order to attract the highest-spending visitors.

The graph on the left ranks the top 10 countries of origin when it comes to highest average expenditure by one visitor per visit over the period of 2015-2019 in Georgia. Several Gulf states, namely Saudi Arabia (ranked as #1), Qatar (#3), and United Arab Emirates (UAE) (#4) stand out, while the United States (#2) and the United Kingdom (#5) complete the top five.

Average daily expenditure of one visitor by country of origin in GEL over the period of 2015-2019



Source: Georgian National Tourism Administration

Contrary to popular belief, visitors from the EU do not seem to have been spending significant amounts in Georgia, at least when daily expenditures are analyzed (just 186 GEL spent daily on average). In fact, EU visitors ranked among the lowest daily spenders, along with those from China and Russia (both 179 GEL).

To make the most financial gain in the short term, visitors from Turkey, as well as the three aforementioned Gulf states, along with Armenia and the United States, should also be targeted by Georgian tourism marketing campaigns. In addition, the evidence gleaned by MasterCard from data for flight searches for March-May 2021, identified Turkey as having among the highest level of interest in flights to Georgia\*\*. To further increase demand from consumers in Turkey, and to stimulate tourism inflows in the short term, opening up land borders for entry would be advised, as in 2015-2019, 78% of all visitors entered the country by land.

\* <https://www.unwto.org/news/tourism-back-to-1990-levels-as-arrivals-fall-by-more-than-70> -text=Tourism%20Back%20to%20to%201990%20Levels%20as%20Arrivals%20Fall%20by%20More%20than%2070%25.-All%20Regions&text=International%20arrivals%20fell%20by%2072.in%20the%20history%20of%20tourism.

\*\* Georgian National Tourism Administration, in collaboration with MasterCard, launched a series of monthly webinars based on MasterCard's "Tourism Insights Platform," which makes use of data about card transactions and flight searches in order to identify travel trends and produce relevant insights for policymakers and tourism industry representatives alike.

## Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 Mar/ 2021 Feb	2021 Mar/ 2019 Mar	2021 Mar/ 2021 Feb	2021 Mar/ 2019 Mar	2021 Mar/ 2021 Feb	2021 Mar/ 2019 Mar
Kakheti	3.8%	19.9%	0.2%	8.2%	5.7%	25.4%
Imereti	4.2%	10.5%	9.6%	19.1%	1.3%	3.8%
Guria	10.5%	-11.7%	8.2%	0.0%	14.0%	-22.1%
Kvemo Kartli	0.0%	0.0%		0.0%	0.0%	0.0%
Adjara	11.5%	-33.8%	15.8%	-36.3%	5.7%	-27.3%
Racha	-5.5%	29.0%			-5.5%	29.0%
Shida Kartli	-0.9%	44.6%	-5.1%	-3.7%	3.6%	65.6%
Samegrelo-Zemo Svaneti	1.9%	4.0%	0.3%	-6.3%	3.6%	12.4%
Samtskhe-Javakheti	2.3%	-21.0%	-5.1%	-39.6%	10.3%	3.3%
Mtskheta-Mtianeti	-3.1%	-11.4%	-13.2%	-22.0%	4.6%	-2.8%
Tbilisi	7.6%	1.3%	9.3%	4.3%	0.9%	-11.3%
Overall Price % Change	7.1%	-8.1%	6.9%	-9.7%	3.4%	-10.7%

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

In March 2021, in Georgia the hotel price index<sup>1</sup> increased by 7.1% compared to February 2021. The 3-star, 4-star and 5-star hotel price index increased by 6.9%, while for guesthouses, the price index increased by 3.4%.

In March 2021, compared to March 2019, hotel prices in Georgia decreased by 8.1%. The prices of 3\*, 4\*, 5\* hotels decreased by 9.7%, while the prices of guesthouses decreased by 10.7%. It is worth noting that compared to March 2020, hotel price index increased by 8.1%.

## Average Hotel Prices

In Georgia, the average cost of a room<sup>2</sup> in a 3-star hotel was 124 GEL per night in March 2021, while the average cost of a room in a 4-star hotel in Georgia was 219 GEL per night and the average cost of a room in a guesthouse<sup>3</sup> was 80 GEL per night.

The average prices of 3\*, 4\* star hotels and guesthouses by regions (March 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 March 2021 was 332 GEL per night. In Guria, the average price was 587 GEL, followed by Tbilisi - 436 GEL, Adjara - 295 GEL and Kakheti - 293 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 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