# Georgia Case: Tourism Expenses of International Visitors on the Basis of Growing Attractiveness

Nino Abesadze, Marine Mindorashvili, Nino Paresashvili

*Abstract*—At present actual tourism indicators cannot be calculated in Georgia, making it impossible to perform their quantitative analysis. Therefore, the study conducted by us is highly important from a theoretical as well as practical standpoint. The main purpose of the article is to make complex statistical analysis of tourist expenses of foreign visitors and to calculate statistical attractiveness indices of the tourism potential of Georgia. During the research, the method involving random and proportional selection has been applied. Computer software SPSS was used to compute statistical data for corresponding analysis. Corresponding methodology of tourism statistics was implemented according to international standards. Important information was collected and grouped from major Georgian airports, and a representative population of foreign visitors and a rule of selection of respondents were determined. The results show a trend of growth in tourist numbers and the share of tourists from post-soviet countries are constantly increasing. The level of satisfaction with tourist facilities and quality of service has improved, but still we have a problem of disparity between the service quality and the prices. The design of tourist expenses of foreign visitors is diverse; competitiveness of tourist products of Georgian tourist companies is higher. Attractiveness of popular cities of Georgia has increased by 43%.

*Keywords*—Tourist, expenses, indexes, statistics, analysis.

*Jel Classification*—C18.

## I. Introduction

GEORGIA is a country very rich in natural beauty, with an extensive history and culture. Georgia has also many natural heritage products, such as the mountain resorts such as Borjomi, Abastumani, Tskaltubo, Sairme and so on. People often visit these places not only for the unique nature, but for the exceptional air and water quality, which some believe can cure different deceases. Another popular destination is the sea resort Ureki with its course dark sands with magnetic properties which are also said to treat health problems. The country also has winter resorts such as Gudauri and Bakuriani, with abundant annual snowfalls, which are popular destination for tourists and skiers, as well as natural gorges and delightful waterfalls, attracting local and international trekkers and nature-lovers [4]. This is why year after year the number of foreign visitors to Georgia is growing.

It is true that tourism in Georgia is one of the priorities for the economic development of the country, but at present, it seems that the tourism indicators are not properly evaluated in Georgia. The reason is the incomplete information base. In fact, the principal sources of the information provision of

Nino Abesadze is with the Tbilisi State University, Georgia (e-mail: ninka_abesadze@yahoo.com).

tourism are diversified as the data of the National Statistics Office of Georgia, Border Defense Department and National Bank of Georgia, as well as the study materials of the National Tourism Administration and results of expert assessments.

Under international standards, the statistical accounts of tourism are based on the international macroeconomic base, in particular, the System of National Accounts (SNA) and Balance of Payments (BP). The satellite accounts of tourism are an analytical way to analyze the tourism sector in the context of SNA. Full tourism satellite accounts, together with other important items, provide detailed data on tourism expenses what allows understanding of the ways the tourism demands are met at the expense of domestic supply and import.

Naturally, in terms of incomplete and incompliant informational provision, it is impossible to give a quantitative evaluation of tourism potential or make statistical forecasts. Consequently, at present, the quantitative evaluation of the tourism potential of Georgia, examination of tourism expenses, formation of the modern study methodological apparatus and development of relevant practical recommendations based on the study results, are quite topical. This was the goal of the current study.

For estimation of events in a tourism field, as well as for detection of trends and determination of statistical rules, we need objective information that requires perfect adaptation of international techniques of statistical accounting of tourism and practical implementation of these techniques on-site. Currently, tourism statistics are at the stages of transformation in Georgia. The basic, actual problems are related to the complexity of information gathering and incomplete accounting. Tourism, as a sample of economic activity, is not separated in the classification of types of economic activities. Therefore, information that is partially related to tourist events is included in different categories of services and economic sector [1, p. 84]. Besides, categories of services do not fully include service objects, where tourism is represented. For this reason, tourism indicators are not yet calculated in Georgia, and correspondingly, their quantitative analysis is still impossible. Because of the inadequate and incompatible information, precise determination of touristic opportunities with its anticipated results and predictions is also impossible. Therefore, the current study theoretically, as well as practically, is one more attempt to develop certain opinions about tourism and create stimulus for future studies.

The basic aim of study was to make complex statistical analysis of the tourism expenditure of foreign visitors.

**Scientific Aim.** The paper presents quantitative analysis in

the field of tourism and statistical evaluation of tourism expenses associated with the expectations of the costs to be borne by foreign visitors.

## II. METHODOLOGY/METHODS

We used mixed technique from the techniques of selection in the study process. It implies rules of random and proportional selection, because random technique guarantees the most objective results, while the proportional technique is the most available taking into account the project resources; it implies a completely random selection of certain part of population of international visitors at airports (selection base) and the proportional distribution of this population in the cities according to interesting indicators (in this case expenses) [4]. Data from airports was uploaded to a united database and analyzed in MS Excel and SPSS 20 software by means of sorting, filtering, recoding, cross-tabulation, typological, structural and analytical grouping, preparation of group and combinational tables, as well as calculation of different statistical indicators.

Study questionnaire including 16 questions, was developed according to the respondents' age, sex, employment status, citizenship, number of visits in Georgia, number of days spent in Georgia, location types, purpose of arrival, types of transport, travelled places, types of tourist packets, prices, expenses, etc. [5].

## III. RESULTS

The study of foreign visitors included persons who arrived in Georgia in April-August 2016 by means of air transport. Therefore, information gathering and grouping was accomplished according to major Georgian airports [1, p.250]. On the basis of our calculations and pilot study, the selection size was determined and a representative population of foreign visitors was selected; it included 2,167 persons. The selection base included passengers traveling May-August of 2016, and used data from Tbilisi, Batumi and Kutaisi airports, particularly flight schedule, average number of flights and number of sold tickets. On the basis of an official schedule of international flights, we determined the number of daily, each alternate day and singular flights during a month, as well as the average number of passengers. We determined the above-mentioned number on the basis of weighted arithmetic mean.

The following quotas were fixed for the respondents in different cities: 1,775 - Tbilisi, 174 - Kutaisi, 218 – Batumi. These quotes were distributed among the regions in proportion to the number of visitors arriving at Tbilisi, Kutaisi and Batumi International Airports. However, it should be noted that during the study, certain changes were made to the above-mentioned proportions necessitated by the problems of seasonality.

Both, the main and the pilot studies showed that the friendliest respondents are the citizens of Ukraine, Russia, Turkey and EU countries.

According to official data of Georgian Ministry of Internal Affairs, Tbilisi airport is absolute leader by number of foreign visitors leaving Georgia. Its share is 81.9%, if we count the number of foreign visitors using air transport [6].
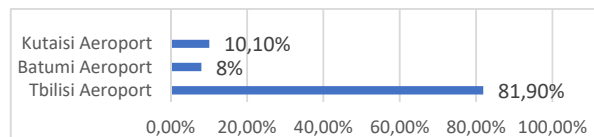


Fig. 1 Percentage shares of passenger transfers at Georgian international airports. Source: Source: chart is based on a data of Ministry of Internal Affairs of Georgia about border-crossing in 2013 [9] and on data of the National Statistics Office of Georgia [7]. The latest data are not available by airports, due to the aggregate format of border crossings

As the results of the pilot research show (100 respondents were questioned), visitors were mainly residents of Russia, Ukraine, Azerbaijan, Turkey, Armenia and Kazakhstan [8].

TABLE I
NUMBER OF PASSENGERS LEAVING GEORGIA ACCORDING TO INTERNATIONAL AIRPORTS AND COUNTRY OF RESIDENCY

| Check point | Georgia | Turkey | Armenia | Azerbaijan | Russian Federation | Other | Sum | % |
|---|---|---|---|---|---|---|---|---|
| Batumi airport | 15,189 | 11,539 | 226 | 359 | 15,051 | 30,605 | 72,969 | 8.0 |
| Tbilisi airport | 286,142 | 22,130 | 19,419 | 17,236 | 94,260 | 311,488 | 750,675 | 81.9 |
| Kutaisi airport | 26,901 | 109 | 652 | 395 | 8,019 | 56,940 | 93,016 | 10.1 |
| Sum | 328,232 | 33,778 | 20,297 | 17,990 | 217,330 | 399,033 | 916660 | |

Source: [9], the table is based on Ministry of Internal Affairs of Georgia border-crossing data for 2013. The latest data are not available by airports, due to aggregate format of border crossings.

TABLE II
DISTRIBUTION OF QUESTIONED RESPONDENTS ACCORDING TO AIRPORTS

| Share of border crossing | 11.0% | 26.0% | 20.0% | 7.7% | 14.8% | 9.0% | 11.5% | 100.0% |
|---|---|---|---|---|---|---|---|---|
| Check point | Germany | Turkey | Ukraine | Azerbaijan | Russian Federation | Belorussia | Other | Sum |
| Batumi airport | 0 | 140 | 20 | 0 | 40 | 10 | 8 | 218 |
| Tbilisi airport | 220 | 405 | 340 | 165 | 250 | 185 | 210 | 1775 |
| Kutaisi airport | 10 | 25 | 80 | 0 | 30 | 0 | 29 | 174 |
| Sum | 230 | 570 | 440 | 165 | 320 | 195 | 247 | 2167 |

Once the number of respondents was determined, they were distributed according to citizenship and proportionally to the number of visitors at the country's international airports and by the number of sold tickets. The following quotas were established for the main cities: 1,775 – Tbilisi; 174 – Kutaisi and 218 – Batumi. These quotas were distributed among regions according to Tbilisi, Kutaisi and Batumi [2, p.250].

A monthly study was conducted between May and August of 2016. The survey was conducted among tourists aged 15 years and above, who arrived in Georgia during the target month (data were generalized for the target month using the current methodology). Weighting and imputation of results was conducted according to each particular month.

Study showed that 47.2% of respondents were female and 52.8% male, while 58.3% were hired employees, 18.9% - self-employed, 4.7% - retired, 2.5% - unemployed and 5.4% - housewife [2, p. 251].
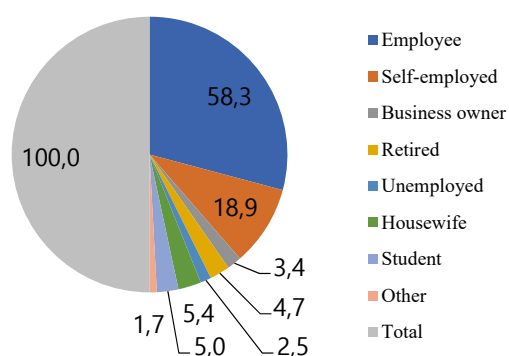


Fig. 2 Distribution of Tourists by Economic Status

In terms of age, the biggest segment of the selected population was aged 20-30 years at 33.5%, while 32.2% are aged 31-40 years, 16.5% - 41-50 years and much less 12.3% - over 60 years.

The results found that the most frequent visitors to Georgia are citizens of Ukraine (21.4%), Russian Federation (18.3%), Middle Asia (9.3%), Armenia (8.6%), Iran (5.3%), Azerbaijan (4.6%), European Union (7.9%), etc. [2, p.252].
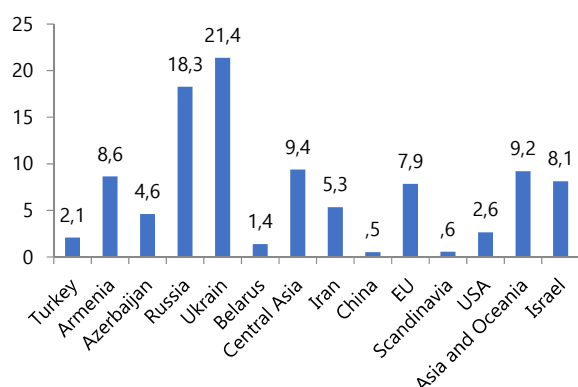


Fig. 3 Distribution of Tourists by citizenship

The growth of tourist numbers from the Russian Federation and Ukraine is especially important if we take into account the fact that citizens of these two countries have significant share in tourist expenses. It was significant that the majority of tourists visiting Georgia for the first time belong to the younger age population (see Fig. 4) with 71% of first-time visitors aged 20-40 years. Thus, there is an expectation that they will visit Georgia once again [2, p.253].
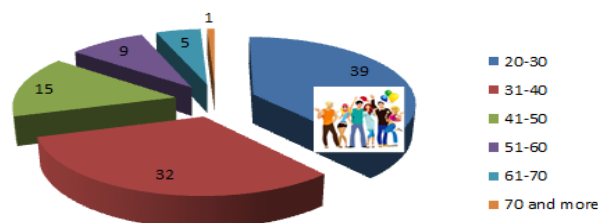


Fig. 4 Age and first visit cross tabulation of tourists

Of the 1295 respondents, 59% visited Georgia for the first time, with most of them (13.6%) spending six nights, 11.7% - seven nights and 8.8% - a single night. Generally, the average number of nights spent by foreign visitors in Georgia was 8.5 according to our calculations. Most visitors preferred to travel accompanied, 39.6% - with relatives, 26.5% - with friends and 4.4% - with group, while 21.4% of visitors travelled alone. Of those travelling with another, 34.8% of visitors were accompanied by two persons, 22.4% - one person, 17.4% - three persons and 11.2% - four persons.

Majority of respondents (59.6%) visited hotels as the most popular means of accommodation, 10.8% - guest house, 9.9% - rented apartment, 9.2% - rented private building, 5% - lived in friend's apartments.

For 67.8% of visitors, the purpose of the visit was recreational, 14.4% visited Georgia to see friends and relatives, while 13.7% had professional goals [3].
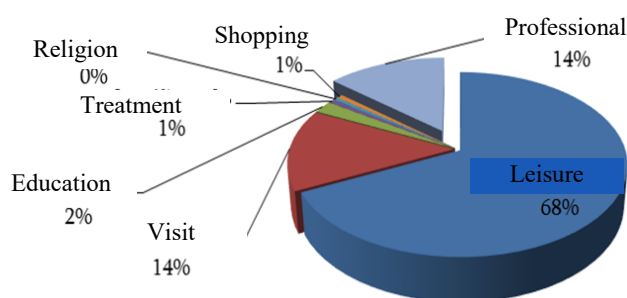


Fig. 5 Distribution of tourists by aim

As study showed, tourists (especially from post-Soviet countries: Russia, Ukraine, Kazakhstan and Uzbekistan) also had business interests in Georgia.

For visiting Georgia, the majority of respondents (85.7%) used the services of foreign airlines. According to study results, as was predicted, the most frequently visited sites are Tbilisi and Batumi, seasonally; 71.9% of respondents visited

Tbilisi, 52% - Batumi, 15.2% - Borjomi, 13.8% - Kutaisi, 11.7% - Gori, 3.2% - Bakuriani, 2.7% - Dmanisi, 3.8% - Gudauri, 10.5% - Kazbegi, 3.2% - Kvareli, 2.8% - Marneuli, 6.7% - Mestia and Ushguli, 15.7% - Mtskheta, 5% - Rustavi, 10.7% - Signagi, 5.5% - Telavi, 4.2% - Zugdidi, 3.4% - Ureki, etc.

The results revealed an interesting picture when analyzing Georgian destinations according to the place of residence of tourists. For example, Anaklia was visited by 12 tourists only from Belorussia and Israel. Bakuriani was visited by 55 tourists; 31% from Russia, 27% from Azerbaijan and 20% from Iran. Batumi had 1,079 visitors, 29.7% of them were from Ukraine, 16.8% from Russia and 9.9% from Israel. Borjomi had 314 visitors and most of them, particularly 27.7%, were from Middle Asia (Uzbekistan and Kazakhstan), and 23.6% were citizens of Russia.

The majority of respondent (80.2%) did not purchase a planned tourism packet and travelled to Georgia independently. Of those respondents using the services of tourism operators (19.8%), 2.4% used local Georgian tour operators and 17.4% used the services of foreign tour operators.

The price of tourist packets used by the majority of visitors to Georgia was US$601-1000, while 26.5% paid US$401-500 for a planned tourism package. The statistics of tourist expenses without purchasing tour packages is quite interesting. In the case of independently planned tours, 34.3% of respondents paid US$101-300 to hire a translator, while 31.7% paid US$301-700 for the same purpose and 18.9% paid over US$1,000.
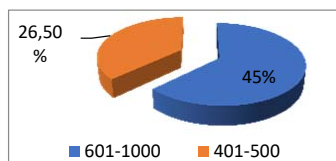


Fig. 6 Distribution of visitors for various prices of tourist packages

During the visit, by way of recreation 31.1% of visitors paid US$101-200, but for the same purpose 38.7% paid only US$50. In this regard, the residents of Russia, Ukraine, Israel and EU countries stand out once again.

Some 82.5% of visitors (mostly residents of Russia, Ukraine, Israel and Middle Asian countries) spent over US$500 on commercial purchases, and only 8.8% spent over US$1000 for the same purpose.

In terms of expenditure on food, 22.4% of respondents spent over US$50, while 23.1% of respondents say they spent US$51-100, 17.1% - US$201-300, 11.5% - US$301-500, and just 2% of respondents spent more than US$1,001.

Georgia is well known by its cuisine and the research revealed different aspirations of tourists on food spending by citizenship. In particular, small amount spending on food (up to US$50-100) is most popular among Russians, Armenians, EU citizens and Azerbaijanis, US$101-300 among Ukrainians, Russians, Armenians, Belarusians and EU citizens, US$300

and more among Russians, Ukrainians, Armenians and Central Asians, but it is worth to underline, that in all mentioned categories post-Soviet countries lead probably due to historical memory about famous and delicious Georgian cuisine.
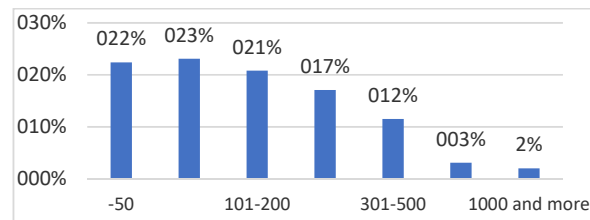


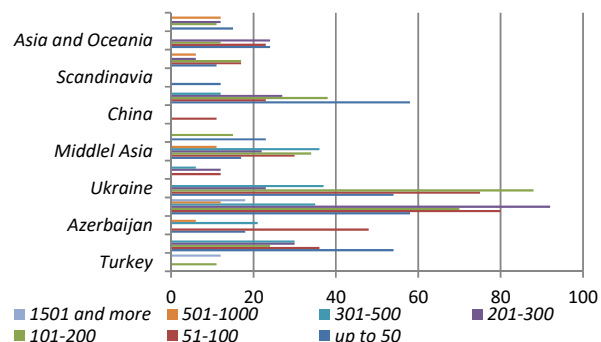Fig. 7 Distribution of visitors by the costs incurred for food



Fig. 8 Food expenses by tourist citizenship

Evidently, Expenses on food are larger among tourists with recreational purposes, as was expected tourists with professional purposes also spent more amounts on food as other categories of tourists (for visiting relatives, education, medical treatment, religion and shopping). In overall, Russia, Ukraine, European Union, Armenia, Azerbaijan and Middle Asia are distinguished with the highest expenditure (compared to other respondents who visited Georgia for recreational and professional purposes) on food.
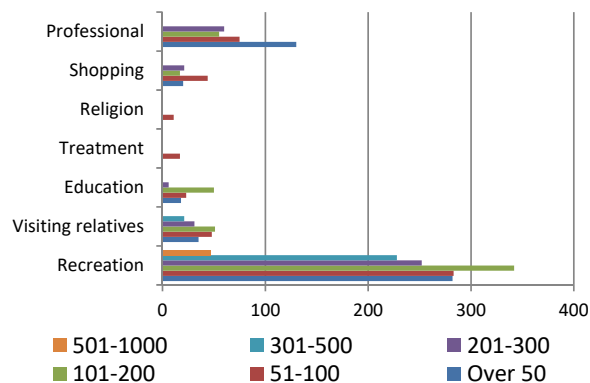


Fig. 9 Expenses on food and purpose of visit

According to study results, every questioned respondent used local public transport services. For this purpose, 64.5% spent up to US$50, 21.4% - US$50-100 and 10.6% - US$101-

300 and 3.5% - more than US$300. In terms of spending on other items, 192 visitors bought goods for long-term use, 33% spent US$100-200, 54.7% - US$201-500 and 12% - more than US$501. Only 17 visitors bought jewelry, representing only 0.8% of respondents. Mostly visitors from Israel were interested in jewelry. Meanwhile, 1% of respondents, representing 21 visitors, bought real estate.

It is possible to calculate average indicators of expenses by means of discretization of interval indicators according to each type of expense.

According to the study results, the average visitor spent US$98.50 for recreation, US$98.50 for small purchases, US$ 521.40 for commercial purchases, US$62.13 for local transport, US$319.30 for items of long-term usage, US$250 for jewelry, US$5,000 for non-tourist expenses (house, flat, land), US$198.55 for food and US$602.80 for other purposes (basically travel expenses were indicated here). In conclusion, respondents spent US$892,575 after deduction of other expenses.

The results show that 1,309 visitors recorded individual expenses, and which totaled US$535,545; according to our calculations, individual expense on average per visitor was US$409.13. Collective expenses (average group included 3.8-4 persons) amounted to US$357,030. Accordingly, on average, each visitor spent US$413.50 in this case.

The study showed that first-time visitors prevailed (60%) and most of them (69%) were accompanied by friends or relatives, while for second-time visitors, 27% traveled alone and 38.9% with relatives. It is worthwhile noting that 40% of visitors traveled to Georgia several times, this suggests that almost every fourth visitor returns to Georgia.

The results revealed an interesting trend in the expenditure of first and second-time visitors to Georgia. First-time visitors spent almost 1.5 times more money for recreation than those making return visits. These first-time visitors also spent 1.3 times more on small-scale purchases, 1.6 times more for local transport and 1.4 times more for food compared to second-time visitors. In the case of items of long-term usage, second-time visitors spent 1.4 times more money for such items than first-time visitors.

Based on the results of the study, we attempted to calculate destination attractiveness indices for the five most visited locations in Georgia: Tbilisi, Batumi, Kutaisi, Kobuleti and Kazbegi.

Hence, for all five cities, the level of attractiveness of these cities has increased 43%. Increased attractiveness was primarily achieved due to the increase of the number of tourists visiting these five cities, since it increased 45% relative to the previous year. This is an indication that despite the 45% increase of the number of visitors in these five cities, in 2016, there was an average 2% decrease in the number of foreign visitors to these cities relative to the number of tourists. This means that given the increased flow of tourists, and although these five cities retained the position of top visited cities, the attractiveness center may shift to other cities and the five most popular cities list may change [3].

Georgia has quite good prospects in the field of tourism, for this purpose, it is necessary to make Georgia one of the most attractive, highly demanded and important locations. This is possible by cooperating with foreign eco-tourism agencies and continuing participating in the international conferences, as well as by conducting press-tours and meetings. It is also necessary to popularize the high degree of endemism of Georgia worldwide. It is similarly important to set a system of the following measures: increase the number of rangers and equip them with necessary tools, implement programs aimed at preserving the wild nature (increasing the number of the parks of fraternized countries), and familiarize the wider society with the results of the study [4].

As part of the study, respondents were also asked about their negative perceptions and experiences, which may have caused inconvenience during their travel. The main issues were related to tourism infrastructure, quality of service, dull or dismal tourist product and etc. [3].

➢ Related to tourism infrastructure was the lack of quality and quantity of accommodation (especially in rural regions). The problem is exacerbated by the absence of a three-star, low budget international hotel network in this and other districts.

➢ The lack of well-functioning and organized WCs. Although the problem of these facilities has been addressed in the main cities, setting up and operation of WCs in accordance with sanitary norms, in consideration of popular tourism routes and attractions, remains an issue.

➢ The issue of cleanliness (especially in rural regions). Solid waste is still accumulated through uncontrolled dumping; therefore, the issue of removal of household waste remains a visible problem.

➢ Unorganized inland transportation. Over the past two years, the number of individual, i.e., unorganized tourists, has risen sharply, which is a positive sign. This has to be accompanied by an improvement of the public transport services. The issue of the safety of the vehicles is also very important.

➢ Access roads and paths to tourism attractions. Unfortunately, many of the paths and roads to some historical monuments and other attractions are still in dire condition [3].

## IV. CONCLUSIONS

Average expenditure by expenditure categories are one of the most important tourism statistical indicators and play a significant role in evaluating the economic growth of a country. The study of the expenses borne by foreign visitors accomplished by assessing visitor arrivals at major airports in the country is one useful step forward gaining a real picture of the tourism expenditure.

Analysis of the empirical data revealed the following important problems that deserve attention:

• There is a growth trend in the number of tourist from post-Soviet countries such as Russia, Ukraine, Uzbekistan, Kazakhstan, Armenia and Azerbaijan are

especially distinguished;

- Among tourists, young adults aged 20-40 years dominate;
- The share of recreational expenditure is especially higher for tourists coming from Russia, Ukraine, Israel and countries within the European Union;
- The share of expenditure on different goods is highest for visitors from Russia, Ukraine and the Middle Asia.
- The share of expenditure on food is also highest for visitors from Russia, Ukraine, European Union, Armenia, Azerbaijan and Central Asia;
- Tourists who visit Georgia for recreational and professional purposes spent the most on food;
- Most commercial purchases were made by tourists from Russia, Ukraine and Israel. Tourists from Israel were also interested in jewelry;
- Level of satisfaction with tourist infrastructure and quality of service is higher, but the problem of incompatibility of prices and quality still exists;
- Respondents who bought tourist packets (from either local or international tour operators), indicated only food expenses (average of US$189.55), when they classified expenses;
- The share of second-time visitors was 40% of tourists, i.e. almost every fourth tourist returns to Georgia;
- Tourist visits have similar trends according to cities, but representatives of Middle Asian countries and Israel are especially interested in the resorts of Borjomi and Tskaltubo;
- Social-cultural, as well as political factors, impacts the distribution of visitors according to cities; in particular, the majority of visitors from Azerbaijan visit Batumi and Armenians prefer Kobuleti.
- Traditionally, first-time visitors spent more in Georgia than those on their second visit.
- The attractiveness of popular cities of Georgia has increased by 43%.
- Although Tbilisi, Batumi, Kutaisi, Kobuleti and Kazbegi are the five most visited cities in Georgia, the attractiveness index has shown that the attractiveness center may move to other cities and the top five popular cities' list is expected to change over time.
- Despite the increase in the level of satisfaction with tourism infrastructure and quality of service, a mismatch remains between the quality of services and prices;
- Issues have been identified that caused some level of inconvenience to tourists during travel. These were listed as: tourism infrastructure; quality of service; problems related to monotonous tourist product and etc.

Currently, the authors are developing recommendations to improve the statistical accounting of tourism, which will be presented to the National Statistics Office of Georgia, Georgian National Tourism Administration and other interested organizations.

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