

Policy of Tourism and Opportunities of Development of Wellness Industry in Georgia

G. Erkomaishvili, R. Gvelesiani, E. Kharashvili, M. Chavleishvili

Abstract—The topic reviews the situation existing currently in Georgia in the field of tourism in conditions of globalization: Touristic resources, the paces of development of the tourism infrastructure, tourism policy, possibilities of development of the Wellness industry in Georgia, that is the newest direction of the medical tourism.

The factors impeding the development of the industry of tourism, namely – existence of the conflict zones, high rates of the bank credits, deficiencies associated with the tax laws, a level of infrastructural development, quality of services, deficit in the competitive staff, increase of prices in the peak seasons, insufficient promotion of the touristic opportunities of Georgia on the international markets are studied and analyzed. Besides, the level of development of tourism in Georgia according to the World Economic Forum, aspects of cooperation with the European Union, etc., is reviewed.

As a result of these studies, a strategy of development of tourism and one of its direction – Wellness industry in Georgia, is introduced with the relevant conclusions, on which basis the recommendations are provided.

Keywords—Tourism, Tourism Policy, Wellness Industry.

I. INTRODUCTION

TOURISM is one the most rapidly developing industry in the world. It is a complex branch and not just a single field of activity, since it integrates a large variety of services – transport, hotel, catering, entertainment, health, information, while a joint operation of all these fields, creates preconditions for the economic growth.

For development of tourism in any country, the issues listed below are deemed to be necessary: tourism resources; Well-developed infrastructure; appropriate legal framework; and qualified human resources. If any of these factors become inoperable, it may cause a delay in the development of the field in general.

Development of tourism is on the main priority task for Georgia. For encouraging this sector, the country offers

investors various incentives, including initiations for making investments in the hotel industry and the free touristic zones.

A purpose of the study is to introduce Georgia as a country having traditions in the field of tourism, assess a role of tourism in the sustainable development of the country and in the growth of wellbeing of its citizens, reveal the deficiencies in this field and draft the prospects for development, look through the opportunities and factors of development of one of the important directions of the health tourism – the Wellness Industry, as well as to search for possible ways of development of Wellness Industry in Georgia and, conduct the analysis of economic efficiency of development of this sector for the country's national economy. The relevant conclusions and recommendations are introduced.

II. METHODOLOGY

Both general and specific research methods are used in this article, namely - the methods of analysis, synthesis, induction, deduction, scientific abstraction, comparative analysis, statistics (selection, grouping, observation, dynamics, etc.), static, as well as the methods of experimental evaluation.

In order to identify the patterns between the analytical and statistical estimates, the publications of National Agency for Statistics are used.

III. DISCUSSION

Georgia is a traditional country of tourism. According to the experts, a highest number of tourists visiting Georgia, was fixed in 1988 (4.5 – 5 million). In that period a large number of tourist centers and sanatoriums were operating. Georgia has the best natural and geographical backgrounds for development of both local and international tourism.

According to the world statistics, more than 2/3 part of the total revenues of the country from the tourism sector come on a local tourism, while a share of the international tourism makes only 1/3. If the relevant infrastructure and management are on place, Georgia would be able to serve for several mln. tourists. As evidenced by the statistical data of the Ministry of Economy and Sustainable development of Georgia, in 2012 a share of the international tourism in total revenues from the sector made 6.9% that is a very small part of the sector's actual potential. It should be noted that in 2012, the incomes from the international tourism increased 1.4 times in comparison with 2011, and almost 2-times in comparison with 2010 [1].

Most of the tourists visit the country for rest and recreation purposes (32%), for business and professional activities

Gulnaz Erkomaishvili is with the Department of Economic policy, Faculty of Economics and Business, I. Javakhishvili Tbilisi State University, Tbilisi, Georgia (phone: +995-577295087; e-mail: gulnazi.erkomaishvili@tsu.ge).

Revaz Gvelesiani is with the Department of Economic policy, Faculty of Economics and Business, I. Javakhishvili Tbilisi State University, Tbilisi, Georgia (phone: +995-591939090; e-mail: revaz.gvelesiani@tsu.ge).

Eteri Kharashvili is with the Department of Microeconomics, with the Faculty of Economics and Business, I. Javakhishvili Tbilisi State University, Tbilisi, Georgia (phone: +995-577424294; e-mail: eteri.kharashvili@tsu.ge).

Marina Chavleishvili is with the Department of Microeconomics, Faculty of Economics and Business, I. Javakhishvili Tbilisi State University, Tbilisi, Georgia (phone: +995-593619746; e-mail: marina.chavleishvili@tsu.ge).

(28%), and as the guests to their friends and relatives (25%). Among the types of tourism a cultural tourism is the leader with 44% share, followed by the business tourism with 28% share. As to the adventurer tourism and wine tourism, their shares are 6% and 4%, respectively. As of August, 2013, total accommodation facilities made 1060, with 36431 beds [2]. 46% of tourists were placed in hotels and hostels (see Fig. 1).

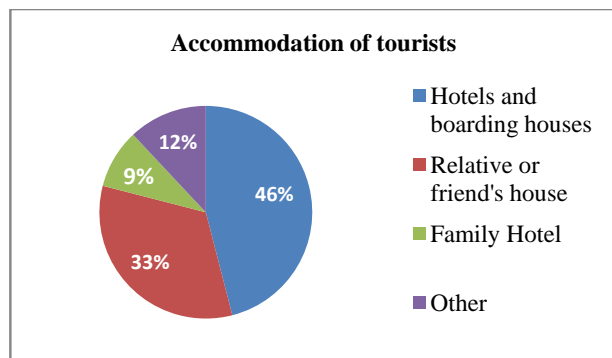


Fig. 1 Accommodation Facilities in Georgia, by types

According to the available information, the international tourism in Georgia is characterized by a negative tendency, namely, the number of tourists traveling abroad exceeds the number of incoming ones. An active development of the international tourism on the Georgian market started in 1995, when the first travel agencies were established.

In 2006-2007, a tendency of annual increase (by 70-80%) of the number of tourists was observed; however, owing to the 2008 August War, this indicator has decreased considerably. The sea season, with prognostic basic part of tourists (450 thousand), has "disappeared", practically. Because of a sharp decrease of client, the travel agencies turned forced to attract tourists with offering them unprecedented low prices for services (with 10-40% discount).

Despite the difficult situation existing in the country in that times, in 2008 about 1 290 107 visitors were fixed in Georgia, with their following distribution by countries: Turkey – 27.2%, Azerbaijan – 26.7%, Armenia – 21.8%, Russia - 8.9%, Ukraine – 2.6%, Israel – 1.3%, USA - 1.2%, Germany – 1.02%, Greece – 1%, etc.

The main purposes of visits of foreigners, were: Business and professional activity – 39%; visits to friends and relatives – 26%; Rest and recreation – 20%; Transit - %; education and training – 2%; Health improvement – 2%; other – 2%. In 2012, the most popular reason for visiting Georgia was rest and recreation (40%), a share of those who arrived for visiting their friends and relatives, remained unchanged (25%), while a share of visitors with the purpose business and professional activity, fell down to 8%. In contrast to previous years, now the tourists visit Georgia for shopping purposes too (8%). A sharer of those visiting the country for various purposes makes 12%. A prevailing part of tourists visit Tbilisi. Among the other cities and towns the tourists are interested in, are Batumi, Signaghi, Bakuriani, Gudauri, etc. [3].

In 2013, a considerable increase of a number of foreign visitors is fixed (see Fig. 2) [4]. In August a number of international visitors achieved at 770608 that is by 28% higher of the same indicator of the year 2012. In August 2013, a number of visitors from neighboring countries made 673953, i.e. 87% of a total number of visitors.

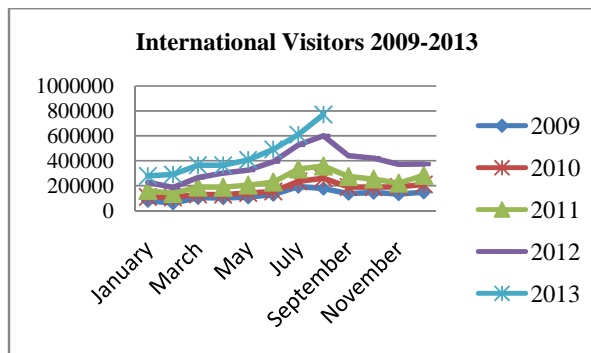


Fig. 2 International Visitors in Georgia

Such the increase of the visitors was predetermined by the following factors: Development of the tourism infrastructure; Advertising the Georgia's tourism potential on the international markets; Availability of direct flights; Arrangement of various cultural events (festivals, concerts, etc.). Resting in the wild nature gains a growing popularity, while in Georgia, there are too many such places. The country is characterized by a wide range of touristic-and-recreational resources and their biodiversity.

As of 2013, there are 18 informational centers operating in Georgia in the field of tourism. The main purpose of these centers is to provide both the local and foreign tourists with valuable information regarding the tourism-related services and products, facilitate to the development of the tourism industry, and popularize the potential of the touristic regions of Georgia and the new products of this sector.

According to the data of the Public registry of Georgia, up to 2 thousand travel agencies are currently registered in the Country. They operate both in local and international tourisms, however, they differ from each by their attitude to clients, reliability, services, prices, tours offered, many other features by which they maintain competitiveness. Among the tours offered by the tour-operators, the "bestsellers" are the ones in Turkey, Egypt, Italy, Israel, France, and Thailand. Of them, the tours in Egypt and Israel have a seasonal nature, with an considerably increased number of tourists to Egypt in winter and to Israel - during the Easter celebration days.

Owing to low prices, or individuals with average incomes, the most acceptable versions are the tours in Turkey and Egypt, because they are considerably cheaper than the tours in other countries. As to the individuals with higher incomes a decisive factors re comfort and the objects of interest, as well as duration of tours and its content. Such countries are Italy, France, Thailand.

One of the factors impeding attraction of tourists, is a catastrophic increase of prices both in hotels and food

products, during the peak seasons. In this case, the values of the tourist products are increase artificially. Besides, more attention should be paid to an appropriate arrangement of the excursion-and-show objects, safety measures for tourists [5].

Georgia has the very attractive resort both in the seaside and mountain zones, but it is necessary to advertise them. In the countries (e.g. Armenia, Azerbaijan) where the commercials are regularly broadcasted, many tourists arrive. Besides, it is also necessary to search for experienced foreign partners, who may, through their reputation, convince tourists to make their choice on Georgia, to travel.

Despite the measurers taken in the country, according to the rating of the World Economic Forum that determines a level of development of tourism of this or that country, Georgia holds 73rd position among 134 countries, Azerbaijan – 84th position, and Armenia – 90th. Of our neighbor countries Turkey is in a comparably better position with its 50th place.

Turkey is Georgia's main concurrent in the region. In contrary to Georgia, it offers a higher level of services and low prices, to the clients. As a result, Georgian tourists also prefer Turkey for rest.

The State, with arranging the relevant legislative basis and infrastructure, plays an important role in introduction of the international standards in the tourism industry. Attraction of investments is also a very important aspect. Therefore, a mission of the National Administration for Tourism of Georgia, that is a responsible body in implementation of the state policy, is: to introduce Georgia's image on the international market as of a country with certain traditions in this field, to promote development of both local and international tourism, create favorable conditions for development of the touristic business, increase a competitive ability of the country on the international market of tourism, popularize the Georgia's image o safe country and create it's reliable brand [6].

For a successful development of the resort-and-tourism sector in Georgia, a further perfection of the legal framework is essential. At present the Law of Georgia "On Tourism and Resorts" (1997, with additional amendments in 1990-2000) and the Law of Georgia "On the Sanitary Protection Zones of Resorts and Resort Places" ensuring a sanitary services and protection of relevant conditions [7] are in force. However, these laws fail to meet the current requirements. Within the last ten years, the new directions, new technologies, new requirements in tourism have acquired a higher actuality. Therefore, for the further development of tourism in Georgia, it seems necessary to make changes in the currently operating laws, in order to ensure their compliance with the international requirements.

A short time ago, a process of popularization of Georgia on the international markets of tourism started actively. In 2012, the National Administration for Tourism of Georgia organized presentation of Georgia on various international and local fairs in Switzerland, USA, Great Britain, Germany, France, the Netherlands, Finland, Spain, Latvia, Israel, Italy, Estonia, Ukraine, Japan, United Arab Emirates, etc.

For a sustainable development of the tourism industry, the country's inclusion in the international tourism centers is essential. Georgia joined the NWTTO in 1993. On the meetings of European Tourism Commission the issues of implementation of the tourism policy are discussed actively. Georgia participates in the program "Capacity Building Program on Tourism Statistic", aimed to provide assistance in improvement of the statistical system. This direction is essential or Georgia since according to experts the tourism-related statistical data needs improvement in Georgia.

The governmental policy for development of the tourism industry should be directed to maintaining the liberalization existing in the system and supporting the investments. Creation by the state of a favorable environment for investment may stimulate both the foreign and local investors.

Agrotourism is one of the important directions of tourism in Georgia. A certain tendency of increase of demand on the Georgian products of agrotourism is observed in local and international markets, since the attractive natural environment and the ecologically friendly products are always in a high demand. Georgia has a high potential in manufacturing the bio-products. In line with attraction of tourists in high mountainous regions, bioindustries will resolve also the problems of social development and economic growth [8].

An accelerated development of agrarian goods processing and final food products enterprises, as well as of the other sectors of industry, should become one of the first-line priorities of the country's economic policy. The paces of increase of export of the competitive food products of the highest quality and an absolute exceed of exports to import will also serve as a precondition for the development of tourism [9].

Development of the resorts-and-tourism industry in Georgia is one of the optimal ways of the country's economic growth and introduction on the international market. Together with some other advantages, a geographical location of the country and its proximity to the major market of tourism – Europe, also plays an important positive role for Georgia. In terms of development of this field, the economic factors play also a determining role in line with the environmental ones, namely, a rational use of touristic and recreational resources is the best source for gaining high incomes and attracting the foreign currency. Besides, export to the foreign markets of some resources - products of our resorts, for instance therapeutic mud, clay, various natural curative waters, etc., may also become an important source for incomes [10].

Today, various new directions of tourism gain popularity throughout the world, which are associated with health improvement. At present, a permanently increased number of individuals try to use the products and services of Wellness Industry. A concept of Wellness is maintaining good spiritual and physical conditions with pleasant methods, not by self-enforcement. Wellness provides the opportunities to avoid or mitigate maximally many diseases of the "Century of Civilization", such as the diseases of the cardiovascular system, locomotor mechanism, diabetes mellitus, etc. [11].

Wellness Industry is rapidly developing industry and an instrument of increasing the rates of sale of various products and services. XXI c. is the epoch of Wellness. In 2010, an annual turnover in Wellness in the USA made 1 trillion USD. There exists no other industry that may have such a high pace of growth. This "health life-style" industry is an industry of future with multi-billions of profit [12].

Our natural interest is what directions of the Wellness industry may be developed in Georgia and, whether it has some historical roots here.

Georgia is a country of resorts and attractive see sights, one of the important factors of which is climate. Owing to biodiversity, Georgia is a unique region: In the country which covers about 69 thousand sq.km., there are 15 soil- and over 25 climatic-soil zones. A climatic diversity of Georgia is conditioned by the factors of Greater Caucasus mountain range from the north, Small Caucasus mountains from the south, and the Black Sea from the west. The climatic conditions are characterized by well-expressed therapeutic features and, are used for treatment of many pathologies [13].

Georgia is rich in fresh and natural waters. In terms of per capita use of the resources of potable water, Georgia exceeds the average world indicator 2.5 times, Europe – 2.4-times, and Asia – 1.7-times. At the same time, 30% of the mineral water deposits are of the highest quality underground waters. By number of the mineral water deposits, Georgia exceeds twice the worldwide known French and German mineral water debits taken together. As to some of our mineral waters like "Borjomi", "Sairme", "Lugela", "Utsera", etc., they are unique by their ion-content and curative features. Only France has the mineral water named "Vichy", that by its features is similar to our "Borjomi". When comparing these two waters, specialists gave a priority to "Borjomi". There are more than 730 various mineral waters in Georgia, with total daily debit of 130 mln. l. Over 300 kinds of these waters have a great industrial and spa importance [14].

The therapeutic mud known as Peloid, having been extracted and used in Georgia from ancient times, is successfully used even today in the spa centers. It should be indicated also about the sand therapy. To this end, the sand of the Black Sea resort Ureki which is unique by the magnet concentration has long ago been used for therapeutic purposes.

During the last period, a certain tendency of increase of demands on medicinal plants is observed throughout the world. Georgia is rich in this kind of plants and, may take a leading position on the international market of production and sale of such plants. For this, the State should support the production of environmentally friendly preparations. Production of natural medicines will facilitate development of Wellness industry in Georgia.

Georgia (as a motherland of winemaking), has the unique opportunities in the development of the wine therapy.

As seen from the aforementioned, the means of wine therapy, mud therapy, mineral water therapy, magnetic sand therapy, as well as the fitness and spa centers exist in Georgia separately from each other. Therefore, for development of the Wellness industry in the country all the above listed means of

therapy should be integrated. Just for this purpose the Investment Company "Medgroup Georgia" is established, which is aimed at construction of the of the highest rate premium class health improvement center (BIOL), arrangement of the recreational zone in Kojori forest area and, turn Georgia into the center of the Wellness industry.

This will be a starting point to achieving the main goal introduction of Wellness industry in Georgia, while on the next stage the Georgian brand of a world standard – "Georgian Wellness" is to be created, which will become a Visit Card of the country.

Thus, the unique nature of Georgia, diversity of the climatic zones, sea, mountains, rivers, forests various mineral waters, therapeutic mud, medicinal plants, wine therapy, magnetic sands, many other unique favorable conditions - all these create a basis for turning the country's territory into the worldwide enter of the Wellness industry, with using the advanced world achievements. The many-centuries culture and traditions of Georgia may also serve for strengthening this code [15].

IV. CONCLUSION AND RECOMMENDATIONS

The analysis conducted, enables us to make certain conclusions:

Despite the fact that the Georgian government carries out a liberal policy for development of the sector of tourism, this industry is still in the process of formation.

A. The Factors Impeding the Development of the Industry of Tourism Are As Follows

- ✓ Political instability and existence of the conflict zones;
- ✓ High interest rates on the bank credits;
- ✓ Deficiencies related to the tax laws
- ✓ Inexistence of a relevant infrastructure;
- ✓ Low quality of services;
- ✓ High prices for services;
- ✓ Irregular statistical registration;
- ✓ Both the policy and the program of development of tourism need improvement;
- ✓ normative-legal base of tourism is incomplete;
- ✓ Training of staff for improvement their qualification is necessary.

B. Economic Effects of Formation of Georgia as the Center of Wellness Industry

- ✓ This will improve the investment-making environment for making investments and, increase considerably accumulation of the foreign capital in Georgia. As a result, the policy of economic order will come closer to the European standards;
- ✓ Number of visitors to the country will be increased;
- ✓ The process will contribute to the development of infrastructure;
- ✓ New job places will be created, while employees will have high salaries;
- ✓ Ecology will be changed to positive manner;

- ✓ A demand on the agricultural products (in the fields of beekeeping, wine-making, grain, fruit, vegetables, livestock, tea production) will be increased;
- ✓ A demand on souvenirs and craft items will be increased;
- ✓ It will become necessary to use the services of the branches of transport, communications, insurance, baking, construction-installation works, informational-and-advertising activity, tour-operators, etc.
- ✓ Balneology will be developed;
- ✓ Georgia will become an attractive site for high-income individuals from many countries;
- ✓ Wellness industry requires a high intellectual potential, that will have a positive impact on a general increase of the intellectual potential of the nation;
- ✓ A new culture of the healthcare will be advertized, that will be an intellectual distribution;
- ✓ This will create opportunities for increasing incomes and revenues;
- ✓ The country will be advertized on a worldwide level

We have developed the following recommendations based upon the above analysis and conclusions:

- ✓ The State must support the sector of tourism though implementing the following measures: Creation of attractive conditions for investing in the sector; Availability of concessional loans; Development of the insurance system; Development of Infrastructure, etc.
- ✓ Filling the food market by the products of local origin should be supported. However, this process must be relied not only on the goods manufactured by households, but mainly on creation of comparably larger processing industries and farms (small and medium-size businesses);
- ✓ A net of the consulting service centers for those employees involved in the tourism industry, must be expanded, while a relevant training courses must be organized for such personnel.
- ✓ It is important to develop a strategy for "penetration" into the international markets, creation of a wide marketing networks, etc.
- ✓ For training the qualified personnel, it is recommended to create an advance system of education, science consulting, and extension
- ✓ Existence of a stable legal environment is necessary for investors, that will guarantee a due protection of their property;
- ✓ For the development of Wellness industry in Georgia, a priority should be given to an effective use of the industrial potential of production of the ecologically friendly bio-products of local origin.

- [4] <http://gnta.ge/sitecontent/wp-content/uploads/2012/12/august.pdf>
- [5] G. Erkomaishvili, „Economic Development Priorities of Georgia”, Tbilisi, 2013, p.61.
- [6] <http://www.economy.ge/ge/economic-legislation/tourism>
- [7] M. Chavleishvili, Opportunities of development of the resort- touristic sphere and B&B standards in Georgia, I International Scientific-Practical Conference, Batumi, 2010, p. 304 .
- [8] E. Kharashvili, „Problems of Competition and Competitiveness in Agro-Food Products Sector in Georgia”, 2011, p.146.
- [9] R. Gvelesiani, I. Gogorishvili, „Economic Policy”, part. II, Tbilisi, 2012, p.196.
- [10] M. Chavleishvili, Opportunities of development of the resort- touristic sphere and B&B standards in Georgia, I International Scientific-Practical Conference, Batumi, 2010, p.306.
- [11] G.Erkomaishvili, „Wellness Industry and its Development Strategies in Georgia”, Economics and Business, #1, 2013, p. 79.
- [12] Paul Zane Pilzer, „The new Wellness Revolution”, New York, 2011, p.3.
- [13] G. Kvesitadze, G. Khatishashvili, T.Sadunishvili, J.J. Ramsden, „Biochemical Mechanisms of Detoxification in Higher Plants. Basis of Phytoremediation”. Springer, 2006, p.262.
- [14] G. Erkomaishvili, „The Features of Formation and Development of Entrepreneurship in Georgia”, Tbilisi, 2004, p.177.
- [15] T. Mchedlidze, „Georgian Wellness Industry As A Big National Idea”, www.mg.ge.

REFERENCES

- [1] Ministry of Economy and Sustainable Development of Georgia. „The Tourism Industry overview of Georgia”, Tbilisi, 2012, p.4.http://www.economy.ge/uploads/meniu_publicaciebi/ouer/Industry_overview_GEO.pdf
- [2] <http://gnta.ge/sitecontent/wp-content/uploads/2012/12/august.pdf>
- [3] Ministry of Economy and Sustainable Development of Georgia. „The Tourism Industry overview of Georgia”, Tbilisi, 2012, p.5.http://www.economy.ge/uploads/meniu_publicaciebi/ouer/Industry_overview_GEO.pdf