Research

Monthly Tourism Update

November 2021

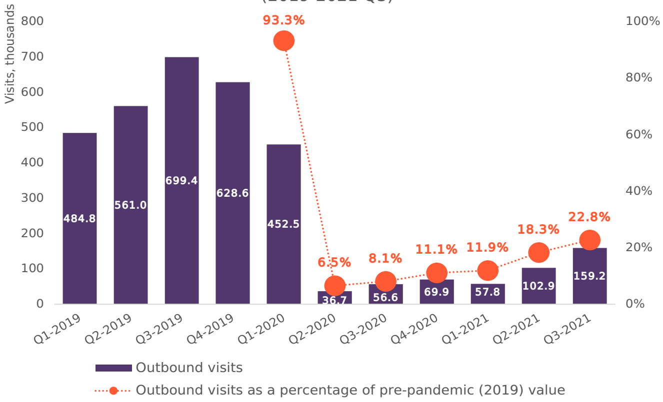
- The number of international travelers[1] increased by 288.8% in November 2021, compared to the same period of 2020, and declined by 73.0% compared to the same period in 2019. Meanwhile, the number of international visitors[2] increased by 267.2% (2021/2020) and declined by 69.3% (2021/2019), and the number of international tourists[3] increased by 283.2% (2021/2020) and declined by 55.3% (2021/2019).
- Observing the total number of outbound tourism trips taken by Georgians in 2019 and the pandemic-dominated years since shows that from the beginning of 2021, the demand for international travel among Georgians has demonstrated significant recovery trends, the total number of outbound visits reaching 22.6% of pre-pandemic value in Q3 of 2021, due to vaccination rollout and the easing of entry restrictions in many countries.
- An evaluation of the common characteristics of Georgian outbound visits shows that the outbound tourism industry is fairly concentrated in terms of the purpose of visit (top 3 purposes amounting 82.4% of total outbound visits) and visited countries (top 4 destinations accounting for 82.9% of total visits), meaning that the alleviation of entry restrictions to such countries positively affects the number of Georgians taking trips abroad.

Recovery of outbound tourism in Georgia and its main characteristics

Increased traveler confidence due to vaccine rollout and the easing of entry restrictions in many countries have relatively increased the demand for international travel. According to the UNWTO[I], despite global tourism seeing an upturn in Q3, the pace of recovery remains slow, fragile, and uneven, mainly due to varying degrees of mobility restrictions, vaccination rates, and traveler confidence. Therefore, it is pertinent to analyze how Georgia's outbound tourism has been affected by these global changes.

In Q1 of 2020, the number of international visits made by Georgian residents showed only a slight (6.7%) YoY decrease. However, in Q2 of 2020, once the COVID-19 outbreak was declared a pandemic and the corresponding wave of travel restrictions imposed, the number of outbound visits made by Georgians amounted to only 6.5% of the 2019 figure for the corresponding period. However, thereafter the number of outbound trips made showed gradual recovery. In Q3 of 2020, the number of outbound visits amounted to 8.1% of the 2019 figure, while in Q4 of 2020 this figure reached 11.1%.

Total number of outbound visits and those visits as a percentage of pre-pandemic figure of corresponding period (2019-2021 Q3)



Source: National statistics office of Georgia, Calculations of PMC research

The recovery accelerated more quickly from the beginning of 2021. In the first quarter of 2021, the total number of outbound visits amounted to 11.9% of the corresponding figure of 2019, while in Q2 of 2021 this figure increased to 18.3% and the number of outbound visits almost tripled compared to Q2 of 2020. In the third quarter of 2021, the magnitude of the recovery reached the Q2 2020-Q3 2021 period peak of 22.8% of the 2019 figure, and a 181.1% increase compared to the corresponding period of 2020, which could be explained by the increased vaccination rate and the alleviation of entry restrictions for the vaccinated.

In order to project the post-pandemic recovery of Georgian outbound tourism, first, it is important to analyze the most telling travel indicators of the pre-pandemic period[II]. For instance, in 2019 the majority of outbound trips from Georgia were repeat trips (94.4%). This could be explained by the fact that for 70.3% of the outbound visitors the information source was friends/relatives, while 49.4% of visitors used previous visits as a source of information about their destination countries. Moreover, in 2019 visiting friends and relatives was named the top category in terms of the main purpose of outbound trips, taking up 36.2% of total visits. Apart from that, in 2019 the second most common purpose of visit was shopping (28.7%), followed by business (17.5%), and holiday, leisure, and recreation (just 12.8%).

It must also be mentioned that, mostly, in 2019, outbound visitors chose the private home of a friend/relative (42.6%) as their accommodation during the visit, followed by hotel (21.6%), personal home/apartment (12.4%), and rented house/apartment (12.1%). That is also demonstrated in the cost structure of outbound visitors, as out of the total expenditure the share of accommodation was just 18.3% in 2019.

Finally, considering that the preferences of Georgian outbound visitors are concentrated both in terms of the purpose of visit (top 3 purposes amounting 82.4% of total outbound visits) and the destinations of visits (top 4 destinations accounting for 82.9% of total visits), the easing of the restrictions in countries most visited by Georgian residents, such as Turkey (44.7% of total 2019 visits) and Armenia (11.7%), the recovery of outbound tourism is expected to continue in 2022.

I https://www.unwto.org/news/global-tourism-sees-upturn-in-q3-but-recovery-remains-fragile
II Note, that in order to avoid the risks associated with the spread of the new coronavirus (COVID-19) in Georgia, the fieldwork for the Geostat's Outbound Tourism Survey has been temporarily suspended since Q2 of 2020. Thus, to evaluate the characteristic of outbound tourists the 2019 year data is used.

Hotel Price Index

Region	Hotel		3*, 4*, 5*		Guesthouse	
	2021 Nov/ 2021 Oct	2021 Nov/ 2019 Nov	2021 Nov/ 2021 Oct	2021 Nov/ 2019 Nov	2021 Nov/ 2021 Oct	2021 Nov/ 2019 Nov
Kakheti	6.7%	55.8%	-1.3%	27.9%	11.6%	63.1%
Imereti	8.9%	34.7%	8.6%	48.0%	9.1%	26.0%
Guria	-7.2%	-19.8%	-1.5%	11.2%	-9.9%	-42.2%
Kvemo Kartli	-9.3%	31.4%	-17.6%	27.3%	0.0%	-
Adjara	-7.8%	-8.5%	-12.1%	-11.3%	2.1%	2.3%
Racha	-2.2%	20.6%	-	-	-2.2%	20.6%
Shida Kartli	4.6%	21.3%	-4.5%	30.8%	9.5%	12.5%
Samegrelo-Zemo Svaneti	-3.8%	12.0%	-2.4%	-0.6%	-4.9%	20.8%
Samtskhe-Javakheti	0.7%	4.1%	0.5%	1.5%	0.8%	5.6%
Mtskheta-Mtianeti	-5.6%	21.9%	-7.9%	28.4%	-3.6%	18.1%
Tbilisi	-12.5%	0.3%	-12.3%	1.8%	-14.0%	-8.7%
Overall Price % Change	-8.0%	3.9%	-9.6%	3.3%	-6.0%	0.5%

Table 1: Percentage change of prices in November 2021 over October 2021 and over November 2019.

In November 2021, in Georgia the hotel price index[4] decreased by 8.0% compared to October 2021. The 3-star, 4-star and 5-star hotel price index decreased by 9.6%, while for guesthouses, the price index decreased by 6.0%.

In November 2021, compared to November 2019, hotel prices in Georgia increased by 3.9%. The prices of 3*, 4*, 5* hotels increased by 3.3% and the prices of guesthouses increased by 0.5%.

Average Hotel Prices

In Georgia, the average cost of a room[5] in a 3-star hotel was 135 GEL per night in November 2021, while the average cost of a room in a 4-star hotel in Georgia was 226 GEL per night and the average cost of a room in a guesthouse[6] was 101 GEL per night.

The average prices of 3*, 4* star hotels and guesthouses by regions (November 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 below.

The average cost of a room in a 5-star hotel in Georgia in November 2021 was 395 GEL per night. In Kakheti, the average price was 555 GEL, followed by Tbilisi - 544 GEL, Guria – 397 GEL and Adjara - 354 GEL.

Basic Economic Indicators

	2016	2017	2018	2019	I 2020	II 2020	III 2020	IV 2020	2020	I 2021	II 2021	III 2021
1	1054.1	1437.5	1800.0	2 223.0	427.2*	310.4*	335.8*	247.5*	1320.9*	187.9*	558.7*	-
2	6720.0	7902.5	8679.5	9357.9	1333.1	114.2	150.3	149.6	1749.3	134.7	351.3	815.4
3	3297.3	4069.4	4756.8	5080.5	765.3	82.3	113.6	125.9	1087.0	116.6	305.8	670.4
4	2110.7	2704.3	3222.1	3268.7	427.7	28.8	42.5	42.6	541.7	53.6	246.1	-
5	386.3	463.6	524.7	657.2	124.1	13.5	20.9	22.0	180.5	19.8	37.1	-
6	120.0	109.5	82.3	123.4	7.4	-6.0	1.5	-252.4	-249.5	-0.9*	-1.5*	6.9*

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