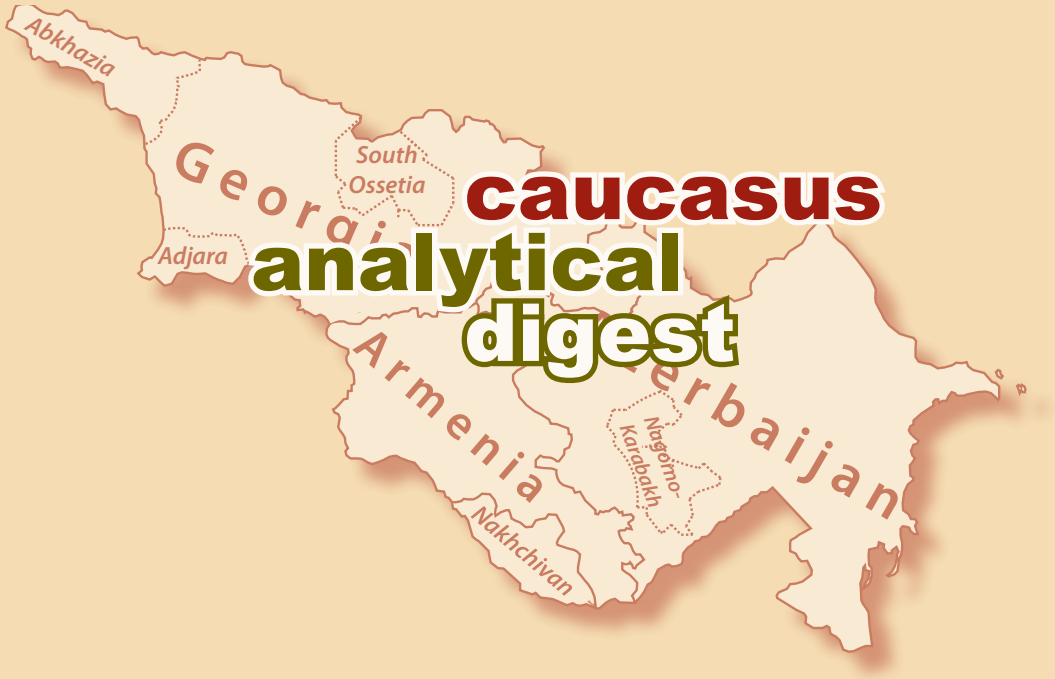
No. 122 July 2021



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TOURISM IN GEORGIA: FROM PAST LESSONS TO FUTURE PERSPECTIVES

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Tourism in Georgia: From Past Lessons to Future Perspectives

Introduction by the Special Editor Gvantsa Salukvadze
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The year 2021 commemorates the 30th anniversary of the fall of the Soviet Union, the world's leading communist country. This event gave birth to a new era for 15 now independent countries, including Georgia, as they began to choose their own courses for the future. Like in other republics, this process in Georgia had and still has numerous ups and downs, changing the country's economic, political, and social structures in various ways.

A significant part of this socio-economic transformation in Georgia, among other factors, is related to the tourism sector, development of which dates back to Soviet times. Tourism, which has created a new economic and cultural reality in the country, has undergone many changes since Georgia's independence: along with the trend of 'touristization' over the last 15 years or so, Georgia's development policies have begun to adjust to tourists' and visitors' requirements, shifting state priorities significantly. Most crucially, this change has been replicated at the local level in the population's and communities' socio-economic development. In many places, tourism has become an engine of economic growth and a strong factor of transformation of people's livelihood, as well as local communities' way of life and even physical appearance/form.

The inspiration for the presented issue is to synthesize the results of scientific research, entrepreneurial tourism initiatives, and statistics, including for the Soviet period. Retrospection demonstrates the dynamics of tourism development, current challenges and gaps, and future development opportunities to give the reader an unfragmented, comprehensive picture of tourism's viability in Georgia.

To provide context, the introductory article analyzes the patterns of tourism growth in the Soviet period as well as its early stages of development in independent Georgia by collating tourism statistics for several decades. It is followed by a paper on the impact of Georgia's tense political connections with Russia on the country's tourism-dependent orientation. The final article discusses alternative types of tourism growth as potential perspectives for Georgia's development. It argues that the existing business development programs set the groundwork for developing experience-based competitive authentic products that suit the demands of post-modern tourists and are adapted to high-spending markets.

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The graphs in this issue have been developed by Temur Gugushvili. All data presented in this issue are also available online at https://github.com/Temurgugu/tourism_transformation

Tourism Transformation in Georgia During the Soviet and Post-Soviet Eras

By Merab Khokhobaia and Temur Gugushvili (both Ivane Javakhishvili Tbilisi State University)

DOI: 10.3929/ethz-b-000506344

Abstract

This article outlines the stages of tourism development in Georgia before and after its independence. The emphasis is on the transformations in this economic field in the wake of four major highlighted turning points: I) during the Soviet era, II) after the beginning of independence, III) during reform acceleration and IV) as part of the focus on new markets. Research on changes in tourism development has been carried out in several directions. In this regard, the article outlines the structure of tourism by analysing the primary actors participating in it and the reforms that have occurred. Furthermore, the sector's scale was determined according to various indicators, including the amount of tourism infrastructure and number of destinations, accommodation units and visitors. Additionally, this article will shed light on the objective of tourism development and its significance outside of the industry. Using this approach, we will be able to reveal the insights of each time period and uncover similarities and differences based on their comparison. A thorough examination of these topics will be conducted using a variety of sources, including official documents, publications concentrating on the study periods, and statistics.

Tourism in Soviet Georgia

Tourism became a priority sector of the Georgian economy during of the Soviet era. New resorts were built, and older resorts were renovated. Apart from the Second World War era, the number of resort/tourism establishments increased steadily over this period (Kobakhidze, 1971). Since then, hotels, sanatoriums, and tourist camps have been opened in various locations in Georgia. In the 1980s, there were 624 hotels with over 152,000 beds in Georgia. An overview of the historic development of Georgian resort and tourist establishments is given in Figure 1 at the end of this article on p. 7.

It should be noted that initiatives executed by various Soviet government entities such as the Republic Board of Tourism and Excursions, "Intourist", "Sakkurorti", and several Soviet Union ministries also had tourist bases and resorts. The allocation of the tourist industry to several entities resulted in tourist development based on those entities' own interests (Shubladze, 2004). Nevertheless, such projects prepared the ground and created an important precondition for the development of mass tourism in Soviet Georgia. For instance, in the late 1920s, Tsakltubo was a touristic spa resort well known throughout the Soviet Socialist Republics among exclusive consumers. As Soviet residents were required to take at least two weeks of vacation each year, state-funded health programs encouraged enormous Soviet tourism at "Tskaltubo Spa Resort" (Zachos, 2018). Much the same can be said for Borjomi, famed for its mineral springs, diverse environment, and mineral baths. Borjomi was a well-known and enticing destination for former nobility and upper-middle-class people under the Soviet period tourism system (Applis, 2021). First, Georgia's attractiveness was based on the systemic peculiarities of the command economy and the management style of so-called "organized tourism" (e.g., the Soviet travel agency "Intourist" centrally distributed the tickets for the different target groups in society). Second, the diversity of Georgia's historical monuments, climate and local cuisine made the country very interesting for Soviet and other travellers (Orlov et al., 2007).

In terms of the spatial distribution of Georgia's tourism, Kobakhidze distinguishes seven resort-tourist clusters in the 1970s (Abkhazia, Adjara, Kolkheti, Zemo-Racha, Borjomi-Abastumani, Tbilisi, and East Caucasus), which have expanded in recent years; in addition, new areas are likely to arise. Among the specified clusters, the resort-tourist area of Abkhazia dominates since it contained 30% of the total accommodation infrastructure. The main attractions among Soviet travellers were seaside resorts and medical tourist destinations, which enjoyed great popularity (Adeishvili et al., 2011). The availability of mountaineering training bases intensified the attraction of organized large groups from Soviet countries in different regions of Georgia.

Local tourism in the Soviet Union was viewed as part of sports and healthcare, aiming to involve young people in mountaineering, hiking, cycling, and other outdoor activities (Eristavi, 1954). The first resort development began around the turn of the century with "balneoclimatic" resorts. International tourism was utilized as propaganda by organized tourism to show the achievements of the Soviet peoples to incoming visitors (Kobakhidze, 1971).

Dynamics of the Tourism Industry in Post-Soviet Georgia

Following the collapse of the Soviet Union, Georgia was thrown into chaos as a result of civil war, the large number of internally displaced persons (IDPs), and the

transition to a market economy, resulting in political and economic instability that hampered the progress of the tourist sector. The country's tourist infrastructure was devastated as a result of the civil war. Furthermore, due to political tensions and conflicts in the 1990s, governmental agencies were forced to accommodate IDPs in hotels, sanatoriums, and tourist zones, significantly impacting tourism infrastructure development (Shubladze, 2004; Khokhobaia, 2015). Georgia's transition from a command to a market economy has presented new challenges. Considering the pressure resulting from the civil war, the geopolitics of the country have become strategically significant issues related to state policy development in the tourism industry, service quality improvement, infrastructure development, tourism marketing strategies, etc.

It should be noted that during this period, fundamental bases of the organizational and institutional framework of the tourism sector were established and elaborated in Georgia. New approaches were strengthened by the government; the purpose of the tourism sector was established in 1995 by the "Law on Tourism" (Parliament of Georgia, 1995), which after two years was replaced by a completely new "Law on Tourism and Resorts" (Parliament of Georgia, 1997). The first explicitly outlined the objective of tourism development and lawmakers' expectations. More specifically, the purpose of the Law on Tourism was to promote the following issues: revenue growth; overcoming regional inequality; environmental protection; and cultural, political, and economic strengthening of cross-country relations. This does not hold for its successor, since the goals and objectives of the law were not clearly defined.

Some years previously, in 1993, the first international collaboration on tourism-related issues with neighbouring countries (Armenia and Turkey) and China was initiated. In the same year, Georgia became a member of the World Tourism Organization (UNWTO). In the early 1990's and early 2000's, the government attempted to create mechanisms for promoting tourism as a priority economic sector by celebrating dedicated special events, such as the "the Year of Tourism in 2002". As a result, around the turn of the previous century, the number of visitors to Georgia grew modestly, indicating that the first steps in this direction had been taken (see Figure 3 at the end of this article on p. 8). Furthermore, during the same period, Georgian and international investors began to make investments in the face of major hurdles, such as poor infrastructure, a confusing tax system, corruption, etc. (Shubladze, 2004). Despite this revival of the tourism industry, accommodations could not meet the market's existing demand, particularly outside the capital. Unfortunately, the county was failing to address the high crime rate (see Figure 2 at the end of this article on p. 8) at the time, which was a significant hindrance to tourism. Overall, it was not easy to revive the traditional name "tourist Mecca" (Quentin Peel, 2007) within a restructured economy.

The Rose Revolution and Turning Reforms

Following the Rose Revolution in 2003, ambitious economic reforms were launched. Human rights, anti-corruption legislation, government openness, good governance, market efficiency, and a secure business environment were all addressed. Indeed, the conducted initiatives provided some momentum to the country's economic transformation system, which in turn had a favourable influence on the tourism and hospitality industries (Papava, 2013). Notable activities included the establishment of an industrial strategy in the tourism sector. Consequently, the "National Concept and Action Program for Tourism Development in Georgia" was developed based on several initiatives[1]. In 2008, specialists from the US-Georgia Business Council and SW Associates LLC created the second and most crucial strategy document, "Tourism Development and Investment Plan and Strategy," which was eventually given to the Georgia Department of Tourism and Resorts (SW Associates, LLC). The post-Rose Revolution period is mostly associated with a notable increase in international tourist flows and the entry of international brands into the Georgian tourism market.

Therefore, as mentioned, systemic reforms implemented in the country rapidly enhanced the tourism industry development process. Launching infrastructural projects, rehabilitating the central highway and improving tourism infrastructure at the regional and national levels unlocked new opportunities for industry players. Furthermore, reduction in crime and the creation of a safer environment (see Figure 2 at the end of this article on p. 8) have had a particularly positive impact on the development of the tourism industry. It should be noted that this has always been a hindering factor when positioning the country as a safe destination.

Improving the business environment, promoting entrepreneurship, fighting corruption, and enhancing the privatization process have lent momentum to the growth of Georgia's economy as a whole. This was appropriately reflected in the international rankings of Georgia. According to the World Bank 2006 Ease of Doing

1 "Tourism Development and Hotel Networking in Georgia"—US Agency for Trade and Development (TDA)—1998; "Georgian Tourism"—Ministry of Tourism of Israel—1999; "Strategic recommendations for Tourism Development in Georgia" (TACIS)—2000; Tourism Development Strategy (TACIS)—2001 (Legislative herald of Georgia).

Business rankings, Georgia was ranked 122; however, the country moved to 15th in the 2015 rankings. In 2009, the World Bank recognized Georgia as a leading reformer in Europe and Central Asia (World Bank, 2020). It should be noted that the trend has been positive in recent years. According to 2020 data, Georgia ranked 7th out of 190 countries, which is a distinguished result for the country in the last decade (World Bank, 2020). This exemplifies the significant progress the country has made due to the systemic reforms. Further indicators also support the idea that notable progress has been achieved in the country: for instance, Georgia is ranked 6th among 45 countries in the European region according to the World Economic Freedom Index (Heritage Foundation, 2020), and is one of the leading countries in the Open Budget Index, ranking 5th out of 100 countries with 81 points (Open Budget Survey, 2019).

The post-Rose Revolution period was linked to a dramatic increase in international arrivals, which created new opportunities for small and medium-sized companies engaged in the service sector. The particular activities conducted by the country, such as an international marketing campaign, participation in international exhibitions, and organizing press tours significantly contributed to raising the awareness of the country among international tourists. According to the Georgian National Tourism Administration, 559,753 international traveller trips were recorded in 2005; in 2007, the number exceeded one million for the first time, an enormous success for the country (see Figure 3 at the end of this article on p. 8). It should be noted that the growth dynamics of international arrivals have been maintained according to the indicators of recent years.

Tourism Dominance

In the last decade, tourism has been gaining continual institutional empowerment. In 2010, an independent entity—the LEPL Georgian National Tourism Administration—was established. This laid a solid foundation for further systemic development and reforms through coordinating tourism advancement by ensuring strong connection between the various sectors. Institutional development has also been observed in the private sector. Notably, the number of sectoral associations has increased in the last ten years, with a focus on the advancement of tourism subfields such as eco-tourism, agri-tourism, gastro-tourism, etc.

Along with the multiple series of development initiatives aimed at strengthening many sectors, the advancement of the road infrastructure and opening of new airports enabled the promotion of the distribution of tourism in different regions. However, an uneven allocation of tourist infrastructure and services is still visible (Salukvadze and Gugushvili, 2018). Constant growth in the number of visitors made the tourism industry a dominant economic field. Attention to sustainable tourism development caused the reconsideration of the dominating orientation of the sector. In this regard, alternative forms of tourism and a focus on attracting new markets (e.g., European visitors), including high-spending tourists, have been considered (Salukvadze and Gugushvili, 2018).

The expenditures of foreign visitors in the country have a significant impact on Georgia's balance of payments. Approximately 71.8% of Georgia's service export revenues come from the tourism industry, which confirms the dominance of tourism in the country compared to other economic sectors (National Bank of Georgia, 2019). According to the World Travel & Tourism Council (WTTC), the share of the direct contribution of tourism to Georgia's gross domestic product has been growing since 2008. It should be emphasized that in 2011, this number exceeded one billion GEL for the first time. Between 2011 and 2012, the direct contribution indicator increased by 26%, and the number of international visitors to Georgia by 57%. Between 2018 and 2019, the total value added in the tourism sector increased by 16.9% (3.53 billion GEL). This was mainly the result of increased demand. With this increase, the share of the tourism sector in Georgia's GDP grew from 7.8% to 8.1% (GNTA, 2019).

The number of visits to Georgia, from both neighbouring and EU countries, has increased in recent years. In 2019, 66% of trips made by international visitors were tourist visits (overnight) and 34% were one-day visits, a figure far greater than that of previously due to the development of the country's aviation market (GNTA, 2019). Before the outbreak of Covid-19, the top countries of origin of international visitors to Georgia were the neighbouring countries Azerbaijan, Russia, Armenia, and Turkey (in this order), followed by Ukraine, Israel, Iran, Kazakhstan, and Germany. There are three international and two domestic airports in the country that meet the standards of the International Civil Aviation Organization. The influx of low-cost airline companies has increased international arrivals from around the world. The following low-budget airline companies operate flights to the Georgian market: Wizz Air, Air Arabia, Pegasus, Fly Dubai, Pobeda Airlines, Air Baltic, Buta Airways, Salam Air, Flynas, Ukraine International Airlines, and SkyUp Airlines.

It should be noted that Georgia has rich natural and cultural resources, and the maximized use of the mentioned resources will incentivise industry representatives to develop and create new tourism products and offer them to travellers with different interests. To this end, the Georgian National Tourism Administration is actively working

on the development of various types of tourism products, such as MICE, wine tourism, ecotourism, adventure tourism, etc. This will generate new opportunities for the further development of the tourism industry in the country.

Conclusion

Tourism has shown its "worth" during both Georgia's socialist and capitalist periods, both Soviet autocracy and independent democracy. Therefore, it has long been considered one of the most significant sectors in the country, deserving of support. Apart from economic prosperity, the authorities used tourism throughout the Soviet period to show international visitors how great republics were built and how nicely the working-class people were treated. As for independent Georgia, tourism is primarily used to boost its economy and service sectors, including those of rural and mountainous areas.

Various indications, such as the number of tourists and accommodation units, suggest that Soviet tourism peaked right before the Soviet Union's demise. Following Georgian independence, the situation changed: tourism at first suffered a catastrophic collapse, but the numbers from the Soviet era were nevertheless eventually surpassed between 2010 and 2015.

Tourism was centralized and administered by the state throughout the Soviet era. Tourism management, however, was divided across several state institutions and ministries. Following independence, an institution was established to supervise the state's tourism policy. At first, a department was formed under the Ministry, and later, in 2010, a new independent administration was established. The transition to a market economy and to democracy allowed new players to emerge such as the private sector, international donors, and sectoral association, which support tourism development.

The Covid pandemic has proven to be the most devastating blow to the global expansion of tourism of the new millennium. Covid-19 provided the basis for rethinking tourist development strategies and the beginning of a new phase to maintain it in the post-pandemic world.

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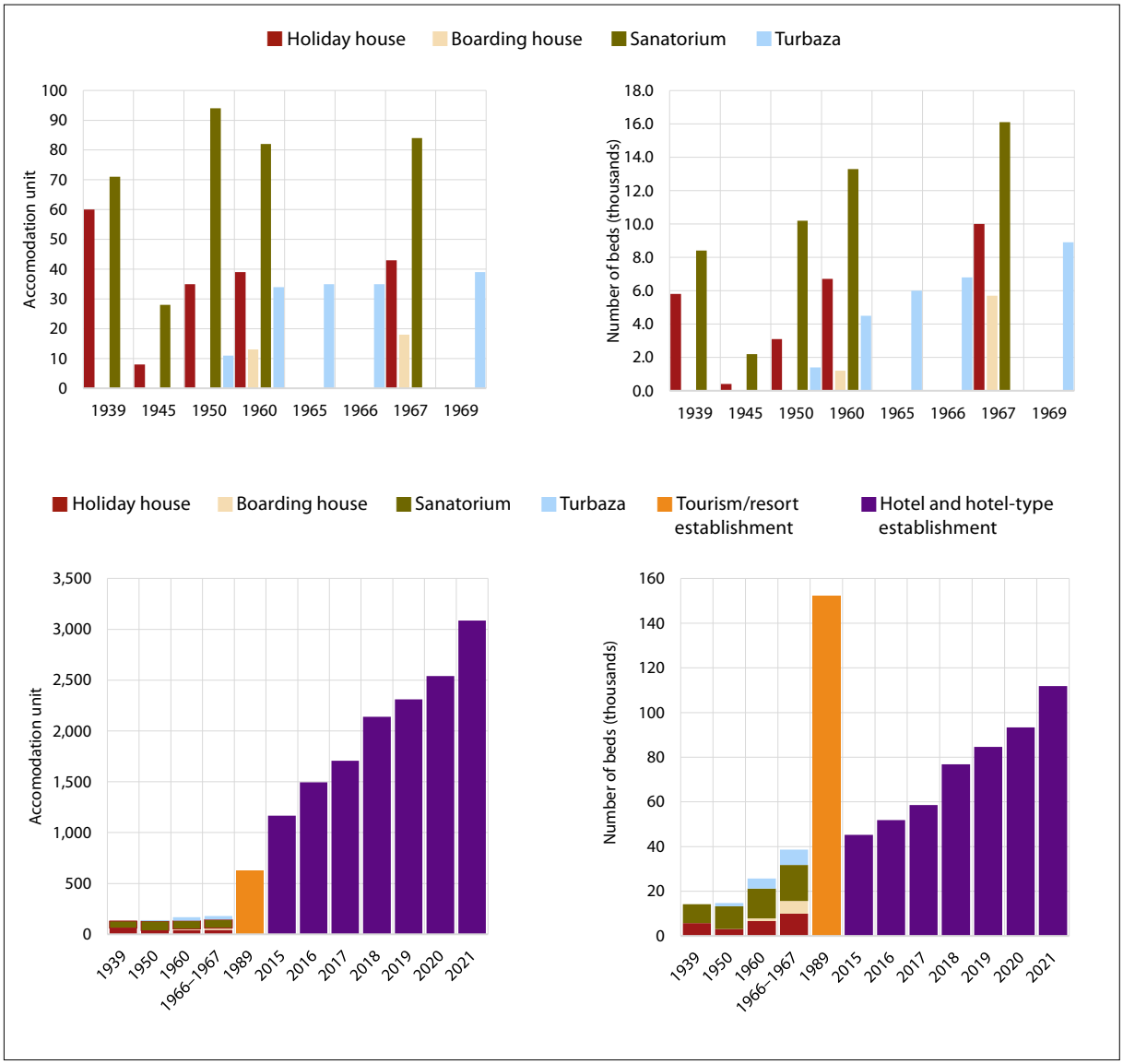
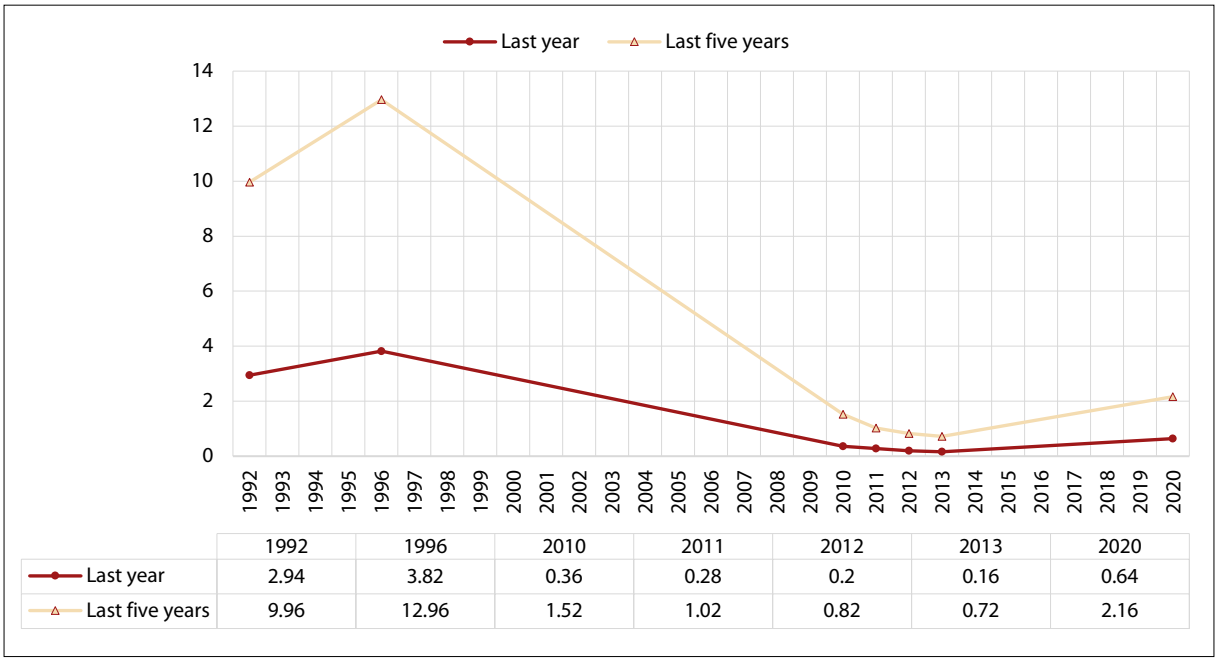
Figure 1: Resort and Tourism Establishments (Georgia)



Note: the data from 2015 to 2021 do not cover the occupied territories of the Abkhazian Autonomous Republic and Tskhinvali Region.

Sources: chart by Temur Gugushvili, based on data from Kobakhidze, E. (1971). SSR Resort and Tourism of Georgia, Metsniereba. Shubladze, V. (2004). Georgia and Tourism, Gump. Georgian National Tourism Administration.

Figure 2: Victims of Common Criminal Acts: Share of Total Population Claiming To Be a Victim During the Last and the Last Five Years Respectively



	1992	1996	2010	2011	2012	2013	2020
Last year	2.94	3.82	0.36	0.28	0.2	0.16	0.64
Last five years	9.96	12.96	1.52	1.02	0.82	0.72	2.16

Note: Common criminal acts include car theft, burglary, robbery, other personal theft and assault/threat to physical health.

Source: chart by Temur Gugushvili, adapted from J. van Dijk, T Chanturia, G. Glonti (2021): Report "Support to The Security Sector Reform Programme Preparation", p. 19.

Figure 3: International Trips to Georgia 1995–2020

Notes:

International Traveller Trips: an international traveller is someone who moves between different geographic locations for any purpose and any duration. It excludes foreign citizens who are Georgian residents and includes Georgian citizens who are foreign residents.

International Visitor Trips: the international visitor is a traveller taking a trip to the main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purposes) 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 defining the usual environment in Georgia travellers conducting 8 and more trips are excluded from the data.

Tourist (Overnight) Trips: a visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor) if his/her trip includes an overnight stay.

Sources: chart by Temur Gugushvili, based on data from World Bank, Georgian National Tourism Administration, Ministry of Internal Affairs of Georgia

The Intersection of Georgian Tourism and Russian Politics

By Gvantsa Salukvadze (Ivane Javakhishvili Tbilisi State University and University of Zurich)

DOI: 10.3929/ethz-b-000506344

Abstract

The article aims to explore the effect of global politics on tourism-dependent communities living in a geopolitically uncertain situation, using Georgia–Russia bilateral relations as an example. It discusses how the combination of political destabilization and tourism development affects Georgia's overall economic climate, raising the question of whether the benefits of tourism are sustainable in the face of such an unpredictable political environment. The article explains how powerful regional political dynamics have impacted Georgia's most formidable economic progress mechanism—tourism—and how strongly this has influenced the country's development.

The Political and Economic Price of Georgia's Liberty

Political unrest in the South Caucasus area dates to the early 1990s, with the fall of the Soviet Union (USSR). Such political instability has been endemic in many transition countries. At the same time, Russia has employed provocations and backed different factions in conflicts to "maintain its de-facto authority" over various post-Soviet territories. Georgia was one of the newly independent countries that had to deal with violent ethnopolitical tensions and direct war with Russia in 2008 (the five-day August War). As a result of these developments, Georgia saw 20 percent of its territory annexed by its northern neighbour, which unilaterally declared the so-called independent states of Abkhazia and South Ossetia, notably unrecognized by the international community (Parliament of Georgia, 2008). Political upheaval and the disintegration of traditional Soviet-era economic linkages destroyed Georgia's economic pillars, resulting in a dramatic decrease in national revenues and population welfare. Georgia's economic development in the 1990s was impeded by various destructive factors, including corruption, crime, and hyperinflation described by Salukvadze (2008, p. 8) as "[...] authoritarian rules with a high level of corruption, especially state capture, non-transparency of the decision-making process, non-participation of the population, secrecy of information, etc.". Georgia experienced the most significant drop in real GDP among the post-Soviet nations. According to World Bank (2020) records, the country's real GDP fell by almost by 80% between 1990 and 1994, with major drops in agricultural (63%) and industrial (83%) outputs. In 1995, Georgia's economic position began to improve, with GDP rising by 2.6% in that year and by 10.6% during the period 1996–97.

The tourism industry, which thrived under the USSR (Frederiksen and Gotfredsen, 2017), was one of the most affected sectors of the national economy. Apart from the seizure of control of the most attractive and sought-after tourism locations, such as the Abkhazian Black Sea coast and mountain areas, the Russian occupation created almost 300,000 internally displaced persons (IDPs) (Salukvadze *et al.*, 2013). When moving to other cities and settlements in Georgia, IDPs were usually offered or voluntarily occupied tourist accommodation facilities, such as hotels and hotel-type establishments, as refugee housing in other parts of Georgia (Adeishvili *et al.*, 2011). As a result of the state's failure to provide alternative accommodation, the "occupation" of tourism infrastructure has narrowed and eroded the country's development possibilities in the near term. This was the first episode of political harassment in newly independent Georgia by a neighbouring country, Russia. It left a deep imprint on the country in terms of economic stagnation, particularly in tourism, one of the most advanced economic sectors under Soviet rule (Schmidt, 2017).

Since the mid-2000s, Georgia's efforts to revive tourism have continuously faced persistent hurdles and constraints (Salukvadze and Gugushvili, 2018). This has been mirrored in the percentage of tourism income in Georgia's GDP, which has shifted several times over the past ten years but has remained relatively steady and promising. Interestingly, a particularly substantial increase occurred in 2017, when the share of tourism income in the country's GDP amounted to 7.3%, up from 6.2% in 2016. The significant increase continued in the years that followed, reaching a peak of 8.4% in 2019. Despite the positive outlook for the following years, the Covid-19 pandemic has had an extraordinary impact on the tourism sector, hurting its contribution to Georgia's GDP, which decreased to 5.9% in 2020 according to preliminary estimates (National Statistics Office of Georgia (GEOSTAT), 2020). In addition to beyond the top-line statistics, tourism plays

a vital role in the national economic agenda and acts as the primary vector for Georgia's prosperity based on Georgia's strategic interests and development goals, which are clearly outlined in its strategy and policy documents (*Georgian Tourism Development Strategy 2025*, 2016; *Caucasus Regional Research Agenda (2020–2030)*, 2019; Regional Development Programme of Georgia (2018–2021), 2018; Strategy for Development of High Mountain Settlements of Georgia (2019–2023), 2019). However, it is well recognized that the region's fragile political climate, notably its "frozen" armed conflicts and Russia's economic and travel restrictions, jeopardizes the long-term viability of the tourism sector. Along with several other damages, the impact of destabilization includes a threat to tourism growth and the prosperity of local Georgian entrepreneurs who benefit directly from tourism revenues (Baumann and Kuemmerle, 2016).

It is worth noting that the Georgian tourism industry is becoming more vulnerable as a result of Russia's official political and informational "instruments" and methods, such as the suspension of direct flights, a trade embargo, and warnings to its citizens to avoid travelling to Georgia (Jandieri, 2014). Such acts of aggression by Georgia's northern neighbour inevitably disfavour stable growth in its tourism sector (Papava, 2018).

The Dangers of Tourism Dependency

Georgia's economy relies significantly on Russia, mainly through the energy sector, tourism, foreign trade, and remittances, a situation that poses a significant challenge for the country's economic independence and security. More specifically, exports of Georgian products to Russia have increased in recent years, reaching around USD 500 million in 2019. Russia accounted for 13.2% of Georgia's total exports in that year. The Covid-19 pandemic, on the other hand, has had a substantial influence on shipments to Russia, with its share dropping to 11.7% in the first quarter of 2020 (Transparency International Georgia, 2020). This, of course, provides neighbouring Russia with a strategic opportunity to manipulate Georgia. As Russia's most significant area of leverage against Georgia is tourism, it can effectively influence the economic well-being of many Georgians who depend on this sector. According to Georgia's National Tourism Administration, the Russian Federation accounted for the majority of foreign visits to Georgia with 1.2 million visitors in 2019, constituting 20% of total visitors to the country (Georgian National Tourism Administration 2020). As a result, global political blows to the free movement of people may be replicated at a local level, drastically altering the economic conditions of, for example, a household involved in tourism living in the highlands of Georgia. This problem is currently acute and is being discussed not only in the Caucasus area but also in many other countries in a similar situation. However, Georgia's situation is even more concerning because its mountain areas have recently been marked by their complete reliance on tourism alone. According to Salukvadze and Backhaus (2020), this trend poses a risk for Georgia since a downturn in tourism would leave citizens with an underutilized tourist infrastructure built chiefly at the expense of prior traditional economic practices. Nonetheless, these authors outline the current challenges facing several economic fields which create an environment in which people are encouraged to rely on tourism.

Internationally, scientific and popular works have actively responded to this trend by examining many countries (e.g., China, Botswana, Indonesia) and concluding that in general, tourism is prone to generating mono-sectoral reliance (Meyer, 2007; Mbaiwa and Stronza, 2010; Garrigós-Simón, Galdón-Salvador and Gil-Pechuán, 2015). Lasso and Dahles argued that economic dependence on tourism-based revenue is a long-term risk for a country and its citizens (2018). Beyond the unpredictability of geopolitical threats, sole economic reliance on tourism is regarded as a very volatile and unstable strategy in the long run. The latter was clearly proved by the unexpected Covid-19 pandemic, which halted all tourism activities in a record short time and caused unprecedented damage to Georgia's tourism industry.

The Intersection of Political Actions and Tourism

In recent years, the reflection of political decisions on tourism development has been particularly notable in Georgia. More specifically, Russia's embargo on Georgia specifically targets sectors in the Federation on which the Georgian economy relies. A chronology of the Russian blockades of Georgia, given in Figure 1 at the end of this article on p. 13, illustrates the essential features of the relationship between 2005 and 2020. Thusly, we reveal the economic dimensions along which Russia seeks to inflict harm on Georgia's economy. As Russia is one of the most important markets for Georgian exports, the Federation's various limitations substantially negatively impacted the sale of (among other items) agricultural goods, wine, and mineral waters from Georgia to Russia. Then, in 2005, Russian authorities launched a full-fledged economic embargo on Georgia, prohibiting the import of Georgian vegetable products on the premise that they "violated the criteria of microbiological composition" (Morrison, 2019). Following this move, in 2006, the wine industry became Russia's target in the Georgian economy, with Russia expand-

ing its embargo and banning wine imports from Georgia. There have also been multiple attempts to limit the free movement of people, predicated on the objective of directly decreasing the number of Russian tourists visiting Georgia.

If we draw comparisons and explore how restrictive measures on Georgia, particularly those imposed by the Russian Federation, may influence the country's tourism development, some links can easily be found. Figure 2 at the end of this article on p. 14 covers the period from 2008 to 2019 and illustrates the growth or decrease in the number of Russian tourists each year compared to the previous year. The year 2008 constituted a major challenge to Georgian tourism development, with Russian tourist numbers initially higher than those in 2007, but showing a sharp decline from August, with a nearly halved number of arrivals from Russia due to the Russo–Georgian war (August 7, 2008 – August 12, 2008). The effects of this shock remained considerable until the end of 2008. In 2009 the country's tense post-war circumstances remained in the first half the year, but numbers started to considerably increase from August on, with more than 40,000 more Russian visitors compared to the same period of the previous year.

It is remarkable that the interaction is quite obvious between (positive) political development and travel statistics, the years 2010 through 2013 also showing a typical rising trend of people coming to Georgia from Russia, especially during the peak season in the summer. Furthermore, following Georgia's unilateral removal of visa restrictions for Russian nationals in 2011, inbound visitors from the Federation increased by 72% in 2012 and continued to rise in 2013.

In 2018, 1.4 million Russian citizens visited Georgia and its share in total number of international visitor trips increased to 16.2%. More recently, in June 2019, Russia imposed an order to ban Russian airlines from flying to Georgia; Vladimir Putin had decided that a suspension of flights was required to [protect] "the national security of the Russian Federation (Higgins, 2019). Figure 2 at the end of this article on p. 14 demonstrates that this sanction decreased the number of Russian visitors substantially in July 2019. The share of Russian visitors in the total number of foreign visitors to Georgia reached a maximum of 16% in 2018. Due to the restriction on flights imposed from July 2019, Russia's share in Georgian tourism decreased to 15.7%. According to the Georgian National Tourism Administration (GNTA), the 2019 tourism statistics were forecast to exceed the 2018 figures for arrivals of Russian visitors. In contrast, the number of tourists fell to 2017 levels (Georgian National Tourism Administration, 2018).

Tourism Resilience in a Context of Geopolitical Turmoil

Most national development strategies and programs are focused on promoting economic diversification, particularly in remote rural and mountain regions. Despite these efforts, it appears that the vector from agricultural to rural development has not simply altered but become entirely reoriented towards tourism development (Gugushvili, Roep and Durglishvili, 2021). In most cases, in the face of significant diversification efforts, the tourism industry has become an impediment to and a powerful opponent of fostering the growth of other economic sectors. All of this emphasizes the urgent need to shift the focus of the diversification path; agriculture, in particular, should not be the starting point for diversification strategies, and the same holds for tourism, which has joined other sectors that "cannibalize" broader growth. To encourage diversification, the economic expansion strategy should integrate new dimensions, such as non-tourist businesses, in addition to supporting non-farming activities.

A newly-developed concept of "supportive tourism" seeks to maximize opportunities for the long-term development of activities independent of tourism (Gugushvili *et al.*, 2020). However, these opportunities should be derived from the broad links between tourism and other economic activities. As this opinion paper seeks to go beyond limited conceptions of tourism, it emphasizes that tourism could be the starting point for the expansion and assimilation of different economic activities and mark the end of the agricultural sector's traditional dominance, specifically in rural and mountain regions. Importantly, there is an urgent need to diversify tourist products and services to penetrate new, high-spending tourism markets and boost Georgia's competitiveness.

Understanding these dangers offers fresh insight into the interdependence of global politics and tourism-dependent communities, highlighting the fragility of treating tourism as a panacea for economic progress. In such a situation, a country's development "weapon" can at any time become the cause of its economic collapse. Its direct promotion mainly through state-driven policies and development-oriented initiatives is a reckless move and not an appropriate policy approach. Instead, the mantra of diversified development should be refined to emphasize the need to prevent reliance on a single sector in Georgia's volatile political context.

Please see overleaf for information about the author and references.

About the Author
Gvantsa Salukvadze is a Ph.D. candidate at Tbilisi State University and a 2020 Doctoral Fellow at the Center for Eastern European Studies at the University of Zurich (UZH). In 2021, she became an affiliated researcher at UZH's Department of Geography, Unit of Space, Nature, and Society (SNS). Her research experience and authorship of articles in academic peer-reviewed journals cover sustainable tourism development, mountain livelihood studies, destination resilience, and community-based development.

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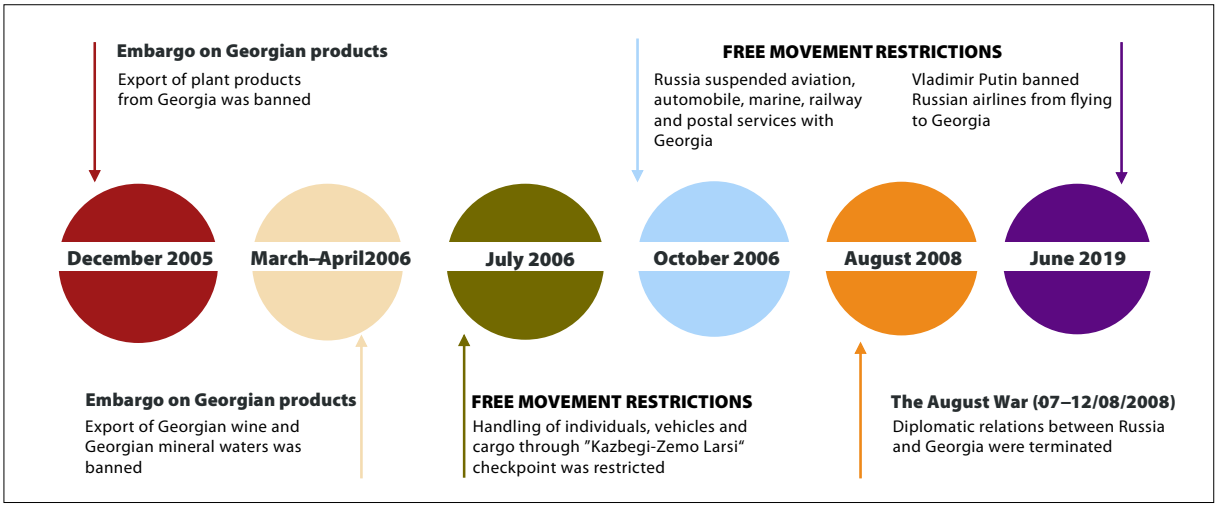
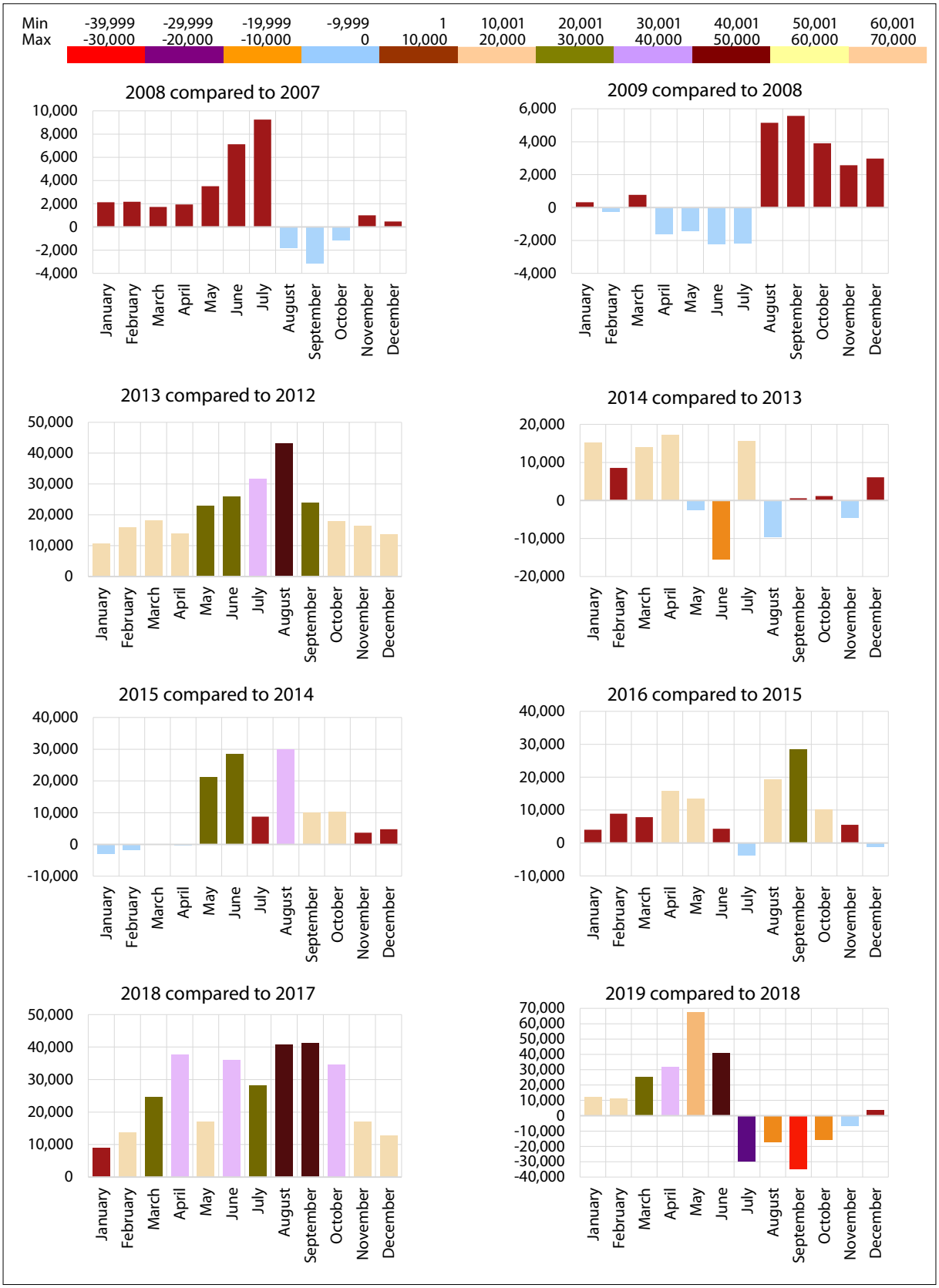
Figure 1: A Chronology of Russian Embargoes on Georgia (2005–2020)



Sources: https://www.sciencedirect.com/science/article/pii/S187936651500010X; https://www.cacianalyst.org/publications/analytical-articles/item/10801-analytical-articles-caci-analyst-2006-4-19-art-10801.html; https://transparency.ge/en/blog/georgias-economic-dependence-russia-trends-and-threats; https://www.europarl.europa.eu/meetdocs/2004_2009/documents/dv/632/632885/632885en.pdf; https://www.georgetownjournalofinternationalaffairs.org/online-edition/2019/7/22/russo-georgian-dystopia; https://www.theguardian.com/world/2019/jun/22/putin-bans-russian-airlines-from-flying-to-georgia; https://emerging-europe.com/voices/russian-sanctions-against-georgia-how-dangerous-are-they-for-countrys-economy/.

Figure 2: The Difference in the Number of Arrivals from the Russian Federation Compared to the Previous Year (2008–2019)



Source: chart by Temur Gugushvili, based on data from Ministry of Internal Affairs of Georgia

The Case for Rebuilding Tourism in Georgia: Alternative Forms and New Initiations

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DOI: 10.3929/ethz-b-000506344

Abstract

Modern tourism forms respond to the contemporary tendencies of the economy, adopting new business models and creating new offerings based on natural and cultural heritage and creative and non-artificial activities. As a result, today's tourism differs from the traditional approach in determining holiday destinations characterized by a focus on the destination's physical assets. This article reviews recent tourism trends in Georgia by examining new initiatives and practices adopted in rural and mountainous regions. Ultimately, we propose focus on experience-based competitive authentic products that meet the needs of post-modern tourists and that have been adopted in high-spending markets.

Introduction

Tourism is a sector with valuable growth potential that has not yet been fully exploited in Georgia and that can serve as a means of attracting both investors and visitors. The market for new tourism models, often referred to as alternative "non-traditional" or "next-generation" tourism, has seen positive developments and a steady upward trend in recent years (even though it is being affected by the pandemic). The demand for experiences based on explorations of culture and nature and tasting traditional food and wine continues to grow and presents increasing potential to contribute to the prosperity of local communities and businesses. In addition, tourists are increasingly demanding participatory and interactive experiences (Campos et al. 2016, 2018). Such tourists are mindful of social and environmental concerns (Luo et al., 2008), frequently preferring less consumption-driven "green" lifestyles".

Between the 1970s and early 1980s, new forms of tourism as an alternative solution to mass tourism emerged in developing countries (Triarchi Ei & Karamanis K) and appeared with different names, such as rural, eco-, agro-, gastro-, and creative tourism. Such forms have become a topic of discussion and an integral part of government policy documents, even though they are not precisely defined. International aid institutions widely promote such models for diversifying rural economies, revitalizing regions (particularly mountainous rural areas), promoting local production and supply chains, and conserving protected areas (Khartishvili et at. 2019; Gugushvili et al. 2020). This has become even more relevant since the onset of the COVID-19 pandemic, as more emphasis is now placed on enhancing the self-reliance of regions and on the use of innovative and collaborative development approaches. In 2020, the UNWTO stated in the Tbilisi Declaration that the post-COVID crisis tourism industry must strengthen its resilience and inclusivity, which must be accomplished through multilevel cooperation among stakeholders.

Tourism in Georgia

Located at the geographic meeting point between Europe and Asia, Georgia has been distinguished by its diversity of cultural traditions, which ensures the country's ethnographic mosaic and its special attractiveness. The country's geography is very diverse, with high mountain peaks, alpine and subalpine grasslands, old volcanic plateaus, and caves; 10% of the total area of Georgia is included in Georgia's protected area system, and approximately 40% of the country's territory is covered by forest, the majority of which are ancient forests. Georgia can offer a wide array of unique and authentic cultural and natural attractions and experiences in many regions. Most regions have several tourist attractions to offer. If developed appropriately, these regions could see a substantial rise in tourism revenues without jeopardizing the uniqueness and authenticity of their tourist assets.

In the global tourism system, the country is a relatively new actor that started to promote tourism development as an independent (non-Soviet) actor only in the late 1990s. Georgia's transformation towards a market economy and its political orientation towards the West passed through long and difficult periods of instability due to civil wars and military conflicts in occupied areas (Abkhazia and South Ossetia), a loss of traditional markets, high unemployment rates, and workforce migration, particularly from mountainous rural areas to cities and abroad. Nevertheless, since this period, tourism has become a promising industry in Georgia in terms of generating income and compensating for the country's trade deficit. In addition, the Georgian government has introduced visa lateralization for citizens of

many nations; in 2010, the Georgian government signed an Open Skies agreement with the European Union with the goal of encouraging its air travel market to spur tourism in the country.

Georgia's inbound (international) and domestic tourism grew consistently during the pre-COVID-19 period. The last couple of years have seen Georgia become one of the fastest-growing international tourism destinations in the world. In 2019, according to the country's national tourism agency, 9.4 million international travellers visited Georgia. Among them, 5.5 million were tourists (an increase of 7.8% from 2018), almost twice the size of the country's population, and the tourism sector represented 10.4% of Georgian GDP (WTTC, 2019). International travel trips include trips made by international visitors (83%) and other (non-tourist) trips (17%). The rapid growth of tourism in the country has increased the number of tourist and tourism-dependent facilities. Today, Georgia is a highly tourism-dependent country, which became apparent when the tourism sector was severely affected by the crisis caused by the pandemic. The Georgian government has prioritized tourism in its post-crisis and economic recovery plans. In the current stage, to keep pace with the demands of international travellers and meet the rapidly growing demand for alternative tourism as opposed to "traditional" tourism (tourism managed centrally and based on state-owned spa resorts), the Georgian government is actively working towards the diversification of tourism products and the inclusion of local businesses in the tourism sector. Furthermore, the country is actively striving to attract world-renowned airlines to commence operations to increase direct flights, and thereby the country's popularity with tourists. A COVID recovery tourism strategy (2021–2030) envisages competitive and diverse tourism products to generate increased income and revenues for micro-, small, and medium-sized enterprises (MSMEs) in the tourism sector and focuses on the following areas: gastronomic tourism, mountain adventure tourism, and cultural heritage tourism.

Several countries have concentrated on increasing local and regional tourism to balance declines in international tourist flows. However, domestic tourist spending cannot compensate for foreign visitor spending in Georgia, despite its significant participation in tourism. Foreign visitors spend on average 28 times more money per visit and on average three times more time in-country than domestic visitors. Thus, the economic impact of domestic tourism is not expected to be as great as that of international tourism, especially for housing businesses (GNTA 2019). For example, 88.1 percent of domestic tourists in 2020 stayed at the private home of a friend/relative or at their own home/apartment, which did not contribute significantly to tourism revenues (GNTA 2020). As for regional tourism, recent reflections on political decisions and unpredictable ties with neighbouring states do not bode well for regional tourism development (Papava, 2018). Refocusing high-spending markets and developing quality, competitive, and authentic products that meet the needs of today's post-modern tourists could be a solution.

Despite broad acceptance of alternative tourism business development in Georgia, little research has been done on how such offers respond to current trends in a rapidly changing environment. There is a need to better understand current realities by exploring newly established tourism entrepreneurs with a main focus on small and medium-sized models, offerings, and services. The present article examines new tourism practices and ultimately proposes adapting tourism to current trends, mainly by focusing on experience-based activities giving competitive advantages to alternative tourism forms and offers.

Characteristics of Alternative Tourism Businesses in Georgia

This article examines tourism business models using secondary information taken from recently adopted projects and practices, such as reports, travel platforms, and social media. The majority of practices used for this article are based on the inventory of successful practices and new tourism proposals implemented by the Georgian Art and Culture Center. The inventory includes enterprises organized around famous monuments of cultural and historical heritage in rural and mountainous areas, which are expected to have exceptional potential for future development. The models are described using a qualitative survey based on semi-structured interviews held with various tourism institutions and associations, including the Ecotourism Association, the Georgian Heritage Crafts Association, the Biological Farming Association Elkana, destination management organizations, and the private tourism sector. In addition to this study, the paper uses research findings on experiential tourism development in Georgia (GACC, 2021).

The principal findings obtained from studying the various business models of companies offering services in culture tourism such as ethno- and creative tourism, as well as culinary and agritourism is that they have been able to fully diversify travel package offerings. They certainly arouse interest not only among Georgian tourists, but also among numerous foreign guests.

The majority of small- and medium-sized family-type enterprises in Georgia were established from 2016 to 2021 by so-called "neo-rural" populations—city dwellers moving to rural areas and seeking to adopt or develop a peasant-like or an artisan-like lifestyle (Halliday J, Coombes M. 1995). The businesses present packages that combine relaxation with local customs and offer not only traditional accommodation and breakfast but also various other activities, such

Table 1: Characteristics of selected business models from various initiatives in Georgia including their profiles, activities, and realms in which the tourist experience is gained.

Profile	Enterprise year, name	Activities	Dimensions*
Agritourism, culinary tourism, gastronomic tourism	2017—"Komli"	Participation in agricultureal activities, demonstration of the 'farm to table' concept, demonstration of activities, culinary offerings, food and wine tasting, storytelling, B&B services, excursions.	1, 2, 4
	2011—"Korena"	Demonstration of activities, ethnography, culinary offerings, wine tasting, folklore, B&B services, organized educational camps for schoolchildren, cultural events, adventure tours.	1, 2, 3, 4
	2016—"Lost Ridge"	Participation in agriculture activities, culinary offerings, food and wine tasting, B&B services, excursions, ranch programs, organized events, direct sales of local products.	1, 2, 4
	2018—"Babaneuli Chateau"	Culinary offerings, food and wine tasting, B&B services, organized events, recreation activities, direct sales of local products.	1, 2, 4
	2018—"Sisatura"	Ethnography, culinary offerings, food and wine tasting, B&B services, folk and dance programs.	1, 2, 4
Gastro-tourism	2016—"Megruli Oda"	Food and wine tasting, storytelling, direct sales of local products.	1, 2
	2015—"Marlena"	Culinary offerings; food, cheese and wine tasting; demonstration of activities; organizing events; direct sales of local products.	1, 2, 4
Ethnotourism	2011—"Khevsureti and Community"	Culinary offerings, food and wine tasting, demonstration of activities, B&B services, organized events, masterclasses in arts and crafts, direct sales of local products.	1, 2, 3, 4
	2015—"Folklore House"	Food and wine tasting, demonstration of activities, B&B services.	2, 3, 4
Creative tourism	2016—"Mokvare"	Culinary offerings, demonstration of activities, B&B services, masterclasses in arts and crafts, organized events, direct sales of local products.	2, 3, 4
	2016—"Ikorta"	Demonstration of activities, culinary offerings, masterclasses in arts and crafts, direct sales of local products.	2, 4
	2012—"Art Residence"	Demonstration of activities, master classes in arts and crafts, B&B services, food and wine tasting, recreation.	3, 4
Eco-tourism	2012—Ecotourism cottages	B&B services, recreation.	4
	2019—Cabins	B&B services, recreation, organized events.	1, 4
*Dimensions: Entertainment (1), Aesthetic experience (2), Education (3), Escapism (4).			

as gastronomic master classes, folklore performances, horseback riding and walking tours to nearby attractions, and household activities. A number of these additional services are free and make the offers more exciting and attractive for tourists. International aid programs support such businesses, which strive to improve the multifunctional use of rural resources and non-agricultural activities and the resilience of rural regions. Figure 1 overleaf and Table 1 above depict visitor offerings in selected business models classified into four categories provided by Pine and Gilmore (2012): entertainment, escapism, aesthetic experience, and education. The patterns of the stated four dimensions reflect the reality through which the tourism experience is acquired. These four dimensions are difficult to separate; nonetheless, they provide us with an image of activities which eases discussion of the realms involved in generating tourism experiences. Such a model helps entrepreneurs plan and position their services according to post-modern visitors' motives and behaviours.

Craft and art studios, primarily applying woodcarving and pottery making practices, are popular and represent the education component of tourist offerings. Guests actively engage in the experience's creation. Some ethno-tourism models offer trip-taking opportunities in and around their locations. Incorporating culinary, craft, and wine business operations is expected to open up a wide range of market prospects, particularly for high-spending tourists prioritized in the national tourism policy. Entertainment experiences entail passive participation but result in cultural immersion, such as visitors observing local performances (e.g., folk music performed at agro- and ethno-tourism farms).

Existing business models target various groups, including extremely organized groups (mostly foreign groups), families, and corporate group travellers. A creative host with an original business idea and individual values, with a clear

Figure 1: Proposed Tourism Experiences in Selected Business Models

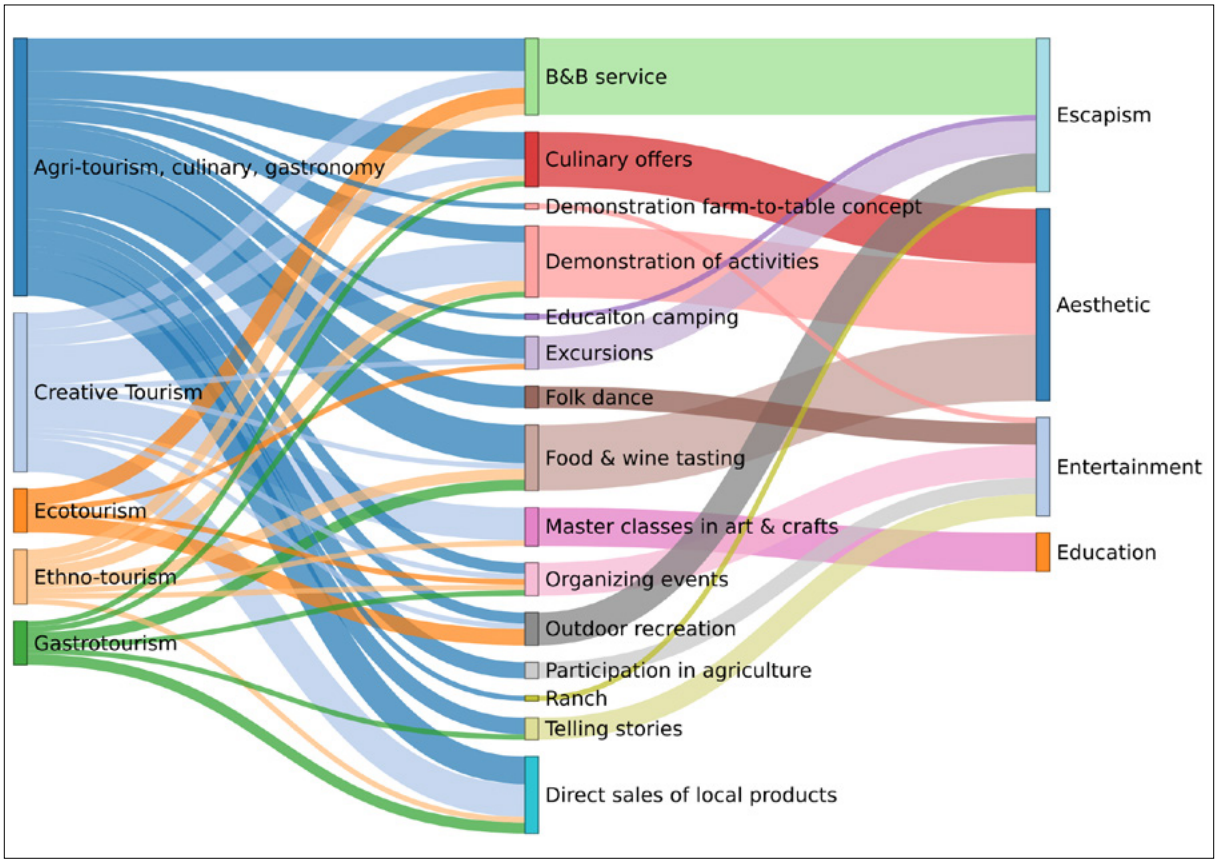


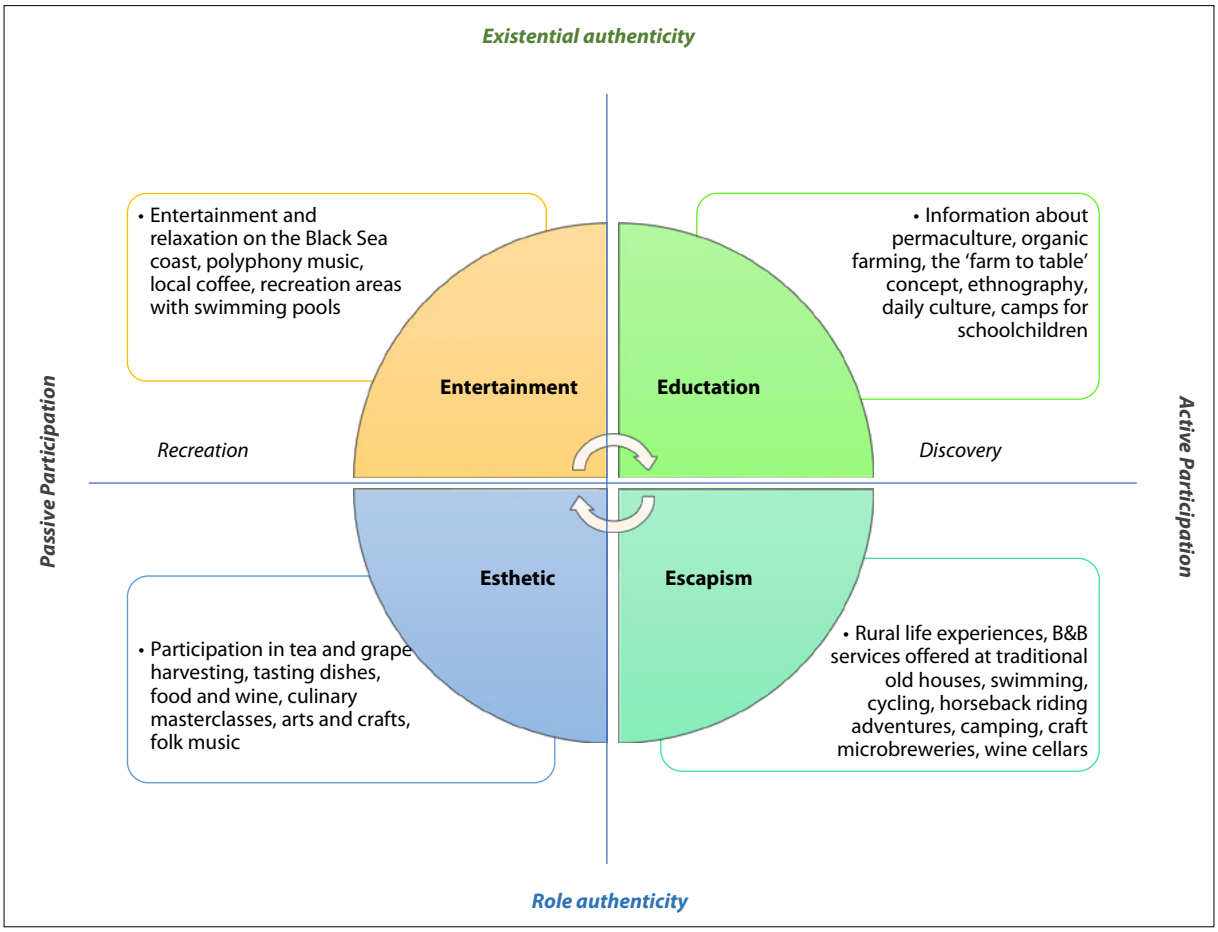
Chart by Temur Gugushvili

vision for destination growth, and adopting a practice of collaboration and communication with the local community are key to the success of selected business models. Most of these hosts speak a foreign language and enjoy interacting with visitors. Some constraints might be addressed to improve the desired tourism services and supply them in specific formats. Most service providers employ neither the experience-based market segmentation model when designing tourist offerings nor the strong side of intangible products, enriching realities and creating a better environment for the growth of experiential tourism practices. Small- and medium-sized enterprises lack access to local market production for skilled "agrochefs," affecting conventional food supply. The supply of traditional products, including cultural products such as souvenirs and traditional food, requires the use of local ingredients and traditional processing methods. In this regard, tourism entrepreneurs face problems in obtaining a stable supply of quality products; in most cases, they use an imported product due to the lack of links between manufacturers and suppliers of tourism services. The tourism industry's alternative offerings are constrained by a shortage of resources, especially human resources. Another challenge that service providers face is the adoption of HACCP (Hazard Analysis and Critical Control Point to ensure safe food) requirements from June 1, 2021. Food supply requires relevant knowledge and skills to follow regulations constantly. At this stage, agri-, eco- or ethno-tourism entrepreneurs lack financial resources and capacities to adapt and develop.

Outlook

The study of new tourism practices has shown that the experience-based offerings are at an early stage of development. They operate in a less competitive environment due to the small number of competitors and the growing demand for their products. However, there is a need to follow novel approaches and adjust new regulations and standards. Key directions for future development include the establishment of new cooperative arrangements, a start-up approach to many initiatives, and the addition of new services, new experiences, and strengthened collaboration at a local and regional level. Therefore, it is proposed that alternative tourism businesses be promoted both at the national and local levels. At the national level, we propose developing incentives and regulations, using individual approaches for differ-

Figure 2: Four Dimensions of Gaining Experience



Based on Pine and Gilmore (2010), Deans & Gnoth (2012), and Datishvili and Khelashvili (2019) models

ent regions, that will complement rather than constrain new initiatives. The consideration should be given to an interdisciplinary approach, the needs of the region, an individual resource-based plan, a supplier and consumer typology, and take into account the constraints and characteristics of the region. For example, the regulations adopted during the Covid period must be adapted to the specifics of the place. The rules for restaurants and hotels in Tbilisi are less applicable for family-run small businesses in the regions, and as a result, it turns out that they only help cities and large resorts—Borjomi, Gudauri, Batumi, etc. Small business remains out of the game. It will also be difficult for local families to adjust to new HACCP requirements at their own expense. For example, a small enterprise, such as "Sisatura", which is distinguished by its character and authenticity, requires significant changes to meet the requirements, and therefore significant finances as well. It is advisable to give owners of such valuable, authentic establishments a grace period before the implementation of the fine to allow them to gradually adjust to the new food safety requirements. Introducing a mechanism for a specific monitoring framework as well as individual approaches would also be wise.

Local production and food supply chains should be strengthened at the regional and local levels. Furthermore, developing a destination and constructing the desired experiential products necessitate community-based activities and an improved utilization of traditional knowledge. Rural tourism, which utilizes local cooperation and the existing diversification of the rural economy, requires a community-based development approach rather than investment in individual accommodation facilities. In this regard, the encouragement of destination management organizations and the promotion of local initiatives could be a solution. One of the best ways to encourage such initiatives is to support local festivals and events, and to develop new destinations by organizing new attractions and "honey pots".

About the Author
Lela Khartishvili's practical experience in the field of tourism started with tour-operational activities in Georgia. Lela recently received a Ph.D. in Social Sciences from ILEN/BOKU University in Vienna. Her research interests focus

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Layout: Cengiz Kibaroglu, Matthias Neumann, and Michael Clemens
ISSN 1867 9323 © 2021 by Forschungsstelle Osteuropa, Bremen and Center for Security Studies, Zürich
Research Centre for East European Studies • Country Analytical Digests • Klagenfurter Str. 8 • 28359 Bremen • Germany
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