

Changes in Hotel Management During the COVID-19 Pandemic and Post-pandemic Periods in Georgia

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Abstract

The COVID-19 pandemic, which caused significant human loss, significantly damaged several economic sectors, primarily tourism and its significant segment, the hotel industry. In Georgia in 2019, before the pandemic, tourism reached its highest indicators since its independence. International arrivals totaled 7,7 million, with 5.1 million tourist visits; tourism accounted for 8.4% of the gross domestic product (GDP), while the number of people engaged in the industry was 11.6% of all employees in the country. By the end of the first year of the pandemic, the number of international tourist visits to Georgia decreased by 78.5% (2020), and 66.0% of hotels and food sector facilities in the country ceased operations. Several hotels were used as quarantine spaces and "Covid hotels" during the pandemic, per government decree. To overcome the crisis, targeted measures were developed, envisaging support and special activities as well as financial benefits for the subjects of the tourism industry. Nevertheless, the crisis management plan could have been better and did not foresee the alterations necessary after the pandemic, which caused significant consumer behaviour changes in the hotel industry. Now customers give priority to compliance with hygiene and safety norms. However, most hospitality industry organisations in Georgia need more resources for implementing new technologies that meet tourists' needs. The pandemic has aggravated the problem of staff outflow and redistribution to other sectors. In the post-pandemic period, an increase in demand for medical and health-improving tourist programmes and ecological and adventure tours is expected, which should be provided with appropriate accommodation facilities.

Keywords: COVID-19, pandemic, post-pandemic period, tourism, hotel industry.

Introduction

As an essential tourism segment and a socio-economic factor, the hotel industry directly and indirectly impacts tourism development and related infrastructure. Tourism is a dynamic sector of the economy that plays an essential role in its formation, activating the foreign trade balance, and providing jobs and income for the population.

Tourism and the hotel industry in any country are sensitive to external and internal factors, such as military conflicts, the dangers of terrorism, natural disasters, economic crises, and the pandemic spread of viral infections. The unprecedented scale of the problem the world has faced in recent years, when almost 200 countries around the globe have been put to the same test, is a good example [1]. At the end of 2019, the worldwide spread of the coronavirus decreased the number of international tourist visits to Georgia by 78.5% (2020) (Table 1), and 66.0% of Georgian hotels and catering establishments ceased operations [2].

Table 1. International tourist visits in the world and in Georgia (2018-2021)*

Region/ Country	Number of international tourist visits In the world and in Georgia (million)				Change in the number of international tourist visits (%)			
	2018	2019	2020	2021	2019/ 2018	2020/ 2019	2021/ 2020	2021/ 2019
Europe	715,8	746,1	238,7	279,8	4,2	-68,0	17,2	-62,5
America	216,0	219,3	69,9	81,9	1,5	-68,1	17,2	-62,7
Asia and Oceania	346,5	360,4	59,4	20,9	4,0	-83,6	-64,9	-94,0
Middle East	65,5	69,9	19,0	14,5	6,7	-74,0	-23,7	-79,3
Africa	67,2	68,6	15,9	17,9	2,1	-76,8	12,6	-73,9
Georgia	4,7	5,1	1,1	1,6	8,5	-78,5	45,4	-68,7

* The table is compiled by the authors based on data from the World Tourism Barometer and the National Tourism Administration (gnta.ge).

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Methods and Materials

Literary source analysis, statistical analysis, and sociological methods were used in the research. The materials were presented with the statistical data from the Annual Report of the National Tourism Administration of Georgia (gnta.ge) and the relevant literature on hotel management. Besides, meetings were held with hotel industry practitioners, whose opinions were reflected in the article.

Results

Tourism sector of Georgia before the pandemic

Over the last two decades, tourism has been established as one of the priority sectors of the Georgian economy. The number of international visitors to the country in 2019 was 7.7 million, including 5.1 million tourists; tourism contributed US \$ 3.3 billion, or 8.4%.

of GDP, while the number of those engaged in the industry exceeded 150 thousand and was 11.6% of the total number of employees in the country. During that same period, 2,575 accommodation facilities were registered in the database of the National Tourism Administration, with a total capacity of 94,438 beds [3]. These were the highest rates in the history of independent Georgia.

According to the World Travel and Tourism Council (WTTC), the industry's total contribution to the world's gross domestic product during the given period totaled US \$ 8.9 trillion, creating 330 million jobs. As for world economic development, the sector accounts for one in every ten jobs and 6.8% of the world's total exports, while its share in the gross domestic product is 10.3% [3].

The first international visitors to Georgia were representatives of four neighbouring countries: Azerbaijan, Russia, Armenia, and Turkey. According to STR (Smith Travel Research), Georgia's hotel occupancy rate in 2019 was 56.7%. Maximum occupancy was observed in the summer and autumn [3].

In 2019, the accommodation facilities' main capacity was concentrated in Tbilisi and Batumi (53.1% of bed places), followed by the Samtskhe-Javakheti and Imereti regions. 47.7% of international visitors would stay overnight in hotels and hotel-type accommodation facilities, while only 6.6% of domestic visitors used hotels. The purpose of a visit defined this correlation: most international visits (43.5%) were made for rest, fun, or recreation. 19.0% of visits were to friends and relatives; the rest were business trips, professional activities, shopping, and others. As for internal tourism, visiting friends and relatives accounts for the most considerable portion (51%), 12.3% for shopping, and 9.7% for leisure, entertainment, and recreation. Significant is that if international tourist accommodation accounts for 24.0% of visitors' expenses, only 4.5% of local visitors' expenditures were paid for an overnight stay.

The types of accommodation facilities have changed over the years and become more diverse. In the first years of independence, the Soviet system of hotels still prevailed: communal hotels concentrated in administrative centres; besides, there were hotels that accommodated only foreign tourists (the Intourist hotel network); there were also sanatoriums and boarding houses in resorts.

During the crisis of the 1990s and the ensuing civil war, hotel infrastructure was damaged, with many of its objects remaining on the territories occupied by the Russian Federation. Resettlement of the population displaced from the occupied territories in other parts of the hotel infrastructure caused a significant depreciation of the latter [4].

In the 2000s, the restoration and renovation of the old accommodation facilities and the construction of new types of facilities began. Along with the traditional hotels, family hotels, guest houses, hostels, etc., come into being. By the end of 2019, 66.3% of the total capacity of accommodation facilities belonged to hotels, 17.9% to family hotels, and 8.2% to guest houses; the rest were hostels, cottages, and glamping. The latter has gained popularity in recent years as well-adjusted camping-type hotels on mountainous terrain. There are 41 brand hotels in Georgia, with a total capacity of 10,135 beds (10.7% of the total volume of accommodation facilities). Almost half of the brand hotels are in Tbilisi, Batumi, Borjomi, Tsinandali, and elsewhere. The following brands are represented: Radisson, Hilton, Marriott, Holiday Inn, Best Western, Biltmore, Ramada, etc. [5].

Course of pandemic and activities to support tourism and hospitality

The first case of COVID-19 was detected in Georgia on February 26, 2020. As of April 23, 2022, 1,654,163 cases of COVID-19 have been confirmed in the country (excluding the occupied regions). 1,635,550 infected fully recovered, and 16,797 people died [6].

Compared to other countries, the consequences of the first wave of the pandemic in Georgia were moderate. Rapidly implemented quarantine measures and restrictions on movement within the region stopped the spread of the virus. The tourism sector has been most severely affected by the pandemic. Hence, targeted measures were developed to overcome the crisis. They included financial benefit allocation and special activities for supporting tourism industry entities.

The government's decision to use the facilities first as quarantine spaces and then as COVID-hotels was important for the country's hotel industry and the tourism sector in general.

It should be noted that Georgia is the only country where such use of hotels took place. The implementation of the project facilitated the operation of more than 200 hotels (approximately 2,300 rooms) [7]. What is more, the employees retained their jobs and income. The project also financially supported transportation services, catering, and other sectors.

To alleviate the impact of the pandemic, the National Tourism Administration of Georgia (GNAT), in turn, carried out a whole range of activities aimed at supporting the private sector and assisting it in adapting to the new situation, namely: training on implementing the COVID-19-related regulations; publishing recommendations on safety measures for conducting public events in closed spaces; besides, an international project called "Work from Georgia" was launched.

Due to efficient managerial work, the pandemic's first wave brought about relatively small losses, while the second wave was hefty. Large numbers of people on the Black Sea coast in summer and the election-related crowded rallies in autumn resulted in a rapid increase in the number of infected and dead. In 2020, the number of patients was 228,410. In 2021, it grew to 708,434; Moreover, the cumulative incidence rate, measuring disease frequency in the population during a given time, was 6,000 infected persons per 100,000 throughout 2020 and 19,000 per 100,000 in 2021 [7].

At the end of 2021, a new strain of the coronavirus, Omicron, appeared, characterised by a remarkably rapid spread and relatively mild symptoms. January-February 2022 saw the highest number of contaminated individuals, 24–26 thousand per day [7]. The situation has calmed by April 2022, and quarantine restrictions and COVID-hotels have been cancelled since March 1, 2022.

Hotel industry during the pandemic and post-pandemic period

The spread of COVID-19 and travel restrictions in most countries worldwide have hit the world tourism industry (tourism's contribution to global GDP decreased by 22.5%). By the end of 2020, tourist visits to Georgia will have decreased by 78.5% to 1.1 million. Income from international travel was US \$542 million (an 83.4% decrease). Once again, the majority of international visits were from neighbouring countries. The expectations that domestic visits would increase against the background of declining international tourism were not met. However, the decrease in this area was slightly less than expected, at some 12.5%. Again, most internal visits (45.9%) were to friends and family. Only 3.2% of visitors stayed overnight in hotels, and 3.0% were accommodated in guest houses and hostels [8].

According to STR Global, in 2020, the hotel occupancy rate in Georgia was 21.2%, a decrease of 62.3% compared to the previous year [8].

There were positive shifts in 2021—the number of visitors increased slightly to 1.7 million.

The number of tourist visits in March 2022 was 159,199, which is twice as much as in March 2021 (an increase of 210.6%); compared to March 2019, the recovery was 48.5% [9].

The pandemic's alleviation and the growth of international tourism since 2022 have raised hopes for the sector's reactivation. However, the start of the war in Ukraine in late February was followed by the cancellation of hotel bookings.

According to the hotel industry professionals of Georgia, despite the efforts on the part of the government and certain advantages given to the industry, the crisis management plan could have been better, and the need for change after the pandemic was not considered. The pandemic has significantly changed customer behaviour patterns in the hotel industry. Now guests give priority to adherence to safety rules and hygiene norms. Most of the hotel industry facilities in Georgia need more resources to introduce new technologies (ventilation, disinfection) to meet tourists' needs. Training should be conducted to increase staff motivation, professionalism, and awareness [10].

After the pandemic, according to tourism experts, the first to recover will be small hotels and apartments, where compliance with hygiene norms is easier. The data of the first quarter of 2022

confirms it: the occupancy of small and medium-sized hotels has increased compared to 2019 (Fig. 1). This fact is partly due to the influx of refugees from Ukraine.



Figure 1. Average occupancy of hotels in March 2019 and 2022 [11]

Large hotels will probably have to give up services that involve close contact with guests, such as reception; online services will replace receptionists. "Swedish table" will lose popularity [12]. Prices in hotels are expected to decrease. During the pandemic in the summer of 2020, Georgian family hotels offered customers specific discounts [13].

According to experts, the second major problem aggravated by the pandemic is the shortage of qualified personnel caused by the personnel outflow and relocation to other sectors during the pandemic. Compared to other economic sectors, tourism is rapidly adapting to the needs of the time. The pandemic has further accelerated the rate of change. The changes will affect tourists' needs and the range of offers. The demand for medical, health-improving, ecological, agro, and adventure tourism will increase. The number of people wishing to participate in mass tourism will remain the same. Accordingly, offers should be targeted at specific, independent, and individual tourism.

Conclusion

-Besides bringing about the loss of life, the pandemic has significantly changed the world economy, people's daily routines, and priorities. People were scared of travelling or being in crowded places. In addition, many have lost their income, and therefore travel expenditures would be less likely to be considered in their budget;

- A political factor (the war in Ukraine) added to the consequences of the pandemic; therefore, the Georgian tourism sector is likely to be oriented to the Gulf countries, from which a significant number of tourists was coming even in the pre-pandemic period;
- The pandemic has significantly changed the hotel industry's customers' conduct and priorities, which must not be ignored while considering the industry's prospects;
- The problem of qualification upgrade and staff outflow, which haunted the hotel industry before the outbreak, has become even more apparent during the pandemic;
- In Georgia, the tourism sector's recovery will be gradual. First will come tourist demand for apartments, with a lower customer turnover, and then there will be demand for small family hotels and large hotels. As for the brand hotels, they have maintained their status during the pandemic.

Competing interests

The authors declare that they have no competing interests.

Authors' contribution

M. B. presented the principal idea and the analysis of the measures implemented during the pandemic. M.T. performed an overview of the tourism sector and hotel industry prior and after the pandemic.

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