

New trends in Hospitality Industry and Georgia

Akhalaia N.¹ and Vasadze M.²

Abstract

Over time the Hospitality Industry has been developed and designed to different changes. In XX and XXI centuries tourism development has contributed to the development of the hotel industry. For many people in the world Georgia is still completely unknown site. It is very important for our country to create positive experience for tourists tempting to return back with their friends. High standards of service are expected. Development of Hotel industry in Georgia has great importance in the country's socio-economic development.

In 2014, the foreign exchange income from tourism in Georgia amounted to 1.8 billion USD, in the first three quarters of 2015 the total value of tourism services exports amounted to 1.5 billion USD. Over the 2009-2014 period, the average annual growth rate in tourism exports increased by 27%. Tourism in Georgia is clearly a significant source of foreign currency inflows. Tourism development strategy of Georgia is intended until 2025 and aims to achieve concrete results.

According to the two months data of 2016, compared to the same period of the last year, the number of international visitors increased by 16 %. Tourism's share of GDP amounted to 7% , total contribution of tourism to employment amounts to 11%. More than 300,000 people are employed in tourism-related jobs.³

Since 2016 Georgia has created a new component of the state program, 'Hosted by Georgia' which enables people living in the regions to develop the hotel business, create jobs, attract more tourists and promote the development of the region. A new approach for the regional entrepreneurs' is designed enabling access to financing and advisory services, and also experience successful international brands to introducing the so-called co-financing 'Franchise' agreement.⁴

¹ Gori State University, Georgia

² Tbilisi Technical State University, Georgia

³ www.geostat.ge

⁴ The Government of Georgia (2016) 'Hosted by Georgia' The new component of the state program. Tbilisi

Development of Hospitality Industry in Georgia is in progress taking into account existing world trends and patterns and making effective promotion to the respective industry.

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1 Introduction

According to the World Tourism Organization (WTO) data one in ten jobs is directly related to the fast-growing Hospitality sector. The number of travelers using International transportation annually exceeds 840 million people.⁵ The travelers expect the best service for proposed terms and conditions.

Developed tourism industry is especially important for Georgia. Our country has a huge tourist potential. In recent years, a large number of hotels appeared in Georgia, including the world-famous brands such as: Marriott, Radisson and Sheraton, besides, big and small hotels are being built. In the nearest future modern hotels, restaurants and bars will be added to the existed ones. Development of tourism is a priority of the government: too much is being done for promotion of the country and attracting visitors from around the world.

Tourism is one of the fastest-growing Industries. It is an important economic activity worldwide. It provides a structure for economy improvement, employment and tax revenue growth. In tourism industry a special place is designed for hotel facilities in order to provide sleeping accommodations for visitors for a certain period of time. The concept of Hospitality dates back to the ancient times associated with travel. Travelers always face the necessity of staying overnight that has laid the foundation of the main tourism component - the Hospitality. The notion of Hospitality is as old as the civilization itself. Over time, the "hospitality" industry has been developed and designed to change its function. In XX and XXI centuries tourism development has contributed to the development of the hotel industry itself.⁶

For most of the people in the world Georgia is still completely unknown site. It is very important for our country to create positive experience for tourists tempting them to return back together with their friends. High standards of service are expected.

Development of the Hotel industry has great importance for the country's socio-economic development in general. Recently, Georgia is distinguished by series of success indicators in Hotel Services. High increase in hotels' total room number,

⁵ <https://www.wto.org/>

⁶ Berovsi K, Pavarsi T, Reinoldsi D. (2012) 'Introduction to Management in the hospitality industry' book : 3-7. Tbilisi

as well as the level of Quality Service is noted. Important initiatives announced by the government are in the long run.

2 New trends in the Hospitality Industry

The changes caused by economic decrease influence not only social sphere but also the quality service in Tourism Industry. The modern approach to tourism demand is formed by means of Subjective Factor. Formation of new values in human psychology results huge changes. The changes are caused by the ability of self-affirmation of physical and spiritual personal data, ability of communication with the other social groups and institutions, by new approaches towards environment. These factors determine profound changes in Tourism Industry. With the increase of free time and the period of economic deterioration in recreational behavior of population two main trends are observed: *Split holiday Period and Increase in Short Term Trips*. The trips have become shorter but more frequent. The next trend – *Elder People's Increasing interest in Trips*.

At first glance, tourism at the age of 55 might seem paradoxical as the retirement is considered the well-deserved rest. In fact, the deeper study of different age groups shows that the serious problem exists.

Unlike the employed part of population, for whom tourism is the opportunity to withdraw from everyday life and restore their ability to work, for the pensioners, who have a lot of free time, a tourist trip is a form of an active lifestyle. This fact confirms that the tourist market in elder age is the set of – ‘The Third Age Tourism’.

Profound changes are taking place in the style of leisure. Hotel business is increasingly investing in a particular sector of the market. Some of them specialize in low and middle-income transit passenger services.⁷ Many hotels select business tourism as their target segment.

Modern tourism industry is characterized by specialization, a growing concentration of production and centralization of capital.

In the tourist industry the concentration of production is carried out in two ways: internal and external. In the first case, the consolidation of the separate business units is implemented within the capitalization of the revenue. In the second case, the formation of monopolistic economic forces is outlined in cooperation with the government or unification with a wide range of industries.

Today tourism has got more global nature. Development of World Travel Market is accompanied with strong processes in trans-national corporations that are expressed not only in the international private capital chains and unions between different states but also in development of Tourism multinational companies.

⁷ Tsagareishvili, S. Diakonidze, M. (2013) ‘Development of the Hotel Industry in Georgia’ Journal Economic (5): 22 Tbilisi

In many enterprises the Hotel industry is consolidating large agricultural complex to some extent exceeded the limits of the state destroying national barriers. In a fairly short period of time they have become a significant event in the international life creating a World Wide Web. The new economic entities relevant to the production, capital concentration and centralization of a high level of tourist services in Georgia form the precondition for the establishment of international standards of service and distribution.

The important prerequisite for attracting tourists still remains hotels' range of amenities and the quality of service; Hotel-museums and old private hotels growing popularity are observed, up to International Service standards, the inimitable charm of antiquity is becoming very popular. Growing demand has been observed with respect to customer service, as the number of tourists who are aware of the new trends in customer service are increasing.

The more tourists travel, the better service they need. They can compare the level of the service offered, they often criticize something or require more advertising. Population mobility is growing; Most of them have cars and can easily travel. Travel costs have been increased, travelers spend more money. Non-traditional accommodation products, such as mountain Shale, Bird Houses, Bungalows, and others are very popular. The tourist product is becoming increasingly sophisticated. New gastronomy concepts have been developed. Great attention is paid to the details that do not have a direct connection with the accommodation facilities or excursions.

At present, eight development tendencies have been singled out in the world hotel industry. These include:⁸

- Distribution of the hotel business functions on other products and services that were previously offered by other enterprises of the sector, such as food and beverage, leisure, entertainment, exhibitions and so forth.
- Increasing democratization of the hotel industry that significantly contributes to the availability of hotel services.
- Strengthening the hotel business specialization, which allows the user to more sharply focus on a certain segment of the market with different characteristics
- Development of different types of tourism such as Ecological, Adventure, Extreme, Thematic that allows consider the interests of all categories of customers and make the product more sophisticated.
- globalization and the concentration of hotel business, reflected in the creation of hotel network and tourist corporations, as well as set up the hotel associations, unions, international governmental and non-governmental organizations;
- Specific personalized services and concentration on customer demands and needs;

⁸ Kuskov, A. (2009), 'Hotel business'. Book: 13-14. Moscow

- Introduction of new communication and information technology that allows carry out a deep and systemic economic diagnostics.
- Introduction of new technology in the enterprises working in the hotel industry. In particular, the wide use of the Internet to promote the hotel product and services, as well as reservation and modern computer systems.

3 Hospitality models

There are four Hospitality models in the world:⁹

The European model is characterized with a high class service and a good reputation. In addition, the European hotel business is more widespread and developed. In European hospitality the following topics can be considered:

- European hotels aspire reduction of room capacity, which enhances customer service individualization;
- Luxury is not the main advantage of hotels. It is rather a sophisticated and fashionable style of interiors, good reputation, name and a High-class service.
- More expensive hotels and buildings are located in unique places and in the historic centers of the cities; expensive traditional hotels demand respect from their tenants.
- In European hotels automation do not replace personal relationships with residents;
- Where if not in Europe hotels segregation is displayed, i.e. the precious hotel tenant never collides with the tenant of another social status.

Above all, the European hotel market chooses to offer the diversity ranging of hotel services from a cheap roadside hotel to the elite hotel.

Asian hospitality is different from the European model. It is reflected in luxury, tracks the wealth of love. Asia is the world's tallest (Shanghai), the most capacious (Bangkok) and the most luxurious (Dubai) hotels. If Europe is directly proportional to its capacity, in Asia the hotel category is just the opposite. Asian luxury hotels distinguishing features include:

- A more convenient location;
- Rooms and ancillary facilities, buildings in a large area;
- Capacity;
- Interior and, in particular, wealth and luxury of hotel exterior;
- Less (than in Europe), the price and availability of services;
- Infrastructure and access to additional services;
- Service systems 'All inclusive' and 'Ultra all inclusive' are widespread.

⁹ Kuskov, A. (2009), 'Hotel business'. Book: 15- 19. Moscow

American Hospitality model has distinguishing marks from the European and Asian models. In the largest cities of America ‘Luxury hotels’ are located meeting the requirements of a typical European hotel standards (style, size medium, individual services). On the other hand, the country's main resorts and tourist centers are loaded with hotels reminding Asia from outside and inside (large capacity, luxury, infrastructure development).

East-European model differs from the European model having big share of post-Soviet hotel Industry enterprises. As in the American model there are a lot of nearby typical European and Asian hotels there.

4 Conclusion

Development of Hotel industry in Georgia has great importance in the country's socio-economic development.

Over time the Hospitality Industry has been developed and designed to different changes. For many people in the world Georgia is still completely unknown site. It is very important for our country to create positive experience for tourists tempting to return back with their friends. High standards of service are expected. Development of Hospitality Industry in Georgia is in progress taking into account world trends and patterns and making effective promotion to the respective industry.

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