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► **To cite this version:**

Koryun Atoyan. Tourism Industry in Armenia: Evaluation and Perspectives. International Journal of Humanities and Management Sciences, 2016, 4 (1), pp.5-10. <hal-03284216>

HAL Id: hal-03284216

<https://hal.science/hal-03284216v1>

Submitted on 12 Jul 2021

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Tourism Industry in Armenia: Evaluation and Perspectives



Koryun Atoyan

Abstract—One of the most dynamic sectors of tourism industry in Armenia is business tourism. Geographic location of Armenia stimulates the development of active economic relations with Russia, CIS countries, European Union, USA, Georgia, Iran and countries of the Middle East. Armenia is a member of WTO and other international organizations. Armenia is a country with rich traditions and spirit of entrepreneurship. Historically Armenia developed on the crossroads of cultures – between and West and East, Europe and Asia. This partly explains why Armenians are famous not only for their exceptional talent in entrepreneurship, but also for the ability to establish business relationship with partners from various countries. Armenian Diaspora plays a significant role in the Armenian economy. Many representatives of the Armenian Diaspora are successful businessmen in Russia, USA, France and other countries of the world. Economy of Armenia displays a steady pattern of growth.

Keywords—Business Tourism, Diaspora, Tourism, Tourism Industry, Tourism Resources.

I. INTRODUCTION

ARMENIA has a well-established infrastructure for business tourism: high-quality hotels of international brands with congressional platforms, several expo centers, a well developed and modern transport system. Major centres for business tourism in Armenia are Yerevan, Tsaghkadzor, Dilijan and Jermuk. Armenia is a country offering high quality communication services. Even the resorts located in

the most remote areas of the country are equipped with high-speed internet.

Yerevan and resorts of Armenia offer high level in the sphere of food and beverage facilities, and additional services for business tourism, such as organization of excursions, cultural programs and entertainment. Annually Armenia hosts numerous events of regional and international scale: conferences, forums, congresses, symposiums, seminars and exhibitions. Armenian scientists are famous all of the world, and their fame and authority promotes Armenia as a destination for scientific events and conferences. Some of the most significant annual events held in Armenia include universal regional industrial and trade forum "Armenia Expo", "Healthcare and Pharmaceuticals", "Expo Beauty", "Caucasus: Building and Construction" expos.

"Armenia Travel +M" company has a significant experience in organizing business events: corporate tours, incentive tours, off-site seminars, sessions, conferences, trainings, etc. and a lot of companies has a full range of services for business tourism, including all-inclusive packages for organization of large international conferences, development of thematic incentive tours and exclusive solutions for corporate clients in accordance with their specific requirements. A top priority for tour companies is the constant updating of the range of offers in accordance with tendencies of market development, and the creation of unique incentive products. Individual approach towards each customer and effective model of relations with service providers are some of the advantages that make this companies competitive on the market. List of regular customers includes large international companies.

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Republic of Armenia joined the WTO in February 2003. Tourism in Armenia has grown strongly in the past five years, in terms of income and arrivals with the following indicators identified for the industry:

The growth rate between 2005 and 2006 was 4.3%. The UN World Tourism Organization (UNWTO) predicts that tourism growth will continue at an average annual rate of 4.1% until the year 2020. The World Travel and Tourism Council (WTTC) predict that total tourism demand will rise at a rate of 4.3% per year until 2017.

UNWTO long term forecasts suggest that tourism arrivals will total 1.6 billion by the year 2020. Of these arrivals, 1.2 billion are expected to be intra-regional and 0.4 billion will be long-haul.

WTTC forecasted that the global T&T industry is expected to generate US\$7,060.3 billion of economic activity in 2007 (annual growth of 3.9% from 2006), growing to US\$13,231.6 billion by 2017 (growth of 4.3% per annum between 2008 and 2017).

4.5) Taking into account multiple trips and multi-country visits, 3.5% of the world population participates in international tourism.

The direct contribution of Travel & Tourism to GDP was (3.6% of GDP).

Travel & Tourism investment in 2014 was 3.5% of total investment

Visitor exports generated (30.8% of total exports).

In 2014 Travel & Tourism directly supported 37,000 jobs (3.1% of total employment), and the total contribution including jobs indirectly supported by the industry, was 11.3% of total employment (133,500 jobs).

General Inbound Tourist Characteristics [1]:

1. The majority of LHV visitors that visit Armenia are from Georgia (18.6%), Russia (11.4%), France (11%), Germany (7.8%) and Iran (4.5%).

2. Average length of stay – 20 days.

3. By purpose of visit - 22% of all tourists come on business, 12% for leisure, and 45% to visit friends and relatives.

4. Russia, Georgia and Iran tourists mainly come to Armenia to visit friends & relatives and, for business & employment.

5. Yerevan is the most visited destination within Armenia amongst LHV tourists (94.3%). Other tourist sites that are popular for LHV tourists include Garni, Geghard, Tsakhkadzor (76%), Echmiadzin, Zvartnots, Sardarapat (71.8%), and Lake Sevan (71.4%). Other tourist locations receive a lower percentage of visits.

6. The majority of LHV visitors (around 55%) are first time visitors to Armenia.

7. Main sources used to obtain information about Armenia – Friends & relatives (34%), Previous visits (30%), Radio/TV (14%). Guidebooks (9%). Only 2.8% of visitors uses the Internet as a source of information.

8. Only 2.3% of visitors make travel purchases for tour packages and services online.

9. Around 71% of LHV visitors stay in hotels during their trip to Armenia.

10. 97.8% of LHV visitors will recommend Armenia as holiday destination.

11. Each tourist in Armenia spends, on average, \$36 per day or \$705 per trip.

Diaspora Visitor Characteristics:

1. The Armenian Diaspora represents 62% of all tourist arrivals.

2. Average length of stay – 25 days.

3. By purpose of visit - 7.4% of all Diaspora tourists come on business, 6.8% for leisure, and 65.6% to visit friends and relatives.

4. Repeat visitation is high – 66.2% of all Diaspora tourists have made four or more visits to the country. Only 8.3% are visiting the country for the first time.

5. Main sources used to obtain information about Armenia – Friends & relatives (67.3%), Previous visits (31.4%).

6. 2.8% of Diaspora tourists make travel purchases for tour packages and services online.

7. 79.9% of all Diaspora tourists stay with friends and relatives, whilst only 9.8% stay in hotels or similar accommodation.

8. 98.8% of all Diaspora tourists would like to visit Armenia again and a similar percentage would recommend the country to their friends and relatives.

9. Each Diaspora tourist in Armenia spends, on average, \$27.9 per day or \$678.7 per trip.

10. 30% of all Armenian-Americans have visited Armenia in the past five years.

11. 52% of Armenian-Americans state that they are extremely or very interested in visiting or revisiting Armenia AND are likely to do so in the next five years.

12. Of those who have never visited the country, nearly half (48%) are extremely or very interested in visiting in the next five years.

13. 82% of Armenian-Americans that visited Armenia in the past five years visited between April and September.

Tourism Resources[2]:

The evaluation of the significance, quantity, diversity and richness of the choice, quality and the difficulty of commercialization of the tourism resources in republic of Armenia;

(Nature, wellness, adventure, winter tourism and urban culture).

TABLE I
TOURISM RESOURCES IN ARMENIA

Uniqueness /Significance		Scale/Quantity	Diversity/ Richness of Choice	Quality	Difficulty of Commercialization
Nature	High Armenia has typical and wonderful nature and natural assets. This mountainous country has various climatic zones. Sometimes you can experience all four seasons of the year at a time in Armenia.	High Currently there are 3 state reserves in Armenia (Khosrov, Shikahogh, Erebuni), 25 prohibited areas and 2 National Parks “Sevan” and “Dilijan”. Armenia has more than 260 nature monuments.	High There are seven climatic zones on the compact territory of Armenia. 353 bird species, 550 species of vertebrates, 53 species of reptiles, 39 species of fish and 8 species of amphibians can be found.	Medium Armenia's nature suffers from pollution and damage	Medium Protected areas and other nature resources will be used more effectively with provision of infrastructure, which will contribute to income generation and increase the funds directed to their preservation
Wellness	Above Medium Armenia is apparently endowed with some unique spa resources (like diverse and compactly located radon water sources), with healing power, but further study and classification of the resource base is required	Above Medium Armenia's spa tourism has significant potential. There are many spa zones – Jermuk, Arzni, Hankavan, Aghveran, Arzakan, Bjni, Solak, Stepanavan etc	Above Medium Existing Armenian resorts and spas have the potential to offer various services.	High The medicinal effect of Armenia's wellness re-sources is considered high. Mineral water can be used for treatment of cardio-vascular, gastrointestinal systems, liver, gallbladder central nervous system, musculoskeletal system and other illnesses. However, currently not all spas operate	Medium. With required investments and reoperation of spas/health resorts Armenia will become one of the most visited spa destinations.
Adventure	Medium Armenia has significant potential to offer unique adventure tourism products given its natural and human resources, as well as its distinctive traditions.	Medium Armenia has enough resources for the development of adventure tourism	Medium Armenia can offer a wide range of adventure tourism opportunities, including hiking, climbing, horseback riding, mountain climbing, windsurfing, geo-logical explorations, but very limited opportunities for rafting, hunting and extreme adventure	Medium The quality of adventure experience can be considered average	Low/Medium Adventure assets are relatively easy to commercialize. Building Armenia's brand in this field over time and overcoming international competition will be the main challenges
Winter tourism	High Armenia has considerable resources to offer specific winter tourism products – Tsaghkadzor, Jermuk, Aragats, Aghveran.	High Tsaghkadzor, Jermuk, Aragats, Aghveran	Medium Armenia is not prominent for offering variety of winter tourism services yet.	Above Medium Currently there are two winter tourism centers in Armenia – Tsaghkadzor and Jermuk, which are equipped with rope-ways on a par with international standards.	High In case of turning Aragats into winter tourism center, that meets international standards, and attracting investments for human resource development Armenia may become a global winter tourism destination as an alternative to Alps
Urban Culture	High Pink capital city with the combination of the old with the new, Ancient cities distinctive urban culture and traditions, cuisine, contemporary culture, cultural centers, Matenadaran	High Traditions, cultural heritage, contemporary culture, cultural centers, monuments, Matenadaran	High Cultural heritage is combined with contemporary culture in Armenia. Urban culture is rich offering dance, music, fine arts and architecture, literature, craftsmanship. National cuisine is also diverse	High Armenian urban culture and lifestyle assets are of relatively high quality	Above Medium Dealing with competition on the market of urban recreation is going to be the most challenging part

Rich natural and archaeological resources make it a magnet for visitors .

Armenian tourism:

1-Armenia drops ten notches in Travel & Tourism Competitiveness report 2015:

Armenia is ranked 89th out of 141 countries in the Travel & Tourism Competitiveness Index 2015 of the World Economic Forum, having dropped ten notches from the previous report.

Armenia is ranked number one in the world in terms of population's access to clean drinking water and cellular network coverage and is at the bottom of the list in terms of the number of HIV-infected people.

Armenia is also 38th in terms of safety, 48th in terms of health care, 71st in terms of quality of human resources, 73rd in terms of tourism services infrastructure, 77th in terms of price affordability, 83rd in terms of international openness, 92nd in terms of aviation infrastructure and 99th in terms of cultural resources and business travels.

Spain heads the Travel & Tourism Competitiveness Index (TTCI) ranking for the first time ever, thanks to its cultural resources, infrastructure and adaptation to digital consumption habits.

Traditional strong travel and tourism destinations such as France, Germany, the United States, the United Kingdom, Switzerland, Australia, Italy, Japan and Canada complete the top 10.

Of the large emerging markets, China (17th) and Brazil (28th) made it into the top 30, whereas Russia, South Africa and India ranked 45th, 48th and 52nd, respectively [3].

2- Yerevan on top three list of May holiday destinations for Russian tourists:

According to Oktogo.ru, Russian tourists had, on average, four-day tours to Yerevan, having spent about \$85 per day on hotel accommodation. For comparison, tourists' hotel expenditures were on average \$67 per day in Minsk and \$56 per day in Almaty.

3- National Geographic Traveler names Armenia's Lake Sevan among top ten tourist destinations in former Soviet Union's space:

It is written in the fresh issue of National Geographic Travel that in Armenia tourists can learn how to cook lavash (cracker bread) and how Armenian brandy is produced. Lake Sevan visitors can taste trout, which is available in every coastal cafe here.

Russian language version of National Geographic Traveler is published in 110,000 copies and distributed in Russia and the CIS countries.

Travel.ru is a popular Russian portal on trips. Some 2 million people visit this portal every month.

Sevan is one of the largest mountainous lakes in Europe and Asia. It sits in the middle of Armenian Highland at an altitude of 1914 meters.

The lake's water surface is 1,500 square kilometers. Sevan is the main resource of drinking water in the region.

3- Yerevan, the capital city of Armenia, has been included on the list of Europe's oldest cities of the UK's The Telegraph:

"Some 30 years before Rome was founded, the city that is now Armenia's capital was serving as an important stop along the caravan routes from Asia to Europe," The Telegraph says.

4- More than 70 companies from Armenia and six other countries participate In Tour Expo agro tourism:

More than 70 companies from Armenia, Bulgaria, Egypt, Georgia, Iran, Spain and Israel are showcasing their services and products at 'In Tour Expo' agro tourism fair that kicked off today at Yerevan-Expo center.

the first exhibition held last year under the theme "Tourism, recreation and entertainment" had attracted only one foreign company, while this year the number of participating companies has grown by 30 percent.

the purpose of the exhibition is to provide a professional platform for an open discussion and exchange of experience 'in order to find the best tourism development solutions and to determine guidelines for the industry's further development.

"The exhibition will set new trends in the development of tourism and hospitality industry, revealing the most topical issues and gives every participant an opportunity to establish new business relationships and learn a lot of useful applied information"

5- Yerevan is among top five CIS capitals visited by Russians in 2015:

A Russian online hotel booking service Oktogo.ru has announced the most popular tourist destinations of Russian citizens in 2015 across the former Soviet Union. The ranking of countries is topped by Belarus, which is followed by Ukraine, Kazakhstan, Armenia, Azerbaijan, Uzbekistan, Moldova, Kyrgyzstan and Tajikistan.

Russian tourists stay on average three days in the Armenian capital spending about \$60 per day on hotel accommodation.

According to Oktogo.ru, in 2015 Russians stay for three and a half days on average in CIS countries spending 4,500 rubles on hotel accommodation per day. The number of tourist trips by Russians to CIS countries, booked via the Internet has grown this year by 150 percent.

The statistics shows that Belarus accounts for 40% of Russians' trips to CIS countries. Ukraine accounts for 17%, Kazakhstan for 14%, Azerbaijan for 10%, Armenia for 8%, Uzbekistan for 5%, Moldova for 3% and Kyrgyzstan and Tajikistan for 2% and 1% respectively. According to Oktogo.ru, Tashkent is the city where Russians spend on average five days, while Brest is the city where they spend a day and a half.

6- Interest in Armenian tourism market growing in the world:

Certain progress has been achieved in implementation of projects on infrastructure development in the country.

One of the objectives is to develop human resource.

There are currently over 330 hotels across Armenia, as compared to some 3-4 hotels, all of them in Yerevan, in 2000, the expert said

Private businesses have had their contribution proving able to respond quickly to market. Hotel companies report some 31.4% of tourists visiting Armenia in January-December 2014 were from CIS countries, 30.1% were from EU countries and 38.5% were from other countries.

Number of tourists travelling to Armenia grew by 11.3% to over 1.2 million in 2014, as compared to the year before.

7- Hotel prices in Yerevan up 15-20% ahead of Armenian Genocide centenary:

A twin room in a three-star hotel in Yerevan costs 16,000 to 20,000 drams per day, the price for a similar room in a four-star hotel averages 24,000 to 28,000 drams and prices for per-day accommodation in a single room in a five-star hotel range from 51,000 drams to 76,000 drams.

The Armenian law demands hotels to indicate their star class on the building and in ads.

Armenian genocide was the first genocide committed in XX century. Turkey rejects the accusation of massacres and the killing of one and a half million Armenians during World War I.

The fact of the Armenian genocide is recognized by many countries, particularly by Syria, Uruguay, Russia, France, Lithuania, most of the U.S. states, as well as by the parliaments of Greece, Cyprus, Argentina, Belgium, Wales, National Council of Switzerland, Common House of Canada, the Sejm of Poland and lower house of Italian parliament.

8- A professional tourism group seeks new adventure travel routes in Armenia :

The tour group will focus on all areas of adventure tourism, including alpinism, climbing, mountain hiking, speleo tours, ecology tourism, ride tours and bike tours, as well as fishing.

Mild climate, difficult still accessible routes, beautiful sceneries and lots of historic and cultural monuments help vary and combine different travel routes and various trip components, the club representatives said. The tours will be arranged by and paid from the funds of As Tour Club, the members of which have been in adventure tourism since 2008.

In 2012-2014, the members of the club participated in three Armenian-Russian tour expeditions held by the Armenian Institute of Tourism and the Russian International Academy for Tourism.

9- Heifer project international presents one tour package for regional visitor:

EU-supported program designed to promote innovative rural tourism in the Black Sea basin region.

Called "One tour package for regional visitors", it allows European tourists to visit Armenia, Georgia, Turkey and Bulgaria.

the purpose of the package is to present this region as a whole, so that tourists get a general idea about it. The package offers 10 different tourist destinations, each including all these four countries.

The project will build effective and replicable networks of capable local service providers in rural tourism, as well as will help travel agencies to co-develop market and sell a new

unique tourist product that encourages interflows of visitors intra-regionally.

10- Tourist visits to Armenia grow 11.3% to 1.2 million in 2014:

Armenia hosted over 1.2 million visitors in 2014 – 11.3% more than a year earlier, «Significant growth was visible also in domestic tourism – 28.4% in 2014, compared with 2013, to about 859, 000, ».

11- ACBA-CREDIT AGRICOLE BANK and Germany's NABU to support development of ecotourism in Armenia:

Armenia's ACBA-CREDIT AGRICOLE BANK and Nature and Biodiversity Conservation Union (NABU), one of the oldest and largest environment associations in Germany, have signed an agreement to join efforts for protection of Armenia's environment and create favorable conditions for the development of ecotourism.

12- Government releases 185 million drams for development of tourism:

The Armenian government on Thursday made a decision to release 185 million drams for development of tourism in 2015.

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the government will continue to assist in the organization of festivals of wines, barbecue and honey conducted in different regions of the country. Also "The government will continue to support international guides' center in cooperation with the World Federation of Tourism Associations (WFTA).

According to the ministry of economy, about 1.2 million foreigners visited Armenia last year, up from 1.084 million in 2013.

13- International guide training center to open in Yerevan:
this is the first such center in the region and only the third in the world.

German Society for International Cooperation (GIZ), the USAID and the Yerevan State University CONTRIBUTED IN THE ESTABLISHMENT of the center. Two international training courses for guides were conducted in Armenia one in 2011, and another in 2012 in cooperation with WFTGA, which has two other centers in Cyprus and Malaysia [4]

II. CONCLUSION

Tourism in Armenia has grown strongly in the past five years, in terms of income and arrivals with the following indicators identified for the industry:

1. Armenia welcomed 381,136 international tourists, which equates to 0.08% of all European arrivals and 0.04% of worldwide tourist arrivals.

2. Inbound tourism has grown by 25% per year between 2001 and 2006.

3. The number of internal travellers equalled to 308,000, which is 14% more versus 2005.

4. Armenia is ranked 74th of 124 countries in the Travel & Tourism Competitiveness Index1.

5. Overnight stays in hotels & similar accommodation–

595,335.

6. Bed places in hotels & similar accommodation – over 10,000

7. Hotel occupancy rate – 22% [5].

8. Government tourism marketing spending makes 250 million AMN for 2006 and 2007.

The goal of state policy in tourism is to increase the contribution of tourism to gross national income, balanced development, improvement of living standards and poverty alleviation in rural areas preconditioned by: 1) increase in tourism arrivals 2) Increase in tourism generated incomes 3) job creation 2. In order to achieve the goals envisaged by clause 1 of this Chapter the following primary issues shall be addressed: 1) Design new, competitive destinations, prioritize tourism sites and attractions in Armenia 2) Provide high quality surveys, and prioritize target markets. 3) Branding of the country as a destination and individual tourist sites and their effective presentation and promotion in the global (target) markets 4) Improve accessibility and transportation. 5) Improve and develop infrastructure. 6) Higher quality services. 7) Workforce development. 8) Ensure public health and safety 9) Improve destination management, business and investment environment.

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