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Management
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**Sustainable Tourism Development in Mountainous Regions of Georgia
Bakuriani and Kazbegi Case Study**

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Giorgi Mamniashvili
Born in Tbilisi

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With permission from
the Faculty 09
Agricultural Science, Nutritional Science, and Environmental Management
Justus Liebig University Giessen
Dean: Prof. Dr. Klaus Eder

Examining committee:

1. Supervisor:	Prof. i.R. Dr. Ingrid-Ute Leonhäuser
2. Supervisor:	Prof. Dr. Joachim Aurbacher
Examiner:	Prof. Dr. Dr. habil. Dr. h. c. (TSU) Annette Otte
Examiner:	PD Dr. Anke Möser
Chair:	Prof. Dr. Gesine Lühken

Date of defence:	March 23, 2018
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Preface

The empirical study was carried out within the project AMIES– Analysing Multiple Interrelationships between Environmental and Societal Processes in Mountainous Regions of Georgia. This is an interdisciplinary research to foster sustainable land use, land development and quality of life. It is carried out under the supervision of the Centre for International Development and Environmental Research at Justus-Liebig-University Giessen, Germany.

It is considered that the level of poverty is relatively high in rural areas of Georgia. Development of agriculture is being hampered due to insufficient land use, poor infrastructure, lack of skills of farmers and etc. Therefore, the purpose of AMIES subproject D is to foster sustainable land use for improving the socio-economic condition of rural households and their quality of life. As for subproject D3, it is aimed to develop the concept of sustainable tourism development and activities in order to foster the socio-economic improvements of households in the research regions. One of the main ideas of the subproject D3 is to understand the role of sustainable tourism in socio-economic changes in Bakuriani and Kazbegi.

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List of Abbreviations

AGBC - America-Georgia Business Council

AMIES -Analysing Multiple Interrelationships between Environmental and Societal Processes in Mountainous Regions of Georgia

ATM – Automated Teller Machine

CENN - Caucasus Environmental NGO Network

GDP – Gross Domestic Product

Geostat – National Statistics Office of Georgia

GNTA – Georgian National Tourism Administration

GH - Guesthouse

HES – Hydroelectric Station

HH– Household

NGO – Non-Governmental Organisation

TTCI - Travel & Tourism Competitiveness Index

TTCR - Travel & Tourism Competitiveness Report

UN – United Nations

UNEP – United Nations Environment Programme

UNESCO - United Nations Educational, Scientific and Cultural Organisation

UNWTO – United Nations World Tourism Organisation

USAID – United States Agency for International Development

WCED - World Commission on Environment and Development

WDI – World Development Indicator

WTO – World Tourism Organisation

ZEU - Centre for International Development and Environmental Research

1 Introduction

This chapter aims to expose the current global attitude towards tourism sustainability, how rapid growth of tourism triggers sustainability issues and how it becomes the major purpose for many governments. The chapter describes the specific problem statement and justification, objectives and the hypothesis of the study. The main idea of this chapter is to prepare the ground for researching and studying sustainable tourism development in Georgia, based on the case studies in two predefined research regions.

1.1 Background of the study

According to United Nations Environmental Programme (UNEP) and World Tourism Organisation (UNWTO), tourism is one of the most dynamically developing industries worldwide, keeping a high level of growth rate throughout years and creating job opportunities not only in the tourism segment but also in related sectors. Georgian tourism industry faces similar dynamics as the tourism industry worldwide. However, besides its positive moments, tourism development in many cases could have some significant drawbacks, such as, negative influence on natural resources, culture and lifestyle of local population. These effects in many cases are deviations from the sustainability values, because the idea of a sustainable development is to create a better future minimising all the side effects. The concept of sustainability is not new. It started to gain popularity since 1980s (UNEP & UNWTO, 2005).

Tourism could play a significant role in a sustainable development of any country with enough resources. To ensure proper sustainable development, the UNEP and UNWTO are setting specific guidelines with the view to encourage all players and make sure that their policies and actions for development and management fully match the principles of sustainability. This means getting the maximum benefits, using the total potential of tourism on the sustainability bases. It is worth-noting also that sustainable tourism is not a special form of tourism. It rather serves as the concept common to all forms of tourism.

Tourism sustainability means controlling and managing possible negative impacts of the industry as well as finding a special balance for benefits, such as, economic, social and environmental for local communities. For sustainable tourism, economic development and environmental protection are not opposing forces. Vice versa, they are mutually reinforcing ones (UNEP & UNWTO, 2005).

Sustainability considers the responsibility of all participants involved in tourism industry. Most of the impacts of tourism are the result of actions taken by private sector

enterprises and tourists themselves. However, for achieving significant results, the role of government comes first – to the forefront. There are several reasons why this is the case (UNEP & UNWTO, 2005):

- Obviously, tourism industry is very fragmented because of many players. It is difficult for many small businesses to make a positive deference and coordination by a government comes crucial;
- Sustainability relates to areas of public concern that falls under the supervision of a government - air, water, natural and cultural heritage and the quality of life;
- Governments have many of the tools that create rules for a game, such as, regulations, economic incentives, and the resources and institutions to promote and spread good practice.

Governments should provide a frame that will direct and encourages the private sector, tourists and other stakeholders to respond and move to the direction of sustainability. This can be achieved by establishing and implementing a set of policies for tourism development and management (UNEP & UNWTO, 2005).

1.2 Problem statement and justification of the study

Modern history of Georgia starts from the beginning of 90s, when the country once again got independent and started its own way towards market economy and democracy. Nevertheless, processes developed in a more dramatic way than anybody could imagine.

The downfall of the Georgian economy began right after the independence in 1990 and continued for another five years, as a result of political conflict and ethno-political wars fuelled by the Russian Federation. During 1990-1993 Gross Domestic Product (GDP) decreased by 28% per year on average (World Bank, 2017), and in terms of purchasing capacity, fell from USD 4,433 to USD 1,437 per capita. By 1995, production had decreased by 78% compared to 1990. All post-soviet countries experienced the same dramatic drop in their economic processes, the difference was that Georgia's decline continued for a relatively shorter period of time, but it was the deepest. Economic activities largely moved into the shadow, the black market was overtaking the official economy (Liberal Academy & USAID, 2012).

Georgia was the last post-Soviet country to peacefully begin construction of its state and transformation of the economy. Only after 1995, Georgian economy started to recover from crisis, supported by institutional transformation. The peak of economic growth was observed in 1997, when GDP grew by 10.7%, the highest rate prior to the Rose Revolution

(2003). However, the Russian financial crisis of 1998 stopped the economic development, leading to an inflation and downfall (Liberal Academy & USAID, 2012).

Development of Georgian economy is not one way and a homogenous process. After the Russian financial crisis of 1998, structural reforms were delayed and the rate of economic growth declined. This period is often referred to as an “immobility period” which lasted almost until the Rose Revolution (Liberal Academy & USAID, 2012).

As a result, social differentiation within the population became even stronger and the illegal economy increased in scope. Pensions and salaries were frozen and of a small group of people increased. The average salary amounted to only 60-70% of the subsistence level, while pensions were just 1/10. During 1998-2003, the actual size of pensions even decreased (Liberal Academy & USAID, 2012).

There was a mass transfer of employment between sectors. For example, the agriculture sector, where added value per employee was 5 times less than in industry. The number of people employed in the agriculture sector, which in 1990 was 26 %, reached 51% by 2003. This increase was caused by an allocation of agricultural land parcels to the people, which dramatically raised the level of “forced” self-employment (a person considered to be employed owning at least one hectare of land), as people had no other sources of income (Liberal Academy & USAID, 2012).

At the end, the land reform increased the number of privately owned land parcels, which itself pushed the share of agricultural commodities produced by the private farms. The private sector has progressively become the driving force. In 1994, the private sector already accounted for almost the entire Georgian production of livestock, potatoes, vegetables, fruit, citrus fruit and grapes, and more than half the production of crops. However, small and split up-farms did not have the capacity and efficiency to replicate the production levels of large-scale Soviet farms. Thus, agricultural production capacity progressively decreased (Liberal Academy & USAID, 2012).

The “immobility period” was the main cause of the Rose Revolution, but even after it, no serious changes had ever taken place in the agriculture sector. The new government never devoted proper attention to agriculture and processes continued to develop by inertia.

Even though the period after 2003 is not characterised by the significant changes in agriculture, the date anyway is considered the break-through momentum for the country's development. Radical changes and reforms in the economy made it more transparent and liberal and the level of corruption and shadow economy decreased dramatically. More actions were undertaken to reanimate the tourism sector and its role as a key driver of socio-economic progress and as a sector that is able to bring major investments (UNWTO, 2014)

was recognized. The country's competitive advantage was once again recognised and tourism acquired strategic importance for sustainable economic development. To assist with development and maximize the country's competitive advantages in tourism, the government of Georgia signed an agreement with the U.S. Trade and Development Agency on June 21, 2007 for the America-Georgia Business Council (AGBC) to develop a National Tourism Development and Investment Plan and Strategy (The America-Georgia Business Council and SW Associates, 2008). Since these strategic (and many other) changes statistics of international visitors changed dramatically. To be more precise, from 313,442 international visitors in 2003 (Border police of Georgia, 2012) the number jumped up to 6 360,509 in 2016 (Georgian National Tourism Administration, 2017), that is over 20 times higher indicator.

Reorientation of the country's economic vectors and setting a tourism industry as one of the major directions triggered many positive changes. More resources were redirected for tourism development and support. Anyway, still not enough knowledge and no structured approaches are observed to study the role of tourism in socio-economic changes. In addition, there is poor understanding of sustainability components too. In this context, the part of the project - Analysing Multiple Interrelationships between Environmental and Societal Processes in Mountainous Regions of Georgia (AMIES, ZEU 2010), concerning sustainable tourism development, could be regarded as one of the first steps and attempts to study the socio-economic situation in specific regions of Georgia, intertwined with issues concerning tourism industry. The sub-project has the ambition of making one of the first steps into studying the sustainability processes. More details will be discussed below in the thesis.

AMIES is an interdisciplinary research to foster sustainable land use, its development and quality of life. It is carried out under the supervision of the Centre for International Development and Environmental Research (ZEU) at Justus-Liebig-University Giessen.

The methodological concept of the research project involves three major steps: (I) development of a consistent hierarchical classification of landscape patterns, (II) analysis of interrelationships between environmental and societal processes under consideration of these patterns, and (III) formulation of regionally differentiated recommendations for sustainable land use and land development. The term environment refers to physical and biotic conditions and processes, land use and land-use change. Research on societal processes concentrates on socio-economics (AMIES, 2010).

The research project addresses the following main research hypotheses that are tested for the two study regions for Kazbegi and Bakuriani:

A Changes in landscape structure and land use have affected the study regions since several decades and can be quantitatively related to environmental and socio-economic characteristics and processes at various spatial scales from the patch to the region. Potentials on future landscape structure/land use can be derived.

B 1 Changes in air temperature, precipitation, glacier retreat and related changes in surface water run-off have affected the study regions since several decades. Regionally explicit prognoses on further future changes can be derived from climate models.

B 2 Due to climate change, especially, extreme climate events and post-Soviet land-use changes, the number and dimension of mass wasting events (landslides, debris flows) have increased in the recent past. High-risk zones for future mass wasting events can be identified based on geology, soil data, climate, and land-use data.

C 1 The diversity of vegetation has decreased in the past decades and this process may be quantitatively related to regional climate change and land-use change at the patch to the landscape scale. Potentials of future changes in vegetation diversity can be derived.

C 2 Land-use change has affected root-soil systems causing an increasing risk of soil erosion. At the patch scale, relationships between root-soil systems and environmental processes can be quantified and erosion risks can be derived.

D 1 Recent changes in the socio-economic situation of households can be qualitatively and quantitatively related to recent socio-economic changes at the national to global scale and land-use changes at the patch to the landscape scale. Interactions between household specific determinants and environmental and societal factors can be derived.

D 2 The study regions differ in societal characteristics and changes that may be related to region-specific environmental characteristics and changes. Region-specific societal development potentials can be distinguished.

D 3 In both study regions, current tourism activities may not be sustainable. Potentials of future development of regional tourism can be derived (AMIES, 2010). As mentioned above, current PhD thesis is devoted to the work on the part of D3.

1.3 Research objectives, questions and hypotheses

1.3.1 Research objectives

The idea of the PhD thesis is to understand the socio-economic changes with relationship to tourism and see the part and the role of tourism in these processes. The main objective is targeting to revile this connection – empirically analyse on-going socio-economic changes and the role of tourism in research regions.

Main and several specific objectives were formulated which broke the general study idea into more specific and diverse study goals:

- To study issues of tourism sustainability;
- To understand region specific trends of tourism and socio-economic processes;
- To analyse the role of sustainable tourism for households (HH) and the changes caused by it.

1.3.2 Research questions

The main and specific objectives created the framework and development direction for the research. They are transformed into more specific and precise research questions (R1, R2 and R3):

R1 - How could the idea of tourism and tourism sustainability for each research region be defined?

R2 - Are there any similarities/differences (regional specific) for these regions in tourism development processes?

R3 - How could be observed and understand the role of tourism in socio-economic processes for HH in Bakuriani and Kazbegi regions? What kind of structural changes (in housing business) could be observed after diversifying their activities by offering tourism related services?

1.3.3 Research hypotheses

Based on the research questions, research hypotheses were formulated. As the PhD thesis is based on both qualitative and quantitative data, hypotheses for both research approaches were formulated as follows:

Table 1: Hypothesis for qualitative and quantitative data

N of res. Quest.	N of Hypoth.	Hypotheses	N of Hypoth.	Hypotheses
		Qualitative research		Quantitative research
R1	1	Inhabitants/visitors in Kazbegi are more concerned by sustainability issues than in Bakuriani		
R2	1	Because of longer traditional involvement in tourism, it is more developed in Bakuriani than in Kazbegi		
	2	Because of longer traditional involvement in tourism, Bakuriani has less obstacles for sustainable tourism development than the region of Kazbegi, which is involved for lesser time		
	3	Because of longer traditional involvement in tourism more HH in Bakuriani are involved in tourism in legal bases than in Kazbegi		
	4	Because of longer traditional involvement in tourism, information sources are more developed in Bakuriani than in Kazbegi	1	Because of longer traditional involvement in tourism, information sources are more diversified in Bakuriani than in Kazbegi
	5	Because of longer traditional involvement in tourism and economic background, the reasons to be involved in tourism differ between the regions	2	Because of longer traditional involvement in tourism and economic background, the reasons to be involved in tourism differ between the regions
	6	Because of longer involvement in tourism educational and managerial issues to run HH' tourism business, it is less in Bakuriani, as they have more knowledge and experience		
			3	Private guesthouses are the most common type of services offered by local tourism suppliers
			4	HH private financial sources are key determinants for developing and

				maintaining tourism supply
			5	Because of longer traditional involvement in tourism HH of Bakuriani earn more than HH in Kazbegi
			6	Because of longer traditional involvement in tourism infrastructural issues are less problematic in Bakuriani than in Kazbegi
			7	Because of longer traditional involvement in tourism for HH in Bakuriani is easier to be involved in tourism than in Kazbegi
R3	1	Because of longer traditional involvement in tourism industry, tourism reshapes housing business and less space is left for agricultural activities	1	Because of longer traditional involvement in tourism industry, tourism reshapes housing business and less space is left for agricultural activities
	2	The longer the HH is involved in tourism the more important the role of tourism is in socio-economic processes of HH, as tourism plays a more and more important role in everyday life	2	The longer the HH is involved in tourism the more the role of tourism is in socio-economic processes of HH, as tourism plays a more and more important role in everyday life
	3	HH try to increase their income from tourism by offering more and more tourism related services	3	HH try to increase their income from tourism by offering more and more tourism related services

Source: own compilation

1.4 Structure of the thesis

The PhD thesis consists of eight parts. Chapter 1 is an introductory one where the importance of tourism is generally discussed, followed by the background of the study, the problem statement, research objectives and research questions, which are finalised in the research hypothesis.

Chapter 2 – the theoretical part looks at the general essence of sustainability and then tourism sustainability is discussed as an indivisible part of economic development. Principles of sustainable tourism development are defined, followed by the analysis of transition period of Georgia and the strategic document for tourism development.

Chapter 3 of the methodology of study design offers the discussion of methodology tools and approaches which should be used during the working period. Qualitative guidelines and quantitative research questionnaire are described in this part as well as the sources for the secondary data.

Chapter 4 is completely dedicated to the analysis of the available secondary data. International, as well as country level data are used during the process.

Chapter 5 gives a detailed analysis of qualitative data. All the interviews were imported to a special program called MAQXDA where the data was categorised and analysed. Detailed descriptions of the research data according to research regions are given in this section.

Chapter 6 offers a complete analysis of quantitative data. It starts with the socio-demographic description of the sample and ends with the involvement data in the farming and agriculture of the sample.

Chapter 7 contains the comparison of study regions to each other. Discussions about sustainability and methodology occupy the main part of this chapter.

Chapter 8 is for conclusions, recommendations and limitations of the study followed by the summary, bibliography and appendix.

2 Theoretical background

2.1 Sustainability

There are many definitions of sustainability and sustainable development in the literature, publications or reports found in the internet. The closest and well-structured definition for this current PhD thesis is the definition in the published report of the World Commission on Environment and Development, which states that it is “a process to meet the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987 p. 43).

According to the definition proposed by WCED and discussed by the thesis, there are two important key concepts: first, the needs of people, who are trying to satisfy them and, second, existing limitations (resources, environment). Misusing scarce resources while satisfying needs today will definitely affect viability of people at present and in the future too. In this context, sustainable development could be understood as the process considering balanced development of economic, environmental and social aspects. These three keystones are always inseparable while understanding sustainability.

Economic sustainability could be understood as an economically sustainable system that should have the capacity of consecutively producing goods and services, to sustain a manageable level of government and external debt as well as to ensure against the undermine of extreme unbalances in aspects of agriculture or manufacturing production (Harris& Goodwin, 2001).

Harris & Goodwin in their work define social sustainability as a socially sustainable system that has to accomplish a fair distribution and adequate provision of social services, as health and education, gender equity, political accountability and participation (Harris & Goodwin, 2001).

As for the environmental sustainability, it is a system which must ensure avoiding an over exploitation of renewable resources, meanwhile preventing from an exhaustion of non-renewable resources. This means maintenance of biodiversity, stable environment, and other ecosystem functions (Harris & Goodwin, 2001).

Therefore, since the second half of 20th century the definition of sustainability started to be based on these three massive pillars.

2.2 Tourism and sustainability

Sustainable tourism development should definitely be based on the three pillars mentioned in chapter 2.1. Otherwise, no processes are evaluated as sustainable. Summing up, sustainable tourism can be defined as:

"Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities"(UNEP & UNWTO, 2005, p. 11-12). Sustainability of tourism could be addressed by the following broader definition: sustainable tourism development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including, mass tourism and various niche tourism segments. Sustainability principles refer to the environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability (UNEP, 2004; UNEP & UNWTO, 2005; UNWTO, 2004b). Thus, sustainable tourism should:

- Ensure effective, long-term economic operations, providing fairly distributed socio-economic benefits to all stakeholders, including, stable employment, income-earning opportunities, social services to host communities and contributing to poverty reduction;
- Conserve cultural heritage and traditional values of host communities, contribute to inter-cultural understanding and tolerance;
- Make optimal use of environmental resources that is a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity (UNEP & UNWTO, 2005).

Sustainable tourism development requires high information level of all stakeholders, strong political leadership to ensure wide participation, coordination and understanding. Building sustainable tourism is a goal achieved through long and continuous processes, which requires constant monitoring and guidance whenever necessary (UNEP & UNWTO, 2005).

Sustainable tourism needs efforts from all sides of stakeholders and a strong acceptance. Sustainable tourism should also maintain a high level of tourist satisfaction and ensure meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them (UNEP & UNWTO, 2005).

Creating more sustainable tourism means taking all needs and influence factors into account as well as planning, developing and implementing a relatively comprehensive system that will serve as the basis for continuous improvement, and applying to all types of tourism. Based on that, sustainable tourism can be described as: "Tourism that takes full account of its

current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities” (UNEP & UNWTO, 2005, P. 12).

2.3 Principles of sustainable tourism

According to the book “Making Tourism More Sustainable” published by UNEP and UNWTO, there is an agenda, which helps to achieve more sustainable tourism. There are two essential and integral constituent parts there (UNEP & UNWTO, 2005):

- The ability of tourism to continue as an activity in the future, ensuring that the conditions are right for this;
- The ability of society and environment to absorb and benefit from the impacts of tourism in a sustainable way.

Built upon these two points, twelve aims are identified utilisation of which ensures making progress for more sustainable tourism. There are two basic directions playing a very important role in the set of twelve aims:

- To minimise the negative impacts of tourist industry in terms of environment, social-cultural and economic aspects;
- To maximise the positive contribution from tourist industry and enlarge the benefits for local residents and visitors, protecting natural resources and cultural heritage.

The twelve aims for an agenda for sustainable tourism can be seen in the Table 2 below. There is no priority in the list; each one is equally important (UNEP & UNWTO, 2005):

Table 2: Twelve aims for sustainable tourism development

Twelve Aims	Descriptions, Explanations and policy areas to address
Economic Viability	To ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term (<i>Understanding the market, delivering visitor satisfaction, stable business climate, market promotion, labour supply, good accessibility, safety and security, overall environmental quality, delivering business support</i>).
Local Prosperity	To maximize the contribution of tourism to the economic prosperity of the host destination, including the proportion of visitor spending that is retained locally (<i>Support locally owned businesses, encourage employment of local labour, encourage and facilitate local sourcing of supplies, increase length of stay as well as the availability of spending opportunities, promote the purchasing of local products</i>).
Employment Quality	To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race, disability or in other ways (<i>Increasing employment opportunities and the proportion of year round, full-time jobs, ensuring and enforcing labour regulations, encouraging enterprises to provide skills training programmes and career advancement, concern for the wellbeing of workers who lose their jobs</i>).
Social Equity	To seek a widespread and fair distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor (<i>Developing income-earning opportunities for disadvantaged people, utilizing income from tourism to support social programmes</i>).
Visitor Fulfilment	To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, and disability or in other ways (<i>Improving access for all, providing holiday opportunities for the economically and socially disadvantaged, maintaining a duty of care to visitors, monitoring and addressing visitor satisfaction and the quality of experience</i>).
Local Control	To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders (<i>Ensuring appropriate engagement and empowerment of local communities, improving the conditions for effective local decision making, addressing the specific position of indigenous and traditional communities with respect to local control</i>).
Community Wellbeing	To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation (<i>Reducing congestion, careful planning and management of tourism enterprises and infrastructure, influencing the behaviour of tourists towards local communities</i>).
Cultural Richness	To respect and enhance the historic heritage, authentic culture, traditions and distinctiveness of host communities (<i>Ensuring effective management and conservation of cultural and historic heritage sites, working with communities on the sensitive presentation and promotion of culture and traditions</i>).

Physical Integrity	To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment(<i>Ensuring that new tourism development is appropriate to local environmental conditions, minimizing the physical impact of tourist activity, maintaining high quality rural and urban landscapes as a tourism resource</i>).
Biological Diversity	To support the conservation of natural areas, habitats and wildlife, and minimize damage to them(<i>Working with national parks and other protected areas, promoting development and management of ecotourism, raising visitor awareness of biodiversity</i>).
Resource Efficiency	To minimise the use of scarce and non-renewable resources in the development and operation of tourism facilities and services(<i>Ensuring the efficient use of land and raw materials in tourism development, promoting reduce, reuse, recycle mentality</i>).
Environmental Purity	To minimise the pollution of air, water and land and the generation of waste by tourism enterprises and visitors(<i>Promoting the use of more sustainable transport, avoiding the discharge of sewage to environment, minimizing waste and where necessary disposing of it with care</i>).

Source: UNEP & UNWTO, 2005

Undoubtedly, these twelve aims and policy areas to address are general and broad approaches and more appropriate for international sustainable tourism but they also could be used for specific country cases too. At the end of this PhD thesis discussions about tourism sustainability in the selected research areas will be led by above-suggested twelve aims and how they are fulfilled according to the research results.

2.4 Strategic document for tourism development

To support the development and maximise the country's competitive advantages in the tourism area, the government of Georgia signed an agreement with the U. S. Trade and Development Agency on June 21, 2007 for the America-Georgia Business Council (AGBC) and sub-contractor SW Associates (SWA) to develop a National Tourism Development and Investment Plan and Strategy (Tourism development plan and strategy, GNTA 2007). It is an internal document for the Georgian National Tourism Administration (GNTA) exclusively provided in 2012 to the author of this PhD thesis. The AGBCSWA team worked with different stakeholders from Georgia to collect information about the strengths and weaknesses of Georgian tourism as well as the opportunities and threats to sustainable tourism investment and development.

The document is the first attempt to study the tourism industry and implement consequent steps for future development. Undoubtedly, there are many imperfections but still a huge leap forward. The document is called "National Tourism Development and

Investment Plan and Strategy” but, as a result, it is more a basic document with some guidelines and ideas which could be used in the future during the strategy building process.

The chapter is an attempt to describe the structure of the strategic document, its general concepts and issues with regard to mountainous tourism.

The Tourism Development and Investment Plan and Strategy (hereinafter regarded as the strategic document) is structured in two main parts. Part I makes assessment of tourism in Georgia and then analysis of the sector, including, SWOT (strengths, weaknesses, opportunities and threats) analysis. Part II is the main strategy document which is based on the analysis.

According to the strategic document, development of a national tourism strategy - “The Georgian Way” is based on hubs and spokes destinations. It’s believed that making focus on the tourism development route from east to west across the country is a correct, logical and strategic decision.

The “Georgian Way” consists of six key destination hubs: Signaghi/Telavi, Tbilisi/Mtskheta, Gori, Kutaisi, Borjomi/Bakuriani and Batumi/ Kobuleti. From each hub, there are destination “spokes”, such as, Gudauri and Kazbegi (Tbilisi), Davit Gareja (Tbilisi), Lagodekhi (Signaghi), Tusheti (Telavi), Vardzia (Borjomi), Abastumani (Borjomi), Mestia/Svaneti (Kutaisi), and Tskaltubo (Kutaisi), each of these could form part of main itineraries.

Figure 1: Map of Georgian destination hubs and spokes



Source: Tourism development plan and strategy. The America-Georgia Business Council and SW Associates (2007)

By organising key tourism hubs, benefits from tourism can be distributed throughout the country. Each hub should have a critical mass of attractions and tourism support facilities, including, a mix of accommodations, restaurants, retail opportunities, and cultural and recreational attractions. Designated tourism loops could more easily be developed, marketed and promoted by linking the hub and spoke destinations (Tourism development plan and strategy, GNTA 2007).

Short and long run strategies and actions for tourism development are distinguished in the strategic document.

Preserving and protecting cultural heritage of Georgia is number one strategy for sustainable tourism development because natural and historical heritage is considered to be the key tourism asset and attraction for local and foreign visitors (Tourism development plan and strategy, GNTA 2007).

In order to preserve the right monuments, the document takes into consideration the need to assess and determine the extent to which historic sites are under threat and then determine the financial and human resources needed to preserve and protect these sites.

These are short-term strategies and actions, because needs assessment does not require huge investment and is not so time consuming. However, longer-term strategies and actions are considered too.

Extending seasonality is the most important longer-term approach, mentioned in the strategic document. Most of Georgia's tourism destinations are summer, or winter resorts, concentrating along the Black Sea coast and Bakuriani and Gudauri (mountainous regions) in January-February. Both regions, as well as most of the destinations along "The Georgian Way" have the potential to receive visitors during all four seasons (Tourism development plan and strategy, GNTA 2007).

Both research regions (Bakuriani and Kazbegi) are within the scheme of "The Georgian Way", but Bakuriani is a "hub", while Kazbegi a "spoke". Undoubtedly, both regions have huge potential, but the difference is that Bakuriani is a four-season resort while Kazbegi - only a summer one. For now, Bakuriani is mainly visited during winter and less intensely in summer, but with some effort other seasons could become attractive for tourists. Making Kazbegi attractive during a winter season is also discussed (Tourism development plan and strategy, GNTA 2007).

The document states that for increasing seasonality, the weaknesses of the resorts should be understood and further actions planned accordingly. For example, in some regions the option for casino chain development is considered as a possibility to attract visitors even in the winter period. Borjomi (Bakuriani as a part of Borjomi municipality) has a great potential for summertime nature-based activities, such as, increased use of Borjomi National Park and the creation of a hiking trail system in and around Bakuriani. Niche activities, such as, riding stables, birding (seasonal migrants) and agro-tourism are also possible (Tourism development plan and strategy, GNTA 2007).

A longer-term strategy also includes development of prioritised market destinations. Priorities are determined according to whether they could be either "hubs" or "spokes" on the "Georgian Way" and should include selected destination developments in the regions of Kakheti, Tbilisi, Bakuriani, Kutaisi, Batumi and Kobuleti (Kazbegi region is not considered as a prioritised market destination). Generally, increasing seasonality or prioritising destinations will not have much effect on the international profile of Georgian art and culture. It helps to establish the country as an interesting destination for visitors (Tourism development plan and strategy, GNTA 2007).

The document underlines the importance of infrastructure development, especially, roads, local infrastructure that will significantly support tourism development on already emerged and more or less known destinations.

Besides all cultural and historical places, the “Georgian Way” also implies national parks as an integral part of demand for nature-based tourism. With 13 climatic zones and 25% of the country being reserved for national parks and protected areas, Georgia is well positioned to be internationally competitive in this segment (Elizbarashvili, 2007).

Undoubtedly, the document considers future improvements, which should be done for tourism development. Under the improvements it is thought to provide better access to the parks, appropriate accommodation either within the parks or near the entrances, closer links between the tour operators, accommodation providers and the government, better and easier access to information, development of marketing, promotion programs and so on (Tourism development plan and strategy, GNTA 2007).

After short and long run strategies, marketing and promotion approaches are discussed as the main motivator for tourists, tour operators and media representatives to visit Georgia.

The tourism development plan and strategy defines hot market segments and Georgian competitive advantages that should be the main starting points for positioning national tourism industry. It is underlined that hot market segments should be distinguished in accordance with global trends. The UN World Tourism Organisation’s 2020 Vision for Tourism (2001) defines 10 "hot" market segments for tourism, which are:

- Sun and beach tourism;
- Sports tourism;
- Adventure tourism;
- Nature-based tourism;
- Cultural tourism, which includes wine tourism;
- Urban tourism;
- Rural tourism;
- Cruises;
- Theme parks;
- Meetings, conferences and exhibitions.

Specific directions are picked up in the document. For example,

- Urban tourism. Tbilisi is considered as a central key stone for urban tourism development. Being a centre of Caucasus region, the city has a huge potential for attracting more visitors. More investments in this direction will improve Tbilisi’s position as a cultural and business hub of the region;
- Meetings, conferences and exhibitions – With more world class accommodation and exhibition facilities (EXPO Georgia) in Tbilisi and, eventually, in Batumi, this

segment is expected to grow. Undoubtedly, development of urban tourism will strongly support the country's competitive advantage in this direction;

- Adventure tourism – The UNWTO (2006) estimates that this segment will grow 15-20% per year over the next several years, thus exceeding the global tourism growth rate of 4.5% per year. Taking into consideration Georgia's geographical characteristics there is a lot of space and potential for adventure tourism. For example, mountaineering, trekking (backpacking, bushwalking) that is observing, exploring and camping in wild nature, mountain biking (could be perfectly developed in Bakuriani), rafting (available both in Borjomi and Kazbegi). There are also lots of possibilities to develop rock climbing (possible even in the Tbilisi Botanical Garden) zip-lining and even ice climbing;
- Nature-based tourism – This segment offers a similar growth potential at 20% annually according to the UNWTO (2006). Nature-based tourism includes bird-watching, photography, camping, hiking, fishing, visiting parks, hunting and so on. Nature-based tourism provides incentives for local communities and landowners to conserve wildlife habitats, upon which the industry depends. It promotes conservation by placing increased value on remaining natural resources. Mountainous regions (Bakuriani and Kazbegi amongst) have huge potential waiting for full realisation;
- Cultural tourism – UNWTO (2006) estimates that cultural tourism constitutes about 10% of all tourism arrivals globally, which includes the range of experiences from wine tourism, heritage and architectural tours to music festivals and performing arts activities;
- Community tourism – while infrastructure is lacking, visits to the country and mountain communities of Georgia offer memorable experiences for visitors. Several Georgian tour operators now offer community visits that include agro-tourism, rural tourism and cultural tourism in a rural context.

A lot of attention is dedicated to the segmentation of visitors. Besides Turkish, Azeri and Armenians, market segment includes ethnic Georgians, Geotourists from Europe, and new activity consumers (Tourism development plan and strategy, GNTA 2007):

Overseas Georgians - ethnic Georgians who are potential returnees for personal and/or business reasons (specified as overseas Georgia segment). It is not necessary to persuade this segment that a trip to Georgia is a quality experience, but to provide a reason that this is the right time to pay a return visit to Georgia.

Geotourists from Europe - Northern and Western European tourists interested in cultural and nature-based tours and tour operators who offer these types of tours are the core of this segment. This market includes tourists who have previously travelled to Eastern and Central Europe for activities in which Georgia already has facilities and attractions, and potentially a competitive advantage, including: historic sightseeing and cultural tourism, adventure sports, and wine tourism.

New Activity Customers - This segment includes reaching out to tourists who travel for activities that Georgia is not currently known for but wishes to develop. Examples could be the convention market, extreme tourism activities, casinos or golf tourism. Apart from some of the gaming that is currently available, this market segment is somewhat more long term and more expensive to develop.

Past Visitors from former Soviet Republics - Georgia is not only lucky by its proximity to large destination markets, but at its “back door” are its traditional markets from the Soviet Union countries. Many of the customers in these markets have pleasant memories of visiting Georgia themselves, or knew other people who did that. No visa and other restrictions make Georgia very easy and attractive for a visit for many tourists.

Positioning of the country and its tourism industry plays the most important role for further success of national tourism. It is believed that underlining the big history of Georgia and the fact that first Europeans were from here would be a good start for the advertising campaign - “Europe Started Here” (Tourism development plan and strategy, GNTA 2007).

Also, it is very important to raise awareness about Georgia as a place of interest in general and with the following Geotourism type segments: Cultural tourists – focusing on Georgia as the origin of wine, Europe’s first Christians and home to remains of Europe’s oldest civilisation – facts which could capture the interest of cultural tourists. For nature-based and adventure tourists highlighting the fact that Georgia is the home of Europe’s highest mountains is extremely significant (Tourism development plan and strategy, GNTA 2007).

There is a special chapter devoted to destination management in the strategic document. Destination management includes the management of natural and cultural heritage and infrastructure for tourism. Sustainable tourism development can be used as a means of improving the infrastructure and visitor services, as well as conserving the natural environment and cultural heritage. It’s also recommended that destination management should include making tourism facilities accessible to disabled visitors, including, wheelchair-bound, hearing and sight-impaired visitors.

The actions to undertake are divided as short and long run. Raising environmental awareness and educational level, as public awareness about the importance of protecting the environment and thus some of the country's most valuable assets are considered as immediate crucial actions for destination management.

Besides the general strategy for tourism development it is important to develop locally-driven strategies for tourism, as it mostly is locally driven, depending on local capacity and infrastructure. It is important that local strategies be developed and implemented in close coordination with the national strategy (Tourism development plan and strategy, GNTA 2007).

For local strategies, local level needs and gaps assessments should be generated in service fields such as: activities, shopping, events, attractions, guesthouse renovations, etc. and matched with locally driven action plans. In addition, travellers should be invited to help improve the places they visit in Georgia by completing online surveys or surveys at the tourist information centres.

According to the strategic document, a "Destination Site Management Kit", which could be used by local communities for developing and managing sustainable tourism should be considered as the short run strategy too.

Under destination management, the document also considers proper working of the rail system, which also involves improvement of information issues, such as, schedules, online ticket purchases and so on (Tourism development plan and strategy, GNTA 2007).

Pursuing a policy, which encourages sustainable tourism development in protected areas, botanical gardens, municipal parks, state forests and parklands, is important. A sustainable policy would generate more resources for the parks and natural areas (Tourism development plan and strategy, GNTA 2007).

Developing major infrastructure, such as, water, roads, transportation, energy and waste management systems, as well as smaller scale systems, such as, signage, toilets and information centres, requires coordination across government agencies and with the private sector and donors. All above-mentioned points are components of the longer-term strategic approach (Tourism development plan and strategy, GNTA 2007).

One of the most important issues for sustainable tourism development and destination management is energy and water conservation and waste management problems. Solving it will seriously benefit the development process. That's why, energy and water conservation guidelines and trainings to hotel owners and managers for reducing costs on energy consumption, water use and waste management is crucial.

A key concept underlying the whole strategy is an emphasis on PAIR (Preservation, Access, Interpretation and Remembrance) which means establishment of protective zones around cultural heritage sites and monuments in which there would be no or minimal development. The basis for these zones is already legally established through the Law on Protective Sanitary Zones (The Law on Protective Sanitary Zones for Recreational Areas, matsne.gov.ge. 2016).

A well-trained workforce is also distinguished to be an essential part for sustainable tourism development. To increase the skill level of work force, special trainings are planned and organised. Specialised tourism colleges in Kobuleti and Tbilisi opened by the Ministry of Education and Georgian National Tourism Administration are already functioning, but still the awareness level from the employer side of such institutions is very low. In addition, there is a big gap between theoretical education and practical needs (Tourism development plan and strategy, GNTA 2007).

To achieve the goals of sustainable development, the importance of sustainable investment climate and predictable profitability within the tourism industry are distinguished in the document. The government, business, financial institutions and organisations need to work together, especially, in respect with attracting and sustaining investments for hotels, hospitality services and infrastructure.

The document gives SWOT analysis of tourism industry of Georgia, which is based on research, interviews and other sources (Tourism development plan and strategy, GNTA 2007):

Georgian hospitality, attitude and traditions towards guests are considered the core factors forming strengths for tourism industry. They are followed by traditional Georgian cuisine and wine making. The country's historical legacy as the birthplace of wine is an important strength. Cultural heritage is also included here, as many places are under "The world's heritage list".

Natural heritage is suitable for almost every kind of tourism starting from cultural and finishing with extreme one.

Having the Stalin Museum in Gori and the archaeological finds at Dmanisi in southern Georgia is considered to be the strength of Georgian tourism.

Overall, the document summarizes that Georgia has a wealth of natural and cultural heritage that are "unique selling propositions," which can position the country well as an internationally competitive destination. The challenge will be to leverage these "propositions" and turn them into competitive advantages without compromising sustainability.

Several issues are unified under the weaknesses of the industry, namely:

The preservation and protection level for archaeological, natural and historic sites is poor. Thus, the vulnerability of these sights is quite high. Some sites are under “the world’s heritage list”, but in total, this does not change the picture.

Communication issues are considered to be included in the weakness list of tourism industry, such as, lack of indicating signs and information. Signage, in general, and especially in English is lacking everywhere – in the cities, towns, historic sites, facilities and so on. That is a major problem during orientation for foreign visitors, especially, for unorganised tourism.

Guesthouses are inadequate for tourists. Most of the available accommodation outside the major cities is guesthouses. Most of them are inadequate for foreign visitors. Several problematic issues arise, such as, almost all such guesthouses have similar problems regarding living standards (showers, toilets and etc.). Other standardisation issues serve as another problem. This term encompasses no accepted standards for accommodation, rooms, service packages and prices all over country.

Lack of shopping opportunities: shopping destinations are not equally developed. They are especially mostly oriented on local customers that forms another weakness of a tourism industry. There are minimal souvenirs available in cities and even less in the mountainous destinations. These are no big shops and mostly private entrepreneurs sell their products (Tourism development plan and strategy, GNTA 2007).

Besides heavy investment in road construction, this factor still is a weakness. Unfinished and very narrow roads make it difficult to drive. This matter becomes more feasible, especially, in remote and high-elevated areas.

Insufficient rail and international air capacity for peak travel periods is also a serious weakness. No online arrival schedule, impossibility to get/book tickets online is a serious weakness for the industry. Low transport standards play against industry development as well.

Another serious weakness is fast growth of garbage and absence of garbage cans. While some progress is noted in major cities, the issue anyway needs to be urgently addressed. A pile of garbage in the foreground of a beautiful landscape or scattered near the entrance historical monuments overrides the positive images and experiences of a visit. With the growth of international visitors, the issue becomes more global and common. Generally, the infrastructure to support tourism development is far away from the optimal status. Lack of clean modern public toilets is the proof (Tourism development plan and strategy, GNTA 2007).

The human element is of huge importance besides the availability of attractions, sights and accommodation. Low level of educational and scientific activities is also considered as a serious weakness for the industry. There are few schools for tourism but, in general, a huge gap in education background is observed. Low level of understanding of visitors' needs, service, accommodation management and sanitation standards as well as insufficient English knowledge, especially, in regions, create big barriers.

The strategic document considers untapped product opportunities in cultural and nature-based tourism for businesses of all sizes, starting from cultural tourism, ending with extreme tourism to be an opportunity for tourism development. The main issue is to find appropriate investors and develop each direction. Developing air, rail and other means of ground communications both inside the country and internationally, will increase the chances.

It is strongly believed that more investments in education and research will reveal new opportunities for tourism development. So, more intense steps should be made towards this direction. Tourism development will lead to extra pressure on the industry stakeholders to improve standards in all directions too.

Possible threats for tourism development are also worth-noting. Georgian tourism has serious competition in several segments. The segment attracting the largest number of visitors to the country – sun and sand – is faced with significant competition from Turkey, which attracted much more Georgians than Georgian sea resorts. This kind of competition should be considered and observed very precisely. Tourism policymaking authorities should find out the reasons and then set specific goals (Tourism development plan and strategy, GNTA 2007).

The winter tourism segment is also faced with competition to the west, especially, in those destinations where heli-skiing is offered (Russia, Turkey, Italy and Switzerland).

Weak waste management, particularly, lack of sewage treatment almost everywhere, and, especially in Bakuriani, Gudauri, Kazbegi is one of most serious infrastructure issues. In Kazbegi the garbage piles could be observed near the river whereas in Bakuriani, sewage flows are untreated directly into a river near hotels.

Misperception of Georgia as a dangerous destination is also a serious threat and damages the industry.

Another weakness is insufficient market research. Unstructured and chaotic research increases the probability that it could not be effective or lead to a wrong direction.

Another potential threat is political instability or even the perception of political instability in Georgia and neighbouring countries. The existing problems with territories are considered as a threat too.

A very important and interesting part of the strategic document is the part, where touristic products are analysed and Kazbegi and Bakuriani are mentioned as well. This part of the strategic document gives a brief about the geography, accessibility and transportation, historical background of the destination, touristic destinations and issues preventing the development processes. It is a good try to describe particular destinations on “the Georgian way”, present their uniqueness and pinpoint some problems, which need extra attention and resources to be improved (Tourism development plan and strategy, GNTA 2007).

As a conclusion, it should be underlined that “National Tourism Development and Investment Plan and Strategy” was a step forward to sustainability. It is the first piece of work presenting a unified opinion about the industry’s future development, its structure, long and short run steps, strong and weak points and so on.

After the change of GNTA management in 2013, the new administration started working on a new tourism development strategy and in 2015 presented the document - “Georgian Tourism Strategy 2025” (GNTA, 2015). This is a vision that defines the goals of Georgian tourism for the next 10 years.

The goal of the strategy is to support sustainable tourism development, growth of income and increase the role of the industry. The primary orientation of the strategy is not to increase the number of tourists, but attract those visitors with better purchasing power that is tourists from EU, North America, Near East and Asia (Georgian Tourism Strategy 2025. GNTA 2015).

To achieve the mentioned goals, several aspects are underlined:

- Rich and unique culture;
- Winery traditions;
- Protected areas and national parks;
- Good weather and climate;
- Attractive business and investment environment;
- Georgian hospitality.

According to the “Georgian Tourism Strategy 2025”, to create a world-class product in tourism, Georgia should overcome the following challenges:

- To increase cooperation intensity between the government and private sector;
- To improve the infrastructure at distinctive tourist destinations in Georgia;
- To increase the country’s tourism potential publicity;

- To support educational programmes in tourism industry;
- To improve market research, data gathering and analysis processes and the marketing potential;

At the end of 2025, Georgia should be known as a leading, all season, high-class service supplier in tourism industry, distinguished by its culture, nature and hospitality.

On the way to future success, 5 main goals are discussed:

- Improving air transportation with EU, North America, Near East and Asia and working on infrastructure within the country;
- Using the country's unique nature and culture to impress visitors;
- Improving the service level (transport, accommodation, education);
- Improving market research capabilities;
- Intensifying market research, in order to better understand tourists from EU, North America, Near East and Asia;

Development plans are given in the document "Georgian Tourism Strategy 2025":

- Increasing the number of visitors up to 11 million;
- Increasing incomings from tourism up to 6.6 billion USD;
- Increasing the share of tourism in GDP up to 7.9%;
- Increasing the average amount spent by a tourist up to 600 USD;
- Increasing the number of employed in tourism by 90%, reaching 301 284;
- Increasing the average stay of visitors up to 7 days;
- Increasing foreign direct investments in tourism by 63%, reaching 1,178 billion USD;
- Doubling the number of visitors from EU, North America, Near East and Asia. The share of tourists from these countries should increase from 8% up to 30% in 2025.

To ensure the goals, 8 strategic tasks are distinguished and discussed at the end of the document (Georgian Tourism Strategy 2025. GNTA 2015):

1. Increasing private and state investments in tourism industry;
2. Improving the business environment in order to increase local and foreign investments;
3. Using effective marketing campaigns to attract tourists from EU, North America, Near East and Asia. Stimulating internal tourism;
4. Offering world-class, competitive services in tourism;
5. Using the unique cultural inheritance and natural resources to impress the visitors;
6. Protecting and promoting Georgia's cultural and natural inheritance;
7. Improving market research and data analysis capabilities;

8. Ensuring connection between governmental institutions, tourism industry representatives, NGOs and local inhabitants for ensuring the above-mentioned goals;

Summing up „Georgian Tourism Strategy 2025”, its positive and negative elements could be distinguished. The positive moments are clearer vision of segmentation principles and understanding of the importance of sustainability and stating it in the strategic document.

As for the negative sides, the current situation analysis is very general and abstract, no SWOT and visitors' need analysis performed, no short and long term goals distinguished, no region-specific visions presented, no mention of mountainous tourism and so on. The steps of how to achieve set goals for 2025 are very general.

“Georgian Tourism Strategy 2025” (GNTA 2015) serves more as a draft document than a strategy. Stated unjustified goals evoke a feeling that this document is far from the reality.

2.5 Tourism and sustainability in other countries

Year after year, the marathon of creating a sustainable tourism industry becomes more attractive. More and more countries try to be part of these processes and are bringing in and implementing the concepts of sustainability. More policymakers realise that for better development it is not correct to exploit the country's touristic resources in order to get maximum profit today, but in longer perspective consider issues, such as, natural resources, environment, traditions and many others in order to achieve prosperity. Only in this case all stakeholders in these processes can benefit.

There are sources and methodologies evaluating tourism industry attractiveness worldwide and proposing country rankings. Travel & Tourism Competitiveness Index is among them. According to the Travel & Tourism Competitiveness Report (TTCR) 2009 released by The World Economic Forum (WEF 2009), Switzerland has currently the most attractive environment for developing the travel and tourism industry in the world. This is due to the country's exceptional geographic location and its assets, both natural and man-made. The Alps are the main attraction and should be considered as a locomotive for local tourism development. As indicated in the report, Switzerland is number one in the *Travel & Tourism Competitiveness Index* (TTCI) (WEF, TTCR 2009), followed by Austria and Germany, the same as in the TTCI 2007 and 2008 Reports. The TTCI measures the factors and policies that make it attractive to develop the travel & tourism sector in different countries. It combines indicators starting with the environmental sustainability and finishing with cultural resources.

The TTCR 2009 underlines the uniqueness of the country by its cultural and natural resources, which are protected by the strong national focus on environmental sustainability.

In more recent reports Switzerland is already displaced from the first place to the sixth (WEF. TTCR 2015). This change never decreases the importance of tourism. On the contrary, Swiss tourism industry could be a perfect beacon for Georgia, as the country earns about 16 billion USD vs Georgia's 2 billion (Swiss Federal Statistical Office, 2013& GNTA 2016).

3 Methodology and study design

Research methodology is a structured set of guidelines or activities to generate valid research results (Mingers, 2001). It is the responsibility of a researcher to clearly explain the procedures during data collection and understand the tools used to analyse it. This study uses both qualitative and quantitative techniques to study tourism sustainability in research regions and find out its role in socio-economic processes of households’.

This chapter contains four major sections; the first describes characteristics of qualitative and quantitative research and listed limitations and strength. The mixed method (more precisely, concurrent triangulation design) as the combination of qualitative and quantitative approaches is considered as a way out to balance and overcome weaknesses of both approaches. In the consequent parts, sampling design and research methods, selection of the study area, sampling units procedures and sample size, also primary and secondary data collection and finally data analysis methods are discussed.

3.1 Qualitative and quantitative research

3.1.1 Qualitative research: key characteristics, strength and limitations

Qualitative research implies a direct concern with experience, as it is “lived”, “felt”, or “undergone”. Qualitative research, then, has the aim of understanding experience as nearly as possible as its participants feel it or live it (Sherman and Webb, 1988). Based on this, events during qualitative research can be understood adequately only if they are seen in context; the contexts of inquiry are not invented, they are natural. Qualitative researchers want those who are studied to speak for themselves, provide their perspectives in words and other actions. Therefore, qualitative research is an interactive process in which the persons studied teach the researcher about their lives. The aim of qualitative research is to understand experience as unified. Qualitative methods are appropriate to the above statements. There is no one general method (Blaxter & Hughes, 2001).

Sometimes, data retrieved from interviews can give a researcher much in-depth understanding of the situation than during a quantitative research. Thus, the qualitative method has its own uniqueness, which in some cases is more effective than other kinds of approaches. Below are listed strong sides of qualitative research (Bernard, 1994):

- Because of close researcher involvement, the researcher gains an insider's view of the field. This allows the researcher to find issues that are often missed;
- Qualitative descriptions can play the important role of suggesting possible relationships, causes, effects and dynamic processes.

Because a more descriptive and narrative style is used instead of statistics (in most cases), this research might be of particular benefit to the practitioner as she or he could turn to qualitative reports in order to examine forms of knowledge that might otherwise be unavailable, thereby gaining new insights. Several weak points of qualitative research could also be underlined (Hughes, 2001):

- The problem of adequate validity or reliability is a major issue of the qualitative approach. Because of the subjective nature of qualitative data and its origin in single contexts, it is difficult to use standard quantitative methods proving its representativeness as during qualitative research (Benz & Newman, 1998).
- Contexts, situations, events, conditions and interactions cannot be replicated to any extent nor can generalizations be made to a wider context than the one studied with any confidence;
- The time required for data collection, analysis and interpretation is long;
- The researcher's presence has a strong effect on the participants of the study;
- Issues of anonymity and confidentiality present problems when selecting findings (Hughes, 2001).

3.1.2 Quantitative research: key characteristics, strength and limitations

The quantitative approach is the most frequently used method by many scientists and researchers to gather reliable information for a large sample of population (Keele, 2011). As any other methods, it is not a perfect one and has strong and weak sides, which will be discussed below. There are four very important characteristics of the quantitative research:

“Control” is the crucial element enabling the researcher to identify the causes of an observation. Observations are organised with the view of answering some definite questions, why it is happening, what the reasons are or under what conditions the event occurs. Control is necessary in order to provide clear answers to such questions (Smith & Albaum, 2005).

“Operational Definition” means that terms must be defined by the steps or operations used to measure them. Such a procedure is necessary to eliminate any confusion in meaning and communication. Being involved in tourism should be defined by providing at least one

kind of services for tourists, social class as defined by occupation and so on (Smith & Albaum 2005).

“Replication” - To be replicable, the data obtained in an observation or sampling must be reliable; that is, after repetition of the study the same or similar result must be found. (Keele, 2011).

“Hypothesis testing”– the possibility of systematic creation of a hypothesis and subjecting it to an empirical test (Smith & Albaum, 2005).

Despite popularity, frequency of usage in different fields, the quantitative research approach a number of limitations. Some of them are listed below.

Because of the complexity of human nature, experience and perception, it is difficult to rule out or control all the variables (Burns, 2000):

- Not all people react in the same ways;
- It fails to take account of people's unique ability to interpret their experiences;
- It leads to the assumption that facts are true and the same for all people all of the time;
- Quantitative research often produces banal findings of little consequence due to the restriction and the controlling of variables;

It is not totally objective because the researcher is subjectively involved in the very choice of a problem as worthy of investigation and in the interpretation of the results.

3.1.3 Qualitative and quantitative research similarities

Despite the fact that qualitative and quantitative types of research are completely different approaches and are used for fulfilling different objectives, they still share some similarities (Burns, 2000):

- Quantitative research is mostly used for testing theory, but it could also be used for exploring an area and generating hypotheses and theory;
- Qualitative research can be used for testing hypotheses and theories even though it is mostly used for theory generation;
- Qualitative data sometimes could mean quantities (for example, statements, such as, more than, less than, most as well as specific numbers);
- Quantitative (questionnaire) approaches can collect qualitative data using open-ended questions.

3.1.4 Mixed method approach: strength and limitations

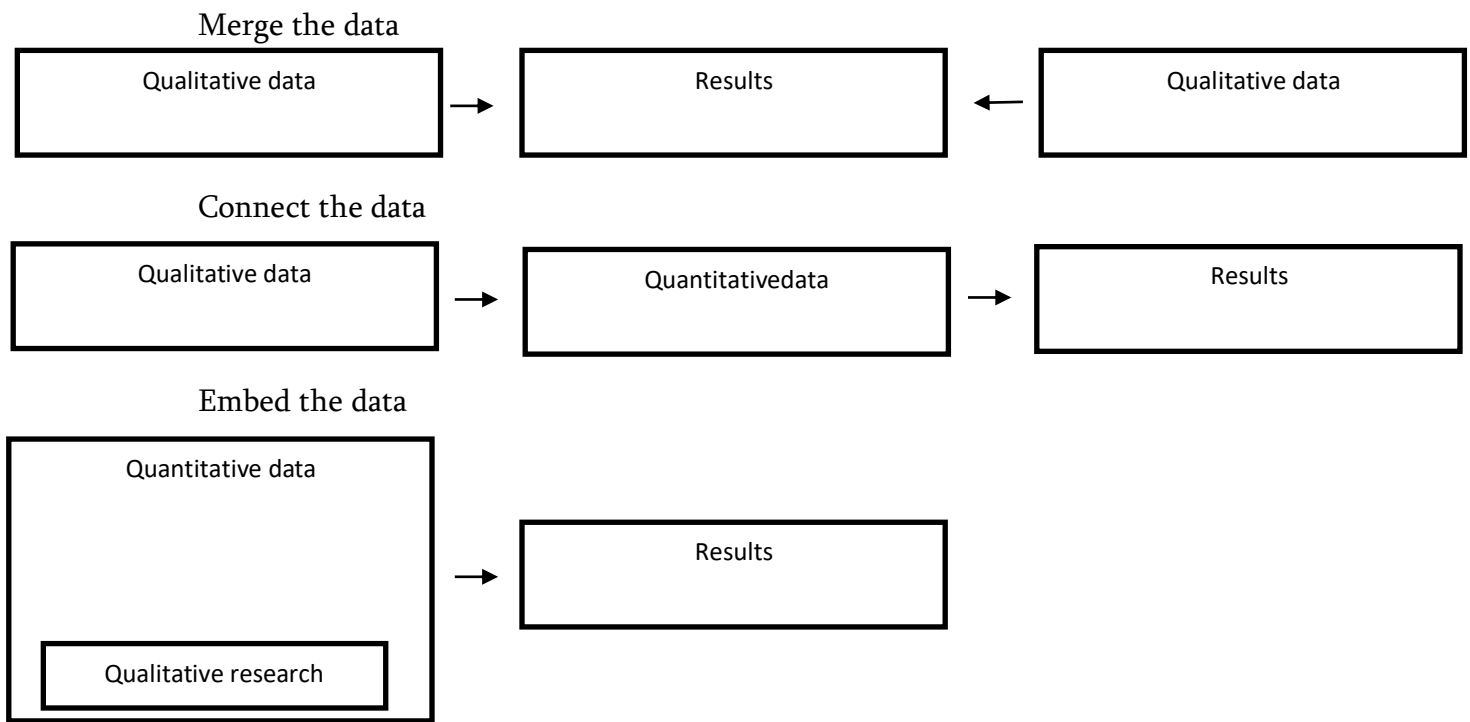
Sometimes a mixed-method approach is used during a single or multi-phase study which combines the quantitative and qualitative approaches into research methodology (Tashakkori & Teddlie, 2003). Because of the drawbacks of qualitative and quantitative research, frequently, during exploring the complex study topic, their combination is preferred. This, as usual, reduces gaps in understanding the phenomenon completely. Anyway, studies have to be planned and carried out carefully (Patton, 2002). Even though a bridge between the two approaches is necessary to give a fuller and more accurate picture of the population under study (Mouton & Marais, 1990), the nature of the research topic determines adoption of the mixed approach.

As a research method, the mixed method approach is used for assumptions and methods of information inquiry. Its methodology contains philosophical assumptions that are used for setting the direction of the collection and analysis of research data and mixing of qualitative and quantitative approaches during the research process. As a method, it focuses on collecting, analysing and mixing both quantitative and qualitative information. The use of quantitative and qualitative approaches in combination provides much clearer understanding of research issues than each approach separately (Tashakkori & Teddlie, 2003).

Through years there were many names used for the mixed method approach. It has been called “multi-trait/multi-method research” (Campbell & Fiske, 1959), “quantitative and qualitative methods” (Fielding & Fielding, 1986), “combined research” (Creswell, 1994); and “mixed methodology” (Tashakkori & Teddlie, 1998). But after all, the name – “mixed method research” describes more precisely the idea of this approach and will be used further in this manuscript.

According to the definition, the mixed methods research involves both collecting and analysing quantitative and qualitative data. The mixing of data is a unique aspect. By mixing the datasets, the researcher provides a better understanding of the problem than if either data set had been used alone. Figure 2 presents a diagram that visually describes these differences. In short, it is not enough to simply collect and analyse quantitative and qualitative data; they need to be “mixed” in some way so that together they form a more complete picture of the problem than they do when standing alone.

Figure 2: Mixed method approaches



Source: Creswell, J. W. 2014, p 270

The mixed methods studies may involve collecting and analysing qualitative and quantitative data within a single or multiple studies depending on the case and the programme. The data could be collected differently, for example, it could be gathered during three phases - quantitative data in the first phase followed by qualitative data in the second third phases. Each phase could be reported separately as a specific study, but, overall, it is called a mixed method research. This seems to be the case in many types of the large-scale research. On the other hand, the data typically could be collected (both quantitative and qualitative) in a single study, rather than in multiple studies over time (e.g., Baskerville, Hogg, & Lemelin, 2001).

Despite its value, conducting the mixed methods research is not easy. It takes time and resources to collect and analyse both quantitative and qualitative data. The researcher is also required to understand both approaches in order to better present the outcome. There is quite a large list of strong points in favour of the mixed method approach:

- Using of multiple methods produces more reliable results than using a single approach. It contributes to the validity of the results through cross-checking (Yauch & Steudel, 2003);
- Multiple data collection techniques provide adequate explanatory insights by compiling different data types (Knafl & Breitmayer, 1989);
- The triangulation of different methods serves as a way of ameliorating both the effectiveness and richness of the subject matter (Stage & Russell, 1992);
- Combining two approaches provides a richer and deeper understanding of the phenomena under investigation by revealing additional insights and thereby, overcomes the weaknesses or intrinsic biases and the problems that might come from a single methodological approach (Camic & Rhodes, 2003);
- The mixed methods research provides strengths that offset the weaknesses of both quantitative and qualitative research. This has been the historical argument for the mixed methods research for the last 25 years (Jick, 1979);
- The mixed methods research provides more comprehensive evidence for studying a research problem than quantitative or qualitative research taken alone. Researchers are given permission to use all of the tools of data collection available rather than being restricted to the types of data collection typically associated with qualitative research or quantitative research (Creswell, 2003);
- The mixed methods research helps answer questions that cannot be answered by qualitative or quantitative approaches alone (Creswell, 2003);
- The mixed methods research encourages the use of multiple worldviews or paradigms rather than the typical association of certain paradigms for quantitative researchers and others for qualitative researchers (Creswell & Clark, 2011);
- The mixed methods research is “practical” in the sense that the researcher is free to use all methods possible to address a research problem. It is also “practical” because individuals tend to solve problems using both numbers and words, they combine inductive and deductive thinking, and they employ skills in observing people as well as recording behaviour. It is natural, then, for individuals to employ mixed methods research as the preferred mode of understanding the world (Singh, Milne & Hull, 2012).

The mixed method is an attempt for combining different research approaches and minimising limitations. However, there are still some:

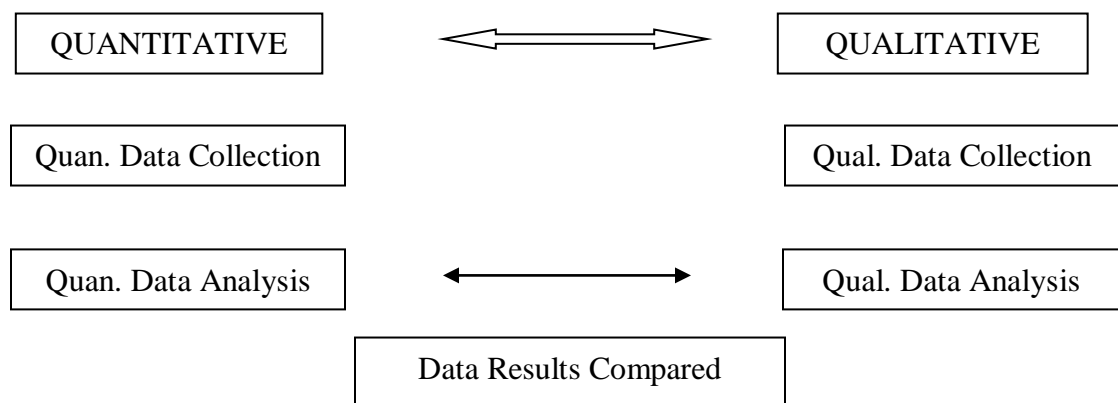
- It is expensive and cannot compensate for the researcher bias (Redfern & Norman, 1994);

- Special skills are necessary to conduct tools and data management; otherwise, the use of multiple methods may lead to a weak research;
- It needs to identify appropriate and inappropriate combinations of methods paying special attention to theoretical and practical concerns of the study (Blaikie. 1991);
- It can force a researcher to undercut one method with another if results do not match or correlate (Silverman, 1993);
- The researchers lack sound guidelines and criteria for conducting and evaluating the mixed-method research (Hedrick, 1994).

3.1.5 Concurrent triangulation design

The concurrent triangulation design is the most familiar of the major mixed methods designs. It is selected as a design when a researcher uses two different methods in an attempt to confirm and reinforce findings within a single study. This design generally uses separate quantitative and qualitative methods to offset the weaknesses within one method with the strength of the other. Ideally, the priority would be equal between the two methods, but in practical application, the priority may be given to either the quantitative or the qualitative approach. This design usually integrates the results of the two methods during the interpretation phase (Tashakkori & Teddlie, 2003).

Figure 3: Concurrent triangulation design



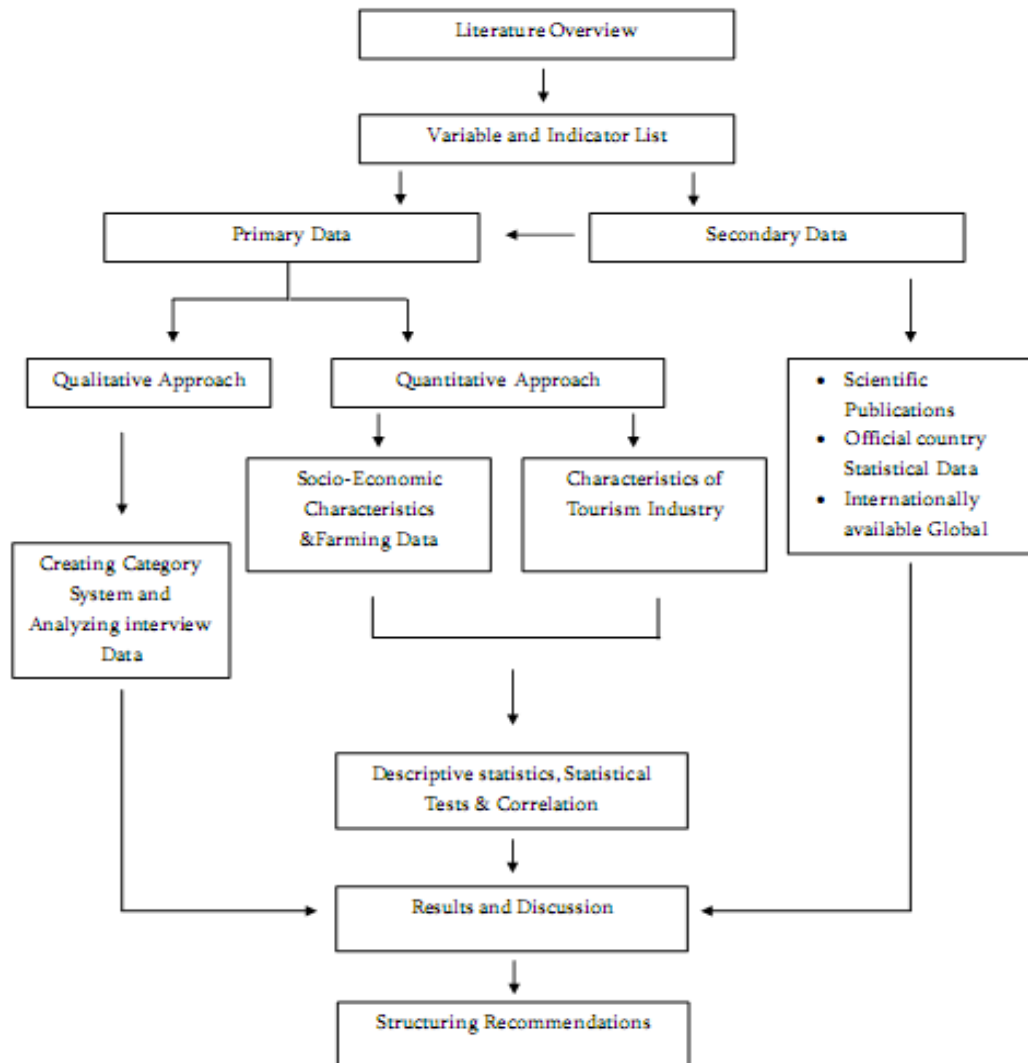
Source: Tashakkori & Teddlie, 2003

3.2 Methodological design chosen for the study

Both primary and secondary data were collected during the collection phase. Figure 4 below shows the methodological approach for the study design. The primary data phase consists of two other sub phases – qualitative and quantitative.

The idea of a qualitative approach is to get information from experts, guesthouse owners and tourists, classify it, and retrieve data for sustainability, service quality and progress assessment.

Figure 4: Methodological approach for the study design



Source: own compilation

The quantitative approach quantifies some data about socio-demographic characteristics, households involved in tourism, also gives information about offered services, service diversification, occupancy rate, investments and sources for tourism infrastructure development, major reasons starting delivering services in tourism industry, main problems HH face nowadays.

At the end, using the mixed method approach, qualitative and quantitative data are combined and sustainability issues, similarities and differences among the research regions are discussed. The role of tourism in socio-economic processes is defined and, finally, recommendations are given.

3.2.1 Qualitative research materials

3.2.1.1 Description of the sample and Sampling units

Local households which run the guesthouse business as well as experts and tourists serve as the key sampling units for qualitative research (Sampling design, figure 6). Interviews were recorded using the face-to-face in-depth method.

A household is considered as an independent unit, which makes its own decisions based on their internal interests. According to the National Statistics Office of Georgia a household is defined as persons in the group who may pool their incomes and have a common budget to a greater or lesser extent; they also may be related or unrelated persons, or both simultaneously (National Statistics Office of Georgia, 2005). The common budget means that the farmer, the spouse, children and other members jointly share one budget. Sometimes households are defined based on the dwelling unit, which means that all people are considered household members who reside at the same address (Berkleley, 2009). A one-person household is defined as an arrangement in which one person makes provision for his or her own food or other essentials for living without combining with any other person to form part of a multi-person household. A multi-person household is defined as a group of two or more persons living together who make common provision for food or other essentials for living (UN Statistics Division, 2013).

The family within the household, a concept of particular interest, is defined as those members of the household, who are related, to a specified degree, through blood, adoption or marriage (UN Statistics Division, 2013).

Thus, a distinction between family and household could be made. A family is the basic unit of social organisation involving blood ties or relatives whereas the household is a basic socio-economic unit where people are organised to live together and share their decisions and resources. The words “household” and “family” are frequently used as synonyms in the text below.

Households involved in tourism are units offering at least one kind of temporary/permanent service to international or local visitors. For the research purpose HH running a guesthouse business were chosen. Information and the list of guesthouse owners were proposed by the local experts. After defining the most suitable guesthouses contact was made and the meeting was arranged. All four interviews were held on their premises.

Experts are the second unit of sampling. Experts deliver the point of view of professionals who perceive existing issues completely from the different angle, complementing information retrieved from other sources. In research an expert is considered

to be the person having several years of working experience in tourism, actively participates in everyday processes and works for the tourism industry. After arranging meeting dates, experts were recorded in their offices, one in Tbilisi and others in the research regions.

Local and international visitors/tourists serve as the last link in the chain of sampling units. The concepts of the tourist and the visitor are used similarly in the study. According to UNWTO tourism basic glossary, a visitor is defined as a tourist (domestic, inbound or outbound), if his/her trip includes an overnight stay. As for the definition of a visitor according to UNWTO, it is broader, but has some intersection points too. A 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 purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise (UNWTO, Concepts and Definitions, 2007).

Tourists as the last link of the chain of sampling units supposed to deliver a different view from households involved in tourism and sector experts, are actually on the other side of the supply-demand chain and serve as consumers of these products, which are created by households and experts involved in tourism. They were recruited and interviewed while spending their time in the yards of guesthouses, or outside, in the settlements, where the interviewer reached them.

A very important part for primary research is qualitative approach, during which face-to-face in-depth interviews were conducted. Three different kinds of sample representatives were involved in the interviewing process – experts, households involved in tourism, and tourists. The idea was to take into considerations points of view of all stakeholders. Experts included in the research process are people practically involved in the ongoing processes, employees of the Georgian National Tourism Administration (expert from Tbilisi), leading the tourist information centre (Bakuriani) and the member of local municipality with tourism concentration (Kazbegi). Two guesthouses chosen from each region for interviews meant to be the other side of the research processes and support to evaluate the effectiveness of the governmental policy and show existing issues in a different dimension. Finally, tourists, both local and international are the last sampling unit during qualitative research. Visitors, as usual, are on the other side of the supply-delivery chain; they actually are the ones who consume services offered by guesthouses and monitored by central governmental institutions. For the full evaluation of the existing situation, ten interviews with local and international visitors were recorded (Sampling design, figure 6).

3.2.1.2 Guideline for experts

Experts' face-to-face in-depth interview guideline consists of five parts. The first part is the general one – introduction, which is dedicated to get as much information about the respondent as possible; then comes the “warm up” - questions about sustainability and macro level assessment of tourism industry. It is followed by the “transition questions”, questions between general and actual questions. The “Key Question” section consists of the questions concerning existing problems, needs and some concerns for the future. The fifth section is an open question and respondents had the possibility to talk about any issues they wanted (see Appendix A2).

3.2.1.3 Guideline for guesthouses

The general structure of the guesthouse guideline is the same. The difference is in questions as they are constructed to display the point of view of guesthouses. Except some common questions, for example, sustainability, there are questions to research the benefits of being involved in tourism, how tourism influences farming and agriculture, what kinds of services are demanded by visitors, main reasons of their dissatisfaction, what steps are made by the government to improve tourism infrastructure, existing problems and tourism development-environment intersection issues (see Appendix A 1).

3.2.1.4 Guideline for Tourists

The guideline for tourists is the last link in the qualitative research chain. The idea is to see processes from the other side. Actually, all the efforts made by state institutions or guesthouses are finally dedicated to attract tourists. So, their satisfaction plays a crucial role in this supply-demand chain. Researching what respondents know about regions, sources of information they use, reasons that motivated them to visit the given region, positive and negative factors while assessing the infrastructural capabilities and service level, their ideas of the region's sustainability gives the possibility to see processes more completely and in different colours. The guideline for tourists comparing to other guidelines is shorter and less complex but this does not reduce the importance of it (see Appendix A 3).

3.2.1.5 In-depth face-to-face interviews

Face-to-face in-depth interviews for guesthouse owners, experts and tourists were conducted within the scope of qualitative research. The interviews were recorded during 2011. A winter period was selected for Bakuriani whereas for Kazbegi the summertime was chosen (most active and busy time for the regions). The expert from each region was recorded, including, Tbilisi. 2 guesthouses from Bakuriani and 2 from Kazbegi as well as six visitors in Bakuriani and four in Kazbegi were recorded. Interviews with experts and household heads involved in tourism were longer (from 40 minutes up to one hour) than interviews with tourists. Three languages were used during fieldwork – Georgian, English and Russian. A word-by-word script of all interviews was created (in three languages) and then Georgian and Russian transcripts were translated into English.

3.2.1.6 Data analysis and Interpretation

Word-by-word transcripts were imported to MAXQDA for further processing. The category system was created, transcripts restructured according it and then analysed (figure 5).

Content analysis, specifically, the conventional one was used to analyse acquired field data. This is a frequently used technique during qualitative researches. The current case was not an exception either (Bogdan & Biklen, 1992).

Qualitative content analysis goes beyond simply counting words to examining language intensely for classifying large amounts of text into an efficient number of categories, which represent similar meanings (Weber, 1990). The idea of content analysis is “to provide knowledge and understanding of the phenomenon under study” (Downe-Wamboldt, 1992). Therefore, qualitative content analysis could be defined as a research method for the subjective interpretation of the content of the text data through the systematic classification process of coding and identifying themes or patterns (Hsieh & Shannon, 2005). There are three distinct approaches – conventional, directed and summative. During content analysis conventional approach was used where coding categories are derived directly from the text data, when in a direct approach analysis starts with a theory or relevant research findings as a guidance for initial codes. The summative approach concentrates on counting and comparisons of keywords or content, followed by the interpretation of the underlying context (Downe-Wamboldt, 1992).

Data analysis during conventional content analysis starts with reading all data repeatedly to achieve immersion and obtain a sense of the whole (Tesch, 1990). Then data are read word by word to derive codes (Miles & Huberman, 1994). Words or sentences are highlighted that capture the key thoughts or concepts, then labels for codes emerge that are reflective for more than one key thought. These, as usual, come directly from the text and then become the initial coding scheme. Codes then are sorted into the categories (Hsieh & Shannon, 2005). Depending on the relationships between subcategories, researchers can combine or organize this larger number of subcategories into a smaller number of categories. A tree diagram can be developed to help in organizing these categories into a hierarchical structure (Morse & Field, 1995). The advantage of the conventional approach to content analysis is gaining direct information from study participants without imposing pre-conceived categories or theoretical perspectives (Hsieh & Shannon, 2005). The table below illustrates the qualitative data category system.

Figure 5: Category system based on qualitative interviews

General information

- ⦿ Tourism profile for region
- ⦿ Statistics and methodology
- ⦿ Personal information
- ⦿ Story how started tourism
- ⦿ Ways and reasons visiting region
- ⦿ Information sources

Good/sustainable tourism

Services

- ⦿ Assessing guesthouse service quality
- ⦿ Most demandable services
- ⦿ Standardization of guesthouses

Programs

- ⦿ Governmental programs attracting visitors
- ⦿ Governmental programs/projects coordinating suppliers
- ⦿ Necessary changes in governmental programs

Progress and important steps already made

- ⦿ Improving services
- ⦿ Environmental
- ⦿ Infrastructural changes

Problems cause by tourism

- ⦿ tourism causes environmental problems
- ⦿ Tourism harming farming industry
- ⦿ Problems during satisfying visitors needs

Problems for tourism development

- ⦿ Promotional
- ⦿ Managerial
- ⦿ Legislative
- ⦿ Business environmental
- ⦿ Communicational
- ⦿ Infrastructural

Steps to attract tourists

Licenses, legislation and control

Tourism as a threat to local culture and traditions

Source: Own compilation

The category system and its structure are fully based on the face-to-face in-depth interviews. The names of the categories were taken from the context of the interview, or motivated by the respondents themselves.

The category system groups research data according to such categories as: region tourism profile, interviewees' information, statistics and methodology, issues regarding sustainability, available services for tourists, programs to support region development as well as the main problems for tourism development, etc. The category system mainly considers the structure of guidelines. It also includes additional categories, which emerged during the interview analysis process. For example, "statistics and methodology" was included after considering the information respondents gave (Weber, 1990).

Qualitative interview questionnaires were constructed in a way to complement both each other and quantitative data. All questionnaires have a compatible structure and some similar questions, which helps to research the same issue from a different point of view.

The process of qualitative data analysis was based on comprehension and interpretation. The qualitative data collected from different research units were refined and summarised. Content analysis was performed to ensure genuine and authentic information from the respondents and key informants. MAXQDA 12 was used during qualitative analysis, where data were imported, categorised and grouped.

3.2.2 Quantitative research materials

3.2.2.1 Sample description

The key sampling units for quantitative research are local households involved in tourism, i.e. units, which are offering at least one kind of temporary/permanent service to international or local visitors.

Defining a sample size and sampling the design are very complicated procedures. It depends on the characteristics and number of the population under the study. The study below took place in two research regions; one site is on the bigger and the other one on the smaller Caucasus. Both regions have similar elevation from the sea level; both are mountainous regions, have a potential to develop farming, agriculture and tourism industry (AMIES, 2010).

As this study is based on the mixed method approach, this means that the quantitative and qualitative research techniques were used during the research process. The study was held under the project AMIES (Heiny, 2017; Heiny et. al. 2017), so the general methodological framework was adapted from the project. Within the scopes of the AMIES,

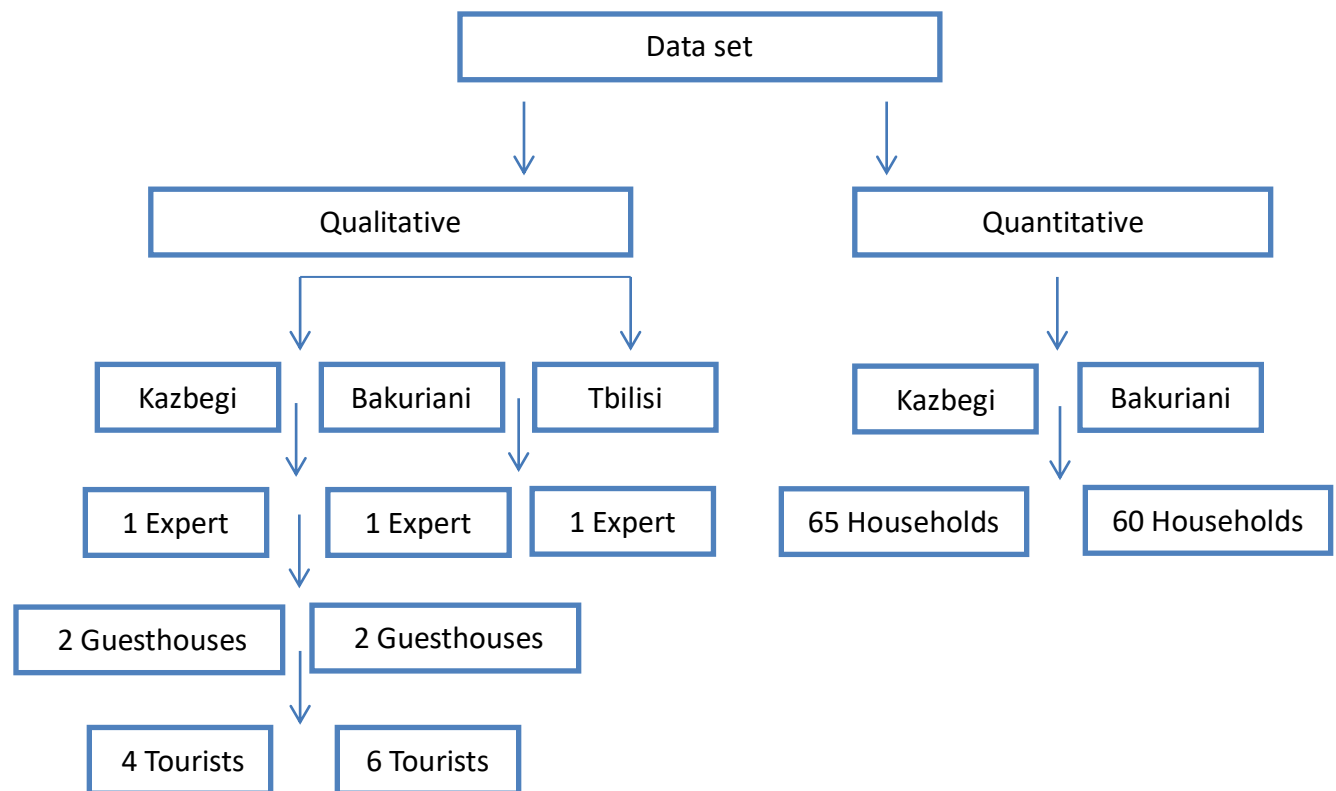
301 households were questioned in these regions (147 in Bakuriani and 154 in Kazbegi). It is due to project specification that the questionnaire has two parts. The main part for the subproject D1 that deals with socio-economic changes of local households on the landscape scale (Heiny, 2017) and the second part for the subproject D3 (current research), analysing socio-economic changes of local households concerning tourism sustainability. Questions concerning the socio-economic status of households are used from subproject D1 (Heiny, 2017).

As a concurrent triangulation design, both research approaches have equal priority, which means that the data retrieved will complement each other and display a more vivid picture for recommendation building.

During quantitative research, 301 households were interrogated (147 in Bakuriani and 154 in Kazbegi) from which 125 (60 in Bakuriani and 65 in Kazbegi) households are involved in tourism activities. In further analysis, main attention will be devoted to HH involved in tourism, but sometimes the whole sample is going to be used too. Questions that are part of the main sample (301 households) will be allocated as – “subproject D1 (Heiny, 2017)”. As for the rest – “subproject D3 (own source)”.

The main advantage of random sampling techniques is that each unit in the sampled population can represent the whole population and it has the same probability and chance to be selected. The settlements in the research regions were divided into several zones where special groups or researchers were working. Selection of households was randomised and respondents older than 18 years old were selected for the interview. To be more specific, heads of households, or other members of families who were involved in the everyday decision making process. The table with sample distribution could be seen below (Figure 6).

Figure 6: Sampling design



Source: Own compilation

3.2.2.2 Household questionnaire

The questionnaire is a way of gathering a source of data that are relevant to the quantitative method. The questionnaire is the best and the most common way to reach large numbers of respondents in order to allow statistical analysis of the data.

The questionnaire consists of several parts some of which are not used in the research analyses below, as these parts were designed for subproject D1 (Heiny, 2017), while some of them were used for both, or only for the D3 subproject. The questionnaire consists of several modules, such as, quality of life, where respondents based on their subjective feelings are assessing their living conditions; demographics/data about composition of the household, includes some demographic information about household members, migration and nationality; income & employment status module implies current employment, main source of income, income composition and so on; the land use module makes it clearer what kinds of land cultivates a HH involved in tourism, what kind of farming and agriculture production they produce; the module on tourism supply gathers different kinds of quantitative

information concerning tourism industry that compiles qualitative data and gives a more complete picture (see Appendix A 5).

3.2.2.3 Pre-Test and household interviews

At the beginning the questionnaire was constructed in English and then translated into Georgian. In September 2010 the pre-test took place in both research regions.

Before starting the interviews, field assistants got acquainted with the questionnaire. The simulation of the interviewing process was staged too where the process was extremely close to the real field interviews. Interviewers also were instructed to inform households that the interviews were part of a pre-test and the main survey would follow a year later.

Respondents were picked up while sitting in their yards or sometimes even streets. 22 households were chosen in both regions (11 in each). The questionnaire was filled in and the conversation process was recorded. Later on, the remarks and recorded comments were taken into consideration. PASW Statistics 16 was used for processing quantitative data.

3.2.2.4 Data analysis and Interpreting

Data analysis and interpretation follow the creation of the database. The descriptive analysis comprises cross tabs, frequencies and histograms. These represent the primary analysis, which provides an observation of all problems associated with the data set, such as, outliers, missing data, non-normality, as well as other errors that occur during data entry. The descriptive analysis is used to obtain the basic outcome regarding the socio-economic characteristics of households, tourism features for households involved and farming and agriculture production characteristics. Relationships between variables were examined in order to test the hypotheses and realize the empirical results of the field research. The households were analysed on two levels: (i) the general level included all households whether involved or not in tourism; (ii) the micro level where only households involved in tourism were selected. Minimum, maximum, mean, median and standard deviation tools were used too. Mann-Whitney U Test was used to examine statistical significances and correlation coefficient to understand connection between variables.

PASW Statistics 16 and Microsoft Office 2010 was used during data analysis.

3.2.3 Secondary data materials

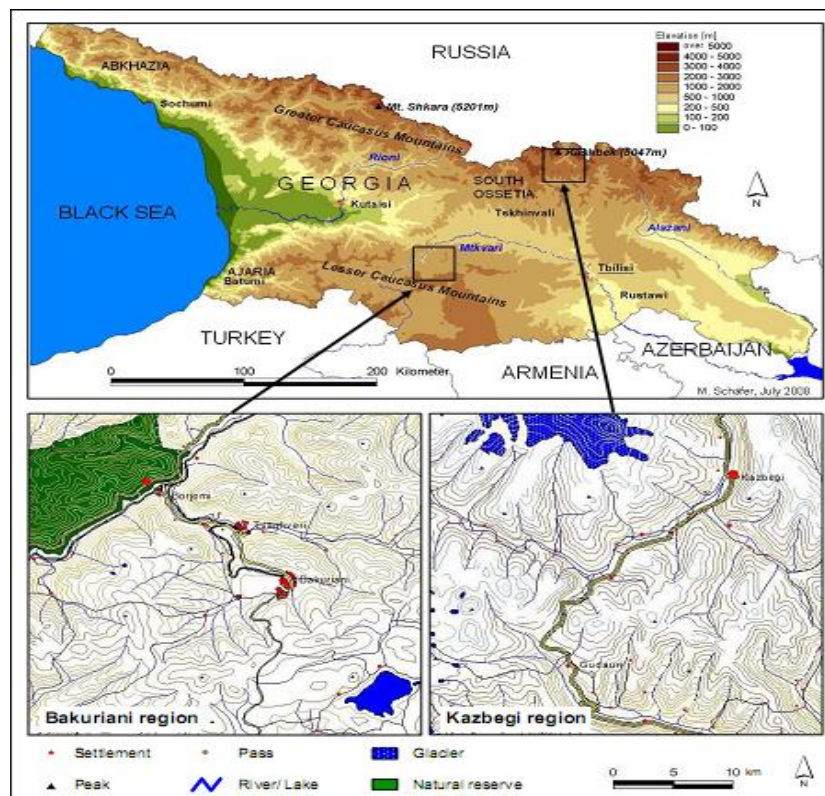
Secondary data consists of scientific published and non-published reports, articles, abstracts, journals, magazines, dissertations and books obtained from different relevant sources. Data for the secondary data mainly was collected from the National Statistics Office of Georgia, Ministry of Internal Affairs, National Bank of Georgia, Georgian National Tourism Administration, Ministry of Economy and Sustainable Development of Georgia.

Besides, different international sources were used. Publications from UN World Tourism Organisation, the Organisation for Economic Co-operation and Development (OECD) plays a significant role.

3.3 Description of research regions

The study was conducted in two study regions, the “Kazbegi” and the “Bakuriani” regions in the northern and south-western parts of Georgia (Figure7).

Figure 7: Study regions in the Greater and Lesser Caucasus



Source: AMIES, 2010, p.9

The Kazbegi region belongs to the Greater Caucasus Range near the Russian border and covers about 900 km². The highest peak of the region is Mount Kazbek (5,047 m a. s. l.), a dormant volcano mainly covered by glaciers. The region is crossed by the Georgian Military Road (completed in 1799), which played an important role in the economic development of Trans-Caucasus. In the younger past, this development was promoted by a transnational gas pipeline from Russia to Georgia. However, since the fall of the USSR in 1991, the region faced a severe economic collapse and significant changes in land use (e.g., abandonment of vegetable production in greenhouses). Stepantsminda is the largest town in the region (formerly Kazbegi; pop. 1,750). Apart from the small town of Stepantsminda, the region is sparsely populated (AMIES, 2010, p.9).

Bakuriani region is part of the Lesser Caucasus Range in southwest Georgia and covers about 900 km². At rather high elevations (up to about 2,000 m a.s.l.), large plains are characteristic for the Bakuriani region. Its volcanic plateau is surrounded by several mountain ranges with altitudes up to 2,850 m a.s.l. (Mount Sanislo). Bakuriani City (pop. 2,300), a popular skiing resort, is situated in the centrally located volcanic depression of the region. The region is sparsely populated (AMIES, 2010, p.10).

Selecting these research areas is justified by several factors. First of all, mountainous tourism in Georgia is very fast growing and popular. Thus, both destinations have huge potential. Secondly, these regions were/are traditionally involved in farming and agriculture production too. So, after the collapse of the Soviet Union harsh changes were made. In this context it is very interesting to study the situation in these regions, find out the role of tourism in sustainable development and compare ongoing processes between Kazbegi and Bakuriani.

Kazbegi - Stepantsminda is located on the Northern slopes of Greater Caucasus Mountains and it comprises three gorges of the river Truso, Tergi (Terek) and Snostkali. The landscape of Stepantsminda is dominated by alpine meadows, mountain passes and waterfalls, and Mt. Kazbegi (locally known as Mkinvartsveri, i.e. "ice-cap/top"), a dormant 5047-meter-high volcano.

The Stepantsminda region, historically, called "Khevi" in the middle-ages was one of the most strategically important regions in the country; it's a gateway region on the north through the Caucasus mountain range. The landscape, nature and easy access ability from the north, played a significant role in the tourism development process. The region became a famous tourism destination during soviet times at the end of the 1960s.

Even today Stepantsminda is a popular tourist destination in Georgia. It is part of the Kazbegi National Park. Among the important cultural sites of Stepantsminda are the Gergeti

Trinity Church (XIV century), Sioni Basilica (IX century) and the castle, Betlemi Monastery complex (IX-X century) and Sno fortress.

The advantage of Stepantsminda municipality in comparison with other mountainous regions of Georgia is the distance from Tbilisi (149 Km). The region is easily accessible by public transport. During high season, cars can reach Stepantsminda in 3 hours with a shuttle bus, available 3 times a day and costs 15 Gel (approximately 6 Euros). It is significant benefit for domestic travellers, offering cheap transportation option (NEO, 2012).

Stepantsminda region offers the traveller several natural sights (NEO, 2012):

Truso Gorge – the North West gorge from village Kobi with interesting middle-aged stone architecture, a very interesting ethnographical site. In the Truso gorge, few hiking trails are available, but due to the recent Georgian-Russian conflict, access to the border areas is prohibited.

The Sno Gorge is one of the famous and internationally well-known travel destinations, including, Chaukhi Mountains in 20 kilometers from the main road and the climber's camp at the foot of Chaukhi cliffs. Both Georgian and international travellers cross the Chaukhi pass and trek from the Khevi region to Khevsureti and back. This is one of the well-known and easy trekking routes.

Sameba (Holy Trinity) church - Sameba is an active monastery complex on the Western hill of Stepantsminda. This is the most visited destination in the Stepantsminda region.

Mountain Kazbegi has become a symbol of the region and international representation of Georgia. At 3700 meters above sea level there is a former Meteorological station - the building used as a shelter for mountaineers.

The Gveleti climbing camp is a very active area in summer. It includes several wooden huts privatized after the break down of the Soviet Union. Accommodation is used for Georgian climbing clubs. Additional services are not available. The area is also very popular for its waterfalls, which are one of the highlights of the Dariali gorge. Tourism infrastructure, in general, is good. The local NGO "Mountain House" has installed a small bridge on the river, and marked the trail leading up to the waterfalls. The information board is installed on the conjunction of the main road. Maps are also available in Stepantsminda at the local NGO office (Kazalikashvili museum).

The Devdoraki glacier is situated in the neighbouring gorge of the Gveleti camp. The trail is marked and information boards and maps are available for sale. An approximately two hours' trek leads travelers up to the panorama spot at the foot of the Devdoraki glacier.

The Khde gorge is situated on the northern edge of the Dariali gorge along the border line to Russia. Right at the border checkpoint there is the entrance to the gorge. Near the border station there is a monastery complex. The gorge is a popular destination for young mountaineers. For the last few years, access to the gorge was prohibited or limited due to the Russian-Georgian conflict but has reopened again.

The primary attractions for domestic and international tourists in Stepantsminda municipality are (see table below):

Table 3: Primary attractions for domestic and international tourists in Stepantsminda

Hard & Soft Adventure	Eco-tourism	Cultural/Historical
Trekking/hiking/horseback - Climbing - Off-roading - Biking - Rafting	- Discovering unique ecosystem - Visiting Stepantsminda National Park - Bird watching	- Ancient historical place - Well preserved sites - Well preserved castles - Well preserved towers and churches

Source: Neo, 2012

Borjomi municipality (Bakuriani is a part of it) is located in the central part of the country and covers 1189 square km thus being the part of minor Caucasus Mountains. The highest peak is mount Shaviklde 2850 m above the sea level (Institute of Botany, 2006).

Economy is developed on the basis of the local resources. Since XIX century mineral waters of Borjomi have been bottled being very famous during the soviet era not only within the country but also in other soviet republics. The vast forest stands and mountainous sites are not conducive to an agricultural economy and vegetables, but create a favourable environment for farming. The leading specialization of the region is a tourist-resort industry in which the local population is directly or indirectly involved.

The Borjomi-Bakuriani resort has a railway line and a highway road. The region has a direct transport connection with different parts of the country. The district is remarkable for its unique nature and historical monuments - Borjomi mineral water, the lakes of the town of Dabadzveli, the canyon-like gorge of the Borjomula river, panoramic views of Bakuriani, Tsikhisdziri and other places, Bakuriani Alpine Botanical Garden and so on.

At present, the municipality is known to be one of the most ancient parts of Georgia. Over 200 historical monuments are registered in the Borjomi district. The most remarkable of them are monasteries of Tadzrisi, Nedzvi, Kviriketi, Timotesubani and the Likani churches. The XIX century palace and park of Russian dynasty of Romanovs are also situated there. The Borjomi-Bakuriani narrow-gauge railway line, built in the 1902, is still popular (Institute of Botany, 2006; Borjomi Municipality, 2017).

Bakuriani is an outstanding mountain resort and skiing centre, about 29 km from Borjomi. It is situated in a broad hollow surrounded by forested mountains. As early as 1908, the first skiers appeared here and the first ski-base was set up in 1932. So far, Bakuriani has been a winter sport resort and a very attractive place for tourists. Bakuriani alpine botanical garden is one of the most important attractions in the settlement. In 1937, the garden was moved to its current site. Situated at 1650-1700 m above the sea, the garden specializes in plants of the Caucasus Mountains and its collections include some 400 species gathered in the Caucasus. The garden also has support buildings, such as, the conference centre that accommodates 20 overnight visitors and a herbarium/laboratory/library building (Institute of Botany, 2006).

4 Secondary data analysis

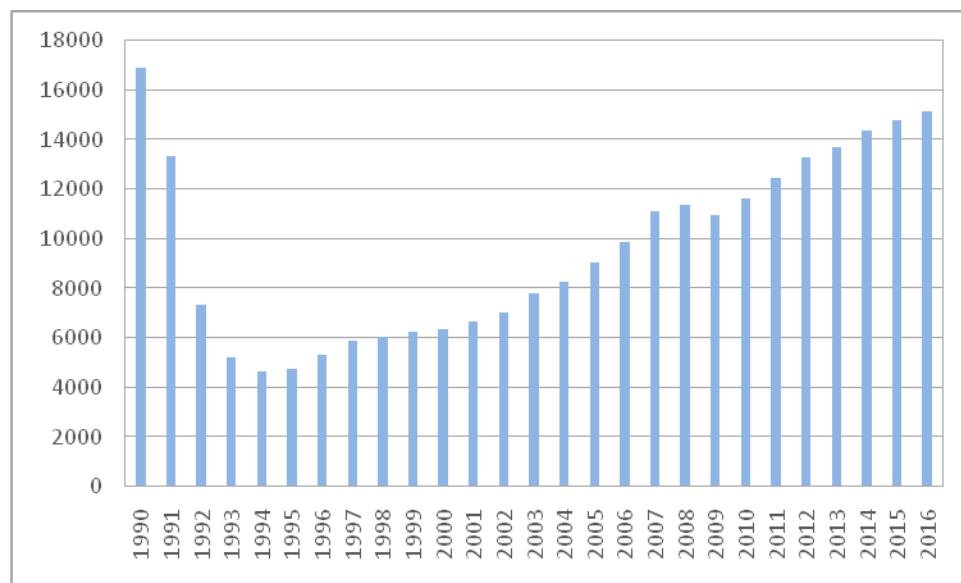
4.1 Macroeconomic indicators of the country

After the collapse of the Soviet Union and Georgia's independence, the processes start to develop dramatically, not as expected. The downfall of the economy started almost immediately. It was drastic, dramatic and long lasting caused not only by the political and system crisis but also by ethnic conflicts.

During 1990 - 1993, the average annual GDP decrease was about 28% and it fell from USD 2499 to USD 680 per capita (World Bank. World Development Indicators (WDI) 2014). By 1995, production had decreased by 78% compared with the beginning of 90s. The decline was the deepest in comparison with other Soviet countries (Liberal Academy Tbilisi, 2012). Only after 1995 the Georgian economy started to revolve but the growth was quite short. Influenced by the Russian financial crisis in 1998 the economy returned to its downfall and inflation. Until 2004, Georgia was still developing very slowly. This period until the Rose revolution is sometimes called the “immobility” period (Liberal Academy Tbilisi, 2012).

The shrink of the country's economy is vivid in Figure 8, depicting the GDP change in constant prices from 1990 to 2016.

Figure 8: Development of GDP of Georgia (constant 2010 prices) million US\$

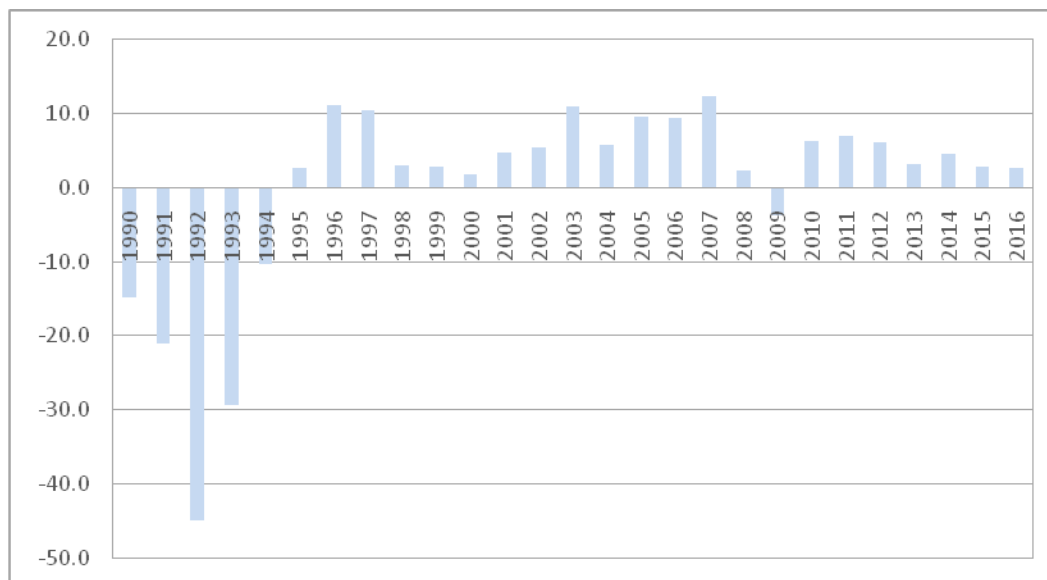


Source: Own figure calculated on the database of World Bank & National Statistics office of Georgia, 2017

There is a huge drop down almost immediately after the collapse of the soviet system, which continued years and stopped only in 1994 when GDP decreased almost 3,6 times in four years and reached 4661 million USD in comparison with 16 926 million before. As mentioned before in the text, recovery was slow and clumsy until the rose revolution in 2003, after which the GDP indicator started to recover and improve faster, until 2008, when the growth process was stopped by the global financial crisis and the Russian army invasion in the country. Only in 2010, GDP re-reached the same level as in 2008. Still, after 27 years the current GDP indicator is about 10% smaller, than in 1990.

Intensity of GDP growth is more observable in Figure 9, representing the annual GDP change in percentages. The worst year in respect with GDP change was 1992, when the indicator in one year decreased by 45%. Growth of the economy was quite impressive in 1996-97 reaching 10-11% but was stopped by the 1998-year financial crisis in Russia and could recover only in 2003. Events that are more dramatic took place in 2008 since the growth rates are still moderate, shrinking to 2.7% in 2016.

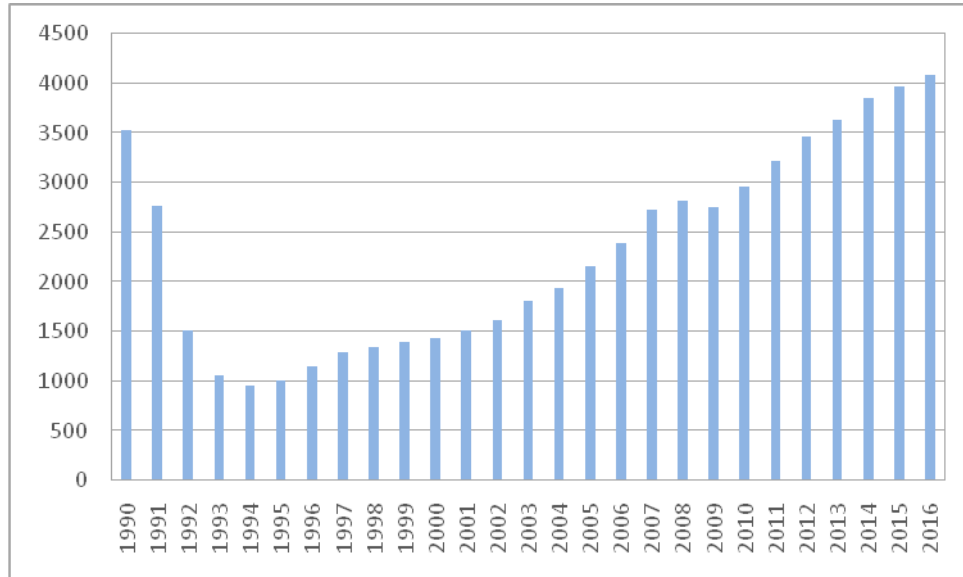
Figure 9: Annual growth of GDP (%)



Source: Own figure calculated on the database of World Bank& National Statistics office of Georgia, 2017

The picture becomes more comprehensive by bringing the DGP per capita indicator in. It is noteworthy, that after 2013 GDP per capita overlapped the same indicator of 1990. In 2016, it is already 13.6% higher than in 1990 (Figure 10).

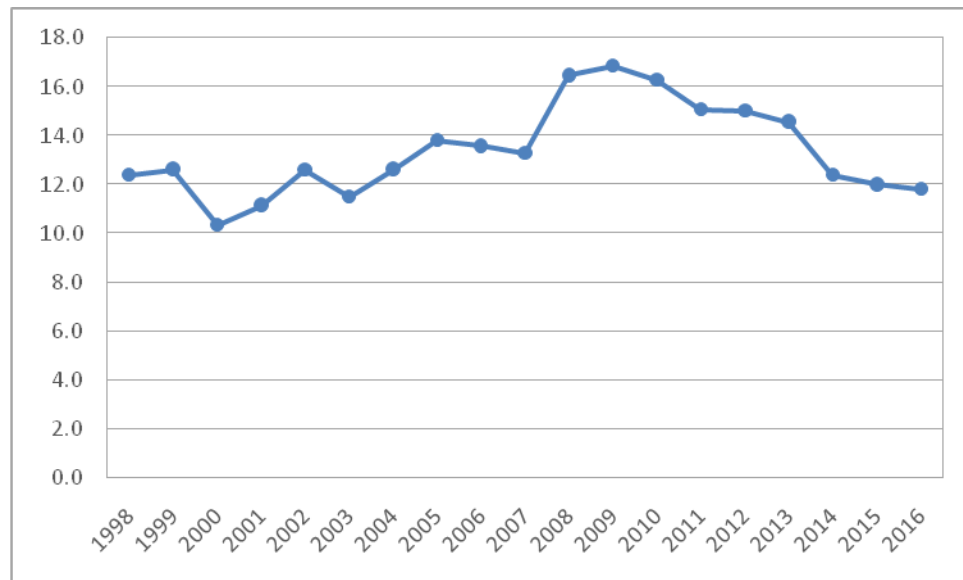
Figure 10: GDP per capita in Georgia (constant 2010 US\$)



Source: Own figure calculated on the database of World Bank& National Statistics office of Georgia, 2017

Unemployment rate is high during last years; in 2000, it hit the lowest point at about 10%, after the financial crisis and Russian invasion reached the top – almost 17% and since then has been falling year after year. 12% is still very high level and points to many problems in the Georgian economy (Figure 11).

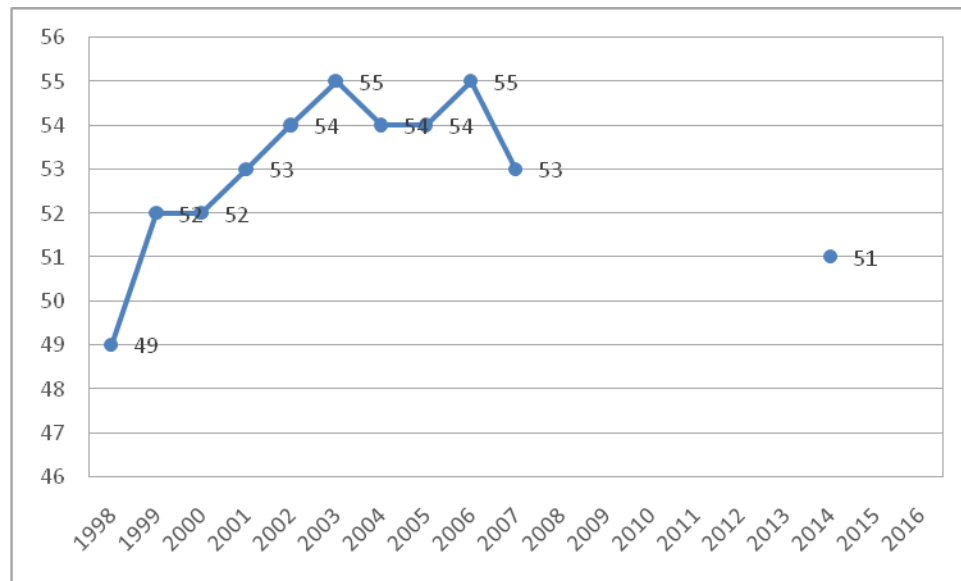
Figure 11: Unemployment rate in Georgia (%)



Source: National Statistics Office of Georgia, 2017

From those who are employed, more than 50% find their places in the agriculture industry. There is no possibility to observe the full dynamics of employment but available data in (Figure 12) shows enough to derive some interesting conclusions. It's easy to observe that more and more people move to the agriculture sector, reaching the top in 2006 and then dropping again, but not significantly. Now, it is in the area of 51% and presumably does not change too much.

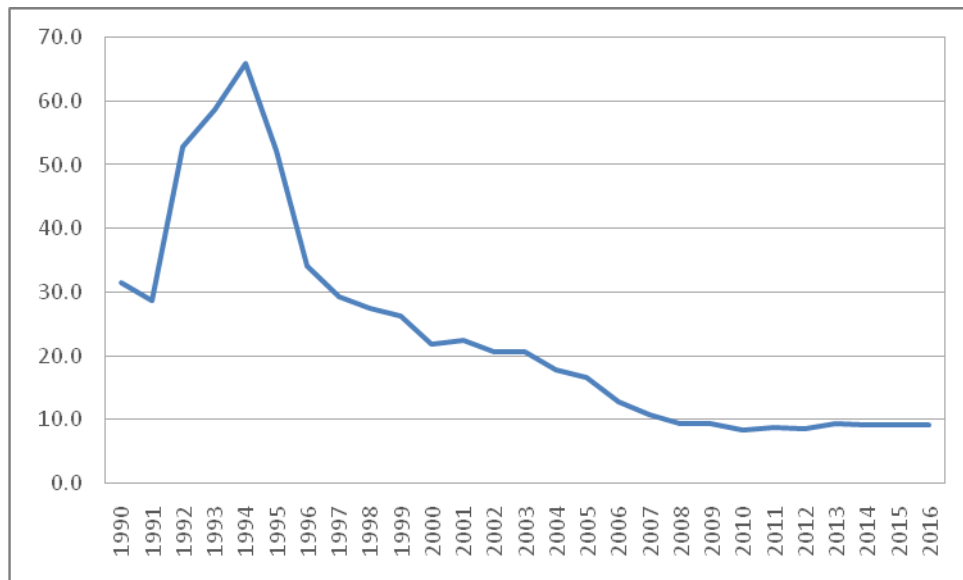
Figure 12: Employment in agriculture (% of total employment)



Source: Own figure calculated on the database of World Bank, 2014, 2017

The shift still does not indicate that there is a more favourable atmosphere in the agriculture industry and that individuals make this change voluntarily. It could rather mean the opposite, as the economy falls and unemployment rises. Those who own the land have to move to the agriculture industry and struggle for income. Figure 13 below is a good backup for this logic. The diagram shows the constant and fast reduction of agriculture industry share in GDP. It also indicates that in 1994 the share of agriculture in Gross Domestic Product was 66%, the highest ever during the whole observable period. Then it started to decrease and since 2008 its share varies between 8-9%. This means that quite many people move to agriculture (voluntarily or not) and they do not become wealthier. On the contrary, they even become poorer.

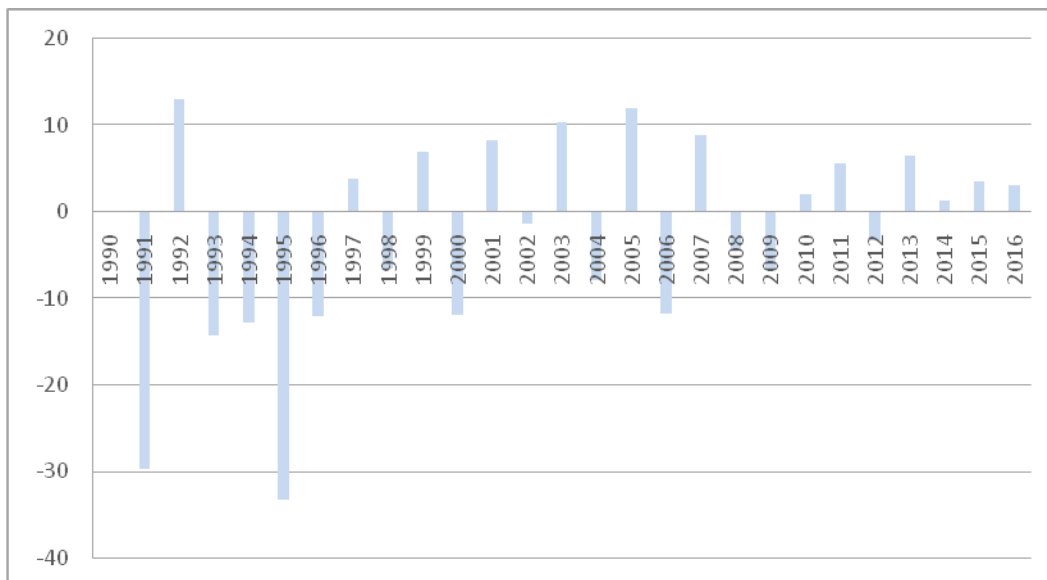
Figure 13: Agriculture, value added (% of GDP)



Source: World Bank, 2017

Agriculture industry develops much slower and unevenly than other industries. The figure shows that after 1997 each second year has a negative growth rate that is a good indicator that the ministry of agriculture has no clear vision and strategy for the industry development. From 2014 the trend is positive but still insignificant (Figure 14).

Figure 14: Agriculture, value added (annual % growth)

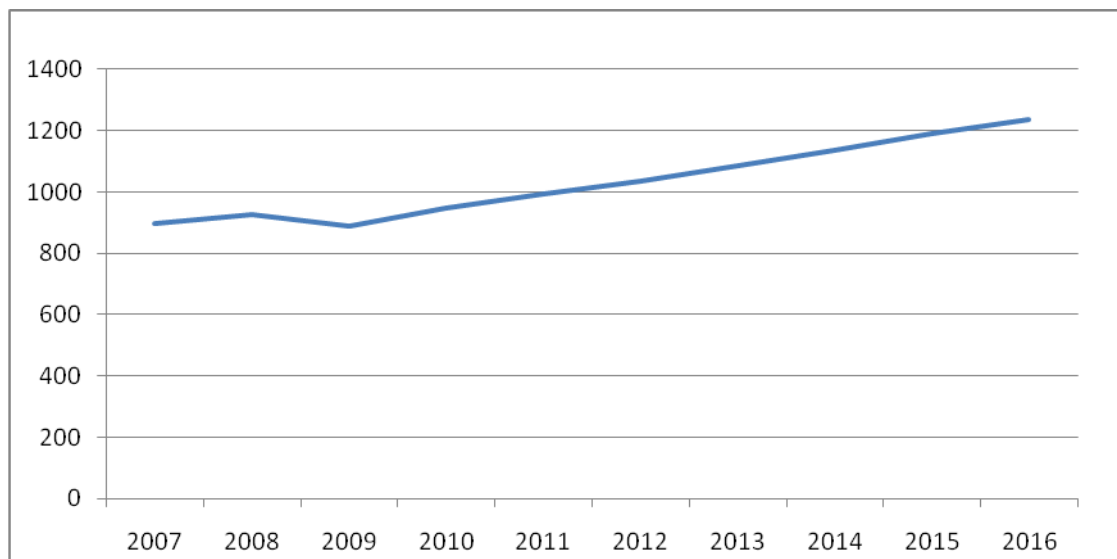


Source: World Bank, 2017

4.2 Overview of tourism worldwide

Travel and tourism is one of the largest and fastest-growing service industries globally. In 2011, the share of tourism in world GDP amounted to 9% with the value of over US\$6 trillion. The sector employed over 255 million people worldwide, which is 8.7% of global employment (UNWTO, World Tourism Barometer, 2017). The travel and tourism industry is expected to grow by an average of 4% annually, reaching 10% of global GDP or US\$10 trillion. According to Figure 15, the number of international arrivals (overnight visitors) increased by 4.6% in 2011 and reached the record number of 980 million; in 2013, the number increased up to 1087 million, 5% more than previous year and 1235 million in 2016. Despite global economy in “low gear”, international tourism results were above expectations, with an additional 46 million international tourists travelling in 2016 (in comparison to 2015). UNWTO expects growth to maintain its steady rate at about 3.3% until 2030. However, already for 2014, 2015 and 2016 the growth was higher than planned, reaching 3.9-4.5% rate (UNWTO, 2017).

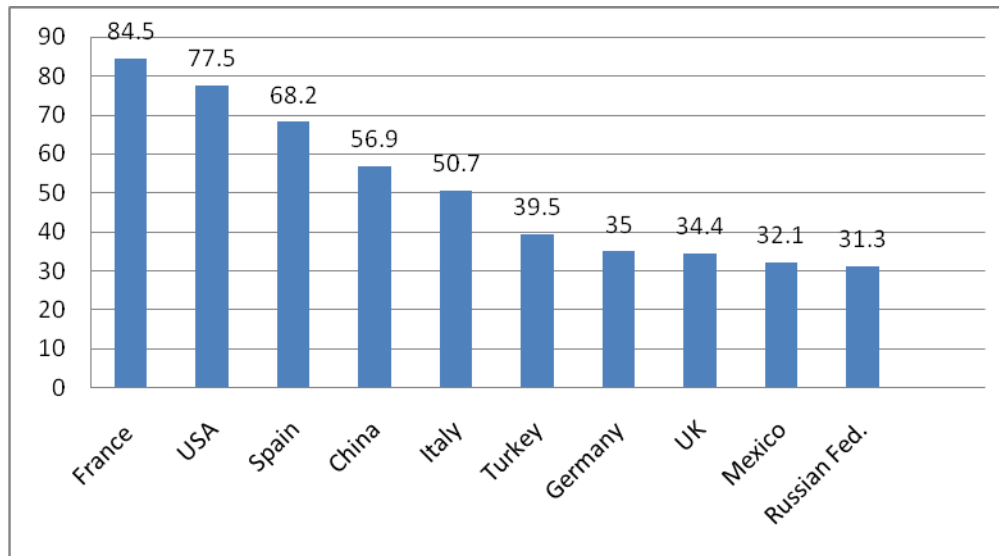
Figure 15: International arrivals (mill)



Source: UNWTO, 2017

Half of total international visitors come to Europe. Accordingly, European countries took top places in the rankings. France occupied the first place with almost 85 million travellers followed by the USA and Spain (Figure 16).

Figure 16: International arrivals, top 10 countries (mill)



Source: UNWTO, 2016

International tourist receipts grew averagely by 3.9% and exceeded US\$ 1 trillion for the first time, reaching 1.26 trillion in 2015. The amount of international tourist receipts illustrated an increasing trend between 2007 and 2014, except 2009 and 2016, when the amount dropped to 905 and 1260 billion, respectively (UNWTO, 2016).

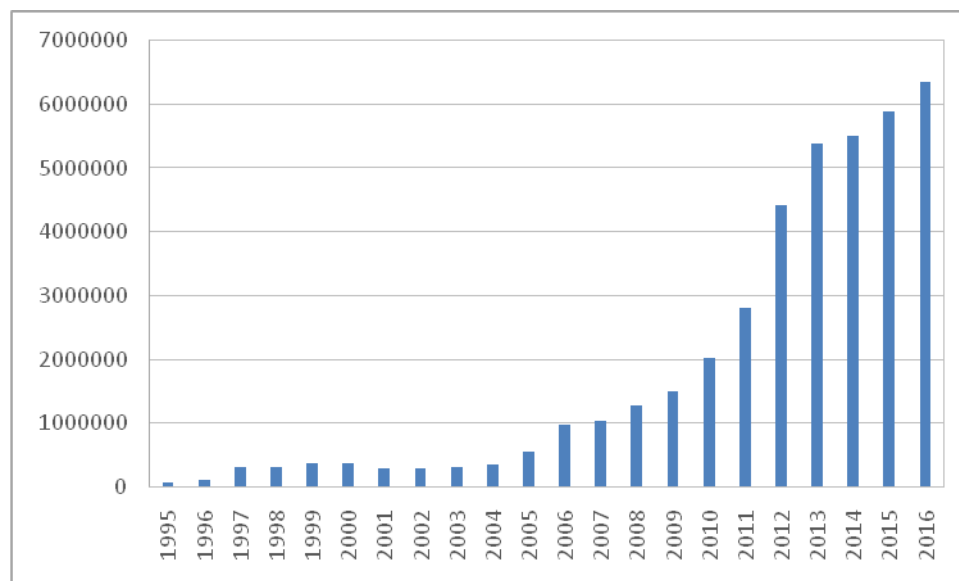
4.3 Country level industry description

Georgia is a small country but still very rich with natural and cultural resources. With a territory of only 69,700 square kilometres, Georgia is almost unique among the world's nations for biodiversity. It is quite uncommon for such a small territory to have marshes, semi deserts, lofty alpine zones and snowy peaks all within a hundred kilometres from each other. There are more than 12,000 historical and cultural monuments in the country. Some of them are included in the list of UNESCO World Heritage Sites and are very popular among local and international tourists. Mtskheta, the ancient city and former capital of Georgia, Bagrati Cathedral, Gelati Monastery (XI century), and Ushguli Village in Svaneti that is considered to be the highest village in Europe (2300 m above the sea level). The visitor can get almost everything s/he desires. There are 103 resorts and around 2400 springs of mineral waters. Lovers of nature will be interested in exploring 8 national parks and 31 protected areas throughout Georgia. The winter resorts of Gudauri, Bakuriani and Mestia offer skiers and holidaymakers an extraordinary winter and summer vacation (GNTA, 2012).

The Number of international arrivals since the beginning of 21 century has changed significantly. Georgia is becoming more popular than it was during the Soviet Union. Tourists not only from the Post-Soviet area but all over the world are visiting the country. Recent data shows (Figure 18) that there have being over 6.35 million international visitors in 2016 that is 1.7 times more than the country's population itself. The beginning was not so impressive. The first data, which are available after the collapse of the Soviet Union, appears since 1995 and only 85 000 international visitors visited Georgia that year. Following years were more successful regarding tourism development but real and stable increase starts after 2005.

Because of many attractive factors, throughout time Georgia becomes more and more interesting for international visitors. Over years, traveller arrivals have been growing rapidly in the country. In 2011, the number of international travellers represented 39% growth and reached 2 822 363. In 2012 it reached 4 389 256 and demonstrated 56% increase over previous year. In 2013, the country was again more intensively visited by international visitors (21% more visits than previous year). During last years, the growth rate is comparatively low, 7.6% in 2016 in comparison with 2015 (GNTA, Annual report 2016), but still almost twice as high as the average global indicator (Figure 17).

Figure 17: Number of arrivals in Georgia

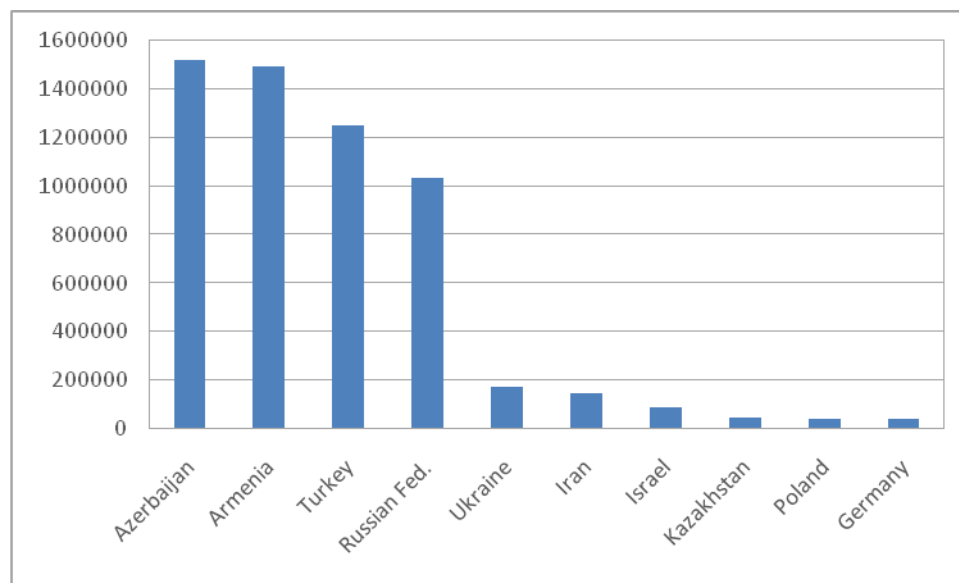


Source: Modified figure on the database of GNTA, Statistics Portal, 2016

The high growth rate in tourism was also highlighted by international organisations. According to the World Tourism Organization's report, "UNWTO World Tourism

Barometer” (2014), the increase of international arrivals in Georgia was rated as the highest in Europe. In addition, the share of Georgia in the total amount of international visitor arrivals has increased from 0.12% in 2007 to 0.51% in 2016 (GNTA, Annual report, 2016). Statistics for the last years demonstrate that the highest number of arrivals fall in July and August. Azerbaijan, Armenia and Turkey occupy top three places by the number of visitors, together accounting for approximately 67% of total international arrivals (GNTA, Annual report, 2016). Altogether, Armenia, Turkey, Azerbaijan and Russia, which are neighbouring countries of Georgia, generates 84% of international arrivals of the country (Figure 18).

Figure 18: International arrivals in Georgia, top 10 countries

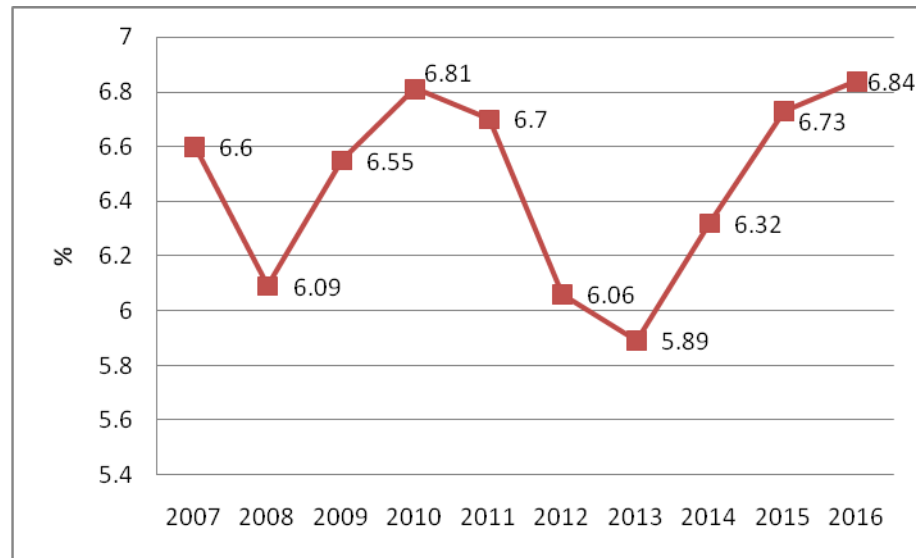


Source: Modified figure on the database of Ministry of Internal Affairs, 2016

Comparison of international visitor growth rates of the world (see chapter 4.2) and Georgia (chapter 4.3) shows that in the last years tourist arrivals in Georgia increased considerably faster than in the whole world. Even in 2008, during the world financial crisis and Russian invasion, when arrivals worldwide fell by 4%, the number of international visitors in Georgia increased by 16% (GNTA, Georgian Tourism Industry Overview, 2012).

International tourism receipts also demonstrated an increasing trend reaching almost 1 billion USD (USD 954 908 000) in 2011 and more than 2 billion in 2016. Although the share of tourism in GDP (Gross Domestic Product) decreased to 6.2% in 2008 (figure 19) as a result of world financial crisis and Russian invasion, since then it has showed growth and now has 6.8% of total output (National Statistics Office of Georgia, 2016).

Figure 19: Share of tourism in GDP (%)



Source: Modified figure on the database of GNTA, Statistics Portal, 2016

4.4 Travel behaviour

According to GNTA's last Inbound Tourism Survey (GNTA, 2012) international travellers are characterised according to the categories, listed below:

- The most popular purpose for visiting Georgia is holiday, leisure or recreation (40%). Slightly more than a quarter of foreigners visit their friends (8%) or relatives (17%). Only 8% travel for business or professional purposes. Travellers also arrive in Georgia for shopping (7%), transit (9%) or other purposes (12%);
- 59% of visitors averagely stay for 1-3 days, the median indicator is 2 days;
- 78% are repeat visitors, while 22% travel to Georgia for the first time;
- The most popular means of transport among international travellers is land transport. To be more specific, 47% travel by bus, 28% by car and 5% rented cars. Then follows air transport: 12% for foreign airlines and 3% - Georgian Airlines. Train and sea transport have an insignificant share with 3% and 1%, respectively;
- The top three activities undertaken in Georgia are rest and relaxation (36%), tasting Georgian dishes (35%), exploring Georgian nature/landscape (35%);
- The most popular cities are Tbilisi and Batumi, both hosting two out of five international visitors (Tbilisi – 45%, Batumi 40%);
- More than a quarter of visitors (27%) did not spend a night in Georgia. Hotel is (38%) the most frequently used accommodation among overnight visitors. About one third of visitors (33%) reside at a private apartment of friends or relatives. Other types of

accommodation are less utilised by international visitors – 11% stayed in a personal apartment, while 8% of visitors chose guesthouses. 11% of visitors stay in rented accommodation, of which 6% rent a room and 5% rented an entire apartment;

- 49% of international travellers travel alone, 22% with friends and 16% with family members;
- 70% of travellers plan the trip by themselves. Only 16% of travellers' trips are organised by friends or family members and 8% by employers. The share of travel company organised trips is not significant accounting only to 1.4%;
- The average expenditure of an international visitor in Georgia is GEL 548. Served food and drinks and shopping (18%) account for the largest shares of expenditure of visitors - 23%. About the same share of expenditure - 18% is reported for accommodation while 7% is spent on domestic transportation.

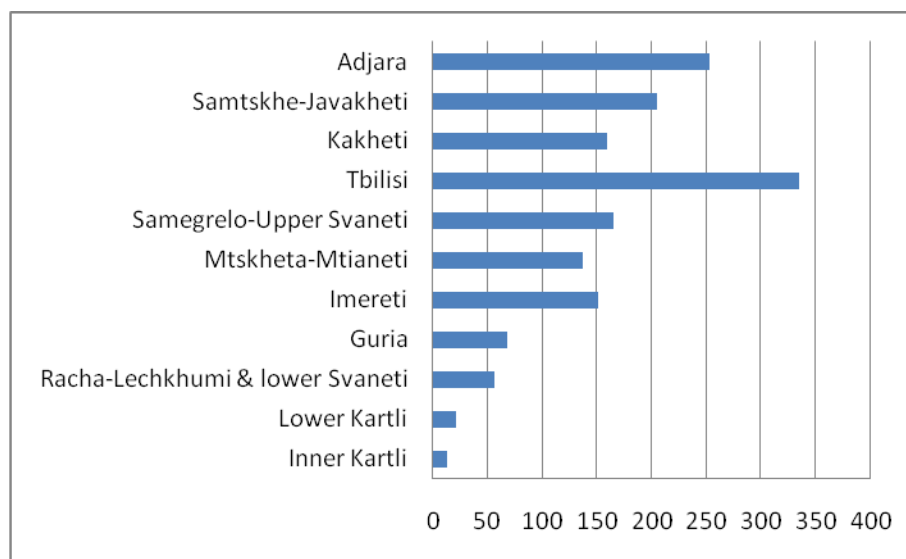
The travel patterns of domestic travellers differ slightly from those of international ones:

- The most common purpose of travel among Georgians is visiting friends or relatives - 44%, going for holiday, leisure or recreation - 16%. Nearly every tenth visit is related to health or medical care, 12% travel for shopping and just 3% travel on business or a professional trip;
- Average duration of stay is 2 days;
- 20% of domestic visitors travel only once while the remaining 80% is regular travellers;
- Bus or minibus is the most common means of transportation for domestic travellers. 55% use a bus at some point in their trip, followed by private vehicle - 34%. Smaller portions of Georgians use train and rent a car: 6% and 4%, respectively;
- Main activities during domestic trips are rest and relaxation (30%), shopping (22%) and exploring Georgia's Nature/Scenery/Landscape (9%);
- The top three most visited places are: Tbilisi (27%), Kutaisi (9%) and Batumi (7%);
- 40% of domestic travellers do not stay overnight. Out of those staying - 55% choose private accommodation of a friend or relative, 17% - private houses/apartments and 11% - secondary residences;
- Domestic travellers typically travel alone (44%) or with close family members (36%). Less than one quarter (23%) of visitors travel with extended family members, friends, co-workers, etc.;
- About 68% of visitors organize their trips by themselves and 28% rely on family members and friends. Very few visits are organized by employers (8%) or travel companies (0.02%).

4.5 The dwelling infrastructure

Figures 20 to 22 illustrate hotel infrastructure development according to regional-administrative units in the country. No research regions could be seen there, as data on smaller regional level are not available yet. Bakuriani region is a part of Samtskhe-Javakheti administration region whereas Kazbegi belongs to Mtskheta-Mtianeti. In addition, it is hard to distinguish the share of research regions in the regional administration units, as the Samtskhe-Javakheti region includes Borjomi municipality, which is a regional centre and much bigger resort than Bakuriani. The same applies to Kazbegi, where Mtskheta, the former capital of Georgia during ancient times, is the administration centre and a very popular destination among tourists. Therefore, the data given below are quite important since it gives an idea about hotel infrastructure development according to administrative regions.

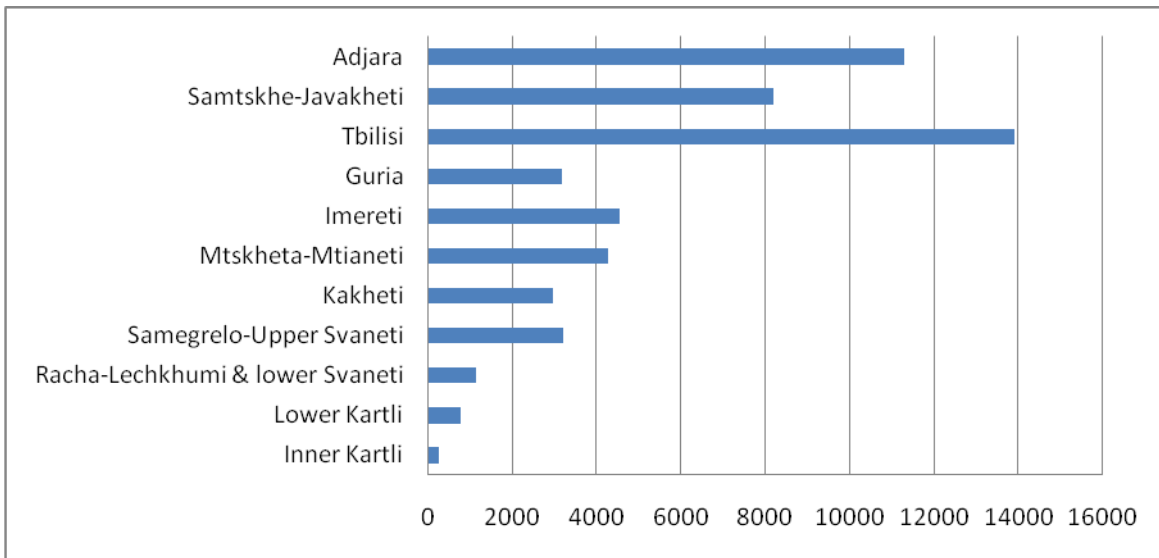
Figure 20: Number of accommodation units in Georgia



Source: Modified figure on the database of GNTA, Statistics Portal, 2016

The most developed regions appear to be Tbilisi and Adjara, the capital and the sea region. That's why, both are intensely visited. Samtskhe-Javakheti occupies the third place demonstrating that it has one of the most developed dwelling infrastructures while Mtskheta-Mtianeti is in the lower middle of the list having only 137 accommodation units (including, hotels, guesthouses and so on).

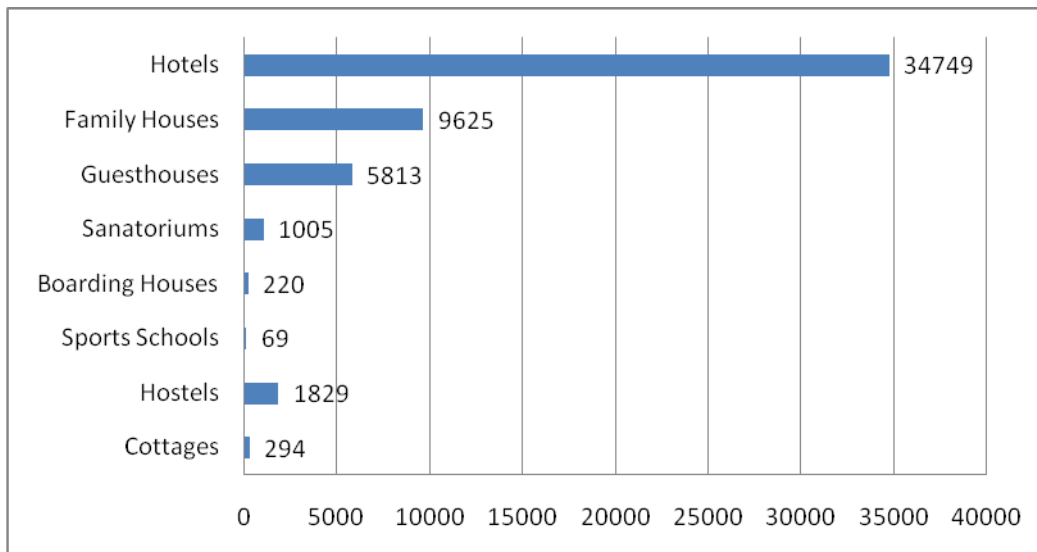
Figure 21: Bed capacity by regions



Source: Modified figure on the database of GNTA, Statistics Portal, 2016

In Figure 21 bed capacity, Tbilisi, Adjara and Samtskhe-Javakheti still have leading positions. Mtskheta-Mtianeti's position is changed and instead of the 7th position, now occupies the 5th.

Figure 22: Bed capacity by types



Source: Modified figure on the database of GNTA, Statistics Portal, 2016

Hotel infrastructure seems to be most developed and offers 2 times as more places than guesthouses and family houses together. Sanatoriums and other types of dwelling places have very low share (Figure 22).

5 Empirical results from the qualitative study

5.1 Case studies

Seven in-depth interviews were recorded in the Kazbegi region, nine in Bakuriani and one in Tbilisi within the scope of qualitative research. There was one expert in each region, including Tbilisi, two guesthouses, four visitor interviews in Kazbegi and six in Bakuriani, out of which there are both foreign and local visitors (See Figure 6).

These case studies are providing data for Chapter 5.2, which is devoted to the situational analysis for both regions with regarding to general tourism aspects, as well as service evaluation, programs, trainings and progress on the way to sustainability.

5.1.1 Expert interviews

5.1.1.1 Expert interview in Tbilisi

The 31-years-old expert from Tbilisi (T.E) has already been working at this position for the Georgian National Tourism Administration, department of planning and development for several years.

For the expert sustainable tourism means continuous development in the sector, when the household get more income, has more diverse sources because of tourism, which leads to better life quality. In addition, sustainable tourism means using maximum capacity of available resources and reduction of seasonality if, of course, it is possible.

Generally, developing processes in tourism industry were assessed positively. This year (2011) the number of tourists increased by 40%. Administration works in all directions, including, sea and mountain resort development. Also, efforts are made to develop service quality. This year interests are directed more towards mountain regions and it is obvious that investment processes are intensified there, especially, Svaneti and Sairme resorts. Also, some resources were allocated for the rehabilitation of some old cities like Kutaisi and Mtskheta. So, this year it could not be said that mountainous resorts had much stronger priority but mountainous resorts definitely attracted more attention.

In Bakuriani, for example, three small 2-3 stars hotels where opened this year. The additional ski route of Kokhta Gora was reconstructed and opened. As for Kazbegi, this year there was a huge amount of tourists, as for specific projects expert could not remember any.

The biggest problem for tourism industry is lack of 2 and 3 star hotels. Besides, generally, the service quality suffers everywhere in existing hotels. This applies to not only guesthouses but also other hotels that have small rooms and limited services – the so-called bed and breakfast and they lack service quality too.

According to the expert assumptions, the main factor why people move to tourism industry is income and income diversification. As for mountainous regions, such as Kazbegi and Svaneti, for them it is one of the income sources to get tourists, serve them, trade local food. There are some special guesthouses where tourists can go and observe how food is prepared and even participate.

During the interview, the expert underlined that authorities were trying their best to support tourism development in the country and attract more tourists. Short-term strategies are developed each year with specific objectives and everybody should follow them strictly. There are many exhibitions all over the world and administration always participates with exhibition materials. There are lots of tour operators who try to discover new destinations in the world. The national administration always tries its best to present Georgia to them in the best way. So, best exhibitions are chosen to participate in. The country is represented at them by the stand. Different printed materials are usually distributed to interested visitors and organisations. Besides, information is delivered to the readers through various tourist media and professional journals. Also, administration representatives invite foreign tour operators and journalists, arrange tours for them and when they go back, they publish some articles or start to cooperate with some Georgian tour operators.

There are two tour operator associations in the country (Tour Operator Association and Georgian Incoming Tour Operators Association, uniting the biggest and experienced organisations – about 10), they lead the policy in the tourism sector and sometimes organise some promotions to attract foreign tourists in Georgia. For example, bicycle competitions, rafting competitions and so on. In addition, they participate and exhibit Georgian promotional materials at different international exhibitions. For example, in Berlin ITB, that takes place every year and is one of the most important exhibitions in tourism industry.

Every kind of development brings some changes. This is valid in case of tourism too but all positive changes or changes that are not against sustainability should be accepted. As the expert underlines, it is better to adopt some acceptable changes, for example, concerning traditions, than keep them and starve. Among other problems caused by tourism development, the environmental problems, such as, pollution and littering were mentioned. Pollution correlates with the number of tourists. It is difficult to be avoided. Everything has its pros and cons. She was not too involved and informed about legislation and governmental

bodies controlling construction, licensing activities and other similar issues but underlined that there were infrastructure development plans, rules and everyone had to follow them. Even more, she noted that there were laws about tourism, resorts and protected zones and if a place is noted as a resort or a protected area, it is prohibited to carry out any kind of construction activities around, which can lead to damage.

According to her, service control almost does not exist in Georgia at present. GNTA works towards this direction and forms databases for guesthouses and hotels as well as cafes, restaurants and museums. In addition, National Tourism Administration permanently organises trainings in mountainous regions and other regions of the country. To be more specific, English language training course were organized in Kazbegi whereas hotel personnel trainings were offered in Bakuriani on such issues as how to serve a guest, book a room and clean. Therefore, any kind of assistance is offered to locals in order to help to increase their knowledge.

There is also the organization called Global Star, which has been working since 2010. They have their standards, according to which they grant numbers of stars to hotels. However, this is not a governmental project. This is a commercial organisation that does this kind of service for some amount of money and it is not obligatory to use their services. However, there are hotels that voluntarily paid and got some standard. Also, there are some restaurants that used this kind of service too. Generally, Georgians do not pay attention to the number of stars but for foreigners the question of how many stars a hotel has is number one.

Many people say that there is no price-service balance and some ask too much price for poor quality. From the governmental point of view, it is difficult to control and is the matter of market economy. Administration can work towards standards, which will define such issues as what should be in a room or how it should be equipped (and according to that grant star numbers) but prices should never be dictated from the centre as this is not right.

Local hotels and guesthouses are not ready to get stars because if this process is obligatory there will be many 1 and 2 star hotels that any way will have clients. Nevertheless, these kinds of hotels do not have the incentive to acquire a star and pay for it.

According to observation, the expert could find out from research that the biggest amount of tourists visit to see friends and relatives. It is meant that they already know about Georgia. As for new visitors (who come for recreational purposes), their bigger part got interested because of their friend's recommendation (word of mouth). Also, there are many people who get information from the internet and then decide to visit and those who first

saw the TV ad and only after that searched for further information in internet, eventually deciding to visit the country.

Gudauri is mostly visited by foreign tourists and those who are rather good in skiing because ski routes there are a little bit difficult than in Bakuriani.

5.1.1.2 Expert interview in Bakuriani

After working for more than 12 years in the tourism industry (sample of the interview, Annex A 7) as a specialist (B.E) (Appendix A4), the interviewer is very familiar with ongoing processes in the settlement and collects all sorts of statistics (data about tourists, quantity, percentage of tourists according to different countries and so on) in Bakuriani which she afterwards transfers to the National Tourism Administration.

Tourist statistics is calculated according to specific and predefined methodology. According to previous research, the number and capacity of each hotel, guesthouse and house for rent is known (in total 24 hotels and 210 guesthouses). So, the number of tourists is calculated based on this data. The database is, of course, permanently updated. The expert is always in contact with tourism suppliers in the settlement and gathers statistics from them. For example, in 2011 45 000 guests visited Bakuriani, including, 35 000 during the winter season. Generally, Bakuriani is a four-season resort. In spite of this, most active seasons are winter and summer. Spring and autumn are less visited. During this period mostly foreign tourists are observed (mainly from Israel or Germany). The winter season is very popular among Azeri tourists.

Good and sustainable tourism for the region implies a non-stop development process increasing the wellbeing of locals and delivering best service and feelings to visitors. It includes infrastructural and customer service development processes. This is the whole system where both guesthouses and the government are involved.

The most serious problem solved was that of water because locals were buying water every time.

The winter season in Bakuriani officially starts on the 25th of December. In spite of the desire of locals and tourists, there is no official opening ceremony held. The main problem is lack of money and independence from the centre that Borjomi municipality (Bakuriani is in Borjomi municipality area) faces. January and February are more interesting due to a variety of events held. The competition between sport schools starts at the end of January. February 20th is the day when the celebration “Bakurianoba” begins and goes on until the end of a month. During this time, there is competition in different kinds of ski sport. Children as well as older people take part. The ski jump place is already reconstructed.

Horse and jeep racing takes place too. All these events are managed by local municipality. No centrally organised events (tourism administration, for example) take place. Ski seasons in Gudauri and Mestia are much interesting because of many events. They always forget about Bakuriani authorities (B.E) (see Appendix A 4). Bad positioning and promotion of the resort seems to be a problem as well. Very often Bakuriani is positioned as a place for the elderly and children that is not correct, declared the expert.

No specific programs regarding tourism development in Bakuriani exist. No annual plans of future events are in place either. The government never focuses on the Bakuriani resort. To be more specific, tourists mostly come via tourist companies. Also, local people have many connections. Conducting business meetings is very common too.

Besides ordinary services, there are available bicycle tours, horse riding, camping, tours on snowmobiles, and bird watching (in Tskhratskharo). Maps of tour routes are available; soon maps for bicycle routes will be prepared too.

The last training was organised by the Tourism Administration in 2008 in the area of increasing service personnel skills in guesthouses and hotels. Since 2008, no other trainings have been held.

Respondent remarked that due to the fact that almost everyone involved in tourism could speak Russian, the language problem was not so critical in Bakuriani; However, English needs more enhancement.

In general, tourism cannot harm farming in the region. However, sometimes it has some negative influence. For example, when the cattle use settlement main roads, pollute the area and cause some discomfort not only for tourists but also the locals. Tourism does not substitute farming. With tourism development the demand on natural farming products increases too. Substitution happens only when the household completely decides to be involved in tourism and has no time left for farming. This was happening and happens a lot in Bakuriani but things are going to change, said the expert.

Moving into tourism business for any household seems to be easy. Variety of services could be offered varying among winter sport and entertainment and eco and cultural tourism. Registration, prepared rooms and a strong desire is needed to become a tourism supplier. However, with registration one pays higher rates on gas electricity and water and an additional extra 3 GEL per room. Every building or design changes in architecture require special permissions from a special body.

Bakuriani is considered as traditional tourism destination. The settlement has a big history for handling local and international visitors. Thus, the threat of losing traditions or harm the culture does not exist. Being involved in tourism is a tradition.

Tourism development causes some misunderstanding and gossips too. For example, “a red zone” is placed in the centre of the settlement. In reality, this is private property. Local households own small parcels of land. The only thing prohibited is to construct something there, or sell the land, until there is one investor desiring to buy the whole territory. During summer time this place is used for hay making.

Pollution appears to be one of the most serious problems for the resort. Mainly, litter and garbage is observed in the surrounding area which also gets into the water. Besides, the surroundings are polluted too. This is not simply a problem for tourism. It creates threat for the whole settlement too. During the interview it was mentioned that garbage utilisation had already been a problem in Bakuriani for many years. The landfill is near the village and this is a problem too. Tourists and locals also contribute to polluting the environment.

No forest management and proper control of cutting trees could cause any problems for tourism development in the future.

Foreigners mainly use the existing information centre but a positive trend is observed and Georgians start to use it too.

After finding the guesthouse and rooms, visitors as usual, require services like internet access, good food and so on. Tourists’ needs are regularly analysed by the National Tourism Administration. Complaints mainly are because of no entertainment places or souvenir shops in Bakuriani. Nevertheless, “locals do not consider this as the possibility to earn money (souvenir shop) because costs for crafts work are rather high”, said the expert.

The expert was not informed whether there was any plan for settlement

To support advertising of local guesthouses and hotels the Bakuriani official web page (www.bakuriani.ge) is available free, where everyone can post information about themselves.

To support ongoing tourism processes, one Georgian commercial company Global Star, in cooperation with the Tourism Administration started offering hotel and guesthouse services for obtaining stars. The service was not free. Also, it was not obligatory. Thus, not every guesthouse and hotel applied to them. After this 2 and 3-star hotels (no 4-star hotels) and 2, 3 and 4 star guesthouses appeared in Bakuriani. This company offered its service only once. So, the standardisation process is not finished yet. After this, some negative trends were reviled, as guesthouses and hotels, which do not have the standard, appoint a wrong number of stars on their web pages.

The Tourism Administration initiated to create “a Twining System” uniting several regions (Borjomi, Kakheti, Kutaisi, Batumi and so on) under one system, “one roof” and after some membership payment, all services offered by hotels and guesthouses are going to be available in this domain. The starting date of this project was unknown.

Besides these macroeconomic changes, there are some problems at the micro level too. Local municipality has no funds to support tourism. There is a “village support fund” but this mostly is used for settlement problems and not specifically for tourism. Problems exist with banks too because many guesthouses have loans and many lost their business because they could not pay back.

The most serious problem it considered lack of promotion and advertisement. *“I observe in many journals, which were presented in exhibitions, information about Bakuriani was not at all, when there was info about Gudauri (this happened last winter on exhibition in France)”* (B.E). Local entrepreneurs can offer very high quality service. They are improving year by year and all they need is a little bit help. Moreover, with this small help the resort can function four seasons a year. Spring is good for healing lungs and bronchial diseases.

So, with a very small attention Bakuriani can develop significantly as a resort.

5.1.1.3 Expert interview in Kazbegi

Kazbegi does not have its independent department for tourism. The tourism division functions within the department of economics in the municipality and employs two specialists who have already three years of working experience at this position and since the first day are dealing with all ongoing activities, events and observe all positive and negative changes in the Kazbegi region. “Expert K” (K.E) (sample of the interview, Appendix A 6) receives indications from the Tourism Administration from Tbilisi and reports to them as well as the Department of Economics of the local municipality. The main job duties of the expert include gathering different types of empirical data and sending them to the Tourism Administration in Tbilisi as well as counting the number of visitors and researching their satisfaction level when leaving the region. The tourism division in the Kazbegi region also provides tourists with route maps and hotel and guesthouse databases with photos thus making it easy for tourists to make decisions. *“We’ve got tour route maps as well as the hotel and guesthouse database with photos and visitor can make a choice based on the data we deliver”* (B.E)

According to the expert, methodology of counting the number of tourists is not perfect and needs more improvements. The data is gathered from guesthouses/hotels (but they do not fill any special forms when tourists visit them) as well as rangers who count tourists visiting and leaving the region on the same day.

Experts from the very beginning underlined that good background is needed for tourism development. Any uncertainty for the tourist should be eliminated and the feeling

and perception of safety and comfort should be formed, which will ensure success in the future.

Tourism development was positively evaluated from the respondent. Some new agencies were opened, which offer a wide range of services to tourists, such as, the service of the guide, the horse, the car, renting mountain equipment and many other services needed for visitors in mountainous regions. Also, sometimes they act as information centres too but this is not their primary profile.

More hotels and guesthouses were opened and services were improved. At the moment there are already 4 hotels and 10 guesthouses registered in Stepantsminda. The new and the biggest one was opened recently (in the place of the old Soviet one) and the number of pharmacy shops, cafes and restaurants also increased. Some information needed for tourists started to be published on the municipality web page: www.Kazbegi.org.ge

Besides some progress, the region also faces many problems in the tourism industry.

The biggest problem for tourism development in Kazbegi is absence of the tourist information centre. Of course, there are private agencies which deliver some information needed for tourists, sales maps, have some rental and guide services, but they are not able to substitute information centres. Because of this, it is very hard to get feedback from tourists. There is no system detecting what they liked, what caused them problems, the only mechanism is if guesthouse owners and tourism agencies share this kind of information with local experts. However, this is far not enough.

Guesthouses do not have any registration system for tourists. Visitors never fill any blanks with any information (even what they liked and what they didn't). The expert noticed that it was impossible to force any household do this registration and the blank filling process until it is required by the government.

It is planned to place the tourism information office in the centre of the settlement where all staff involved in tourism will move from the municipality building. The bad thing is that nobody knows the exact date when this happens. But, there already is a place in the very centre, near the park picked for the building.

Absence of a good park was also mentioned among the problems. There is a park in the centre of the settlement but it is old and does not satisfy the needs of visitors. However, there already is a very good project of the park and the construction will start soon but still the expert was not able to give the exact date. So, the problem of the park exists before the construction starts.

According to the expert opinion, one of the biggest problems is a small number of banks. There is only one bank in Stepantsminda that is not enough and causes many

inconveniences and discomfort both for tourists and locals. Absence of currency exchange and ATM are extra problems too.

Similar to another problem, absence of internet café was distinguished. To be more specific, many households have internet connection but it is only for their guests. Besides, public internet access (or commercial spot) is not available in the settlement.

Another problem was non-existence of restaurants as well as entertaining centres and clubs. The expert noticed that there was a demand from tourists though not very high. However, they sometimes ask for such places. To generalize the issue, there is a problem of delivering comfortable service to guests because of bad infrastructure.

Another serious problem that was revealed after the expert interview was lack of research. Local staff of the tourism office never conducted any research (quantitative or qualitative) to find out what tourists actually need or like and dislike. The expert declared that their main job was to get some tourist (visit) statistics. *“But if we have the information centre in the centre, it will be much easier to keep in contact with tourists and conduct variety of researches”* – (K.E) (See Appendix A4).

“The rehabilitation process is already a foreplay attracting tourists,” declared the expert. Within country-organised exhibitions Kazbegi region is always represented by the local staff of the tourism office, there is a special place appointed for this region, where one can find photos, printed materials, different kinds of craft souvenirs for visitors and so on. The expert could not answer the question of how the exhibitions abroad are organised, as nobody from the region had participated.

They also do not have any timetable, the schedule with exhibitions, planned performances and so on for the whole year. In fact, the centre (GNTA) gives out all the instructions.

Local tourism office staff searches for the exhibition hall in the centre of Stepantsminda. This will be not only for international visitors but also for locals. There is already one exhibition room under the patronage of patriarchy, but a bigger hall is more desirable in the centre where everyone could be able to notice it. It will be possible to organize exhibitions in such a hall as well as selling to the public local craftworks.

Infrastructural improvements by the government serve as the most important thing to support tourism. It especially applies to the Kobi-Gudauri tunnel that will decrease travelling time from Tbilisi to Kazbegi from two and a half hours to an hour and a half and makes travelling safer, especially, in winter time. This is the most promising project. As for other projects supporting tourism, the respondent was not able to mention them but the one

more time underlined the importance of the tourism centre that will automatically solve many problems they face today.

The expert presented a complete list of existing problems acting against tourism development in the region:

1. Absence of the tourism information centre;
2. Lack of promotion and TV ads;
3. Chaotic development of tourism. Because of absence of the tourism information centre, there is no possibility to have close contact with tourists and this means that local tourism office staff can't properly distribute tourists through guesthouses. It means that visitors cannot find complete information about guesthouses and available rooms. Some local inhabitants use this. They stand in the centre of the settlement and when the visitor comes, they "capture" them and offer their rooms and services. Visitors do not have a chance to choose. So, they say "yes" and, as usual, they lose, as living conditions at such kind of guesthouses are often very poor. In such a situation what wins is not a good quality of rooms and offered services, but those who are good at "capturing and kidnapping." This kind of pressure on tourists is not tolerated at all, but nothing can be done until tourism information centre is finished. The database will be available with photos and prices so that tourists will decide themselves and nobody will influence them. This kind of database already exists but nobody uses it because tourists are not able to find the tourism division in the municipality building;
4. No parks and recreational places within Stepantsminda; there are only old ones that need to be rehabilitated;
5. No entertainment centres. Not enough cafes and restaurants. There is a list of cafes and restaurants but they are not on the map; so, it is getting hard to find them. There are about 6 cafes and bars;
6. Very bad knowledge of foreign languages;
7. Lack of hotels and guesthouses. There are only 3 (the biggest third one was opened a month later after this interview and is supposed to serve 300 guests) hotels and only 10 registered guesthouses;
8. No ATMs and exchange spots;
9. No internet cafes. Internet is available in most hotels and guesthouses (for their guests) but there is not a place in the centre for guests in case they need to use it. According to experts, about 90% of guesthouses have internet access. So, besides room photos and other information, their database about guesthouses contains information about internet accessibility too;

10. There is no information about tourist needs; guesthouse owners are not informed about these desires too. In addition, there is no information on what tourists liked and didn't like;

11. There is no normal road. In wintertime the place is almost inaccessible. Therefore, if the roads get organized, many tourists will visit the place;

Of course, problems are solved gradually. More cafes and bars (4-5) are opened. One was opened on the way to the Sameba church and a big hotel was reconstructed too in the place of Soviet tourist base. A new private (GPI) hospital near the centre was opened recently and some other improvements are about to start.

Reports about existing problems and recommendations are delivered to the local municipality and as the expert reported during the interview, local municipality always tries its best to solve every problem.

"We deliver our reports and recommendations to the local municipality and they always do their best to fulfil our recommendations", declared the expert.

Most problems that tourists appear to have are related to the number of available rooms, lack of bathrooms and toilets. The expert never observed serious problems in respect with the service or food quality.

There are some tourists, who do not ask for bathrooms and do not want any comfort. Mainly, they want to live as all other locals live. Some prefer to stay outside in the tents instead of sleeping in the bed.

Tourists very often have the desire to learn how to cook and help their host to prepare food. So, many guesthouses use this as an extra service. They teach how to cook and, logically, attract more visitors. It is possible not only to help with cooking but also be involved in everyday household activities. Generally, there is a problem with foreign languages. So, those households that can speak English, can attract much more foreign tourists.

According to the expert, tourism development influences development of farming too. Many tourists prefer completely natural and homemade products and, as many families have the cattle, they can offer visitors fresh homemade dairy products. There are some visitors who demand milk and dairy products only from the factory and do not choose homemade ones. This is not a problem too.

Thus, according to the expert, there are not any reported instances when tourism becomes a substitute of farming. The main reason is that tourism is rather seasonal in the Kazbegi region and locals need another source of income. Locals buy cattle and other animals for their own consumptions and to offer homemade products to tourists. *"Living without*

cows and home animals in Stepantsminda is almost impossible” (K.E). So, almost everyone has animals. Animals and home dairy products are used as another source of income. People use dairy products for internal consumption and sell it (both during the tourism season and when it finishes) or sometimes do the barter exchange of vegetables.

There is an open market (Bazar) in Stepantsminda. As usual, locals rarely sell their products there but they buy the stuff they need for the household. The expert was not very sure, but assumed that the Bazar comes from Marneuli (another region). Therefore, it is observed in the region that tourism more or less supports farming industry development. Because of visitors, locals need to produce more food. There even are trout ponds focused on both local population and tourists. Namely, in Gergeti and the villages of Sno and Achkhoti where farmers grow fish. It is also possible to fish on river Tergi. Notably, locals do it but there are no reported cases of foreigners doing the same because Tergi could be dangerous.

The role of tourism in this region increases very rapidly. It is a number one source of income during summertime. Therefore, the business environment starts to play a huge role for locals.

Theoretically, to start the tourism business one needs a start-up capital, the house, available rooms for renting and finances to prepare rooms for visitors. There are no other obstacles that will work against the household’s desire to start a business.

As for the taxation of households being involved in tourism, the expert was not able to give a satisfactory response. “*The household involved in tourism pays the same rate for gas and electricity as those not involved in this industry*”, the expert stated in the interview.

Development of tourism started suddenly and unexpectedly, without any preparation, or training. Locals started to rent their houses and rooms, but as they were not ready, the quality offered was very low too.

There were problems with guesthouse registrations too. However, when locals observed how profitable it was to be involved in tourism, they started registering their guesthouses. In spite of this, even now, registration is a serious problem.

There are some issues households need to take into consideration. “*There is a risk that tourists will not come to you, a bad season and increasing competition*” (K.E). In addition, guesthouse owners have to build relationships with tourism agencies.

Not having the information centre plays against tourism industry. Experts explained how the information centre would work. “*Information centre will serve tourists and only deliver the data about registered guesthouses. If the household rents rooms and is able to deliver services to tourists but is not registered, the information centre will not give any information about the guesthouse to tourists*” (K.E). Thus, this centre will enhance the

registration process to continue faster. Registration will also help to book rooms in advance. Otherwise, household members have to stand in the centre and “hunt tourist”. However, unless there is a problem of unregistered guesthouses, there always will be high risks in this industry.

The main reason why people are involved in this business is money. Tourism is a good source of income, especially, after the greenhouses and using gas for them was prohibited. So, locals find a new source of income.

In addition, tourism becomes to be a priority for the country too. Location is very advantageous. One needs only two and a half hours from Tbilisi to get here and see these beautiful mountains. On the other hand, three times more to get to Svaneti. So, the location plays its role too. The expert expressed a strong belief that after 5 years tourism will be flourishing in this region.

Some changes in the banking sector are needed too. Region-specific programs should be available. It means, when a guesthouse owner wants to increase the number of rooms, or refresh them, build a bar or a diner for tourists, they need a low cost and long term loans. However, commercial banks are not supporting such projects and there is no special governmental program too.

According to the expert, tourism could not be considered as a threat to local culture and traditions as mountainous people are very strict in keeping them and are not going to give up so easily. Tourism development also never limits the lifestyle of locals.

At present, there are no limitations to access local amenities because of tourism, but some changes are expected in the future. Tourists are mainly concentrated in Kazbegi and Gergeti. So, logically all these restrictions apply to these regions. *“The tourism season lasts for maximum five months. So, when it is over, locals have to live with these restrictions. I hope that we will not feel uncomfortable because of them. I guess a lot of people will be against”*. (K.E)

Control is rather strict and respective standards are required to be met in the construction area. For building or enlarging the houses, locals need special permissions and building plans. The building process is also controlled and monitored. Without this preparation work, no one can start construction. All documents are managed by a special controlling and monitoring body. Even during construction of public roads, the monitoring department always observes ongoing works.

Pollution, mainly littering, is distinguished as a serious problem that partially is caused by tourism development. Garbage pollutes the environment and gets in the water system too. There are garbage bins in the settlement as well as on tour routes but the problem

still remains. Frequent natural disasters often destroy waste bins. Besides, getting waste from mountainous regions is quite difficult.

In order to increase the service quality, the tourism agency sometimes organizes trainings for locals involved in tourism. For these reasons, last year (2011), the training was arranged for guesthouses to increase the level of service along with free English language courses at the municipality building.

Besides quick steps towards development, there still are issues, which often create an awkward situation for tourists. For example, guesthouses and most hotels in the region have no stars. The service level varies in each guesthouse and it is not easy to make a choice when the visitor has no information about them. But the most interesting thing is the fact that guesthouses still are not ready for standardisation. *“We are not sure if hotels have stars too; they, obviously, have a list of services and prices on their web page, the number of stars is not given. As I know, the new hotel will have 4 stars”*, said the expert.

The expert defined regional profile in agro, mountainous and cultural tourism. Winter tourism does not exist because of the connecting road. However, after the tunnel is finished in 2013-2014 significant changes are expected.

At the end of the interview the expert underlined what kind of changes should be made in governmental policy towards tourism development. *“Everything should be tourist oriented; visitors should feel themselves comfortable and enjoy their stay in Stepantsminda. Infrastructure should be developed as soon as possible”* (K.E).

The expert noticed that there would be a ropeway in Stepantsminda soon. There was one in the past period and after a very long time it will be reconstructed again. The ropeway will connect Sameba Church to the settlement.

5.1.2 Guesthouse interviews

5.1.2.1 Guesthouse interviews in Bakuriani

Interview 1 (B.GH1). To own a guesthouse and a business was the respondent's family dream. It came true when the head of the household went to Moscow and started to send money from there. Then the family bought a land and built a house there. Since then, 7 years have passed. Year-by-year the guesthouse and the services it offered got better and better year by year. Every season some new service is added to keep up increasing competition. After 7 years, they managed to build a 2-star guesthouse which looks very good and nice. In time café and bakery was added too. In 2008 when the whole region faced very hard time, tourists were gone in one day and many guesthouses were left with a loan to pay off and no

income source. Banks and the government never made exceptions because of war. Next two years were described as very hard and full of serious problems. *“Generally, the banking system works really badly for us. Foreign banks support business development to some extent but just to get as much money as possible”* (B.GH1).

Nowadays Russian tourists visit Bakuriani, but not very often. There are many visitors from Azerbaijan, Armenia and Israel. Foreign visitors mostly find information about guesthouses in internet. There are several web pages, like www.welcome.ge. Such online presence and advertisements are not supported by the local municipality and costs are covered by the guesthouse itself. *“It is worth to invest in advertising and promotion”*.

“During last years, Bakuriani resort was not promoted at all. It was in the shadow but in, spite of this, we still have tourists... people still know about us despite the bad trend by the government not to promote Bakuriani” (B.GH1).

Bakuriani is a four-season resort. But, the bad thing is that at the moment, only two seasons – winter and summer are busy with tourists. There are some visitors in spring and autumn, but rather few.

The first thing that comes into the expert’s mind when she thinks about tourism is an open border, easy access to the country and good relationship among neighbouring countries as it was reported in the past. Decline in Russian tourists started much earlier than the war of 2008, at the beginning of 21st century when it became compulsory to get the visa. As the respondent spent some time in Russia, his/her attitude toward this country and citizens was very positive. She described that bad relations between Russia and Georgia were due to bad politics and politicians.

The respondent did not have cattle and was not involved in farming because *“it is not in fashion”* any longer. Some time ago, people had cattle but when the situation started to improve many families stopped doing this. Now if anyone wants to buy any homemade dairy products, it should be done in neighbouring villages. *“According to my observation, the amount of cattle decreases year by year. They are abandoning farming in favour of tourism”* (B.GH1). Many guesthouses moved to use factory produced dairy products.

As a private entrepreneur, the respondent considered that for attracting tourists much more PR is needed and only after this comes infrastructure development (roads, places for fun and so on.), because people after skiing can go almost nowhere. The respondent’s husband opened a nightclub, but it was a failure, worked until January 20th and when Azeri tourists went away, the club was closed.

When the season is over, the café stops working too as locals never go there. Even the cinema is closed. That is why, a lot should be done with infrastructure so that seasonal

changes do not affect it and tourists in Bakuriani should be coming 4 seasons a year. In summer the situation gets worse. It is also a fact that in the park there are no respective attractions and facilities for tourists and their children apart from private ones.

Booking and delivery service from the airport already works in the guesthouse. The car is used for food delivery service from the café, but delivery service works only during the season. When the season is over, keeping café and delivery service does not get profitable because of few visitors. Besides these services, nutrition and food issues are most important; it is discussed and arranged with each visitor individually.

A bakery functions in the yard of the guesthouse too. *“It was really very useful during the hard period”*. It is not profitable, works the whole year nonstop, but is considered to be very important to attract visitors and locals. Besides the above mentioned services, the guesthouse offers WiFi access in each room. *“Sometimes tourists ask services we do not have. For example, we had many requests for sauna or swimming pool. Every year we try to add something but we still have insufficient resources for the sauna or a pool”* (B.GH1). For obtaining the third star, the guesthouse needs to add refrigerators in each room, a mini bar and some other things too.

Visitors are in most cases satisfied with the guesthouse except the infrastructure. In Bakuriani there even is not a normal sidewalk for pedestrians and traffic is awful. In winter cars, people, snow machines, horses use the same road whereas in summer cattle uses the same road eventually making it dirty and leading to unpleasant smell.

To support local tourism suppliers, tourism administration organised the training in 2009. All participants were happy because they got very useful information on how to meet visitors, serve, check out, etc. The training covered some issues for guesthouse management as well as the kitchen staff and even cleaning personnel. Because of rather extensive experience being involved in tourism, this training gave its participants a lot of extra knowledge. After this, in spite of the requests of locals, no other training was held in Bakuriani, *“I think because of lack of attention from government”*.

To make settlement more beautiful and attractive for tourists, local municipality arranged external lights and decorations for the New Year. *“But it is so ugly that I am ashamed”*.

It was stated that in order to attract more tourists it would be reasonable to arrange a season opening ceremony. In addition, unfair high taxation and no support from the banking sector cause some major problems.

Taxation was mentioned to be a serious problem. There are two options during taxation. The first is that guesthouses pay 10 GEL for each square meter (a new system) of

commercial space and same communal payments as other guesthouses not being involved in tourism. The second option is when guesthouses as individual entrepreneurs pay higher communal taxes even after the season is over. Guesthouses can choose and switch between these two tax systems but many of them cannot take a risk. High taxes cause higher room rates, which, eventually, negatively affects tourism industry. *“We have a lot of cases, when visitors tell us that in this price range, they can afford to go to Turkey and have a vacation in 5-star hotels”* (B.GH1).

The respondent noticed that their guesthouse participated in the standardisation process held by “Global Star”, that was a private organisation, but tourism administration was informed. This initiative was evaluated very positively *“because when the guesthouse has a number of stars and the visitor can see it on a hotel web page, he or she already knows what kind of services s/he is going to get. There will not be surprises for guests and the guesthouse will not be requested offer such services which are impossible to deliver”* (B.GH1).

The information centre works rather well. It frequently sends international tourists to different guesthouses and gives all the information needed.

The first information centre was in different building, right beside the street, building was more distinct, because was built specially for this, but then this building was sold and information centre moved to different place. This kind of centre is a huge step forward because foreign tourists are using it very frequently. As for Georgians, they still prefer to walk from house to house and look for the appropriate place.

Hotel database is available at the tourism information centre. Any guesthouse can post its data for free on the municipality domain – www.bakuriani.ge.

Tourism is not seen to be a threat for local culture and traditions but the respondents are worried about the tendency of building big blocks and hotels that is not proper for such kind of a settlement as Bakuriani. Especially, the centre got too ugly because of the hotels there. As usual, there are a lot of obstacles and licenses needed. *“I am interested how these huge hotels are getting licenses so easily”*, declared one respondent. There is a department in Borjomi that controls constructional issues. There are lots of rules. For example, in respect with carrying out construction activities at the distance from the road. There are limitations even with the surrounding fence and if you want to change the colour of the house, you need permission for this too.

Besides this problems and because of the fact that there is no normal park, tourists often go to the forest and make picnics there, that pollutes the environment and the probability of forest fire increases too.

Interview 2 (B.GH2). She was born in Bakuriani and spend her whole life there. A 32-year-old respondent who has 2 children and is looking after the family guesthouse.

Tourism and flourishing Bakuriani were connected with each other in the respondent's mind. "*We still have nostalgia for past times*". When tourism was very developed here and a lot of visitors used to come, hotels were busy for the whole year and closed only for one week for obligatory disinfection. The resort was offering services throughout the whole year. Now everybody starts to forget about Bakuriani, especially, post-soviet countries. Good tourism is four-season tourism thus fully utilising Bakuriani's capabilities.

To get more tourists, the respondent thought that attracting them from every side of the world would be proper. More advertisements about both Georgia and Bakuriani as a destination should be held because even in post-soviet countries people who were visiting Bakuriani are forgetting the resort. Improving relations with Russia could serve well too because from there a lot of visitors used to come every year.

The reason that the respondent moved to tourism industry was sector profitability and money. Therefore, she opened a guesthouse. Besides money, communication with interesting visitors and getting more life experience and personal development were other factors that serve as the positive side of being involved in this business.

For the respondent, tourism had zero effect on farming industry because the household was not involved in it. The household had few cows but then (from the very beginning) they decided not to stick with it and fully concentrate on tourism as tourism is time-consuming and needs a lot of attention. Tourists require huge amount of attention. They have many requirements, especially, with food, rooms, and services. There are also many questions regarding the guesthouse location and places where to go and enjoy during the evening time.

Some dissatisfaction is observed too. This is mainly because of local infrastructure, road and so on. Moreover, the bad thing is that support from the governmental side for improving and supporting tourism, is not observed.

The respondent underlined that to get fast progress more concentration (from governmental side) should be made on advertisements, at least within the country, because Mestia, Qutaisi, Signagi, Batumi and other destinations were actively promoted and this is not correct regards to Bakuriani resort, that has much more experience and potential. Besides the above mentioned problem, more serious obstacles exist as high taxes and prices, which serve as the major impediment against households trying to develop tourism.

Up to now, the only thing that was done by the government to support tourism development was the training organized a few years ago, which got positive feedback and followed with the request of similar trainings. However, nothing new was planned. Tourism Administration is organising such trainings. NGOs or other organizations have not yet conducted such activities.

In addition, tourist agencies search and spread information about households, but they mainly are oriented on foreign visitors.

“I do not think that tourism can be a treat for us, because we were a very tourism - oriented region if you look through history. Even more, everyone still dreams about the times when we had tourists all year round” (B.GH2)

It was also mentioned that tourism development could not negatively influence the environment. All the problems in the settlement were not caused because of tourism. *“I even plant trees each year and this way try to care about the environment”* (B.GH2). As Bakuriani is a mountainous resort, special attention and control is needed not to destroy its beauty. Building big and modern hotels is not appropriate for the local landscape. Instead, smaller mountain houses and appropriate infrastructure should be developed.

It was reported that tourism negatively influences farming, because there are no separate territories, pastures or roads for the cattle. Visitors and hotel managers often get annoyed too. Tourism is getting more attractive. More and more people sell cows. As a result, in the winter time it is very difficult to buy homemade dairy products.

The most serious problem that will very soon affect tourism development is uncontrolled forest cut. Locals are not allowed to go to the forest. Only some limited companies or persons who cut and destroy the whole ecosystem and sell logs. *“I do not know what to call this. I guess this is a serious crime but they have protectors”*.

“...there is something wrong but I still cannot understand what. Everything develops very chaotically; I cannot see any sequence and logic in processes” (B.GH2). Prices cause serious problems, food prices fluctuate a lot during a year and are most expensive when there is a peak of a season in Bakuriani. They start to fall down when the season is over. Gas, electricity and water are very expensive too. In spite of Bakuriani being very rich with water locals have to pay 4,3 GEL per ton. Gas costs 0.83 GEL, 0.33 GEL more expensive than in Tbilisi. Because of this, prices for rooms are extremely high, stated the respondent (B.GH2).

5.1.2.2 Guesthouse interviews in Kazbegi

Interview 1 (K.GH1). The respondent is the head of one of the best-known guesthouses in Stepantsminda. She is a philologist but never worked as a teacher. During 15

years she was working for the newspaper “Dariali” and believes that her past career was successful in spite of the fact that it is already over.

The respondent has two kids, who moved to Tbilisi. The daughter is an English language teacher and the son is between the jobs at the moment and spends some time at his parents in Kazbegi. The respondent’s husband is a historian; they were working for the same local newspaper. Both of them were born in Stepantsminda.

The newspaper was working until the collapse of the Soviet Union. It was not profitable business because it was local and there were not enough readers in Stepantsminda. Soon the respondent and her husband lost their jobs and, therefore, income.

The situation was different in Stepantsminda several years ago. Not everyone could host tourists at that time; there was only one household (Vano’s guesthouse) available in guidebooks. Very often, when tourists were looking for Vano’s guesthouse, the respondent and her family members were helping and showing them the way. Through time, they were observing that tourism was not bad business and as they had rather big house and the desire. Therefore, one day a spontaneous decision was made during the family meeting.

The big living space was enlarged and repaired for tourists. Few rooms, toilets and bathrooms were added.

There never was bad competition between these two guesthouses in the settlement. If tourists were looking for Vano’s guesthouse, the respondent and her family still were helping them, but if they were just looking for a place to stay, then their service and rooms were offered.

The respondent could speak English. As for her husband, who always helps her wife to run the guesthouse, he speaks German. Every member of the family can speak Russian too.

From the beginning, most visitors were from Israel. Soon respondents found out how effective word-of-mouth was in Israel and how fast number of tourists from this country increased. Then, by chance, the guesthouse got listed in one travel book, which lately was translated into Polish and German. After this everything intensified. Distribution of printed materials about their guesthouse is already an everyday routine. Importantly, they get most visitors because of good feedback and a well-structured website.

There were only two registered guesthouses (one of them belonged to the respondent) in Stepantsminda until 2011, when USAID grant project was announced (more than 200 guesthouses were registered for the grant).

There was an open competition; the aim of the USAID project was to support tourism development in Kazbegi. One of the most important requirements was guesthouse registration issue (an identification number according to which the guesthouse pays taxes),

the working experience in this industry and willingness to expand tourism business (in case of winning) receiving them non-stop. *“We prepared our guesthouse development and expansion plan, we have a place in the front of our guesthouse and we wanted to use this possibility. Frankly speaking, there were only two guesthouses meeting the requirements,”* declared the interviewee during the interview. The plan included rehabilitation of the old mill beside the house, renovation of the ethnic corner (including, cooking and craftwork), horse renting and jeep tours presented by respondent to this project. The amount of the grant fluctuated from 5000 to 100 000 USD. However, after the project announcement, more than 200 applicants got registered. This project was stopped and nobody got any grant. The reason was too many applicants and impossibility to sample a winner among such a big number of applicants.

The most important thing that made the guesthouse so popular among tourists is food and attitude. *“In our guesthouse clients are always right; we always try to have special relationships with our visitors. If it is possible, we always fulfil our guests’ wishes and desires and it does not matter whether they are wrong or not. Logically, at the end, everyone is happy,”* said the interviewee.

Tourism is perceived as a source of income. A Good tourism for the respondent is when the income is stable and business develops year by year.

The household is completely tourism oriented; it means only tourism and no farming, no cattle. The working day usually starts at 5 A.M and ends when the last tourist is asleep.

They fully realise and distinguish their niche in the marketplace. So, opening of bigger and more fashionable hotels is never considered as a threat.

Before, the family had the cattle and was involved in the farming industry, but then it sold them and moved to Tbilisi to live for some period. After getting back they never had a desire to start farming again.

Food for tourist is bought from neighbours, thus supporting farming production. Therefore, this is a win-win situation for the respondent’s guesthouse and the neighbours.

The most important step to attract tourists is food. What adds to it is politeness and good service. *“We, locals are mountainous people, impulsive and direct; in tourism business sometimes it is not very good because tourists have different standards and expectations. You should be more polite. This is your source of income; so, you will harm yourself if you do not try your best”* (K.GH1).

English language knowledge was distinguished as one of the most important issues too. The fact that they can speak English makes guests feel more comfortable, ask different questions and have small conversations too. In addition, guests stay longer.

Healthy and tasty food is most demandable service tourists require, but as visitors do not know local cuisine, they completely trust the host's taste and recommendations. Services for vegetarians are available too.

The second most important service the tourist requires (according to the interviewee) is room for habitation. Mostly demanded are rooms with their own bathroom and toilet, but there are some who prefer to spend less.

They always have guests who want to learn how to cook traditional food, especially, Khinkali or Khachapuri. The family always fulfils visitors' wishes. So, they find themselves in a friendly environment and are never disappointed. The guesthouse offers booking service, the car and even a horse rental. Because of very high standards of service, the guesthouse is one of the most desirable places to stay in whole Stepantsminda.

According to the respondent, visitors mainly get disappointed because of undeveloped infrastructure rather than poor service or food quality. However, everyone mostly leaves Kazbegi happy, they enjoy the beautiful nature, hospitality and traditional food and the mountains.

Despite the fact that tourism is a priority, the respondent underlined that they cannot feel governmental support or positive consequences of a good governmental policy, affecting tourism development, but he underlined that increasing the number of tourists in the country was indeed a serious step forward.

Stability and peace are important for tourism development because, as she declared, tourism is very fragile and could be influenced very easily. Even increasing tension between Azerbaijan and Armenia negatively influences tourism in Georgia because for many visitors Caucasus is like a whole, undivided region and if there is something wrong in one country, then the whole region gets unstable for tourists.

Communal taxes for guesthouses involved in tourism are higher than for other households. Households, which were registered as a guesthouse, have to pay taxes and compete with guesthouses which are not registered and do not pay any taxes. The interviewee's guesthouse is one of the few registered. A big majority of functioning guesthouses in Kazbegi region are not registered.

Lack of trainings can negatively influence tourism development too. So, according to the interviewee, the government should concentrate on this issue too. Trainings should be planned properly, for example, training about service standards for guesthouses was not useful at all, because there were standards for big hotels, when in Kazbegi there are small guesthouses, which are completely different. On the other hand, English language course was evaluated very positively by participants (representatives of local guesthouses).

As the respondent underlined, the most serious help that the government can do for local tourism development will be the possibility to get low cost and long run loans for tourism development. Money is always a problem; there are many ideas how to grow but no financial possibilities.

The respondent strongly believes that tourism development can never harm local traditions and way of leaving. She declared that Kazbegi was a rather famous destination during the Soviet period; so, experience already exists and developing tourism industry can only positively influence the region. After finishing the Kobi-Gudauri tunnel, the respondent hopes that winter tourism will develop too. To be more specific, tourists can stay in Kazbegi for a much cheaper price and commute every day to Gudauri for skiing as it was during the Soviet period.

Pollution/littering was distinguished as a serious problem. It was mentioned that besides tourists, very often locals were the main source of littering. The interviewee underlined the importance of controlling this issue very strictly. After pollution, comes control on environment and construction. Sometimes construction is carried out in a place where it should logically be forbidden. But, in most cases, before starting construction, reconstruction or expanding of a house, everyone needs to prepare the project and get approval from the architecture division. The building process is controlled and in case there is something wrong, one has to pay a fine.

“Government support will be support in getting the low cost and long run loans, taking into consideration the fact that we have a short season (payments for loans should be stopped when the season is finished). This is all we need. As for other things, we can manage ourselves” - said the respondent at the end of the interview.

Interview 2 (K.GH2). The respondent was born and spent her whole life in Kazbegi. She has already been involved in tourism business for seven years. She leads her business but declares that this is a family business and every member takes his/her part.

For her, tourism is another source of income. Money is the only reason she decided to move to this industry. The respondent fairly understands the importance of sustainable tourism in the region. According to her words, good tourism is when it is developing and local inhabitants are taking their part in this process, the service gets better than before and everyone is happy.

Besides the guesthouse, the respondent has a small café too.

Interest towards Kazbegi increases every day. Visitors all over the world come to visit this destination, but in spite of this, guesthouses do not have tourists, because there already

are many big hotels. As the region is rather small, all visitors go and stay there. The reality is that small household hotels are in a very bad situation now. According to her, for example, the Ilia University hotel took its clients last year as well as hotel Stepantsminda in the centre of settlement. The third hotel is opening soon, which is going to be the biggest. After this, the guesthouses will definitely face hard times. *“I really have good conditions in my guesthouse, 7 rooms and 5 toilets and bathrooms. The distance from each room to bathrooms is maximum 2 metres”* but, in spite of this, she reported that she had few tourists. Tourists mostly prefer low price rooms and they are immediately “grabbed” into the centre of Stepantsminda. Because of this, only few come to her guesthouse.

She also participated in the competition of the USAID grant project. To be more specific, she took a loan from the bank for a preparatory work. But, as this project failed, she could not get a grant and had few tourists only. Now she faces difficult times because she is not able to cover the loan.

The guesthouse could be searched via internet. It is also placed in one English guidebook but the respondent could not remember which one. *“It never helped me to get visitors,”* said the respondent. The guesthouse is available via the internet too as it is placed on Stepantsminda official web page.

“The tourism agency “Visit Georgia” was sending visitors for a long time but recently they stopped doing this for no reason”, regretfully said the guesthouse owner.

Having the guesthouse in this region is very important. Land is very poor. So, it is impossible to rely on land cultivation and live on it. Some years ago people were involved in greenhouse business but when this was forbidden, everyone started to search for a new source of income and this was tourism. So, *“having a guesthouse is like a must”*, declared the respondent.

The only benefit and reason being involved is the money issue; this is the only reason the guesthouse head could think about. At the same time, she still keeps cattle and is able to combine tourism and farming. Of course, food produced by her is not enough. Thus, she buys too. Everything is natural. Tourists are offered only the best quality food.

The most distinctive point is that tourism and farming are developing in symbiosis. *“Because of tourism, I developed my farming activities too. I have got more cattle than before because tourists need dairy products and I have to be prepared and offer them what they want”* (K.GH2).

The most important factors that attract tourists are nature and resort uniqueness as well as the infrastructure - easiness to reach the destination. She underlined the importance

of low cost, long run loans and noticed that in this kind of unstable environment any kind of loans could be very risky and grants would be more appropriate.

The importance of the information centre was underlined once more; the bureau of distributing information about available guesthouses seems to be very important, especially, when competition from big hotels increases.

Internet advertisements and guidebooks are also a very good way to reach tourists. What adds to this is the guesthouse web page, but, as usual, the price to make a private domain is high. The possibility that every guesthouse can use Stepantsminda municipality web page for ads, was assessed positively. Brochures and guidebooks are not very effective. So, one should choose them very carefully, especially, those guidebooks should be avoided, which are not very popular among visitors. *“To attract tourists it would be great to have a park, exhibition halls, museums and so on.”*

National and traditional cuisine is mostly demanded by tourists. Many visitors have a desire to observe the food preparation process and learn if possible. In the guesthouse, visitors are often given a chance to observe the food preparation process and if they desire, they always have a chance to learn how to cook.

One of the most serious problems existing for this guesthouse is that no one can speak English there. As usual, tourists sent by the agencies have their translators too but for tourists it's much interesting when the hostess knows English, said the interviewee.

There are no dissatisfied and unhappy tourists from my guesthouse and Stepantsminda. Everyone leaves the place happy.

In spite of the government's priority to support tourism, the respondent never felt any, which seems not logical to her, because tourism development is beneficial not only for locals, but also for the government, as strong households involved in tourism are good taxpayers.

Most important changes she would make to improve the governmental policy is more concentration on infrastructure improvement (roads, parks, recreational places, cafes and bars), opening tourism information centre and solving many other existing problems.

The most serious problems for guesthouses are big hotels as many visitors go there. Hotels have lots of money and better and luxurious rooms. So, guesthouses cannot compete with them. Lower prices for rooms almost never help because often price differences do not mean much for foreign visitors. So, they prefer to pay more and go to hotels and get better service. Ordinary/casual tourists are hunted in the centre immediately. So, guesthouses which are registered and pay taxes almost have no visitors. *“I observed that the price for living does not mean much but if tourists pay attention to it, they will prefer the cheapest*

guesthouses, which are equipped very poorly than my guesthouse... so, it is not attractive for me to serve such cheap tourists”, underlined the respondent.

Promotion is also a big problem; we do not have any advertisement.

The respondent mentioned two trainings out of those organised by the government to support tourism development. First, English language courses for guesthouse owners which lasted for about a month and got very high positive evaluation and the training for increasing service quality, which was positively assessed too. However, the negative factor is that these kinds of trainings are organised very rarely. The respondent could remember only these two trainings during the last period.

There is Kazbegi municipality web page, which could be used as unified database for guesthouses, as they can publish their info completely free, but only few guesthouses use this opportunity. Also, there is no sophisticated system that will distribute all info about available guesthouses and make it easier for tourists to make the decision where to stay.

Tourism is not perceived as a threat to local customs because locals have strong mentality and attitude to traditions. Also, youngsters know what is good and what is bad. They know that keeping traditions is very important. Locals never take bad examples from visitors.

The respondent also realises that tourism could have some negative factors, such as, pollution/littering, for example. In this case, she underlined the importance of waste utilisation infrastructure in Kazbegi. She also admitted that many locals do more harm and pollution than tourists. Thus, not only preventing pollution but also preserving local nature and settlement structure (by legislation controlling construction, environmental issues and licensing) should be emphasized. Such a department exists, but the respondent was not able to evaluate how effective they work.

5.1.3 Tourist interviews

5.1.3.1 Tourist interviews in Bakuriani

Foreign tourist 1 (B.FT1). He is a 25-year-old tourist from Israel, who was in Bakuriani for the first time. His friend was born in Georgia and lived there until 17 serving as an information source and motivator.

The main reason visiting Bakuriani was snow. His friend goes back to Georgia on vacation every year. So, that year “*My friend invited me here and I gladly came with him*” (B.FT1). He obtained whole information that visitors needed from his colleague. The decision to visit Georgia was not hard too because of his friend’s request.

Local infrastructure did not get much positive feedback. “*There are not so many places to go. I ski and then go home, no places for entertainment*” (B.FT2). Besides, bad infrastructure gives almost no possibility to the visitor to enjoy; the guesthouse service quality got positive feedback. For the guest it was easy to find the place to stay, because everything was organized by his friend. According to the respondent’s recommendation, for the tourists, who come to Bakuriani for the first time, it would be much easier if guesthouses and hotels have some standard and number of stars because this will simplify the selection process.

Environmental problems caused by tourism and tourists were not distinguished at all. Also, local prices for tourists seemed reasonable and, even more, “*in comparison with Israel, they’re low*”.

Foreign Tourist 2 (B.FT2). A young woman from Ukraine, visiting Bakuriani with her boyfriend. She got information about Bakuriani from her man. As for her, she is first time visiting this destination.

The main reason of choosing Bakuriani as a winter destination was her Georgian boyfriend as well as fresh air, good, clean and beautiful environment. The visitor obtained the whole amount of information from her boyfriend.

Lack of entertainment places was noticed as the first thing, during discussing the infrastructure, and a number one task to be improved. In return, accommodation and hotels got good evaluation.

The respondent was not able to answer how exactly standardization of guesthouse and hotels will support tourists and tourism development in Bakuriani but presumed that this would make it much easy to choose.

Pollution was mentioned as a drawback of tourism development but the problem was not discussed and explored further. Prices seemed to be the same in comparison with Ukraine. In general, Bakuriani was extremely positively praised.

Foreign Tourist 3 (B.FT3). A 22-year-old visitor from Armenia who heard about Bakuriani from her relatives and then decided to visit Georgia and Bakuriani for the first time. The main reason to visit Bakuriani was prices, because prices here, compared with Armenia, are not high and followed by Georgian hospitality. Also, it was comparatively easy to get information about Bakuriani and organise a tour there because of her relatives.

The respondent liked hotels and guesthouses around. She was staying at the hotel which was not cheap but affordable for her and, thus, the service and conditions were rather good. She was not aware that certification of guesthouses and hotels was not working in

Bakuriani. Also she was not able to distinguish any problem tourism or tourists could cause. “*Well, here is good environment; I think that here is no problem*” (B.FT2).

It was the first visit abroad but, as Georgia was the cheapest place to rest nearby, this was the reason she arrived.

Foreign Tourist 4 (B.FT4). She is a 23-years-old visitor from Armenia, visiting Bakuriani for the second time. She got information about Bakuriani from her friends who actually live in Georgia. Her friends love Bakuriani very much and, as skiing was a hobby for the respondent, she decided to visit Bakuriani the second time “*It is a great place for skiing with fresh air*”. Her friends helped and organised everything for her, while she was preparing to visit the resort. Logically, she first learned about it from the Georgian friends. The environment and services were highly evaluated and what was mentioned was “*there are good places for entertainment but for children*” (B.FT3). Hotels function well too. At the beginning there were some problems with hot water but everything was fixed soon. For her getting a guesthouse was not difficult but, generally, if guesthouses and hotels maintain the standard and the number of stars, “*it would be great, make people more informed and easy to choose among different hotels*”.

No pollution or other environmental problems were highlighted. Also, prices for the respondent did not seem to be high. They were affordable.

Local tourist 1 (B.LT1). She is a 60-year-old woman, visiting Bakuriani with her grandchild from Tbilisi. Bakuriani was a very familiar resort for her where she used to take her son when he was a kid, “*Now it’s my grandchild’s turn*”. Bakuriani appeared to be the respondent’s favourite resort where one can breathe fresh air and become revitalised. She knows about Bakuriani from childhood and since then has been visiting it regularly.

The respondent has not been visiting Bakuriani for the last 3 years. “*If comparing what was it like before and now, then a lot of things have been improved*”. The respondent was especially happy because of attractions in the park for children. Anyway, many things still need to be improved, such as, roads and infrastructure, the surrounding is not clean, especially, the places where people go most frequently for fun and relaxation.

The respondent was not able to speak much about the guesthouse and hotel service, as during these years she was using the service for only one guesthouse. However, the idea of standardisation was strongly approved by her as after this there will not be guesthouses charging much more for the same services and equal service in every guesthouse will cost the same.

Cars were for most problematic for the respondent in terms of the environmental issues. The place used for recreation should have some strict rules of where it is possible to go

by car and where it is not. There should be special car parks and nobody could drive wherever s/he wants.

Local prices seemed to be very high for her.

Local tourist 2 (B.LT.2). A young respondent from Poti. She was visiting Bakuriani first time with her sister and children, because of the children who had some problems with bronchus. *“They were coughing. So, we knew that air here was very good for this and that’s it”* (B.LT2)

Information and suggestion to go to Bakuriani came from their relative. Besides, lots of people used to go from Poty to Bakuriani and they already had some information.

As she was in Bakuriani for the first time, the respondent was not informed enough to judge local infrastructure but the thing she underlined was that there were almost no places for children to have fun.

The guesthouse got quite positive recommendations, *“...service is very good. We have everything”* (B.LT2). A standardised guesthouse and the number of stars for them associate with easiness during the selection process.

Tourism could not cause negative effect on the environment. It could be only positive for the settlement. As for prices, they are high, as in every resort during the season that happens frequently.

Local tourist 3 (B.LT3). The tourist who spent lots of time in Bakuriani: *“I have been here both in summer and winter. This means that I am a very frequent guest of Bakuriani and, of course, I will continue this way”*. The visitor stressed the uniqueness of a microclimate in Bakuriani which makes the resort a favourable place. Bakuriani is like a traditional place for him, as his parents were taking him there and now comes his time to continue this tradition and take his children here. *“Infrastructure is extremely poor. A lot has to be done. It is impossible to stay here for more than one week. Even for children it is very boring”* (B.LT3). The only thing that got very positive feedback was high quality of guesthouses and their services. *“There are also no places where elderly can have fun”*.

The idea of standardising guesthouses and hotels and awarding them appropriate number of stars was strongly supported by the respondent.

Tourism is considered as a positive process which almost never brings harm to the environment if, of course, the feeling of attentiveness is high in tourists *“I believe that increase of visitor number will only lead to positive influence,”* declared the respondent. In spite of devotion to Bakuriani, local prices for him are quite high.

5.1.3.2 Tourist interviews in Kazbegi

Foreign tourist 1 (K.FT1). He is a 22-year-old tourist from France, studies at the Western Switzerland University and does BA on aurochs. Kazbegi attracted him because of its unique nature. Thus, he decided to choose it as his study area.

At the beginning he knew nothing about Kazbegi and was planning a trip to Svaneti but after reading an article about Kazbegi he found it more interesting and made up his mind.

The first information source was a French guidebook. However, as respondent admitted, such guidebooks are very rare and he could find only one in France. The book was published in 2011. It is a small but very precise guidebook, giving visitors interesting information about the region. But “*when I come here I am far more satisfied than I expected*” said the respondent during the interview.

Besides the guidebook, the respondent was using internet to get more information about Stepantsminda. He was looking at pictures but, anyway, was not able to find much about Kazbegi in internet.

He never used a travel agency to come to Georgia and bought the ticket himself.

The respondent already was spending his second week on the resort territory. The first thing he underlined was that because of the lack of waste bins at the streets he had to take garbage back to the guesthouse. As he said, not everyone is like him and they throw garbage thus polluting the environment.

One of the most important issues for sustainable tourism development in the region is to make sure not to destroy the settlement structure and architecture. Big and modern hotels and buildings should not be constructed even if they look very pretty. Small family guesthouses should mostly be developed.

In addition, some work should be done to improve legislation. It is not proper here when everyone can go everywhere by car and put the environment under the risk. There should be parking places too. More control and organisation is needed.

In addition, there is a problem with signs, as the Georgian alphabet is impossible to be read. More English language signs are required.

The respondent came to the region without preparation and found his guesthouse asking locals. “*But, generally, for me it is very comfortable if there is a database where I can see available guesthouses and rooms. It would be great if booking will be available too*”, said the interviewee.

The family, where the French visitor was staying, could not speak English and because of this, their conversation was too basic.

However, he underlined a very high service level at the guesthouse. “*They serve me like a prince, so this is the best ever service that I ever had even in big hotels. It’s like that this people really care about you*” (K. FT1).

The idea of standardizing guesthouses was positively assessed, but its absence is not a disaster too. For him it’s OK to go from one guesthouse to another, see the rooms and this way pick the most appropriate dwelling because star numbers mean nothing and nobody knows how it was granted. He will take the number of stars if going to Europe and planning to stay at the hotel. Standardisation does not make sense for such guesthouses in Kazbegi.

Tourism development will logically influence local lifestyle because tourists bring new information, new values and so on.

The respondent noticed that locals sometimes increase prices on products when they see a foreign tourist. This is common in every country where many visitors come but sometimes it is not very comfortable.

Foreign tourist 2 (K.FT2). The respondent from England was visiting Georgia with her husband.

They first found out about Kazbegi from guidebooks as well as other visitors who recommended them to visit this part of the country. Internet played its role but as the respondent underlined, guidebooks were the primary and most reliable source of information they used.

The most important reasons influencing them to visit this region and Georgia were food and landscape. They also tried hiking but this kind of tourism still needs to be developed, said the respondent. They also got advice to visit Mestia. But, when they saw a picture of mountain Kazbegi on the cover page of Lonely Planet Guide book, they finally made their mind.

During the planning process, they never used service of the tour agency. Guidebooks as well as other travellers, who already visited Kazbegi, served as the main sources.

The household they were staying at was listed in the Bradt guidebook as number two. Vano and Nazi’s guesthouses were also mentioned along with others.

Forums and Wiki travel were additional sources of information couple used before leaving for Kazbegi. As the interviewee was able to read Georgian letters, it was comparatively easy for them to travel. Also, “*there are lots of people willing to help and they can understand English that I was not expecting*”, she said.

One visitor evaluated the existing infrastructure positively. “*We liked that it is not too developed here. That’s a good thing*” (K.FT2). The road from Tbilisi up to Kazbegi is bad; the respondent noticed that there are quite few cafes. Absence of hiking maps was another

problem underlined during the interview. Only from their host family and other guests it is possible to find out where to go and what to visit. The information centre and signs for tourists and maps were mentioned to be very important.

For the respondent and her husband, it is OK to move from one guesthouse to another and select the desirable one. They also admitted the importance of standardisation. This will be very helpful for visitors, especially, elder tourists. In addition, reservation, especially, through internet, would be great.

Pollution/littering was mentioned as problem tourism could cause in the region. Waste bins are needed along with more public toilets.

Foreign tourist 3 (K.FT3). He was working for a big Russian company but after some time he found out that this was not for him, quit the job and started paragliding business. For the interview date, he was visiting Georgia for some time already, researching the environment for his business. He said that this kind of business was very popular in Alps and as Kazbegi got more and more visitors. He believed that it would be successful here too. *“Some say that during the USSR such flights (non-motor flight devices) were developed in Kazbegi, so now we try to start it over”*.

He got information about Georgia and Kazbegi from his friends and in spite of the tension between the countries, he was treated very well. He came from Thailand to visit Kazbegi. The interviewee believes that because of Kazbegi's beauty, this sport will be very popular here and when the Kobi-Gudauri tunnel is open, even during wintertime, there will be visitors. He even talked with local tourism agencies (Mountain House) and offered to cooperate. So, this kind of business will not be good only for him but for local tourism development too.

For him staying in Kazbegi was very easy, because of almost no language barrier, as many people speak Russian.

He noticed that cafes that were in the settlement were enough for visitors who want to spend some time in nature rather than in their guesthouses. From his point of view, people come here not to go to cafes and restaurants, and nightclubs, but enjoy quietness, nature, fresh air and delicious cuisine.

No big and modern buildings should be constructed too and local way of life should be preserved which will attract more tourists to Kazbegi. He has internet access, very good food, beautiful places to go and this is everything a tourist wants.

He granted very high and positive ranking to the guesthouse he stayed at. The host family can speak Russian, food was delicious and there was even WiFi access.

Standardisation and the number of stars are important for him but he pays most attention to feedback people write on forums or other places. Prices could be different but people easily promote good places. So, it is easy to make the decision where to stay. For him comfort does not make big difference.

In his opinion, tourism development should serve as the important element here. Provided that the place is littered due to the non-respectful behaviour of local population, it could damage the image of the place. He believes that when there are much more tourists coming and locals will realise how unique the place is, they will stop doing this. As for him, he always takes a plastic bag for garbage with him and sometimes even picks up the garbage others left on the road. He highly recommends to preserve this beautiful place.

Prices for him are average; he can afford to stay a week or two. Nevertheless, in comparison to Thailand, prices here are very high.

Local Tourist (K.LT1). He is 21 years old, studies in Tbilisi State University, has a brother and a sister, is not employed.

He knows Stepantsminda as one of the most beautiful places in Georgia. He loves mountain Kazbegi and Sameba church and tries to visit them two-three times a year but mostly stays only for a day or two.

The reason why he visits Kazbegi is that it's not very far from the Capital, is tranquil, with very clean air and a perfect place to relax.

Kazbegi region is rather famous in Georgia. So, every local knows about it. The preparation process never takes long for him and his friends. They just take some food, get on car and they are already there.

He can't observe lots of changes besides roads inside the settlement. The road from Tbilisi to Stepantsminda is still very bad and scary. There is no park or any other place to sit in the settlement and relax. The only option is the river bank. In addition, he confessed that except Sameba church he did not know much where to go and what to visit and assumed that for foreign tourists this was a much bigger problem than for him.

He almost never uses guesthouse services but assumes that their service still is not very good. He always feels himself awkward when a woman in the centre grabs him and offers the room or a man at a taxi service asks him if he would like to have a ride even if he is standing at a bus stop waiting for the public transport.

The respondent knew that hotels have stars as a standard, but never knew how many stars local hotels had. He was not very sure that standardisation with guesthouses would work in Stepantsminda. This was too early for this region, he stated.

He mentioned pollution/littering as an environmental problem caused by tourism development. He gets very angry every time somebody pollutes the area. However, he noticed that not only tourists but also locals did that.

He was not able to judge the local price level as he always tries to take everything from Tbilisi. Nevertheless, he assumed that some local prices could be higher.

5.2 Situation analysis

5.2.1 Data based description of the regions and general tourism aspects

5.2.1.1 Regional and general tourism aspects in Bakuriani

Ideally, Bakuriani is a four-season resort, which means that it has a potential to serve tourists for the whole year offering skiing entertainment, skating, tours on snow mobiles, different kinds of tours, including, bicycles tours, camping and even bird watching. The spring season is extremely important from the medical point of view, as pine and fir trees start to blossom and the period for people with bronchial problems starts to be very useful (Borjomi Municipality, 2017).

Many tourists come to Bakuriani via tourist agencies. Local people have their connections to bring some visitors too. Bakuriani is frequently used for business meetings. Tourists from Israel, Azerbaijan, Armenia, Germany, Ukraine, etc. come to rest and enjoy. In spite of the fact that the resort is ready to host visitors the whole year, mostly two seasons are active. Winter, that is the main period, when most tourists come and the summer season. Fewer visits are observed in spring or autumn. Thus, locals get most of their income during the winter time. The summer season earnings are considered for up-keeping and guesthouse rehabilitations expenditures (B.E.P 68 (B-Bakuriani, E-Expert, P-Paragraph 68). Please, see Appendix A 4). Locals still have nostalgia for the past period, when many visitors from soviet countries were visiting. Hotels were booked throughout the whole year and closed only during a week for sanitation and disinfection works.

The winter season in Bakuriani officially starts on 25th of December and ends at the end of March. There are 210 guesthouses and 24 hotels registered in the settlement. Some time ago tourism administration in Tbilisi carried out research to define the current potential of guesthouses and hotels there. If a new guesthouse or hotel opens there, an expert, who works for the tourism information centre, makes appropriate changes in the existing database and keeps it up to date. *“I am always in contact with guesthouses and hotels and gather tourist info”* (B.E.P8). According to her calculation, in 2011 there were 45 000 visitors in total, from which 35 000 came during the winter season.

The expert working for the tourism information centre is quite highly experienced and competent. For already 12 years she has been serving as a specialist and gathering statistics about tourists, their quantity, countries of origin, etc. then sending all this data to the national tourism administration in Tbilisi. She started to work as an employee of one NGO as, initially, the tourist information centre was a project of the NGO CENN (Caucasus Environmental NGO Network).

Both guesthouse owners are quite highly experienced and deeply involved in the settlement's life, as both of them were born, rose in the settlement and have experience to live in the soviet era too. Even more, the respondent's husband from guesthouse one (B.GH1) spent some time in Russia to work and earn some money for starting the guesthouse business; apparently, this life experience influenced her vision and attitude towards Russia, as she considers having positive relations with this country is rather crucial for tourism development in Bakuriani. They bought the land and built a house there, which was only partially used for tourism purposes. It's already 8 years of being involved in tourism business. They constantly develop their business and for now already have a very nice two-star guesthouse. The second respondent's story is simpler and shorter; the decision to move to tourism industry was motivated by financial reasons and the desire to communicate with foreign and local visitors.

As for local visitors participating in the interviews, two out of three go there on regular basis taking with them their children and even grandchildren (B.LT1.P7). International tourists mainly were young people, coming to Bakuriani because of their friends.

Throughout time visitors get more and more international. Russian tourists start again to show their interest in Bakuriani and even the representative of the Russian tourist agency visited Bakuriani trying to get more information about the resort, which will help rediscover this destination back in Russia. Tourists come to Bakuriani via tourist agencies or private arrangements, for pleasure and recreation or for business meetings, conferences and trainings. Unique climate and the tradition to visit Bakuriani every season (even twice a year) were mentioned among the reasons tourists chose this place. As for international tourist, they mainly decided to visit Bakuriani because their friends invited them. Most of them were visiting the settlement for the first time.

There were several information sources listed during interviews which are used by tourists to get more information about Bakuriani and available hotels. The first one is Bakuriani official web page www.bakuriani.ge where every person in the settlement is welcomed to publish the information about his/her guesthouse free. In addition,

www.welcome.ge seems to be quite popular and highly used. Tourism information centre works as another local information source that is intensely used but, mostly, by foreign visitors, as Georgians still prefer to go from one guesthouse to another and choose the place to stay in an old fashioned way. In spite of all these available sources, all interviewed foreign respondents declared that their Georgian friends served as an information source for them and never used other available possibilities.

5.2.1.2 Regional and general tourism aspects in Kazbegi

The beginning of tourism development in Kazbegi starts since the soviet period, but only one hotel was functioning at that time. This is a destination with a huge tourism potential but the region was/is mainly agriculture and farming oriented and tourism serves as a secondary source of income. During Soviet times, Kazbegi was a satellite of Gudauri ski resort (during winter timer) as visitors from soviet countries were staying at the hotel in Stepantsminda and every day were commuting to Gudauri and back. After the collapse of the Soviet Union, problems in agriculture and farming followed; soon (few years ago) using natural gas for green houses was prohibited too. After these changes, locals actively started to search for another source of income, which appeared to be tourism.

Kazbegi is mainly a one-season resort, as it is situated high in the mountains. The main visiting period is limited and mainly continues for 3-5 months only, coinciding with summer and the beginning of autumn. Except the beautiful landscape, the eco system, tranquillity and other qualities of the resort, the main destination there is a very famous, 14th century Trinity church and mountain Kazbegi (more than 5000 metres high). Besides cultural tourism, trekking and hiking, mountaineering, rock and ice climbing as well as bird watching are available. Horse and car rentals are also possible; several natural monuments are available in the region too. Recently a new type of service was introduced to visitors in Kazbegi. The author of the idea is a Russian citizen who mentioned that flights with non-motor devices were popular during the soviet period and he wanted to give the idea the new beginning (K.FT2.P7).

The tourism division functions within the economics office and employs two native specialists, who have already three years of working experience on this position. Their main responsibilities are to gather empirical data about tourists' statistics and serve as king of information source for foreign and local tourists and deal with all issues concerning tourism. The methodology of obtaining the data about tourists is far not sophisticated. There is a serious problem to get the exact number of tourists, as guesthouses and hotels never fill any information forms and send other information to the tourism division. The only way to get

some data is verbal communication between experts and guesthouses but it is still difficult to imagine the whole process of data gathering and its reliability. Tourists, visiting Kazbegi, are registered by the “Rangers,” who mainly work at the centre of the settlement. The idea of getting reports from guesthouses and hotels was assessed very positively by experts but unless it is not legitimised, they can’t force anyone to do this kind of job (K.E.P39). There even does not exist any normal research data about tourists’ needs, what they like or dislike. Guesthouse owners can share this kind of information only on voluntary basis.

There is no tourist information centre. Officially, only 10 guesthouses and 3 hotels are registered in Stepantsminda (K.E.P29).

Guesthouse representatives are local inhabitants of Kazbegi, who were born and grew up there, are quite experienced in tourism and open-minded. Especially, the representative of the first household (K.GH1) that appeared to be one of the first guesthouse owners in Kazbegi, which started to offer services to tourists. After the collapse of Soviet Union and closing of the local newspaper “Dariali”, the family started new business. High motivation, education, languages and good management skills helped them to create a successful business. Now their guesthouse is considered one of the best in whole settlement. Their guesthouse is one of the few which was opened before prohibition of using natural gas in greenhouses; this couldn’t be said about the second respondent (K.GH2), who is quite experienced too, but started the guesthouse “*forcedly*” only after the above mentioned changes. At the beginning, the scale of their business was less, of course, but it increases year by year. Generally, moving to tourism industry was caused by several factors that should be discussed in combination rather than separately:

1. Kazbegi’s uniqueness and advantageous location (closest mountainous region near Tbilisi);
2. The guesthouse business development coincided with a new governmental policy declaring tourism as a strategically important branch of economy;
3. Poor land fertility, difficulties to develop animal husbandry and prohibition of greenhouses pushed guesthouses to search another source of income. Logically, tourism was the only way out.

The extreme necessity of earning money and financial difficulties are the main motivator for tourism development. “*Having a guesthouse is like a must*” (K.GH1.P28). However, some guesthouses decided to become tourism suppliers not because they had to but because they liked the idea (K.GH2.P24).

All interviewed visitors, except the native one, were visiting Kazbegi for the first time. For British tourists, food, landscape, hiking opportunities and hospitality served as

main motivators. As the interviewee reported, the Kazbegi mountain photo on the cover of the Lonely Planet had a major influence on her decision to come (K.FT1.P15); As for the Russian tourist, along with enjoying the stay in Kazbegi, he was also testing a new business idea of paragliding. Aurochs in the Kazbegi region motivated French tourists to visit the region. For the local tourist Kazbegi is a beautiful mountainous destination, not far from the capital, an ideal place to rest in tranquillity for a day or two.

Lack of information availability about Kazbegi is easily to be noticed. Its official web page obviously serves as an information source providing some general information about the region. In addition, as posting there is completely free, any household in the region can publish information about its guesthouse. Nevertheless, in reality, only few advertisements could be found there and they are mostly in Georgian that could be useful for local tourists only. Even more, none of the respondents (experts, guesthouse heads and tourists) ever mentioned if they have heard or met a tourist using the web page (www.kazbegi.org.ge) as a source. No tourist information centre is found in the settlement. Theoretically, tourism department employees could serve tourists delivering them complete database of hotels and guesthouses, with photos, contact info and all available services they have but, as their working place is in the municipality building and not easy to be found, none of the visitors are able to use their competence. There are some private businesses, such as, “Mountain House”, which rents mountain equipment, offers a tour-guide service and other staff tourists require. This house also serves as an information centre but this is not their main profile and they can’t work as the information centre for the whole settlement too.

Guidebooks are one of the major information sources foreign visitors use, especially, the “Lonely Planet” and “Bradt”. Besides some general information, these guidebooks give details about room renting (K.FT1.P19). Good guidebooks in other languages than English are difficult to find (K.FT3.P15). Internet, forums and other sources for tourist feedback seem to be an important information source too. Compared with guidebooks, the Wiki travelis a comparatively up-to-date and reliable source. Word-of-mouth and friends’ recommendations still are strong motivators and information source. *“From the beginning, most visitors were from Israel. Lately, we find out that in Israel there is a travellers’ shop. According to the shop traditions, tourists who are back from travelling leave their impressions. So, it is possible to find good things written about our guesthouse there. Also, one of our first visitors left some comments in internet. I do not know how, but the information about us got included in one guide book, which was translated into Polish and German and then it all got spread”* (K.GH2.P.).

A few years before the situation in Kazbegi was completely different. Not everyone could host tourists at that time. Officially, there was only one venue “Vano’s Guesthouse” which was available in guidebooks too. “We could realise that this was not bad business. We had a rather big house and one day during our family “meeting” we decided to try it” (K.GH2.P24-25). The main reason why locals are involved in tourism is monetary. They simply try to diversify income sources in favour of supporting the household’s sustainability. *“It is important to have the guesthouse, the land is very poor here. So, it is impossible to cultivate land and get benefit from it. Then using of greenhouses was forbidden and everyone was forced to close them. So, after this, having a guesthouse is like a must. Family needed money and children had to be educated. So, we started a guesthouse”* (K.GH1.P28). However, there are other guesthouses, which choose this business voluntarily and are enjoying doing their job. Each local inhabitant involved in tourism realises the uniqueness of Kazbegi and believes that with the government’s newly chosen strategic approach towards tourism the settlement will experience positive changes (K.E.P93).

5.2.2 Service evaluation

5.2.2.1 Service evaluation in Bakuriani

Almost nobody complained about service quality of guesthouses and hotels. Some local tourists had been visiting the same guesthouse for years. Of course, guesthouses sometimes have some problems but they solve them very quickly. Even more, guesthouses and hotels were mentioned to be the best functioning ring in whole tourism industry in Bakuriani settlement. Even more, the existing environment and infrastructure should be changed and improved as they already can limit the development of guesthouses (B.LT3.P15).

National tourism administration frequently investigates the needs of visitors trying to find out what they like or dislike. This kind of research was recently carried out in Bakuriani. Most complaints are related to infrastructure. Food and room equipment remain to be the most demanded service.

Guesthouses try to improve their services year by year. Many of them already have cars and offer delivery services from the airport. There is WiFi in the rooms too. Guesthouses can satisfy most tourists’ requests and desires but *“Sometimes tourists ask services we do not have. For example, we had many requests for sauna or a swimming pool”* (B.GH1.P38). Households’ attempts to improve service quality are really a good trend observed in the settlement.

The standardisation process remains to be a negative element in Bakuriani (and partially remains), which means granting guesthouses and hotels the number of stars according to their service level. Recently, one commercial organization “Global Star” started to offer their services regarding standardisation. As this was a commercial organisation, their services were not free, but participation was voluntarily. Not all guesthouses and hotels participated in this process, but, anyway, this attempt was definitely a positive step forward, *“we have 3 and 2 star hotels and 4 star guesthouses here, also 3 and 2 star guesthouses too”* (B.E.P58). “Global Star” offered their services only once and never checked back how guesthouses and hotels were doing after standardisation; neither did the national tourism administration. *“I know one guesthouse. They have a webpage with interior and exterior photos. On the interior photos 2 stars are indicated whereas on the exterior there are 3 stars. I warned but nothing changed.”* (B.E.P58). *“Generally, I think this is very good because when the guesthouse has the number of stars and the visitor can see it on the hotel web page, he or she already knows what kind of services to expect. There will not be surprises for guests and the guesthouse will not be requested to offer such services, which is impossible to deliver”* (B.GH1.P52). As for the visitors, the standardisation process was assessed positively underlining the fact that this would enhance fair competition between guesthouses. Prices for the same service will not be so diverse and most importantly, will help tourists to get more information, support in the decision making process and, as a result, will be an important issue for the resort’s development.

5.2.2.2 Service evaluation in Kazbegi

The type of the resort defines visitors’ requirements; Kazbegi is a mountainous region with a rather good eco system, less pollution and noise, local farm homemade production and so on; logically, tourists’ requirements towards guesthouses and available services are configured accordingly. Many tourists, who like more comfort have higher demands towards accommodation, want their own bathroom and toilet but many of them never pay attention to much comfort (K.GH2.P53), they want to live like locals, some even prefer to stay outside and sleep in a tent (K.E.P78). Bargaining for rent is a common thing. Often tourists searching for cheapest places to stay are attracted by locals who stand in the centre of the settlement and try to “hunt a tourist”. Usually, their services are as bad as the prices they offer. As a rule, such guesthouses always have problems to get tourists in spite of aggressive actions and “tourist hunting.”

With food and nutrition, tourists have much higher standards and strict demands. Usually, every tourist prefers and asks about healthy food, using products from the

household husbandry. Food has to be healthy and tasty. It should also preferably traditional though it much depends on the guesthouse what to prepare and offer as visitors usually are not able to distinguish Georgian dishes. “*We always ask if there are some vegetarians. The food we offer is always the best and very tasty*” (K.GH2.P52). As many households have cattle, they can offer homemade dairy products too. An open bazaar functions in the settlement where locals rarely sell their products (K.E.P87). Some visitors prefer factory-produced dairy products because sometimes, homemade products have a big amount of fat and different smell. Food and attitude seem to be the core for guesthouse success. Guests are always right even when they are not and if the guesthouse sticks to these rules at the end everyone will be happy (K.GH2.P21).

Tourists often find it interesting to observe and participate in the lifestyle of locals’, frequently expressing desire to learn how to cook some dishes, especially, Khinkali and Khachapuri. So, some guesthouses offer such activities as extra service and, of course, completely for free, simply keeping visitors happy. Even more, “*Many visitors have a desire to observe the food preparation process and learn if possible. I often send my guests to my neighbours and they can observe the food preparation process there too*” (K.GH1.P49).

Some guesthouses can offer booking services. Not many visitors used to book rooms before but it is important to offer this service. For example, guesthouse 1 had a case, when guests from Hong-Kong booked rooms two months before. Each guesthouse tries to please tourists and offer as much variety of services as possible from WiFi, car and horse rentals to preparing special dishes as a reward, if visitors stay for a longer period. It seems that these methods work, as none of the respondents (tourists) never complained about service quality. “*They serve me like a prince. So, this is the best service that I ever had even in big hotels. It’s like that these people really care about you*” (K.FT3.P27). In Kazbegi there are other service possibilities. For example, the “Mountain House” offers renting of mountainous equipment, climbing, hiking, and guide services, sells local maps, which could be very useful for tourists. Recently paragliding services got available in Kazbegi too.

5.2.3 Programs and Trainings

5.2.3.1 Programs and trainings in Bakuriani

To increase the service quality of guesthouses, in 2009 national tourism administration organised the training for the guesthouse staff. “*...we got lots of useful information about serving tourists, meeting or checking them out as well as some issues of management (administration staff training); kitchen staff training, and cleaning personnel*

training” (B.GH1.P43). The trainer was presenting how five star hotels work, but in spite of this, a lot of new knowledge and experience was delivered to locals, “*everyone was happy*” (B.GH1.P43).

5.2.3.2P rograms and trainings in Kazbegi

At the beginning (until 2012) only two officially registered guesthouses were functioning when USAID (according to interviewees, no official source was found) declared an open competition for grants (K.GH2.P26). The aim of this project was to support tourism development in Kazbegi. There were some required criteria for applicants. One of the most important requirements was registration coupled with working experience in tourism industry and the intention of expanding tourism business, in case of winning, not holding the tourism season (the guesthouse should be able to receive tourists and keep construction activities). The amount of the grant fluctuated from 5000 up to 100 000 USD. “*Frankly speaking, there were only two guesthouses fulfilling the requirements, but after the project announcement more than 200 applicants got registered*” (K.GH2.P28). “*We had a good project. We wanted to purchase and reconstruct the old mill near us. We also were planning to do an ethno corner, horse renting and jeep tours. So, everything should be an extension of our business. The ethno-corner was for showing and teaching guests how to cook traditional food and do some craft work (For example, thick felt)*” (K.GH2.P28). At the end, none of the applicants could win. As it was declared, nobody was expecting 210 participants for this grant. The jury could not deal with such a big number, making a choice was impossible and, finally, no one got any grant and this project failed.

Besides the above-mentioned unsuccessful project, in Kazbegi two successful projects, organised by the Tourism Administration, were carried out. The first one was English language training courses for households involved in tourism and the second one, trainings for guesthouses to increase service quality. English language courses had very high and positive feedback. This 45-hour learning program included everything guesthouses needed (vocabulary for cooking and kitchen as well as to greet guests). “*I got lots of new words, especially, concerning kitchen and cooking. I am very satisfied that I had a chance to participate*” (K.GH2.P48). The second training was to increase the guesthouse service level. Generally, participants evaluated it positively too but not as much as the training for English language because it was mainly presented how a five-star hotels works with tourists. This was not an extremely interesting issue because local guesthouses have other issues. Both of these trainings were conducted only once and never got repeated despite further requests of locals.

5.2.4 Progress on the way to sustainability

5.2.4.1 Progress on the way to sustainability in Bakuriani

In spite of no special education, interviewees clearly understand what sustainable tourism for region means for them, which they call “good tourism”. For them sustainability means no seasonal fluctuations and dramatic changes of tourists numbers. Bakuriani is a four-season resort and infrastructure there should be working so that to motivate tourists to visit the resort any time of the year rather than only during winter and summer, as it is the case at present. Also, good tourism means sustainable, non-stop development of tourism which is not only beneficial for the locals but also tourists, getting more and more convenient services (B. E.P12).

No special attempts and programs from the government are observed to attract tourists in the Bakuriani region, make it more recognisable or, simply, easier for them to stay. No advertisement is available promoting the settlement internationally or locally. Even no annual plans of pre-planned events exist (B.E.P23). “...*there is something wrong but I still cannot understand what. Everything develops very chaotically; I cannot see any sequence and logic in the processes*”. There is Bakuriani official webpage which gathers all guesthouses on one page available via internet. Also, needs of visitors are investigated from time to time. The tourism information centre mainly works for foreigners but actual, effective steps (programs) that will increase the number of tourists are not observed. “*If we want to improve the quality of services, we should help households to solve their problems too. For example, taxes*” (B.E.P13); seasonal fluctuations of prices on food (and other products that the guesthouses use for their business); advertising of Bakuriani at least within the county (B.GH2.P38).

Anyway, some service and infrastructural progress in Bakuriani is observed. Almost all guesthouses and hotels are available via internet and have booking services, WiFi, some of them even offer sauna and the swimming pool. They also can offer delivery services from Tbilisi airport as many guesthouses own cars to expand their service range. No communication problems are observed, as almost everyone can speak Russian (B.E.P35), but the need for English language trainings is desperately high.

Some infrastructural progress is observed too. The problem with water is already solved. Locals used to buy it for their consumption but not any longer. External lights and decorations are installed. Bakuriani also had the so-called “village support fund” which is managed by local people. They decide what to spend available resources on. This fund is mainly used for solving everyday problems of the settlements, but this anyway indirectly

affects tourism development too. *“I have not been here already 3 years. Lots of things are improved if compared with what was it before”* (B.LT1.P14). Besides this, control on the environment and forest cut increased. It is also planned to create “a twining system,” combining hotels of several regions (Borjomi, Kakheti, Qutaisi Batumi, etc.) under one roof; exchange on membership payment of the guesthouse will become the member of this system, where all available data about regions, destinations, hotels and etc. will be available.

5.2.4.2 Progress on the way of sustainability in Kazbegi

Everyone realises the importance of tourism development in the region. Tourism sustainability depends on lots of things. Whole industry should develop in that way to get maximum gain from a season and at the same time not to harm the environment, interests of locals, etc. It is a complex process and not only the government but also guesthouses participate. During conversation interviewees used the following words to describe tourism sustainability – *“preserving local life style”, “culture”, “preserving buildings and settlements structure”, not “overdeveloping”, etc.* (K.FT1.P23). Opening new and big hotels is not strongly tolerated ((K.FT2.P23,29); (KFT3.P20)). Sustainability also means more care for the environment through legislation perfection, *“...legislation is to be more perfect because there should be places where people could not go by car and there should be parking places. Everything should be more organised; ...people drive everywhere they want. More control should be implemented”* (K.FT3.P21).

According to the respondents, the development process in Kazbegi is evaluated positively, guesthouses offer more and more convenient services, have more rooms, toilets and bathrooms. 90 % of them have internet access for their guests. More guesthouses were opened during previous years. The biggest hotel in Kazbegi (former tourist base) was reconstructed. Cafes, pharmacies and one new private hospital (GPI) in the centre of settlement were opened too. Rehabilitation process for roads in the settlement is worth mentioning too. Local tourism department staff looks for a bigger exhibition hall where not only different exhibitions will be held but it also will be the centre for selling local craftwork. Rehabilitation of the central park is under consideration too. In total, tourists evaluate these processes positively *“...if somebody wants to relax, there is a possibility but you should take into consideration that many come here not for discos and restaurants, but for peace, tranquillity and nature. So, I think everything is OK here”* (K.FT2.P22). It seems that good food, beautiful sights and internet is quite enough for making some visitors happy (K.FT2.P24). As for big and modern hotels, they are not much appreciated as they do not fit into the structure of the settlement and landscape.

The role of tourism increases year by year in the settlement. In summer, it is number one source of income for households but in spite of its growing impact, tourism has never influenced negatively other fields of local economy. Even more, constant development of tourism increases the demand on farming too. This symbiosis is caused by several reasons. The first is that tourism season in Kazbegi lasts a few months and other income sources are needed too. The second reason is that most of the visitors prefer homemade products and food. So, locals have strong incentives to keep cattle and other animals not only for their own needs but for the visitors too. That is a very good base for sustainable development of regions in the future. *“Living without cows and domestic animals in Stepantsminda is almost impossible. Thus, almost everyone has them”* (K.E.P86). Even more, tourism supports not only traditional farming but also other kinds of farming industry. For example, trout ponds built in the Kazbegi region in a certain amount. Local farms still are not so big and productive yet to sell produced products at the market but trade between each other is a common case mainly based on the needs of the household or even their visitors. One of the respondents described the impact of tourism as follows: *“Because of tourism, I developed my farming activities too. I mean now I have got more cattle than before ...because tourists need dairy products and I have to be prepared and offer them what they want”* (K.GH1.P37). Nevertheless, there are some guesthouses which are completely specialised in tourism and prefer buying products from neighbours. As they declared during the interview, their tourism industry requires so much devotion and energy that they simply have no time for farming and having 3-4 cows change nothing.

At the moment, there are no “limited access areas” or “red zones”, or some other restricted areas which will limit visitor access (for example, access by car in order to preserve the environment). There already are some considerations to implement the regulations in this regard but, according to the expert, locals will not be happy if this happens because tourism season lasts maximum 4-5 months, when locals have to live with these restrictions throughout the whole year (K.E.P104). Local guesthouses believe that there will never be such limitations.

5.2.5 Major problems

5.2.5.1 Major problems in Bakuriani

Despite the progress and rather long history and experience being involved in tourism, without governmental support nothing serious could be achieved. There still are many micro and macro problems requiring serious attention.

While assessing existing problems in the Bakuriani region, they should be classified in two general groups: problems and negative factors caused by tourism and factors negatively affecting tourism development itself. Coming out from tourism development particularities in the region at this moment, the first group of problems is considered to be less important and less discussed by respondents. Nevertheless, there are some very big issues that are crucial for tourism sustainability.

The first group includes issues of environmental problems caused by tourism, trade-offs between tourism and farming development and other issues that arise while satisfying tourists' requirements. The second group mainly concentrates on such kind of topics, as infrastructural, business environmental, promotional, managerial and communication problems directly influencing tourism development in the area.

The number of tourists and tourism development for almost every visitor is not considered as a considerable threat to local the environment. Increasing number of tourists is thought to be increased income for locals (K.FT3; K.FT1; B.LT3; K.GH2). All concerns and worries about tourism negatively influencing natural environment were mentioned only by local visitors. Foreign tourists, as usual, think that tourism brings benefits and there are no negative factors.

Absence of car parks and restriction zones (where would not be allowed other means of transport, but only pedestrians) for some local visitors seemed to be a problem, as this not only damages the environment but also prevents visitors from spending time and distracts them (B.LT1).

More serious concerns are expressed by the local expert and guesthouses, which live in Bakuriani and day by day deal with the problems caused by tourism and tourists. Pollution/littering was mentioned to be the most common problem caused both by tourists and local inhabitants. This is caused partially by lack of recycle bins and partially by low level of desire and readiness to preserve the environment. In addition, as there are no special picnic areas, many visitors use to go to the forest and have food and a fire which seriously increases the risk of fire as well as contributing to polluting the area. Condensing all the above-mentioned in a few sentences, it could be concluded that tourism development puts

local environment under risk as there is no infrastructure of garbage utilisation and legislation protecting the area; there is also low level of readiness to preserve the resort by both locals and foreign visitors (B.E; B.GH1).

The second significant problem is a trade-off between tourism and farming. Having cattle and being involved in farming in Bakuriani becomes less and less popular. Two reasons should be considered. The first is that farming is already “out of fashion” whereas the second is tourism industry itself. As respondents declared, difficulties to look after cattle, unpleasant smell, low profitability as well as negative attitude from visitors push locals to abandon farming and move to a different field of tourism. In addition, as tourism requires lots of time and is more profitable, many households abandon farming and move to the tourism industry. If a guesthouse needs homemade dairy products, they simply buy it in neighbouring villages. Because of increasing deficit of homemade dairy products, the expert considers that sooner guesthouses will start to have their own cattle. On the other hand, guesthouses did not sound to be so positive. They realise that having cattle is good but when they compare alternative costs, they prefer to buy factory-produced dairy products and completely devote themselves to tourism. According to their prognosis, the number of households being involved in farming will gradually decrease.

In spite of these changes, according to respondents, visitors are always happy with guesthouse services. The only problem that concerns them is polluted surroundings and undeveloped infrastructure. “*Pollution of environment by tourists and locals is the major problem here*” (B.E.P33; B.GH2.P 33).

Infrastructural problems are one of the most serious problems Bakuriani faces these days. There are ski routes that work until 5 p.m., the skating field working in the park, open during the daytime, several cafés and a restaurant. This is the whole infrastructure to amuse and serve visitors. There are no discos or bars for young people where they could gather and have fun.

Lack of entertainment places is less evident during the daytime as ski routes are open until 5 p.m. Visitors can get maximum pleasure but after five o'clock the problem arises. Few cafes and restaurants cannot deal with the existing demand as besides eating young people need good music, atmosphere and entertainment. One household had attempted to use this demand in favour of its business idea and opened a nightclub, which after some time appeared to be a failure.

Only “*guesthouses and air*” in Bakuriani (B.LT3; P13) got very good feedback. Thus, it's very boring to stay there for more than a week. Even small children get bored (B.LT.P13). There are only few attractions for kids in the park but, as they are private, visitors have to

pay. Some of the tourists thought that municipality took care and installed these attractions in the central park but they were wrong. The central park itself needs attention, renovation and cleaning, but even this seems to be a problem; especially, during the summer time, when sitting outside becomes a more natural way to rest. Because of the poor condition of the park, many visitors go to the forest, have a picnic there and make a fireplace, which increases the risk of the fire and leads to the littering of the place.

Infrastructural issues do not imply only the places where people want to go and rest in the evenings. Roads, parking lots and many other things that help the visitor to feel comfortable are also involved. Roads in Bakuriani seem to cause discomfort, especially, during winter and summer time. There are almost no sidewalks for pedestrians, no lines for snow machines, horses and cattle. Cars, human beings, snow machines, horses and cattle move on the same road, without any riding or driving regulations and, as a consequence, there is huge mass and chaos on the streets. In summer it gets even more complicated as cattle use the roads, pollutes them, their excrements and bad smell cause negative feedback from tourists.

Pollution/littering, bad waste utilisation infrastructure, close location of landfill to settlement are the problems locals and visitors reported to exist. *“Landfill is near settlement and causes many problems”* (B.E). There were cases when rain water through the landfill drained to the water supply system of the settlement. Now this problem does not exist but changing the location of landfill is still considered to be an urgent idea. Waste utilisation and cleaning the settlement and its neighbourhood from garbage was the most frequently mentioned problem.

Creating comfortable environment for attracting tourists is very crucial to them, which is achieved by good infrastructure and the highest service level of guesthouses; but the environment of doing business is the most important because when tourism suppliers feel comfortable and happy, tourists benefit most.

Business environment is created by legislation, taxation, infrastructure as well as all the businesses serving and supporting tourist suppliers. All the above-mentioned factors play a crucial role.

The legislation for Bakuriani works pretty well. Everyone in this region or outside it can establish their own guesthouse. The only thing is that a special committee should approve the construction plan and no changes could be made without their approval too. There are some requirements and guidelines for protecting settlements internal structure and that is all. A tourism supplier can offer different kind of services starting from winter season

services, finishing with eco and cultural tourism. As respondents noticed, to establish a guesthouse is easy, serious problems start afterwards.

2008 and the next two years were mentioned to be a very hard period when many guesthouses were not able to survive. “*The hotel got empty in one day and we were left with our loan that we had to pay to the bank*” (B.GH1; P10). In spite of war, banks never made any exceptions for guesthouses, which had loans and demanded to follow the schedule of payments. Many households lost their business. This fact clearly illustrates total vulnerability of households that do not possess their own financial recourses and want to start or expand their business in tourism industry.

Unpredictability and un-sustainability of the business environment is a very serious issue. Lack of advertisement and promotion causes low publicity level, which means that not many people in few countries know about Bakuriani resort, which itself causes unpredictable demand and high seasonality. Winter season serves as a locomotive attracting roughly 70% of visitors, leaving only 30% for summer, spring and autumn seasons. As most types of business become unprofitable (when the winter peak is over) households simply close them (B.GH1.P33). Cafes, food delivery services and even cinemas are closed as locals don't go there and the quantity of tourists not enough any longer. In summer the situation is more difficult – no snow and much less entertainment places. Very often, it's difficult to predict how much money tourists will spend and whether this income is sufficient or not. “*We had 30 Chinese tourists in our café. They ordered 60 Khinkali only*” (That is a portion for 5-6 persons); “*I observed foreign teachers who were coming for 3 days, 15 persons were ordering only 15 beers, 15 coffees and one lobiani and spent 3-4 hours in a bar*” (B.GH1.P33-34). These kinds of obscurities are added up with the unpredictable business environment and tourism suppliers have to deal with all them.

Besides the above mentioned issues, high taxes serve as the major problem for good business environment. Two kinds of taxation system work in Bakuriani. The first one is quite new and only very few guesthouses are using this option. This system means paying 10 GEL per square metre of the commercial area while keeping ordinary rates on communal taxes (electricity, gas and water). However, as this is a new initiation, local guesthouses are not brave enough to take a risk. The second option implies increased communal rates, as households are considered as entrepreneurs. So, they pay more into the budget because of their commercial activities. There is an issue that is worth to be taken into consideration – guesthouses have to pay taxes all year round, as Bakuriani is considered to be a four-season resort. But the reality is completely different. Besides winter and summer seasons Bakuriani stays almost without tourists and income but households anyway are paying much higher

rates for communal taxes than others who have no guesthouses. Tax rates are high – one ton of water – 4.3 GEL, one cubic meter of natural gas – 0.83 GEL, while the rate for ordinary household in Tbilisi is 0.5 GEL. Moreover, *“there is an additional payment of 3 GEL per room that every guesthouse being involved in tourism is paying”* (B.E.P13). This is a reported reason that plays the most serious part pushing renting prices so high that some visitors start to complain and underline the possibility to rest in a 4-5-star hotel in Turkey for the same amount of money. There is one more factor pushing renting prices to skyrocket. Product prices are not stable. Prices for products, especially, food, fluctuate during the whole year. They reach the peak during the New Year and wintertime, coinciding with the season peak in Bakuriani region and starting to get normal when the season is over. Logically, these factors force prices of renting rooms up during the peak period. At the end, stable prices make life easy both for visitors and guesthouse owners.

High prices influence tourism, especially, internal one. *“Your mind should not be occupied by the thoughts that you are spending too much because of high prices”* (B.LT3.P23), high prices logically push local tourists to look for other alternatives than Bakuriani.

What is expansive for natives is affordable for foreign visitors. All tourists from Israel, Armenia and Ukraine mentioned that prices, in comparison with their countries, are either low or almost the same. Low prices, as usual, are good to attract tourists but for Bakuriani case, unstable prices make the business environment very difficult for local entrepreneurs. However, in a broader perspective, none of the sides can benefit from this: local tourists have serious problems with price affordability; for international tourists it is easy to afford but, in this case, they have other alternatives to go to a better-equipped resort and spend their money there.

Besides infrastructural and business environmental issues, there arises an equally important problem - resort promotion. All local respondents (expert, guesthouse owners) emphasize promotional and positional problems of Bakuriani. *“There are ads about Gudauri, Mestia, Qutaisi, Signagi, Batumi, but never about Bakuriani.”* (B.GH2.P38). According to respondents' answers, Bakuriani is almost forgotten, no advertisements are made either locally or internationally. Sometimes it happens that at international exhibitions where Gudauri (another well-known ski resort) or other Georgian resorts (Mestia for example) are presented, no word is mentioned about Bakuriani (B.E.P64-65). Even more, Bakuriani is positioned as a resort for old people and children while Gudauri or Mestia resorts are for real ski lovers (B.E.P20). Because of no advertisement and positioning strategy, people start to forget about Bakuriani, especially, in post-soviet countries. No season opening or closing events are held in Bakuriani. This cannot be said about Gudauri and Mestia where it's much

interesting to go and have fun. Only Bakuriani local municipality tries to do something but lacks financial resources and independence from the regional centre. There is no plan for tourism development in the settlement and even no plans for ongoing annual celebrations and events (sometimes demanded by tourists).

Even though Bakuriani is being in shadow and forgotten (B.GH1.P12), the number of tourists still increases year after year mainly because of hard work and huge experience locals being involved in tourism and hereditary memory - as many people were visiting Bakuriani since their childhood and now take children or grandchildren there.

Besides high motivation of locals to develop business as fast as possible and their experience of being involved in tourism, lack of experience doing other kinds of businesses that will be very important for tourists is observed. For example, there still is no souvenir shop, which is considered as not profitable. Even an attempt to open a nightclub, which is a number one demanded facility according to various types of research, failed. *“My husband tried and opened a night club but it was a failure. We had people until January 20th and that’s it. The night club was active when tourists from Azerbaijan came and when they left we had to close it”* (B.GH1.P25). This shows a desperate need of business administration and management trainings in the settlement that will help locals to understand and see all existing possibilities for business development. Such trainings coupled with language courses would be highly appreciated by locals.

There exist some managerial problems at a more global level too. For example, after standardisation of hotels and guesthouses nobody keeps on controlling them. Therefore, some guesthouses are indicating more stars on their web pages than they acquired.

In spite of many existing problems, tourism gradually develops in the region and affects local lifestyle in many ways. Development is generally positive but still some negative aspects can be observed. *“...I am worried about the fact that lots of lands are sold and big and high buildings are built. Bakuriani is a mountainous resort, a small and compact settlement and no place for big and high buildings, especially, the centre is very ugly because of big hotels.”* (B.GH1.P61). There is a special department in the regional centre of Borjomi which controls all construction and licensing issues that are quite strict and have harsh requirements (construction project, distance from the road, fence, even changing the colour of the guesthouse requires special permission). So, logically a question arises of how these hotels got permission to build buildings which are destroying the settlement structure (B.GH1.P61). Tourism causes some discomfort to the land owners, the land parcels which are situated in the settlement centre, the so-called “red zone” because this territory during winter is used for skiing, snow machines and other entertainments by visitors. Owners can’t

start any construction there and sell their land unless there is one investor who is going to buy the whole zone and has its further development project (B.E.P43). In summer time, these parcels are used for haymaking. Besides the above-mentioned issues, tourism development is perceived as very positive, as Bakuriani historically was completely tourism-oriented settlement and everyone still dreams about past times. So, in spite of some discomfort, locals think that tourism can't be a threat to local culture and traditions at all.

As mentioned above, nobody can do anything without special permissions and licenses; still not everybody knows how this process works, “...*not everyone can build until getting permission but cannot tell you much about it*” (B.E.P49). According to the interview results, guesthouse representatives have more knowledge than the expert because some of them already dealt with these licensing and permission issues because of their business.

Development of the resort and guesthouse service level requires steps that are more active. Nothing special is done in this regard at present. There are no events, or openings organised by the tourism administration, there even does not exist any annual plan of celebrations in the region that is quite often demanded not only by tourist agencies but also visitors. All the events during the year are organised by local municipality. One of the events is Bakurianoba, a celebration of Bakuriani resort itself, which starts on February 20th and ends at the end of the month. This is a competition between children and the elderly in different kinds of ski sport. Horse and jeep races are also offered. At the end of January, competition between sport schools takes place. But, all of this is organised by local municipality and there is no support from central or regional departments is received (B.E.P.21). In addition, no official season opening ceremony was held. Of course, every guesthouse gets ready for the season but this is not enough, more actions for tourism attractions are needed. Besides annual celebrations and events, more active advertisement campaign and open border policy is needed for attract more tourists, especially, the post-soviet countries. Many tourists come from these countries and it is important to remind them about Bakuriani once more.

5.2.5.2 Major problems in Kazbegi

In spite of already achieved progress, the list of existing problems is much longer and impressive. Infrastructural, business environmental, communication and environmental problems occupy the most serious part. Absence of tourism information centre is a big challenge that itself causes several other problems tightly linked to it. Communication between visitors and local tourism department staff is not possible without the information centre. Tourists are completely lost (especially, those who visit Kazbegi for the first time),

they do not know what to do, where to go, how to rent an apartment and so on. Some locals use this chaos in their favour. To be more specific, they wait in the centre of the settlement and when tourists come, “hunt” them offering rooms for rent not giving any chance to explore other possibilities. Often conditions they offer are very poor which eventually leads to the dissatisfaction of tourists. When the tourist information centre is established, visitors can go there and get information not only about destinations but also hotels and guesthouses until this “hunting” issue is active. The information centre is going to have the database of registered guesthouses. So, this will motivate other service providers to register and the “hunting” era will be over. “...when we got here first time we did not know what to do and where to go. We saw the Sameba church but that was it... from our host and other guests we find out what to do and where to go. It will be really nice to have an information centre, guides and maps too” (K.FT1.P24). Absence of the information centre also prevents getting feedback from tourists, what they liked and disliked, etc. There are some organisations, such as, the “Mountain House” that is specialised in renting mountainous equipment and sometimes serves as the information centre too; but, of course, it is not possible to substitute the areal tourism information centre.

Roads are another infrastructural issue. Streets within the settlement were repaired, some still under construction, but the issue still exists. Roads outside the settlement, connecting with the remaining world, rather than those inside, cause the problem. “*The road is quite scary while coming from Tbilisi*” (K.FT1.P23-24). Bad roads not only make it difficult to reach Kazbegi but also prevent to attract tourists, especially, during wintertime. “...inaccessibility during wintertime... because of better roads, many tourists will be able to visit during wintertime” (K.E.P63). Respondents noted that Kazbegi as a resort did not have much potential for winter tourism but, as during the Soviet period, visitors could use hotels to spend a night and during the day commute to Gudauri resort for skiing. However, for this the road should be in a good condition. The road from Tbilisi to Kazbegi was described as “scary” but the most interesting thing is that almost all of international visitors like that the resort is not overdeveloped. People coming to Kazbegi have completely different objectives, they want to relax in tranquillity, nightclubs and bars are not important. Even these few cafes that work in Kazbegi are quite enough for tourists. On the other hand, for experts, lack of entertainment centres, cafes (there are about 6 in the settlement) and restaurants seems to be a problem and they put it in their urgent to-do list. Throughout time it is observed that 3 hotels and 10 guesthouses are not enough to satisfy the needs of local and international visitors. Parks and recreational places within the settlement need more attention. There is an old park in Stepantsminda but it is old and can’t satisfy the required standards. It is

noteworthy that only experts and local tourists underlined this problem. None of international visitors mentioned it. In addition, no ATMs or public Internet access points were mentioned.

Environmental issues seem to be very serious in the area. On the one hand, it is provoked by fast tourism development whereas, on the other, bad infrastructure and participation of locals in littering play the part too. The basis of this problem is bad waste utilisation infrastructure, no recycle bins and normal landfills. As there are many tourist routes (tourists also can go everywhere they wish), it becomes more difficult to prevent littering and put waste bins everywhere. Nature is also harsh. To be more specific, bad weather and lots of snow destroy recycle bins and utilisation system every year. In addition, getting waste from mountains is not easy. Besides bad infrastructure, there is also bad culture for environmental preservation, locals still can't realise how important it is not to pollute and preserved environment. On the other hand, it is caused by bad infrastructure and not by the intention locals to pollute. *"I observe that a lot of Georgians throw garbage directly from the window of their cars and I believe that they will stop doing this when more tourists come. As for me, I gather all my garbage, even cigarettes and then throw them in the recycle bin. I even gather many plastic bottles from the waterfall, bring them here and throw into the bin. I think that in time people will stop polluting these areas because it is a very beautiful place and they will understand that they should preserve it to attract tourists. It's a pity that, according to my observation, it mostly the locals rather than tourists that pollute the area"* (K.FT2.P32). Of course, international tourists pollute the area too but they are more careful. They often bring garbage back in plastic bags but when infrastructure is bad, it is difficult to control these processes (K.GH1.P69).

Communication problems should be considered seriously. There are two problem levels. One is communication issues between tourism suppliers and visitors whereas the second communication gaps between tourists/tourism suppliers and national tourism policy makers. It is difficult to get feedback from tourists and based on them plan future steps for the region's development. On the one hand, this is caused by a limited amount of research in the region whereas, on the other, because of absence of an intermediary link between tourists and policy makers, that is tourism information centre. There are no data at the regional level, no research about tourists' satisfaction level, etc. At the micro level, communication problems between tourists and service suppliers are caused by language barriers. English language knowledge is a serious issue. In fact, one free language course was organised by tourism administration but the issue was not solved. *"The family where I'm*

staying does not speak English. So, we have some English and some Georgian words in our very basic conversation” (K.FT3.P26).

There is a huge information gap too. In spite of increasing popularity of Kazbegi resort, most of the visitors, especially, international ones, had no information about tours and places they can visit. There are issues with maps of the local area, which visitors can't buy on the spot because there is no information centre. *“The area is big and when we got here first time we did not know what to do, where to go. We saw the Sameba church but this was all and after this, we did not know what to do. ...It will be really nice to have an information centre as well as guides and map”* (K.FT1.P24). Besides, the language barrier and difficulties with Georgian alphabet exist. So, some signage will be a huge relief. In addition, public toilets are strongly demanded too.

Taxes are one of the most important indicators which are defining easiness of making and caring about the business in the region. Households involved in tourism business are paying higher rates on communal taxes (electricity, gas) and, as usual, higher taxes always are the issue affecting the socio-economic situation of households. *“Our tariffs for electricity and gas are higher than those of other households because of our guesthouse”*. (K.GH2.P66) However, as research revealed, taxes are not of primary importance. Some of the respondents were not normally aware of how much they pay for being involved in tourism. This could be the reason of guesthouse registration as most of the guesthouses are not officially registered, offer their services and pay no taxes.

Local tourism suppliers are more concerned about bad competition and unsatisfactory work of the banking system. Interviewees noticed that, theoretically, starting tourism business is easy, there are not many restrictions, one simply needs available rooms to prepare them for tourists, get some permissions if one plans to enlarge its house for offering more and better quality accommodation and that's all. *“To offer tourist services you need a start-up capital, house, available rooms for renting and finances to prepare rooms for visitors...For building, or enlarging houses, you need permissions and prepared building plans before starting. The building process is also controlled and monitored”* (K.E.P90, 102). However, many households have problems not with their desire to start delivering service but with start-up capital. Preparing rooms for tourists or enlarging the house needs some finances and as usual, none of the households has it. The banking system in this case is not supportive. It is so difficult to get the loan and the rates are so high that no one thinks for applying. Thus, guesthouse owners are either not able to improve their guesthouse quality or are doing this with their own finances, which is far not enough. *“Further development needs some changes in banking. Region specific programs should be available. This means that when a guesthouse*

owner wants to increase the number of rooms or refresh them, build a bar or a diner for tourists, s/he needs low cost and long term loans. Commercial banks will not support such projects. There are no special governmental programs either. This kind of low cost long run loans are very important and should be available.” (K.E.P94). Even long run and low cost loans sometimes are considered risky, grants are considered to be the most suitable. *“Any kinds of loans are risky because of competition; big hotels can take away your customers. So, there would be grants more appropriate for our case”* (K.GH1.P41).

In addition, unfair competition makes business environment more unpredictable and unfavourable. Under unfair competition is meant unique phenomena when owners of not registered guesthouses are trying to “hunt” tourists and, therefore, are taking away potential customers from the registered guesthouses and they do not pay taxes too.

Kazbegi region has some experience in tourism but not much compared to other destinations in Georgia. This inexperience causes some obstacles; one of them is managerial problems. Many guesthouses have less experience of how to properly deal with their business and manage and offer guests comfortable environment. Almost nobody is familiar with cleaning, serving or booking standards and procedures. Of course, there were attempts by the national tourism administration to organise such kind of training for guesthouses but training was completely based on five-star hotel standards and locals could not derive any good from it. This training itself is a good example of miscommunication between the region and the centre, as the central body does not know what is needed for tourism development in the region. These management problems also imply bad knowledge of guesthouse positioning and dealing with competition. Many guesthouses perceive big hotels as rivals, taking tourists from them. In reality, the reason is that they do not know anything about the segmentation and their needs; they cannot distinguish their guesthouse advantages, how to promote it and so on. Many of them can’t clearly evaluate the competitive environment and only few realise that big hotels serve completely different segment and they will never be rivals.

Promotional issues were one of the most serious problems stated by experts during interviews. The settlement is sometimes presented at international exhibitions, there is some information available in guidebooks too, but as respondents reported, more actions should be undertaken, especially, TV advertisements. Sometimes, for tourists it is difficult to find information in guidebooks too *“...could not find many books, or guide books in English”* (K.FT3.P23). This kind of promotional deficit is more observed for non-English language guidebooks.

The last group of issues concerns legislation. The problem is that the legislative base is not developed enough. *“I think, legislation should be more perfect because there should be places where people should not go by cars, there should be parking places. Everything should be more organised, but here people drive everywhere they want. More control should be implemented”* (K.FT3.P23).

Further development of the resort requires more steps for attracting tourists. Some issues already were solved and respondents evaluate these changes positively but more radical steps should be made. The first most important issue for attracting tourists is peace and stability in the region. For visitors Caucasus is perceived as one area despite the fact that there are several countries. This means that if there is a conflict there, the whole region is considered to be instable. *“Even increasing tension between Azerbaijan and Armenia negatively influences tourism in Georgia because for many visitors Caucasus is like the whole region and if there is something wrong in one country then the whole region gets instable for tourists”* (K.GH2.P61). Respondents consider that uniqueness of the resorts is one of the most serious prerequisites for attracting tourists. It is not far from the capital, is one of the most beautiful places in Caucasus and is easy to access. *“...environment that attracts tourists, alpine zone, nature and stunning mountains and historical places”* (K.GH1.P40). When the tunnel on the way up to Stepantsminda is finished, tourists will be more eager to visit the village. *“This is most the promising project”* (K.E.P51). Generally, all constructional works and rehabilitation projects that are finished, or still in the process, are considered to be strong motivators for visitors. Not only the roads connecting Kazbegi to the rest of the country are important to attract tourists but also any kind of infrastructure inside settlement matters. Parks, exhibition halls, museums, everything that makes the stay more interesting are also regarded as infrastructure.

Advertisement and promotion are crucial too. This implies promotions via guidebooks, internet, and different kind of exhibitions. Knowledge of foreign language is also important; but local traditions, hospitality and food are still the most important to attract visitors. Everyone should understand that satisfaction of visitors is the most important issue for guesthouses because visitors are their source of income (K.GH2.P46).

Tourism not only improves the economic wellbeing of locals by diversifying their income but is also brings some negative effects. These negative changes could be littering and pollution, new modern buildings, which destroys the landscape and settlement structure; it can also cause more serious negative changes, such as, changes in traditions, culture, as local inhabitants start to adopt the new values visitors bring. Nevertheless, expectations are positive, *“...it is not a problem at all because we have strong mentality and traditions,*

youngsters also know what is good and what is not, they know they should keep traditions. I cannot observe any bad influence from tourists on our young generation” (K.GH1.P67). Some foreign visitors believe in the opposite, value the processes more objectively stating that tourism definitely will influence mentality more or less but it is difficult to predict how.

5.3 Summary

5.3.1 Qualitative Findings in Bakuriani

All the findings from qualitative interviews in Bakuriani are enlisted in this chapter.

General findings:

- Ideally, Bakuriani is a four-season resort. As post-soviet time experience shows, it was visited by tourists all year round. Only for a few days the resort was closed for sanitation procedures;
- The main profile for the resort is winter sports like skiing, skating, snowmobile services; during summer time, it is hiking, bicycle tours, camping and even bird watching;
- The spring season had very high medical importance in the past, especially, for people with bronchial issues. Today this advantage of Bakuriani is not used fully;
- Tourists visit Bakuriani whether through tourist agencies or their friends. Also, many visitors come to the village year after year for several generations;
- According to the observation of locals, most visitors are from Israel, Azerbaijan, Armenia, Ukraine, Germany and Georgia;
- The income of most guesthouses is generated during the winter season which should be enough for the whole year. As for the income from the summer season, it is usually used for guesthouse rehabilitation;
- Official duration of the winter season is from 25th of December to 31st of March;
- According to the primary research, there were 24 hotels and 210 guesthouses registered in Bakuriani;
- The tourist information centre is obliged to keep the database about hotels and guesthouses up to date;
- The tourist information centre is also obliged to gather local statistics and then send it to GNTA;
- According to local tourist information centre calculations, over 45 000 tourists visited Bakuriani. More specifically, 35 000 during the winter season and 10 000 in summer;

- At the beginning, the tourist information centre was functioning within the NGO CENN (Caucasus Environmental NGO Network) project whereas now it is under GNTA and its employee has 12 years of working experience;
- Guesthouse owners are local inhabitants and have quite a long experience of being involved in tourism. Besides monetary reasons, which is the main reason for guesthouses to move to tourism, some guesthouses enjoy being a tourism supplier;
- Most of interviewed Georgian visitors use to go to Bakuriani year after year for generations;
- Interest towards Bakuriani from Russian visitors has positive dynamics; Russian tourist agencies start to manifest their interest for the destination. After the collapse of the Soviet Union, Russian people started to rediscover Bakuriani again;
- A big part of tourism (based on recorded interviews) is not organised, which means that visitors are planning their trips themselves rather than using services of tourism agencies;
- Reasons to visit Bakuriani, according to visitors, are unique climate, tradition to visit Bakuriani every year, friend's invitation and love of winter sports;
- These information sources were mentioned during the interviews that are used by tourists: www.bakuriani.ge and www.welcome.ge. The tourist information centre also works like local information source, frequently used by the visitors (mainly foreign);
- It's completely free to publish info about guesthouses on the Bakuriani municipality webpage;

Findings regarding tourism services:

- None of the tourists ever complained about guesthouse and hotel quality. Even more, guesthouses and hotels were mentioned to be the best functioning ring in whole tourism industry;
- GNTA frequently investigates visitor satisfaction;
- Nutrition and room equipment still remain most demanded services;
- Many guesthouses have car delivery services, WiFi, booking service, some saunas, swimming pools and so on;

Findings regarding infrastructure:

- Existing environment and infrastructure should be improved, as they are limiting guesthouse and industry development;
- Most complaints from visitors are about infrastructure;
- Standardisation issues are observed in Bakuriani, few guesthouses and hotels have the quality sign - number of stars;

- Standardisation services was offered only once by a commercial organisation;
- There is no quality control service too, which means that the 2-star guesthouse could be positioned as a 3 star one without any consequences;
- The idea of acquiring the number of stars by each hotel and guesthouse was keenly approved by the respondents; this is considered as a big step to service standardisation and improvement in Bakuriani. Standardisation will facilitate better and reasonable pricing for guesthouse services in the region;
- Visitors never have problems with guesthouse services. If they do have some issues, this is only because of infrastructure in the settlement;
- One of the major problems is absence of entertainment places. After the ski routes are closed, there are no places to go out and have fun;
- Littering, caused by both visitors and local people, is mentioned to be the most common problem in Bakuriani. Low desire and readiness level of people and absence of recycle bins is mentioned to be the main reasons;
- No souvenir shops function in Bakuriani, as it considered to be not profitable business;
- Construction of big hotels damage the structure of the settlement;
- No car parks or restriction zones (with limited access by car), no camping and picnic areas exist in the settlement or nearby;
- Even for small children there are not too many places for fun. Few attractions in the central park are a private initiative and they are not for free;
- The central park also needs renovation and attention, infrastructure inside is too old and not ready to serve visitors;
- Roads inside the settlement have almost no sidewalks, cars, locals, visitors, horses and cattle have to use the same road;
- The settlements close to the landfill cause dissatisfaction among locals and sometimes among visitors;

Findings regarding management and education:

- Trainings (organised by GNTA) to support local entrepreneurs to improve their knowledge and service level are organised very rarely. The respondents could remember having only one such training for service quality improvement in 2009;
- Despite the high demand for places for fun (nightclubs, for example), native households' attempts were not successful. After a short time of functioning, they had to close the nightclub;

- Sometimes Bakuriani is positioned as a resort for old people and children while other winter resorts are for real ski lovers;
- GNTA or Borjomi municipality does not organise events (even a season opening) that would attract visitors. If there is some kind of attempt, only because of local municipality;
- GNTA's attempt to attract tourists in the regions was evaluated negatively;
- All local representatives underlined the unfair promotional campaign with regard to other resorts;
- Lack of experience of management and business development knowledge is observed;
- No special attempts are observed by respondents from governmental institutions to attract tourists in Bakuriani;
- There is no annual events plan for Bakuriani;
- All the attempts and steps made by GNTA are evaluated as chaotic and not effective, bringing no serious benefits for industry development;
- Russian language knowledge in the settlement is evaluated as high while English is very low;

Other findings regarding tourism development and sustainability:

- All respondents more or less understand the essence of sustainable tourism and the good it can bring to both local community and visitors;
- Sustainable tourism was described as follows: no seasonal fluctuations, dramatic increase of tourist numbers, nonstop development of tourism industry, benefiting for local community and tourists, improving and diversifying services;
- Food price seasonal fluctuations were mentioned to be a serious issue for households;
- The "Village support fund" was initiated by local community to manage and solve local, everyday issues faster and independently;
- Top groups of issues regarding tourism development were revealed. The first group includes problems caused by tourism development, such as, environmental or trade-off between farming and tourism development and others; the second group contains issues that negatively influence tourism in the region, such as, infrastructural, business environmental, promotional, managerial and so on;
- According to foreign visitors, the increasing number of tourists is not considered to be a threat for pollution/littering the environment; only local visitors see the connection between the increasing tourist number and pollution;
- Being involved in farming becomes less and less popular in Bakuriani. Farming becomes "out of fashion" and it is replaced by tourism industry;

- The main reason of abandoning farming is profitability of tourism. The increasing number of visitors, the resort's potential to function as the all-year-round destination and lower prestige level of farming motivate local households to make choices in favour of tourism;
- Neighbouring villages are becoming the main suppliers of dairy products for Bakuriani;
- Locals realise the advantage of tourism and the desire to come back to farming even in the future is very low;
- Starting one's own guesthouse business is rather easy in Bakuriani. What is needed is only the construction plan which should be approved by a special committee;
- The banking system does not function in a favourable way for tourism development. Loans are very expensive and even during the force-majeure situation no exceptions are offered. Because of an unfavourable banking system, many guesthouses lost their business after the Russian invasion in 2008;
- After the winter season is over, most private businesses have to be closed because of the lack of tourists. Cafes, food delivery services and even cinema are closed;
- Taxation also prevents tourism development in Bakuriani. Households have to pay taxes even when the season is over and there are no guests in the settlement;
- Seasonal fluctuation of food prices causes problems for tourism development and creates uncomfortable situation for visitors, mainly, locals;
- Most foreign interviewed visitors underlined that local prices are very comfortable for them;
- Mainly local visitors are price sensitive;
- Future expectations for tourism development are very positive, locals believe that past glory of the resort will be back soon;

5.3.2 Qualitative findings in Kazbegi

Findings from Kazbegi are listed below.

General findings:

- Tourism history in Kazbegi starts from the Soviet period. Only one hotel was functioning then;
- Region's main specialisation was farming and tourism served as an additional source of income during summer time;
- During winter time Kazbegi was becoming a satellite of Gudauri ski resort as an additional place where visitors could stay after skiing in Gudauri;

- Real transformation and orientation on tourism started after the prohibition of natural gas in greenhouses, as locals lost the source of income and had to find a new one;
- Tourism season in the Kazbegi region continues only 3-5 months during summer period;
- The main advantage of the resort is its unique ecosystem which is mostly under the protection of the national park as well as unique historical and cultural monuments and easy accessibility from the capital;
- Landscape, hiking opportunities, food, hospitality and accessibility frequently are the main motivators for visitors to see the region;
- Guide books are mentioned to be the main information source for foreign visitors (Lonely Planet, Bradt);

Findings regarding tourism services:

- Hiking, trekking, camping, mountaineering, rock and ice climbing, bird watching, visiting historical, cultural destinations, horse and car rentals, paragliding are varieties of tourism and activities available in Kazbegi;
- Visitors have high requirements for nutrition. Most tourists ask about healthy, traditional food using household produced products. Food services for vegetarians are available too;
- Frequently, cooking lessons are offered as an additional service for tourists;
- Not many guesthouses can offer booking service, but those which do, underline the increasing demand for this kind of service;
- WiFi service is quite a rare service in the households, but through time becomes more available;
- The service level of guesthouses is evaluated very high by interviewed visitors;
- Because of the resort type and specifications many visitors frequently do not pay big attention to livelihood quality, some even prefer to sleep outside in the tents. Of course, comfortable accommodation is available too for those who prefer better conditions;
- Visitors prefer to enjoy the region's environmental, historical and cultural uniqueness. That's why, demand for places like bars and restaurants is not very high;
- While visiting Kazbegi, visitors have different objectives rather than going out in bars, cafes and nightclubs; they want to enjoy unique environment, nature and tranquillity;

Findings regarding infrastructure:

- There is no tourist information centre in the region. The division of tourism functions in the local municipality within the economics office and employs two native specialists;
- Division of tourism is the main responsible body to gather primary statistics about tourism in the Kazbegi municipality and serve as an information centre too;
- Only 10 guesthouses and 3 hotels are registered in the settlement;
- Because of the absence of information centre visitors face problems acquiring information about the region even after arriving there;
- The biggest hotel in Kazbegi is functioning on the place of the former Soviet tour base;
- There is only one private hospital in the centre of the settlement;
- Within the scope of the rehabilitation process the whole inter road system was fixed;
- There is no proper park in the settlement;
- The most serious problem in Kazbegi is absence of the tourist informational centre, which itself is the cause of other consequential issues and problems;
- As big and fancy hotels destroy the settlements structure and do not fit the landscape, they are not welcomed;
- Because of absence of the tourist information centre, tourists face a range of serious issues when arriving to Kazbegi;
- In the middle of 2014, most of the issues concerning roads, were solved;
- Improved accessibility, in the future, could develop Kazbegi as an overnight destination, as a satellite to Gudauri, during the winter season;
- In spite of the fact that roads were fixed, there is still no possibility for disabled people to benefit from them;
- There is no ATM in the settlement;
- The problems of litter are extremely critical in Kazbegi. Visitors and locals equally participate in creating this problem;
- There is no infrastructure which would facilitate reduction of the littering problem in Kazbegi;
- Discomfort is caused because of signage absence;
- No availability of public toilets is a big disadvantage for tourism development;
- Besides the littering problem, construction of new and modern buildings destroying landscape and structure of settlement was mentioned to be an issue, especially, for foreign visitors;

Findings concerning management and education:

- Publishing information about guesthouses on municipality webpage is free but hardly anybody uses this possibility, especially, in the English language;
- There is a big deficit of reliable information of any kind about Kazbegi;
- Methodology of counting the number of visitors is not sophisticated. Because of this, it is still hard to get exact number of visitors;
- There were only two training courses organised by GNTA to support tourism in Kazbegi;
- English language training was positively evaluated while training for improving the guesthouse service level was not;
- There is a big information deficit about visitors' needs, requirements and satisfaction level;
- There is a big deficit of information about interesting destinations within Kazbegi region;
- Very low knowledge level of foreign languages creates communication problems;
- English language trainings should be done on regular basis;
- Huge information deficit is observed about local historical and natural destinations, no hiking maps, no routes and other supportive information are available;
- There is lack of managerial and knowledge issues. Lack of knowledge how to manage a guesthouse, serve guests, no familiarity with cleaning, serving, booking standards and procedures, absence of knowledge about business positioning, competition principles and so on are observed;
- Service quality improving training for guesthouses is a vivid example of miscommunication between the region and the centre, as the centre is not informed about the region's needs;

Other findings regarding tourism development and sustainability:

- Services offered by the tourist "hunters", as usual, are bad. That's why, they always have problems for getting tourists;
- No research has ever been conducted to study visitors satisfaction level and other issues;
- Respondents stated that for many guesthouses tourism became interesting after the prohibition of using gas for greenhouses, but there are guesthouses which were already involved in tourism before prohibition;
- Unique nature of Kazbegi, the government's new policy to support tourism, poor land fertility, difficulties to develop animal husbandry, prohibition of greenhouses is not a

complete list of issues which pushed guesthouses to start delivering services in tourism;

- None of the respondents ever mentioned about using the municipality webpage as an information source;
- For each local representative future expectations for tourism development in the region are very positive;
- Bargaining for livelihood price between tourists and hosts is a common thing;
- As usual, households having cattle are using homemade farming products in favour of tourism development;
- There are about two hundred non-registered guesthouses offering their service in the settlement;
- Getting maximum gain from tourism, fully using the season's potential, improving legislation, preserving the environment, settlement structure, local community interests, lifestyle and cultural values are the factors that demonstrate how interviewers see sustainable tourism development in the region;
- Tourism development in the region is evaluated positively, service quality and variety is increasing, new guesthouses are opening and majority of guesthouses now offer internet services;
- Visitors mostly prefer to spend as less money as possible, most of them prefer to spend less money for livelihood, food and so on;
- Tourism is number one income source during the summer season;
- Tourism development triggers and supports farming development too;
- As Kazbegi is one a season resort, local guesthouses have to develop other sources of income too;
- Because of high demand of homemade dairy products, locals have to develop their farming industry too;
- Tourism development motivates all other kinds of businesses which could be demanded while satisfying visitors' needs. For example, trout ponds, bees and so on;
- Local farms are not yet big and productive to sell products at the markets. Trade or product exchange between households are observed more frequently;
- Despite the fact that almost the whole region is a preserved territory, it is possible to go almost everywhere by car;
- Most problems in Kazbegi are infrastructural, business environmental, communicational and environmental;

- Absence of tourism information centre motivates hunting after tourists in the settlement;
- The importance of having bars and nightclubs was mentioned by only local visitors and experts, none of the international tourists approved this idea;
- There is low level of responsibility within the local inhabitants not to pollute and care about unique environment;
- Communication problems are observed at two levels. The first level involves problems between tourism suppliers and visitors whereas at the second level, between tourism suppliers and policy making institutions;
- It is almost impossible to get feedback from tourists and plan future development steps according to their needs, which is caused by the absence of the tourist information centre and research of tourists' needs and satisfaction level;
- An officially registered household has to pay higher communal taxes (electricity, gas, water) all year round, even when the season is over;
- As many guesthouses function without official registration, taxation issues are almost never discussed as a negative factor for business development and socio-economic condition of local community;
- Unsatisfactory work of the banking system is considered to be a big issue on the way to sustainable tourism development;
- For starting the tourism business, one needs permission from the special committee about constructional changes, start-up capital and the desire to become a tourism supplier;
- Because of a very high price of the loans, the banking system is not supportive at all to benefit tourism development in the region;
- There are no special governmental programs or grants to support tourism development in Kazbegi;
- Because of the high share of unregistered guesthouses, competition is not fair and the business environment is unpredictable;
- More advertisement and promotional activities are recommended to be provided by local representatives during interviews;
- Demand for legislation and regulation improvements is obvious. Some restrictions to movements of cars and pedestrians should be enacted to bring some order in Kazbegi and protect the environment from damage too;
- Tourism development in the region can also negatively influence the way of life of local community, its culture and traditions.

6 Empirical results from the quantitative survey

This part of the work deals with quantitative research data of Bakuriani and Kazbegi regions. Within the scope of the AMIES project, 301 households were questioned, 147 in Bakuriani and 154 in Kazbegi. The questionnaire consisted of two major parts. The first one was for the sub project D1 that deals with the socio-economic changes of local households on the landscape scale (Heiny, 2017) whereas the second for the sub project D3, studying socio-economic changes of local households concerning tourism development. During quantitative analysis, the whole sample was used together with the one concerning only the tourism sector. Questions that are part of the first part are appointed as the D1 sample (Heiny, 2017) whereas the remaining D3 sample is marked as “own source”.

Households offering at least one type of service are identified as the tourism service supplier. In total, households involved in tourism in Bakuriani and Kazbegi amount to 60 and 65, respectively.

6.1 Socio-demographic characteristics of the households involved in tourism

6.1.1 Demographics and structure the household

Analysing demographic, educational, migration and other data of the studied sample in research areas is a prerequisite for properly understanding ongoing socio-economic changes. It is a very good beginning for drafting the whole picture of interrelated processes. This is the foundation for further analysis.

The following tables show some introductory data of the research sample. Average household size and gender distribution more or less coincides with countrywide indicators published by the state department of statistics in 2012 where average size of households is four members and gender distribution is 52% and 48% of females and males, respectively (Geostat, 2012). In table 4, a high indicator of female interviewees is caused by the fact that women in the research regions tend to be more open and eager to participate. All respondents, picked up for the sample play a major or considerable role in the household decision-making process. The fact that the majority of respondents belong to the category between 21 and 65 years, indicates that the most important and interesting part of population which are economically active respondents, are covered by the research.

Table 4: Demographic characteristics of households involved in tourism

	Bakuriani (n=60)	Kazbegi (n= 65)
Average Size of Household	4,2	4,09
Male	39%	48%
Female	61%	52%
21-35	12%	8%
36-50	26%	31%
51-65	47%	39%
66+	15%	22%

Source: own sample

It is interesting to look at the ethnic structure of the research regions too because some research outcomes could be the reason not a geography, but ethnicity. According to sample data in the Kazbegi region, all respondents (whose households are involved in tourism) identified themselves as Georgians when in Bakuriani the same indicator is only 75% followed by Ossetians – 10%, Armenians 8% and Russians – a little bit more than 3%.

6.1.2 Level of education and gender

Educational level in Bakuriani is relatively high as no respondents are observed with no education whereas in Kazbegi there are about 5% of respondents with elementary and not complete secondary education level. Even though, 27% of interviewees in Bakuriani have only secondary education, 5% higher than in Kazbegi. Respondents with higher – university degree in the Bakuriani region exceed the same indicator for the other region too. The only indicator that is higher in Kazbegi is special secondary educational level (Table 5).

Table 5: Level of education (respondents involved in tourism)

	Bakuriani (n= 60)	Kazbegi (n=65)
Elementary (4-5 classes)	0	3%
Not completed secondary (5-9 classes)	0	2%
Secondary (11 classes)	27%	22%
Vocational-technical	22%	20%
Special secondary (technical, college)	15%	22%
Higher education	37%	32%

Source: own sample

Higher level of education could be a good indicator of better human capital, knowledge and possibility for implementing business ideas.

A very interesting picture could be seen while splitting and observing the data through the gender level. On average, women in the Kazbegi region have better education than men. 84% of female respondents have vocational-technical or higher education while this figure does not exceed 61% for male respondents. In spite of this, male respondents have higher indicator for university education which is 5% more (35%) than for women (own sources). The indicator for secondary education level is a very interesting point while comparing education differences. 32% of male respondents turned out to have only 11th class education while for women respondents the same indicator is only 12 %.

The picture is comparatively different in the Bakuriani region. First, there are no respondents with only elementary and incomplete secondary education at all. Secondly, the difference of secondary education between males and females is not so significant as it is in Kazbegi. More male respondents have only secondary education level than women but the difference is only 3% (27% and 24% for male and female respondents, respectively). It's important to underline huge difference between vocational education among men and women respondents. 32% of female respondents seem to have it whereas only 9% of male respondents indicated the same level. Even more, when it comes to higher education, the picture is reversed - male education level here is 21% higher than that of female (50% men, 29% women).

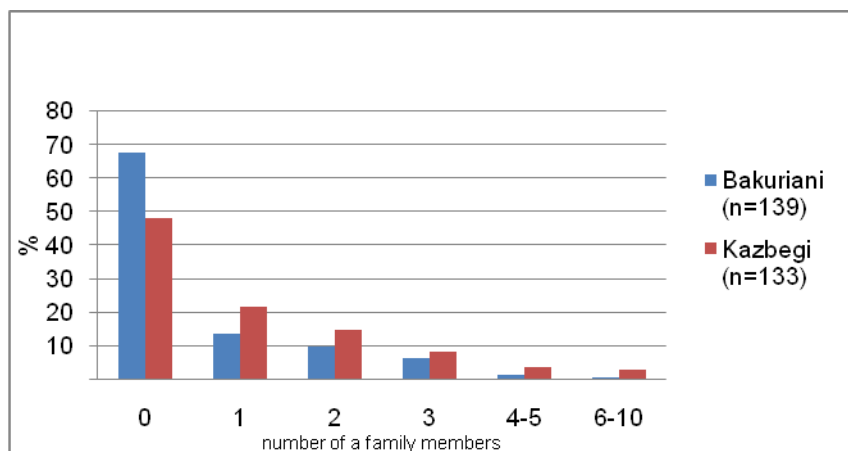
It is very hard to explain the reasons of difference between men and women education level. One of the reasonable explanations could be that females are more involved in the so called “women type” of work or stay home and look after a family and household.

These types of activities need no higher university education and could explain much higher concentration on vocational and special secondary education levels while men, as household heads and, ideally, key persons who earn money for the family, go further in education and obtain university degree. As for significant differences between gender education, inequality between Bakuriani and Kazbegi could be assumed as Bakuriani is more multinational (only 75% are Georgians there, while in Kazbegi every respondent identified him/herself as Georgian), education level differences could be caused by this. Also, Bakuriani's geography and easier accessibility play the role.

6.1.3 Interconnection between migration and tourism

In spite of the fact that research regions are both mountainous and have almost similar elevation (1700 – 1750 meters above the sea level), still differences between them are quite significant. These differences are not only observed in education (see above in chapter 6.1.2) but also migration. It is easy to observe that migration level in Kazbegi is higher. There are only 48% of households with no family member left when the same indicator in Bakuriani is higher equalling 68% (Figure 23). The trend is the same in all other categories. Statistics of leaving from Kazbegi is higher that could be explained by several factors. The first is that the Kazbegi region is a comparatively new destination for tourism. Logically, before it, local households had less sources for income. The second factor could be accessibility and harsher natural environment for habitation.

Figure 23: Migration, number of family members left



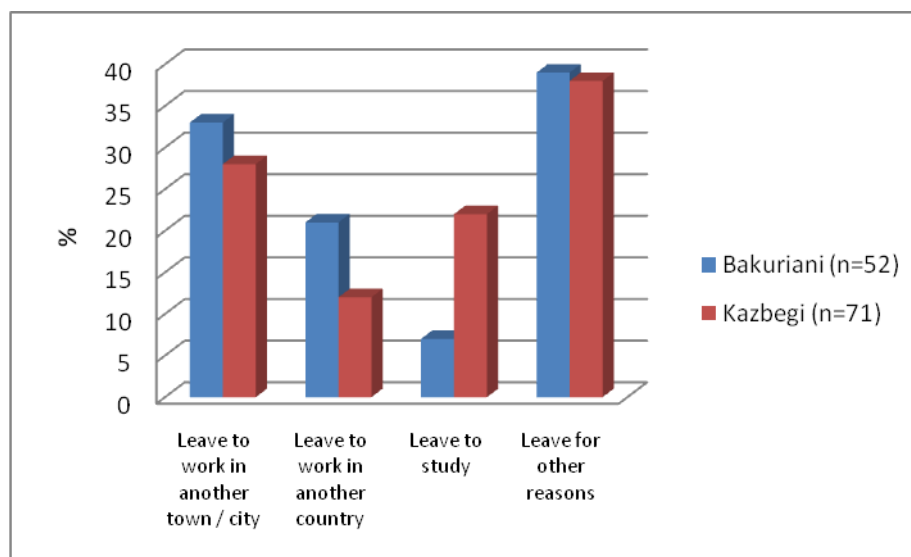
Source: D1 sample (Heiny, 2017)

Differences are found during seasonal migration too. The winter season is especially noteworthy. Compared with summer, when migration level is very low (91% of households

have 0 migration level), winter is comparatively dynamic, especially, for Kazbegi. 46% of respondents noticed that during this period some of their family members leave Kazbegi, from where 28% declared that it is only 1 or 2 family members, the remaining 18% are families with 3-10 members left. The level of migration during winter is lower in Bakuriani than in Kazbegi. There is only 16% of HH with leaving members, in comparison with Kazbegi's 46% (Heiny, 2017).

Observing only the households involved in tourism it could easily be discovered that statistics for Bakuriani is almost the same whereas in Kazbegi the migration rate increases in winter. There are only 46% of families (in comparison with 54% for the total sample) with zero migration, 48% of HHs declared that from 1 up to 3 family members leave home during winter, for the rest, migration is higher - 4 person and more (source: own data). As for the summer period, separately studying the sample of households involved in tourism showed no significant difference between general populations. Statistics about family members who left (not on seasonal basis) are almost the same too for households involved in tourism in comparison with the general sample.

Figure 24: Main reasons leaving the village



Source: D1 sample (Heiny, 2017)

Closer analysis of the respondents, which left settlements could reveal that employment issues serves as the reason for 54% in Bakuriani and 40% in Kazbegi. As a way out, locals start to move to other cities or even different countries for searching the appropriate job (Figure 24). It is also worth mentioning that Bakuriani inhabitants more tend to move during the job search than respondents from Kazbegi, especially, leaving the country

and trying their fortune abroad. Going away from villages with the view of continuing education is not a rare case too but quite high differences are observed between research regions. Only 7% of Bakuriani inhabitants leave for education while in Kazbegi this share is much higher (22%). Reasons of such a big difference between these indicators could be explained simply by the fact that here is no university or any other higher educational institution in Kazbegi or nearby. So, locals have no other choice to leave for other cities. There is a different case in Bakuriani. In Borjomi (regional centre) there is a possibility to get higher education. People do not have to change their habitation and stay in the village. Except education and financial reasons there are quite a high percentage level for other (Figure 24) reasons motivating people to change their habitation and move, but, unfortunately, the reasons are so different that it is impossible to track them all.

6.1.4 Employment and income structure

In spite of the fact that research regions are completely in different places, they anyway share some similarities as well as differences. Most noticeable similarities the regions share are highest involvement in agriculture - 45% in Kazbegi and 49% in Bakuriani. Pensioners account for a high share in both regions, followed by those being involved in tourism (Table 6).

Table 6: Level of employment (multiple)

	Bakuriani (n=146)	Kazbegi (n=152)
Self-employment in agriculture	49%	45%
Self-employment. in tourism	27%	17%
Self-employed (neither agriculture nor tourism)	4%	5%
Wage employee (neither agriculture nor tourism)	8%	17%
Occasional jobs	6%	8%
Housewife / houseman	13%	14%
Pensioner	33%	34%
Unemployed	14%	8%
Other	7%	3%
Total answers	163	157

Source: D1 sample (Heiny, 2017)

The involvement in tourism in Bakuriani is higher and equals 27% in contrast to Kazbegi - 17%. This is explained by the fact that tourism for Bakuriani is more traditional.

Except agriculture and tourism, wage employment and occasional jobs indicators in Kazbegi hit higher marks; also, unemployment is lower, equalling 8%.

Most people in both research regions are self-employed in agriculture but it is not the main source of income neither in Bakuriani nor in Kazbegi. In Bakuriani, 26% of respondents indicated tourism as the main source of income, 24% pension and only 13% of respondents indicated agriculture as the main source of income (own sample). For 8% of respondents occasional jobs are their main source of income followed by wage employment in tourism and wage employment, excluding tourism and agriculture 5-5%, respectively. In Kazbegi the situation is different. In 25% of cases pension is the main source, self-employment in tourism comes the second with 15%, self-employment in agriculture is a little bit less than 10% and comes only after wage employment (excluding, tourism and agriculture), which a little bit exceeds the 10% barrier. Wage employment in agriculture and tourism sector has equal shares 6-6% (source: own sample).

Respondents from Kazbegi more tend to diversify their sources of income and with this create more sustainable income sources for their households. This assumption is backed up by the data shown in the table below (Table 7).

Table 7: Number of persons from a household involved in paid work outside own agricultural and /or touristic activities

	Bakuriani (n=147)	Kazbegi (n=154)
0	63%	44%
1	25%	31%
2	8%	17%
3	2%	2%
4	1%	4%
5	--	1%
9	--	1%
Total answers	142	147

Source: D1 sample (Heiny, 2017)

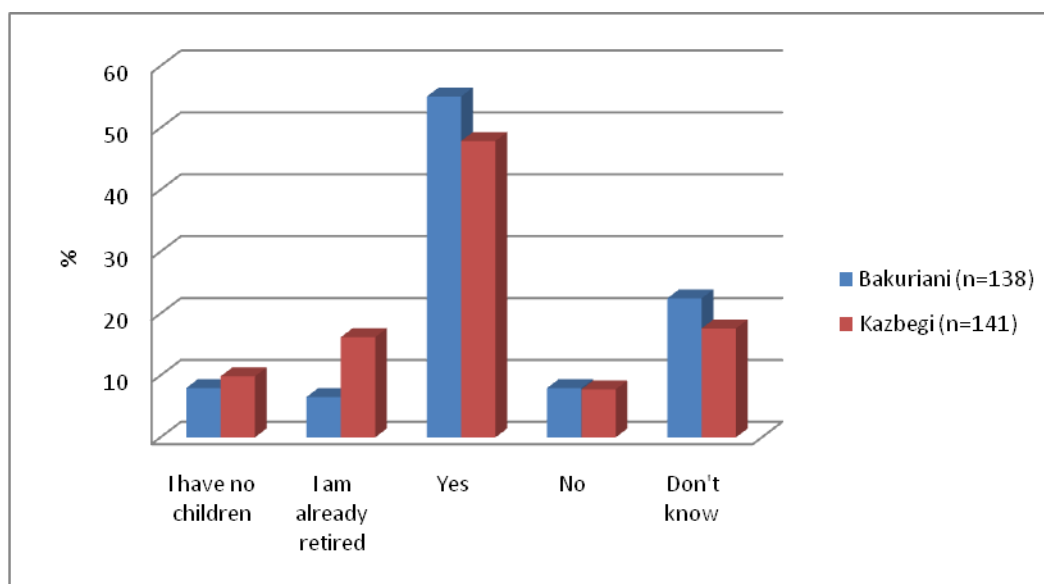
The table above illustrates that in Bakuriani more than 60% of household members are involved in their own business when the same indicator for Kazbegi is much lower (44%). It seems that Kazbegi inhabitants try to find paid work outside household business. 31% of researched HHs in Kazbegi seem to have one family member occupied in an outside

paid job, 17% - two family members with the same type of work, in comparison with Bakuriani's 25% and 8%, respectively.

Households involved in tourism tend to search less other paid jobs. The difference between the figures is not quite large. Sampled families in Bakuriani (67%) and Kazbegi (46%) seem to have no members involved in paid work outside their own agricultural/touristic activities. 22% of sampled households in Bakuriani besides their services in tourism have one family member involved in paid work whereas in Kazbegi the same indicator is higher hitting 35% and 13% in case when two family members have outside job besides their HH activities, which is almost 2.5 times higher than the same indicator in Bakuriani (source: own data).

Despite yearly increasing rate of being involved in agriculture/tourism, Figure 25 shows that there still are some concerns in respect with the long run.

Figure 25: Evaluation, whether children will carry on family business in agriculture and/or tourism



Source: D1 sample (Heiny, 2017)

There is willingness and desire to take over and continue family business by younger generation. 48% of respondents in Kazbegi and 55% in Bakuriani are confident that their children will continue family activities; 8 - 8% of HH in both regions are sure that their children will quit family activities. In total, 16% of HH in Bakuriani and 18% in Kazbegi will stop their activities in agriculture and tourism because young generation has no willingness

to continue, or there is no younger generation in HH for carrying on the family business. 22% and 18% in Bakuriani and Kazbegi, respectively, still are not sure about future decisions.

6.2 Experience and service diversification issues

6.2.1 Experience of households being involved in tourism

Differences between research regions are caused by many reasons, such as, geographical, intercultural, behavioural, etc. One of the reasons why these regions have some differences between each other is the time, the period being involved in some kind of specific activities for this specific case - tourism. Because of the duration and involvement level, all industries change at each specific stage of development. They have different kinds of problems, tendencies and require different kinds of actions. The same scenario works for both research regions regarding the involvement in tourism. For Bakuriani tourism seems to be more traditional than for Kazbegi and that assumption is backed by sample data, according to which average duration of involvement is more than 13 years in comparison with Kazbegi's 3.5 years, that is almost 3.7 times less. If taking away some outliers from the data series and using the median, then the indicator for Bakuriani and Kazbegi will decrease down to 8 and 3 years, respectively (Table 8) which is still a huge difference.

Table 8: Duration being involved in tourism (years)

	years	
	Bakuriani	Kazbegi
Mean	13.1	3.5
Median	8	3

Source: own sample

That's why, some issues which are very urgent for one region could not be considered in the second region at all or could have minor importance.

6.2.2 Kinds of services offered

Time being involved in tourism influences the variety of services offered by the guesthouses. For example, as touristic activities in Bakuriani are common for a longer period, having private guesthouses seems to be more common (Table 9).

Table 9: Available services for tourists (multiple)

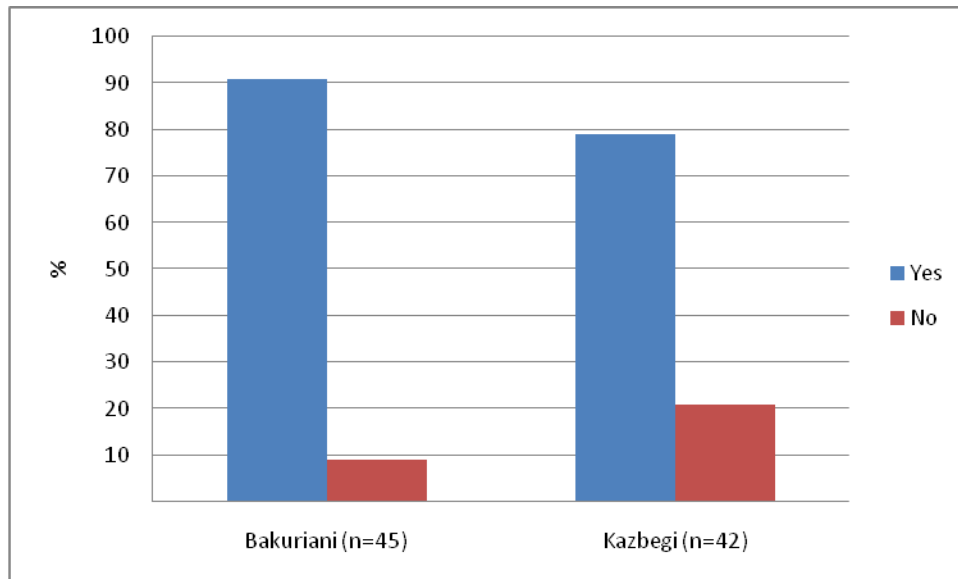
	Bakuriani (n=147)	Kazbegi (n=154)
Hotel accommodation (and services)	5%	3%
("Private") Guest house (or rooms) accommodation (and services)	27%	18%
"Bed and Breakfast"	9%	17%
Leading a café or similar enterprise	1%	2%
Lending other equipment	3%	3%
Offering skiing lessons	1%	1%
Offering entertainment (e.g. theatre, cinema)	2%	1%
Other	7%	16%
Not offering services	59%	50%
Total answers	146	141

Source: own sample

Logic is simple: the longer the households are involved in tourism the more possibilities they have to improve their services, save finances and, eventually, open a guesthouse. Establishing private guesthouse services is concerned with much higher costs than, for example, "bed and breakfast" services. That's why, it is more common (bed and breakfast, 17% against Bakuriani's 9%) in Kazbegi which could be considered as a comparatively new region for tourism. The section of "Other" services offered once again confirms that Bakuriani specializes more in private guesthouses and hotels while respondents in Kazbegi, besides private guesthouses and bed and breakfast services, try to diversify and offer many kinds of services, which can bring profit. This logic justifies Kazbegi's 16% against Bakuriani's 7% in section "Other".

If one looks closer, it could be seen that 91% of households involved in tourism in Bakuriani and 79% in Kazbegi are offering accommodation (Figure 26). A comparatively low level in Kazbegi could be explained by the fact that locals sometimes have not enough money to prepare accommodation for tourists and are offering other kinds of services as guides, car rental and taxi services, horse rental, equipment for camping and mountain climbing as well as bakery and café services.

Figure 26: Offering accommodation for tourists



Source: own sample

In spite of the fact that a huge majority of interviewed households in Bakuriani offer accommodation, 66% of them do not offer meals at all while only 17% of respondents in Kazbegi do the same. Majority of guesthouses in both regions offer three meals per day but in this case, the indicator in Kazbegi's is higher again. Data shows that more respondents seem to get three meals per day (47%) than the respondents in Bakuriani (28%; Table 10). Meals up to two times a day seem to be much higher in Kazbegi again. This time the percentage is 9 times higher than the same indicator in Bakuriani and equals 36%. Cases of offering one meal per day in Kazbegi are not observed at all, as for Bakuriani only 2% of respondents delivered positive response.

Table 10: Offering meals to tourists, if requesting

	Bakuriani (N=60)	Kazbegi (N=65)
No	66%	17%
Yes, up to three meals a day	28%	47%
Yes, up to two meals a day	4%	36%
Yes, one meal a day	2%	-
Total answers	46	36

Source: own sample

Such big differences between these research regions in this case could be easily explained. Provided that family guesthouses where rooms are rented include kitchens, guests have total freedom to prepare meals whenever they want if the meals are not included. In Kazbegi resources are scarcer and hosts prefer to prepare food for tourists.

Table 11: Number of rooms and beds offered

	Bakuriani (N=60)	Kazbegi (N=65)
Rooms (mean)	4	3
Rooms (median)	3	3
Beds (mean)	12	8
Beds (median)	10	6
Total answers	48	35

Source: own sample

The median indicator of available rooms in both regions is equal which means that guesthouses available in Bakuriani and Kazbegi have the same amount of rooms, but if looked at the average indicator of the same data, it could be observed that in Bakuriani guesthouses have more rooms (Table 11). If the number of the rooms is almost the same and more or less difficult to define which region is leading, then the situation regarding the number of available beds is completely different. In Kazbegi the number of beds is lower than in Bakuriani. To be more precise, about 30% less in respect with the average indicator and 40% less in case of the median indicator. The second piece of information is that the average size of the rooms in Bakuriani is bigger than in Kazbegi. That's why, with comparably similar room number much more beds are available there.

6.2.3 Some diversification issues

Longer involvement in tourism not only helps to improve the offered services but also diversify them. The idea is that in due course, households try to diversify and improve their services as everyone wants to have several sources of income. With this purpose, different kinds of services were counted and added up (See, Appendix A 5), households with only one service were ranked as 1 whereas others with more than one type of service got ranked 2, 3 or higher. After this, the rank correlation coefficient of Spearman between time being involved in tourism and service diversification offered to tourists was investigated. There is a positive but statistically insignificant correlation (at level of 90%) between time being

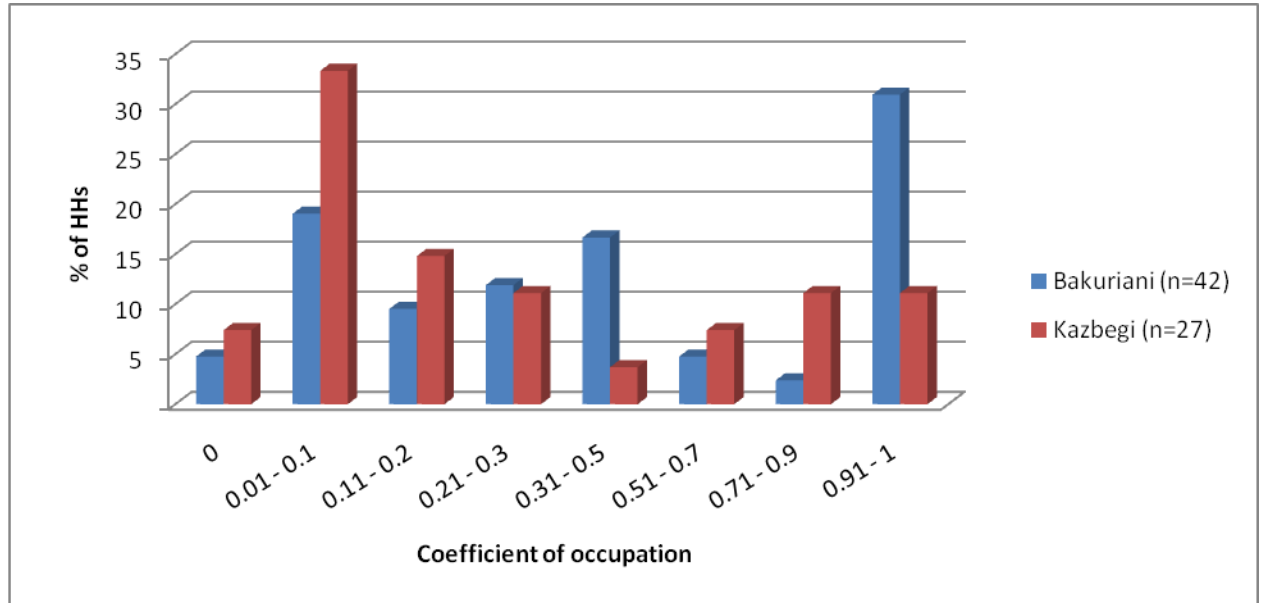
involved in tourism and service diversification offered to tourists in Kazbegi ($r = .300, p = .071$) and a statistically insignificant negative correlation in Bakuriani ($r = -.167, p = .261$). This indicates that households offering some services for tourists do not try to diversify. They simply stick to specific service or services and presumably try to improve it.

It could easily be assumed that the longer the household is involved in tourism the more the number of beds increases as service providers tend to enlarge their business throughout time. There is a weak positive but statistically insignificant correlation between time being involved in tourism and beds offered to tourists in Kazbegi ($r = .214, p = .224$) and a statistically insignificant, weak correlation in Bakuriani ($r = .068, p = .653$). This indicates that guesthouse owners do not tend to add extra beds after times passes. The reason could be simply scarce resources. When the area in the guesthouse is used owners have no resources to build extra rooms for extra beds.

6.3 Occupancy rate

Figure 27 illustrates the occupancy rate of guesthouses during last 12 months. This data was calculated by dividing the number of booked days to the total number of days during which the guesthouse was opened. The situation seems to be quite different in the research regions. According to responses, having a guesthouse does not exclude the risk to finish the season without guests; this assumption is backed up by the data from Figure 28 where 5-7% of respondents in Bakuriani and Kazbegi, respectively, declared a zero rate of occupancy rate. The data shows two extremities of occupancy distribution in both research regions. It is worth-mentioning that besides some similarities there are more differences observed. First of all, occupancy rate is much lower in the Kazbegi region. Even more, about 59% of guesthouses were occupied by visitors within 0.01 – 0.3 (1 to 30%) while almost the same amount (57%) of guesthouses was booked from 1 up to 50% during the last 12 months. As for the second comparison, it illustrates that about 31% of guesthouses in Bakuriani was booked from 91% up to 100% during the previous season while only 11% in Kazbegi. It should also be taken into consideration that Bakuriani is a four-season resort in contrast to Kazbegi, which is visited only in one season of the year.

Figure 27: Occupancy rate in the research regions



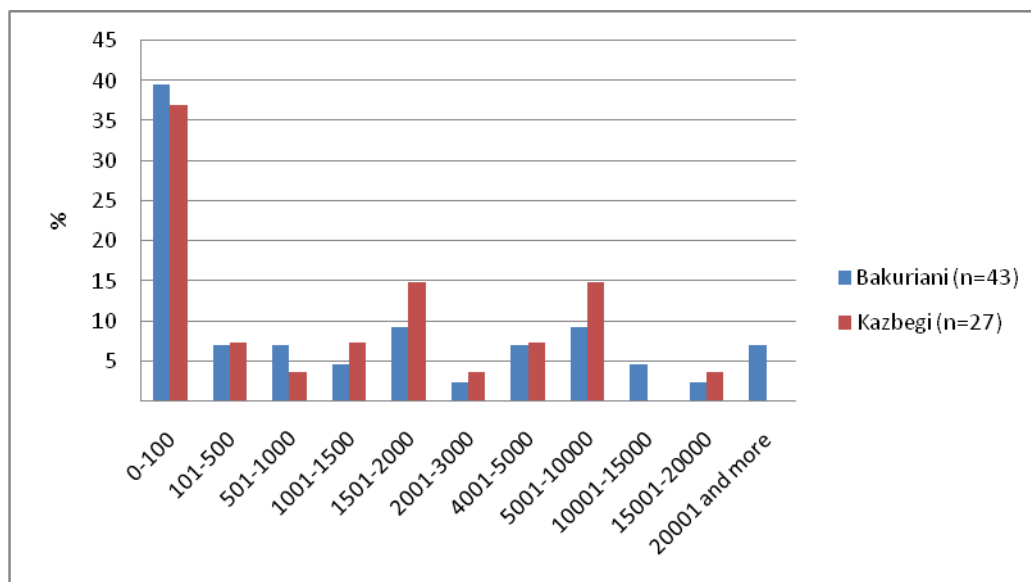
Source: own sample

Mean and median indicators of occupancy reveal a more complete picture in research regions. As was expected, the difference between average occupancy rate between the regions is quite striking (Bakuriani: 84% against Kazbegi: 32%). The median indicator, which excludes extremities in data, makes the situation more desperate not only for Kazbegi but also for Bakuriani. The occupancy rate decreases by almost 2.5 times in Bakuriani and drops to 33%. In Kazbegi this indicator amounts to 17%. High rate of fluctuation between mean and median indicators once again proves that there is quite a large number of extremities, especially, in Bakuriani. These outliers mean that, on the one hand, there is quite a large number of households which are booked during almost all seasons whereas, on the other, the household with a very low occupation level are reported. The same is observed in Kazbegi but scales are less there and more households with less occupancy level are reported. It is also worth-mentioning that correlation between the duration involved in tourism and the occupancy rate is not significant. To be more specific, 0.81 in Bakuriani and 0.8 in Kazbegi, which underlines the assumption that throughout time guesthouses should have an increasing occupancy rate as more and more tourists are finding out about their services.

6.4 Investments for households' tourism development

In spite of some differences and less experience being involved in tourism, attempts to develop infrastructure is higher in Kazbegi. Actually, this is very logical, as a less developed region has much more to catch up than the region with comparatively longer experience. This statement is backed up by the data from Figure 28 below. (Exchange rate during the research: 1 euro -1.77 GEL). To be more specific, in Kazbegi, smaller amounts of money are invested to improve tourism infrastructure while in Bakuriani larger investments are made. This is logical, as Bakuriani is involved in tourism for a longer period and is considered to be a more developed region, with more advanced infrastructure than small and medium size investments should be less (as basic conditions for tourists are already provided) with more comparatively bigger investments.

Figure 28: Investments for tourism infrastructure development (last 12 months) GEL



Source: own sample

It is also worth mentioning that quite a big part of researched guesthouses - 37% in Kazbegi and 40% Bakuriani annually invest almost zero to develop their tourism infrastructure. Experience showed that the main reason is simply a deficit of excess financial sources, all income generated during the year is completely consumed by the household and there is nothing left for reinvestment.

6.5 Sources for tourism development

It is obvious that the current development level of tourism in both regions is just a beginning and all the best is yet to come but for only desire is not enough for development. Different kinds of investments and devotion are required from all stakeholders, especially, the government and suppliers. Besides the time invested, the most crucial component for development and maintenance of touristic activities are finances and their availability (see Table 12).

Table 12: Sources for development and maintenance of touristic activities (multiple)

	Bakuriani (n=41)	Kazbegi (n=29)
Family savings	59%	55%
Loan from a bank	39%	17%
I borrowed money from friends / relatives / neighbours	5%	10%
I sold my land and invested the money in tourism	2%	7%
I sold cattle / sheep and invested the money in tourism	5%	10%
I reinvest the income from my tourism activities	17%	24%
OTHER	12%	17%
Total answers	57	41

Source: own sample

The table above shows some resemblances and similarities of researched regions. The first eye-catching figure in the table depicts the share of family savings for developing touristic activities. 55% of Kazbegi and 59% of Bakuriani households declared family savings as the main source for developing and improving while only 39% in Bakuriani and 17% in Kazbegi are using bank loans for further investments. Such a high share of private investments could be caused mainly by two reasons. The first is lack of trust to the financial institutions and the second, very expensive and unfavourable credit terms. Because of the collapse of the financial sector at the beginning of 90s and the follow up crisis, people started losing trust towards the banks but throughout time this distrust faded away. Despite what happened, the expanding credit problem is still an issue. However, region specific peculiarities also are observed. As Bakuriani is a more developed region due to longer involvement in tourism, with higher and more stable income and because of more intense competition between households to offer better infrastructure, the role of banks is much

higher than in Kazbegi. 39% of respondents replied that bank credits are one of main sources for infrastructure maintenance and development while in Kazbegi it is only 17% (Table 12). Because average income in Kazbegi is lower, logically, the possibility to deal with high bank percent rates is less than in Bakuriani, and, as a result, households used bank offers less often. Though, they (HHs in Kazbegi) somehow try to compensate and find additional financial sources. Therefore, the reinvestment indicator is higher. Borrowing money and selling land and cattle/animals to use the income for investments in tourism are more common in Kazbegi.

6.6 Major reasons starting tourism business

Households in Kazbegi, as usual, take more factors into consideration than in Bakuriani while deciding to start tourism services. That's why, households averagely picked up more variety of responses for the question researching the reasons for starting working in tourism industry (Total answers 82 against 74, respectively). Hereditary involvement in family business - tourism (Table 13) makes a difference among the regions. As expected, in Bakuriani it is five times high reaching 10% of cases when children or other family members continue looking after and keeping the guesthouse. The same indicator in Kazbegi amounts to only 2%. All other trends in regions more or less are developing in the same direction.

Table 13: Reasons starting working in tourism (multiple)

	Bakuriani (n=46)	Kazbegi (n=39)
My parents were already involved in tourism	10%	2%
It's easier than farming	12%	15%
Compared to farming the income is higher	18%	20%
Compared to farming or (local) business the prestige is higher	13%	18%
Tourism development is supported by the government	5%	11%
Tourism will be a very lucrative business in the future	13%	17%
Because almost everyone else is involved in tourism	2%	3%
To increase my income	50%	40%
Total answers	74	82

Source: own sample

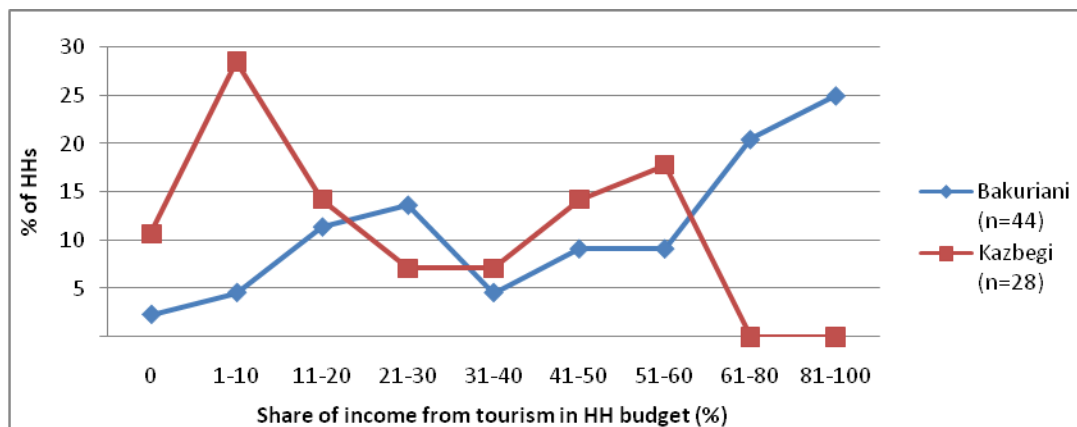
One of the main reasons being active in tourism for 50-40% is an attempt to increase income. Respondents from both settlements also agree on other aspects that tourism activities are much easier than farming, being more profitable and prestigious at the same time. In total, all these components – easiness of farming, higher income and prestige reach 43% in Bakuriani and 53% in Kazbegi, and could be a serious motivator.

But, in spite of these similarities, it is easy to observe that attitudes and expectations for tourism prospects in Kazbegi are higher and stronger, especially, expectations, 11% of Kazbegi respondents noticed that their decision was motivated by government support and a new strategic approach for tourism development that creates stable background for further development and positive outlook. Even more, 17% of respondents in the Kazbegi region and 13% in Bakuriani based their decision on calculations for the future of the industry, believing that soon tourism is going to be very lucrative business in the region.

6.7 Importance and scales of income from tourism in the total budget of households

Positive attitude and outlook is a very good indicator to judge the future of the industry as well as its role in everyday life and probably predict much faster development of tourism in Kazbegi than in Bakuriani. However, at present, the picture shows the opposite (Figure 29).

Figure 29: Share of income from tourism in households' total income (last 12 month)



Source: own sample

Being involved in tourism does not guaranty a household to benefit from it. Figure 29 clearly demonstrates this exact statement. 11% of households among all the households stated their involvement in tourism in the Kazbegi region shows 0% of income from tourism

and the share in their household total budget equals to only 2% in Bakuriani. These respondents are households which already have some infrastructure or specific services for tourist but for some reasons cannot use it at all. Another peculiarity of Kazbegi region is small and medium role of tourism in household budget formation. For example, for 29% of households, the share from tourism in the total budget fluctuates from 1 up to 10%. Then, the importance of tourism earnings decreases to 31-40% and again climbs up to 18%. The figure depicts that income from tourism in Kazbegi insignificantly contributes to the formation of the household budget (has small or above average importance while forming household budget). In Bakuriani the picture is different. 25% of households showed their almost complete dependence on tourism incomings, as these are households which completely specialise to provide services in tourism. Further, 20% of households declared tourism share in their household budget is between 61% and 80%.

6.8 Main barriers for tourism development

Obviously, small investments generally are barely enough for tourism infrastructure development, which requires bigger amount of finances. But as banking loans are very expensive and hardly anyone can afford them, clumsiness of the banking system could be considered as a serious obstacle. The figure below also tries to analyse other obstacles which could play a negative role in the development processes (Table 14).

Table 14: Main obstacles for tourism development (multiple)

	Bakuriani (n=57)	Kazbegi (n=65)
Bad infrastructure	35%	40%
Unstable economy and / or economic environment	35%	31%
No clear governmental policy	15%	14%
Few places for entertainment	27%	32%
No clear guidelines for service quality and standards	2%	9%
Lack of transportation	--	5%
Other	10%	11%
Don't know	3%	15%
Total answers	94	102

Source: own sample

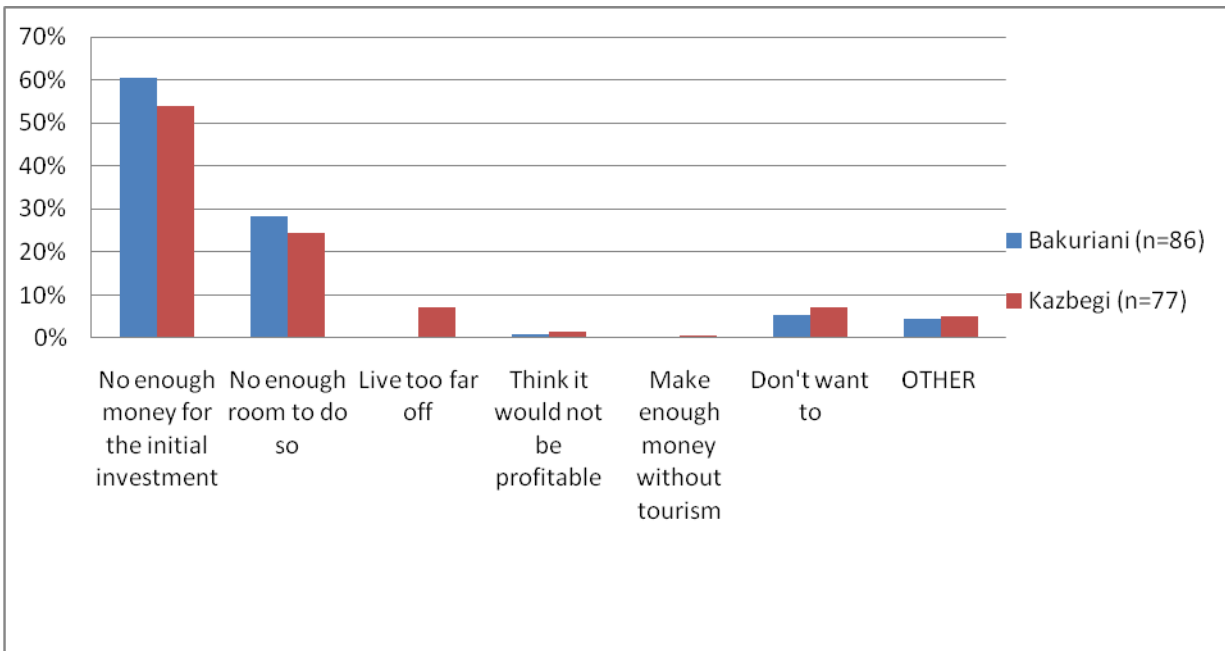
The problem of infrastructure still remains one of the serious ones. This issue is similarly important in both regions. 35% of households in Bakuriani consider that infrastructure is the main obstacle for tourism development and 40% in Kazbegi region share the same position. However, the level of this problem is different in all research areas. To be more specific, absence of the information centre and the main road are a problem in Kazbegi whereas in Bakuriani it is places for entertainment, cafes and internal communications. Issues of unstable economy are discussed in almost the same manner of intensity. This part is more important for Bakuriani and is referred mostly to the year 2008 after the Georgia – Russia war and follow-up crises, both local and international. Many guesthouses in the region suffered because of these instabilities. Besides, the political and financial instabilities influenced the foreign visitor inflow and put households involved in tourism in hard conditions. 35% share in total responses is quite an indicator underlining the importance of stability. This issue is also seriously considered in Kazbegi. 31% of respondents confirm that it is the main obstacle for tourism development. Such relative similarities between the regions simply could be explained by the increasing importance of tourism in both regions. It seems that household members critically perceive the idea of losing their additional or main source of income.

As more tourists visit destinations, the requirements for infrastructural development are higher – demands on better and more sophisticated infrastructure rise with the growth of the number of tourists. It means having not only good roads, hotels and guesthouses, parking places and road signs but also places for entertainment. With its 27 %, this issue seems to be number three by its importance in Bakuriani and number two in Kazbegi region (Table 14), “no clear guidelines for service quality and standards” and “lack of transportation”, that seems to be an issue in Kazbegi region.

6.9 Main reasons not to be involved in tourism

Besides households involved in tourism, there it is interesting to find out the reasons why other non-tourism industry player respondents decided to do so. Figure 30 shows the reasons why HH are not providing services for tourists.

Figure 30: Reasons not being involved in tourism



Source: D1 sample (Heiny, 2017)

Despite the fact that tourism is gaining popularity in research regions, there still are 7-9 % households (in Bakuriani and Kazbegi regions, respectively) who either do not want to be involved in tourism and think they make enough money without tourism or simply believe that tourism would not be profitable in the future (See Figure 30 above). Nevertheless, in most cases, households do not offer services in tourism due to financial issues. 54% in Kazbegi and 61% in Bakuriani stated that start-up capital is the serious issue but it could be observed that in Bakuriani respondents are more concerned with it than in Kazbegi. Actually, this is easy to interpret. To be more specific, the market-entering grid in Bakuriani is higher because of existing competition and comparably high service standards. Consequently, more money is needed.

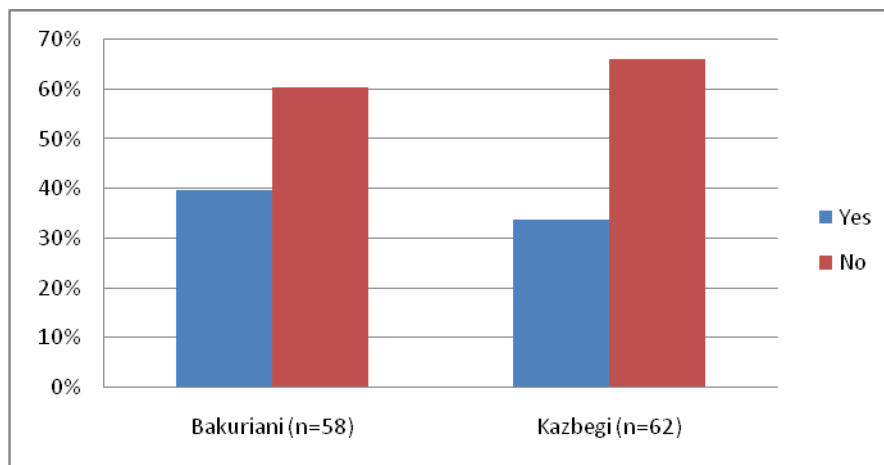
Limited areas for residence seem to be an issue too. To be more specific, no full-scale infrastructure is developed for proper guesthouse services. More precisely stated, 24% households in Kazbegi and 28% in Bakuriani cannot start business in tourism due to the above-mentioned.

6.10 Farming and agriculture for households involved in tourism

Despite increasing scales of tourism and the number of households involved in it, farming and agriculture remain strong and traditional types of activities in both research

regions. However, throughout time, the situation changes and processes start to develop differently in these regions. It is a controversial situation. In Bakuriani tourism starts to gain back its leading positions. This region becomes more and more specialised which itself means less human resources for farming/agriculture and more time for tourism. As for Kazbegi, tourism and agriculture develop in symbiosis. This means that development of tourism will trigger development of farming and agriculture too (Figure 31).

Figure 31: Involvement in agricultural production



Source: own sample

In spite of being involved in tourism, many families from research regions are involved in agriculture activities for quite a long time already. Median indicators show that households in Kazbegi are averagely involved in agriculture for 10 years longer than in Bakuriani, i.e. 30 years. As for Bakuriani, it amount to only 20 years (median indicator). 34% of households are involved in tourism in Kazbegi and 40% in Bakuriani cultivate land. The difference between these indicators among research regions seems reasonable as is possible to cultivate more land in Bakuriani while Kazbegi has more farming capacities. Figures prove the logic. 69% of households involved in tourism in Kazbegi stated that they have livestock while only 42% of households in Bakuriani stated the same (source: own research). A big majority of samples (83 vs. 73% in Kazbegi and Bakuriani consequently) indicated that the land they cultivate are yards and gardens around houses, 54% of respondents in Kazbegi cultivate abandoned or rotational fallow land while only 5% in Bakuriani do the same. 40% of Bakuriani households cultivate hay meadows and only 2% in Kazbegi do so (Table 15).

Table 15: Kinds of land parcels cultivated by households (multiple)

	Bakuriani (n=57)	Kazbegi (n=65)
Land around the house (e.g. yard, garden)	73%	83%
Arable land	45%	49%
Rotational fallow land	2%	6%
Abandoned fallow land	5%	54%
Hay meadows	40%	2%
Total answers	165	194

Source: own sample

Almost the same percentage of respondents in both research regions cultivate arable land areas (Table 15).

Analysis of the above-mentioned data revealed important peculiarities. 34% of respondents gave positive replies to the question about involvement in agricultural production in the Kazbegi region, which is 21 households from 65 sampled. Only 20 household representatives indicated that they were self-employed in agriculture while, practically, every household in Table 15 showed that they were cultivating at least one parcel. 83% of families, besides other parcels, work on land around the house. The situation is quite controversial and a logical question arises: if almost every household is more or less involved in land use, why only 20 of them consider that they are involved in agriculture production? The answer is easier than it seems at the first glance. Simply, households which mostly cultivate small plots of land (or think that the parcel is not large enough) do not consider that they are involved in agriculture production and this is the reason of the above-mentioned data controversy. The same is observed in the second research region too.

In spite of the fact that almost every household cultivates land, the variety of agriculture production is not very high. There are few kinds of crops which are produced by a large amount of households. All the crops produced could be included in everyday ration for households. Potatoes are most frequently produced; 88% of households in Kazbegi and 60% in Bakuriani grow it. Undoubtedly, it is obviously of high importance for daily family ration, especially, for the Kazbegi region. Even more, potatoes are not only the most frequently produced product in Kazbegi they also are the most frequently grown ones compared to another region. Herbs are the second most frequently produced agriculture product. Its production in Bakuriani is almost as high as production of potatoes, reaching 52%, higher than in the second research region (38%) (Table 16).

Table 16: Kinds of crops cultivated by households (multiple)

	Bakuriani (n=45)	Kazbegi (n=57)
Cultivate wheat	2%	--
Cultivate maize	2%	3%
Cultivate potatoes	60%	88%
Cultivate cabbage	17%	11%
Cultivate onions	15%	15%
Cultivate tomatoes	2%	--
Cultivate cucumbers	10%	2%
Cultivate beans	25%	5%
Cultivate apples	28%	28%
Cultivate herbs	52%	38%
Cultivate herbages such as e.g. clover as fodder for animals	7%	8%
Total answers	131	128

Source: own sample

High percentage of apple production should not be considered seriously as households frequently plant apple trees in the yard because of a traditional approach and not for commercial or production purposes. Except the above mentioned, onions and cabbages are quite frequently produced crops too while beans are not very popular in Kazbegi.

If agriculture production in Bakuriani is developed better and households produce more variety of crops, Kazbegi is leading by its farming, which is defined by both traditional approaches and natural characteristics. Cows are mentioned to be the most frequently owned animals for those households which are involved in tourism. 60% in Kazbegi seem to have at least one cow while only 40% has this domestic animal in Bakuriani. The region specific cases are observed too. For example, 9% of households involved in tourism in Kazbegi own horses which are more than four times as high as in Bakuriani. Having horses for households involved in tourism should be considered as a very positive factor as renting them to tourists is a very good and practical decision to support one's tourism industry. Another observed region specification is quite high participation level in rabbit farming in Bakuriani. Every third household stated having rabbits for nutritional purposes while in Kazbegi it is only 2%. Same huge difference is observed between households having poultry (47 % against 31% in Bakuriani and Kazbegi, respectively). Households owning sheep and goats are not found in Bakuriani while in Kazbegi their amount equals to about 19%. This indicator itself is not a

large amount for this region, which was very intensely specialising in sheep farms. Quite low shares of households having pigs are observed in both regions.

Table 17: Variety of farming production (multiple)

	Bakuriani (n=30)	Kazbegi (n=39)
Manufacturing wool	--	8%
Manufacturing meat	20%	22%
Manufacturing cow skins	--	2%
Manufacturing milk	38%	55%
Manufacturing cheese	37%	52%
Manufacturing butter	17%	32%
Manufacturing sour cream	7%	20%
Manufacturing eggs	38%	20%
Manufacturing honey	2%	5%
Total answers	95	140

Source: own sample

As was expected, the variety and share of farm products processing households in Kazbegi is higher. This is particularly observed in dairy production. About 55% of households in Kazbegi produce milk and cheese while the same indicator fluctuates between 37-38% in Bakuriani region (Table 17). Almost twice as higher indicator of egg manufacturing in Bakuriani, caused by the amount of households keeping poultry in their farms, seems logical too. However, overall, it is easy to notice that farming production diversity in Kazbegi is higher. Logic is simple as this question was a multiple choice one and households were able to tick several suitable answers. Then, each household in Kazbegi chose more answers on average (140 vs 95). That's why, the total indicator for Kazbegi is much higher.

Table 18 illustrates annual income from agriculture, farming and tourism for those households which are involved in tourism industry.

Table 18: Annual income for agriculture production, livestock production and tourism (GEL)

	Kazbegi	Bakuriani	Kazbegi	Bakuriani	Kazbegi	Bakuriani
	Income from agricultural plant production	Income from agricultural plant production	Income from livestock production	Income from livestock production	Income from tourism	Income from tourism
Valid	0	0	4	2	18	33
Missing	65	60	61	58	47	27
Mean	--	--	8300	650	2107	6708
Median	--	--	8500	650	600	2700
Mode	--	--	200	300	150	2000
Minimum	--	--	200	300	100	150
Maximum	--	--	16000	1000	9000	50000

Source: own sample

The response rate in some cases is very low caused by two reasons. The first one is that respondents simply decided not to share information whereas the second is that they simply get no income because all the products they produce are used for internal consumption. Agriculture plant production in both research regions seems to be insufficient for selling. That's why, none of the households responded and it seems that respondents use all that is harvested either for their internal needs or those of their tourists. Livestock production has larger scales than agriculture but anyway only 4 respondents in Kazbegi and 2 in Bakuriani region responded. These responses obviously cannot represent the whole sample. They simply prove that scales in Kazbegi are larger. Even more, the median indicator of income in Kazbegi (from livestock production) is about 13 times larger, while the maximum amount of income - 16 times. Nevertheless, of course, these are only few responses and, based on them, it is impossible to judge livestock production status of research regions. In comparison to agriculture and livestock income responses, tourism income response rate is much higher and, therefore, gives more possibility to judge the sector's income level. The difference between these regions is observed easily, as expected because longer and traditional involvement in tourism income level is higher in Bakuriani. Even more, there are households which earn rather high income. However, a big difference between mean and median indicators shows that there are many outliers in both regions which means that some households are earning quite high income compared to those earning very low.

6.11 Summary

6.11.1 Quantitative findings in Bakuriani

The findings of the quantitative study for Bakuriani are listed below.

Demographics, education and migration:

- The average family size is four members which means that the number of inhabitants through time will not increase or decrease. It will remain the same;
- Women in both research regions were more open to cooperate and participate;
- Only 15% of respondents in Bakuriani are older than 66 which means that in households involved in tourism there are younger and economically active people;
- According to the interviews of guesthouse representatives, Georgians made up 75% whereas Ossetians, Armenians and Russians about 10%, 8 % and 3%, respectively;
- None of the respondents in Bakuriani are without education, 37% of interviewees from the guesthouse representatives have higher education;
- Male respondents in Bakuriani are more educated than female, 50% of male respondents have higher education while for women it is only 29%;
- Because of a traditional family life style, women more tend to stay at home and look after a household. That's why, higher education indicator for them is lower than that for male respondents. Men as heads of households and main income generators have higher educational indicators as they have to bring money home and they need better education for this;
- Migration level in Bakuriani is not very high but still significant. There are about 32% of interviewed households with family member/members already left;
- Migration level in winter is higher - 48% of guesthouse representatives said that 1 up to 3 family members leave during winter;
- 54% cases of migration is caused by employment issues;
- Only 7% of interviewed households had a family member who left for education;

Occupation and sources of income:

- Only 27% of respondents from the general sample consider themselves as self-employed in tourism;
- Percentage of unemployed and pensioners is quite high - 14% and 33%, respectively;
- For 26% of respondents tourism serves as the main source of income; for 24% pensions and only for 13% from agriculture;
- 63% of all questioned households do not search and have family members working on the paid job outside their family business;

Involvement in tourism and its development:

- Only in 16% of cases representative declared that their children will not carry on family guesthouse business in the future. This 16% indicator also includes families with no younger generation to carry on the family business;
- The mean indicator of being involved in tourism in Bakuriani is 13 years and median 8 years;
- The most common services offered to tourists are guesthouse, hotel and “bed and breakfast” services;
- 91% of households involved in tourism offer accommodation services;
- The median indicator of room number in Bakuriani is 3 and for beds it is 10, which means that, on average, 3 beds are available in one room;
- Connection between years of being involved in tourism and the number of services offered is not significant;
- Correlation between the length being involved in tourism and the number of beds is not significant in Bakuriani which means that guesthouses do not enlarge their infrastructure too much through time;
- For 31% of guesthouses in Bakuriani the occupancy rate was 91-100% during the season;
- Average occupancy rate in Bakuriani is 84% whereas the median indicator for occupancy rate is already 33%;
- Almost 40% of guesthouses made almost zero investments to develop tourism infrastructure. About 15% of respondents declared about investments from 10001 up to 20000 GEL for improving infrastructure for visitors;
- 59% of guesthouse representatives use their family savings for tourism infrastructure development;
- 39% of guesthouse representatives use loans from banks for tourism infrastructure development;
- The main reason being involved in tourism in Bakuriani is to increase income in about 50% of cases as well as due to the reason that income is higher than in farming. Also, it is more prestigious and is going to be even more attractive in the future;
- In 10% of cases household representatives declared that they are continuing family tradition of being involved in tourism;

- For 45% of households, the share of tourism in their household's total budget is higher than 61%. 25% of households involved in tourism generate their total income - 81-100% from tourism;
- Bad infrastructure (according to 35% of respondents) and unstable economy (according to 35% of respondents) are the main obstacles for tourism development in Bakuriani;
- Availability of financial resources is a big obstacle to give tourism larger scales in Bakuriani. For 61% of respondents who still are not involved in tourism (from a general sample) the only obstacle to be involved in tourism is not enough finances;

Agriculture and farming:

- Only 40% of households involved in tourism states that they are involved in agricultural production and 42% in farming;
- In spite of the fact that almost every household involved in tourism cultivates at least one parcel of land, only 40% of them believes their involvement in agriculture production;
- 5-6 sorts of agricultural products produced by the households mainly are used for everyday food ration. Potatoes and herbs are most frequently produced - 60% and 52%, respectively;
- Milk, cheese and eggs are the most common farming products in Bakuriani;
- Agriculture and farming production are completely used for internal consumption, especially, tourists. Cases when the household sells its farming/agriculture production are very rare;

6.11.2 Quantitative findings in Kazbegi

Findings of the quantitative study for Kazbegi are listed below:

Demographics, education and migration:

- 78% of respondents from a general sample are economically active and pensioners 22%;
- Average size of household is 4 persons. The number is enough for simple reproduction of population;
- All respondents under the general sample in Kazbegi regions identified themselves as Georgians;
- There are 5% of respondents (households involved in tourism) with only elementary or not complete secondary education;
- Higher education has only 32% of guesthouse representatives;

- There is no big difference in higher education between genders, 35% of male indicated higher education against 30% of females;
- There are only 48% of households from a general sample with no family member left. The high migration level could be the reason that Kazbegi became tourism destination not long ago. Therefore, there is not a wide choice with the source of income in the region, which makes life difficult and less attractive;
- 46% of respondents noticed that during winter some of their members leave Kazbegi;
- Employment issues make 40% of the reasons of migration whereas in 15% of cases, it is linked to education;

Occupation and sources of income:

- 45% of respondents are self-employed in agriculture and only 17% in tourism;
- For 25% of respondents of the general sample, pension is the main source of income in the Kazbegi followed by tourism - 15% and self-implement in agriculture - only 10%;
- 56% of households involved in tourism also have one or more family members involved in paid work outside their touristic/agricultural activities;

Involvement in tourism and its development:

- In 18% of cases, representatives declared that their children would not carry on family guesthouse business in the future. This 18% indicator also includes families with no younger generation to carry on the family business;
- The mean indicator being involved in tourism in Kazbegi region is 3.5 years whereas median is 3;
- Main kinds of services offered to tourists in Kazbegi are private guesthouse services amounting to 18% and “bed and breakfast” services equalling 17%. 16% of respondents indicated service “other”;
- 79% of respondents involved in tourism offer accommodation;
- 17% of households involved in tourism and offering accommodation do not offer meals;
- The mean and median indicator for the number of rooms in guesthouses is 3. The number of beds are 8 (mean), and only 6 in case of the median indicator;
- Correlation between duration of years being involved in tourism and service variety is not significant in Kazbegi;
- Connection between years of being involved in tourism and the number of beds is not significant;

- Occupancy rate for 59% of guesthouses was only from 1% up to 30% during the season. Only 10% of guesthouses were occupied 91-100% during the season;
- Mean indicator of occupancy rate in Kazbegi is 32% while median amounts to only 17%;
- Correlation between the duration being involved in tourism and occupancy rate is not significant in Kazbegi;
- About 37% of guesthouses make almost zero investment during the year to improve tourism infrastructure but there also are more than 45% of guesthouses which invested from 1001 up to 10 000 GEL during the year to improve the infrastructure;
- The major sources for tourism infrastructure development in Kazbegi are family savings -55%; banking loans are used only in 17% of cases. Guesthouses also try to reinvest money from their tourism activities which happens in 24% of cases;
- In 40% of cases, the reason being involved in tourism is attempt to increase income; Also, it is easier, more lucrative and prestigious than farming. Very positive future expectations are good motivators too;
- Almost 30% of guesthouses stated that the share of income from tourism in the total budget of the household is only 1-10%; there are only 32% of guesthouses getting 41-60% from tourism in the total household income. There are no guesthouses earning more than 61% of income in their total household budget from tourism;
- The biggest obstacle for tourism development in Kazbegi is infrastructure (according to 40% of respondents) and unstable economy (according to 31% of respondents);
- One of the main reasons not to offer services for tourists for the households not involved in tourism industry is insufficient financial resources for initial investments (54%) and not enough space (24%) There are also about 7% of respondents who simply do not want to be involved;
- Median indicator of guesthouses being involved in agriculture/farming is 30 years;

Agriculture and farming:

- 34% of households being involved in tourism are involved in agricultural production too;
- Almost 70% of guesthouses also are keeping livestock;
- 83% of guesthouses are cultivating land around the house;
- In spite of the fact that almost every household involved in tourism cultivates at least one parcel of land, only 34% are reported to be involved in agriculture production;
- Only two major agricultural products are produced by the households involved in tourism: potatoes – 88% and herbs – 38%;

- Households on average produce 6-7 kinds of farming products in Kazbegi. More than half of households involved in tourism produce milk and cheese and about 32% of guesthouses produce butter;
- All the agricultural products produced in Kazbegi are fully consumed internally. There are a few cases when guesthouses involved in tourism also get income from livestock production but, mostly, households are using farming production for their internal consumption and, in best cases, for their visitors.

7 Discussion

7.1 Comparison of study regions based on qualitative and quantitative data

Study regions are mountainous, with almost the same elevation. Tourism was developed in both regions during the soviet period. Bakuriani was a four-season resort and Kazbegi was open for guests in summer and wintertime. During the Soviet period Kazbegi used to become a satellite of Gudauri ski resort in a wintertime. To be more specific, tourists who were not able to get the place for staying in Gudauri used to get a room in Kazbegi and commute to Gudauri and back every day. But, today the situation has changed. Now in Gudauri there are much more hotels and guesthouses to stay, also there arises a connection problems in the winter. To be more specific, after the snowfall, communication between Kazbegi and Gudauri becomes difficult. So, these days, there are not many tourists staying in Kazbegi during wintertime. In 2014 the Kobi-Gudauri tunnel and the main road up to Kazbegi was finished. This was a long-awaited event as many respondents mentioned during interviews. Significant communication and infrastructural improvements have been observed since then.

Bakuriani is mainly known as a ski resort but it is also known for skating, tours on snowmobiles, bicycle tours, camping, cultural tourism and even bird watching. The springtime is more distinguished by visiting for medical and health issues. Kazbegi offers a wider variety - tougher recreational activities, such as, climbing, offloading, rafting, biking, paragliding as well as eco- tourism activities, such as, visiting unique protected areas, bird watching, cultural and historical tourism.

The registered number of hotels and guesthouses in settlements could be an indicator to judge the scales of tourism in research regions. In spite of the fact that both settlements are almost the same size with equal number of inhabitants, the number of hotels and guesthouses in Bakuriani is quite impressive. As the expert mentioned, 24 hotels and 210 guesthouses are registered while in Kazbegi 10 guesthouses and 3 hotels are reported only. If taking into consideration the fact that the number of tourists in the research regions is more or less the same (40 – 45 thousand) and the season in Kazbegi is shorter, some fundamental differences can be found between tourism types and infrastructure development. The difference is that in Kazbegi there is almost the same amount of tourist and much less places to stay. So, it could be concluded that either they are visiting the destination for a very short

time and do not stay for a night and prefer tenting or there are more guesthouses offering services which are not officially registered.

The tourism information centre has been functioning in Bakuriani for already a long time. A special building was constructed in the very centre but then the staff had to leave the place and move to another building, which is less appropriate for this purpose and is less observable from the main road. However, as it was found by the research, the information centre plays a very important role for tourism development in the settlement. In spite of rapid development of tourism, Kazbegi still does not have a tourism information centre. There is a special department in the municipality but for visitors it is almost impossible to find the municipality than local specialists working for tourism division. Absence of this kind of a centre seems to be number one problem in Kazbegi.

The specialists working for the information centre and local tourism department prepare statistics. Afterwards, they send the data to national tourism administration. Big differences between the regions are still observed at the data acquisition level. In Bakuriani, it is more organised and advanced. The local expert has complete information about all registered guesthouses and hotels (she also permanently updates the database), data exchange between experts and tourism suppliers is permanent. In Kazbegi, these processes are not completely clear. Communication between local experts and tourism suppliers faces lots of difficulties, getting visiting statistics from them is quite hard. Besides, only 10 of guesthouses are officially registered in Kazbegi when, in reality, there are much more households offering their services to tourists which makes it really difficult to get exact data. There are also the so-called Rangers who work in the centre of the settlement and register tourists. Generally, if comparing research regions information exchange processes between tourism suppliers and information centre/municipality representatives in Bakuriani, they are more consequent and clear than in Kazbegi.

There are households in both regions involved in tourism because of their desire and passion. There are also households doing this because of income or income source diversification on “have to” bases. For example, some households in Kazbegi became tourism suppliers only after the greenhouses were prohibited and they had to somehow compensate for losing the income source.

As Bakuriani is a more traditional resort for tourism, more tourists are observed there, mainly Georgians, visiting the settlement on permanent bases. This tendency has been kept for generations. In addition, most foreign visitors had decided to visit Bakuriani after getting invitations from their friends who mainly are locals or had experience of visiting Bakuriani before. As for Kazbegi, the phenomena of visiting the settlement for recreational purposes is

not observed and majority of foreign guests interviewed researched information about Kazbegi and decided to go there mostly by themselves. Word-of-mouth is quite a frequent case too.

The issue with information availability exists for both regions, which is important for international visitors as they are planning the visit and trying to acquire a reliable information. Generally, there is a domain established by the National Tourism Administration that unifies valuable information according to main destinations for travellers (www.georgia.travel). Bakuriani and Kazbegi regions can also be found among these destinations. It is possible to find some very general information for both regions on this web page. In the beginning, this portal had accommodations, events and transport. An accommodation section contained all the contact information about guesthouses in these regions, but in reality, only the Bakuriani guesthouse list was available (in Georgian and English languages). As for Kazbegi, there was no information. Events and transport sections do not contain any information either for both regions. The Russian language version of the site is still not available.

In spite of the availability of this site, none of the interviewees ever mentioned it. During the research was found out that Bakuriani official web page is most commonly used in Bakuriani to post information (available for free) about guesthouses, the welcome.ge domain seems to be quite popular too. Foreign tourists mostly got information from their friends. The same is observed in Kazbegi. The municipality web page is used to post information about guesthouses (for free) but information here is less organised, especially, in English. There is almost no information available about guesthouses. Mostly, guidebooks and wiki travel sources were mentioned. In comparison with Bakuriani, in Kazbegi the situation seems to be more difficult as there is no tourist information centre for visitors.

Different experience being involved in tourism industry could easily be observed during comparison of guesthouse service quality of research regions. Hotel and guesthouse infrastructure in Bakuriani are much more developed. This is caused by longer traditional involvement in tourism, higher competition and higher demand from visitors. Almost no complaints regarding guesthouse services were observed. Of course, there are some issues but nothing serious. National Tourism Administration frequently organises research to study visitors' needs and level of satisfaction. Dissatisfactions are mostly because of the settlement's infrastructure, as households are developing much faster than the settlement itself. Most guesthouses were offering WiFi and delivery services from the airport. The standardisation process took place in Bakuriani by the commercial organisation Global Star. Then, two and

three star guesthouses emerged but this process was not obligatory and only some guesthouses participated.

In comparison, guesthouses in Kazbegi are not so highly developed. Room equipment is much poor and often visitors have to share toilets and bathrooms with others but higher quality service is available too. As respondents underlined, visitors mostly require low cost dwelling. Sometimes they even prefer to stay outside and sleep in tents. The difference in Kazbegi is that requirements for healthy food here are more demanding, visitors especially require homemade food. Tourists often have the desire to learn how to cook traditional Georgian food. So, hosts regularly deliver this kind of service to please international guests. In comparison to Bakuriani booking, WiFi services are quite rare and could only be offered by very few and developed guesthouses.

The language barrier in Kazbegi is more observed in spite of the English language trainings that took place in 2010. Many visitors as well as guesthouse owners underlined the fact that communicational issues are observed frequently that very often forces visitors to leave Kazbegi earlier. Similar problems seem to be reported with the Russian language too but scales are less. Surely, the language barrier exists in Bakuriani too. Therefore, English language trainings are desperately demanded but problems with the Russian language are never mentioned. As respondents underlined, most of the locals can speak Russian and communicate with visitors without any problems.

Both research regions participated in the program for improving the guesthouse service quality. Feedback was different. To be more specific, interviewees from Bakuriani evaluated it as very important and useful for further development while in Kazbegi evaluations were less positive underlining the fact that this programme was constructed for much more developed guesthouses and hotels but some positive and useful experience was acquired too.

Sustainability issues and importance of “good tourism” for regions are perfectly understood both in Bakuriani and Kazbegi. The vision of interviewees about sustainability very often coincides with general/international sustainability principles but at the same time the region’s specifications are observed too. For example, in Bakuriani “good tourism” first means no seasonal fluctuations and dramatic changes in visitors’ numbers and incomes. As Bakuriani is considered to be a four-season resort, the number of visitors should be changing more smoothly according to seasons, not like today, when only winter and summer seasons are active. Sustainability considers a gradual and consequential development of the area and tourism industry. Not only locals but also visitors should benefit from this development processes. Respondents also noticed not sustainable development of tourism in Bakuriani, as

interviewees underlined that everything develops very chaotically without logical sequence. Undoubtedly, changes and positive development are observed but this is not enough. Problems with taxes, seasonal as well as price fluctuation on food remain unchangeable.

Besides the above mentioned issues, some positive changes on the way to sustainability are observed. To be more specific, all guesthouses are available via internet, booking services are offered, majority of guesthouses have WiFi connection, delivery services from the capital and airport are provided, some offer saunas and even swimming pools. Issues with water and sewage system are already solved, which made the environment cleaner and more sustainable.

In Kazbegi, similar to Bakuriani, understanding of sustainability is quite high which, according to them, includes the possibility to gain maximum from the tourism season and at the same time not harm and preserve the environment; interests of the local society should be considered and preserved too. Thus, in Kazbegi respondents already underlined preservation of interests of stakeholders. Making tourism sustainable is not a simple thing; this is a complicated process where the government, households and tourists participate. While describing their presumptions about sustainability respondents stressed the importance of preserving the local life style, culture, architecture, not overdevelopment, improving legislation to protect the environment, appearance of protected and closed areas, where it would be impossible to go by car. They are also against big hotels in the region and so on. Overall, it could be observed that somehow, uniqueness of Kazbegi region is more strongly perceived and sustainability issues here are described more widely.

Development towards sustainability is positive. Guesthouses, hotels and settlement infrastructure are developing, the new road is already finished, a private hospital is opened, rehabilitation of Stepantsminda's park is under consideration, but the most vivid example and sign of sustainable development is positive relationships between tourism and farming development, which will be discussed below.

Both research regions face quite a long list of problems. In some cases they are similar but a lot of region-specific issues could be observed too, which are different not only because the research regions are completely different but because of the level of tourism development. Because of Bakuriani's longer involvement and better development of tourism, the essence and level of problems there are completely different.

The biggest difference between these regions is that in Kazbegi there is no tourist information centre and some other issues observed in the region are because of the absence of this centre. The related issues are less observed in Bakuriani because there is a tourism information centre. Difficulties with orientation, where to go, how to find a guesthouse and

many others are observed in Kazbegi. Because of this, many visitors feel discomfort or are “hunted” by locals. “Hunting” is also a unique phenomenon which could be observed only in Kazbegi. Absence of the information centre also prevents getting feedback from tourists. Generally, it seems that information feedback from tourists in Kazbegi is very poor in comparison with the Bakuriani region where from time to time visitor satisfaction research is conducted. One problem that was facing Kazbegi during the interview fieldworks was the road issue which was connecting the settlement to the capital but the region is not facing this kind of issue any longer. It’s noteworthy that both regions are facing different kinds of infrastructural problems. Lack of cafes, restaurants and bars is more observed in Bakuriani. The skiing day ends at 5 p. m. and after that visitors face a problem of where to go and where to spend the rest of the day.

The situation is almost similar in Kazbegi where more cafes and restaurants seem to be observed but many of them have no menus at all. As visitors underlined, the settlement does not need many of them as well as night clubs because the uniqueness of the region is in its nature and mountains and tourists coming here have the desire to relax.

For small children, there are some private attractions in the central park of Bakuriani. However, no attractions or playgrounds are observed near Kazbegi.

In both regions environmental issues seem to be perceived critically, especially, pollution/littering problems. On both destinations there seem to be no normal infrastructure for keeping the environment clean or no special bins and bunkers. Also, because of no infrastructure (special picnic places, for example) visitors go out into forests or other places and, usually litter the area. Similar behaviour is observed among local inhabitants.

One of the annoying issues for visitors in Kazbegi is the difficulty to get information about the region, even after visiting the place itself. As nobody can find the information centre, it becomes difficult to plan the stay and visit different kinds of natural parks and historical monuments. There are no maps, signs or track indications added by the language barriers, which makes everything more difficult. Such issues had never emerged during the interviews in Bakuriani. As winter is the major season there, visitors never move around too much, even if there are several historical places where to go in Bakuriani and, generally, in Borjomi municipality. Timing of the research can also be the reason as it was carried out in winter when skiing is the major reason to visit the destination. Through time this issue in Bakuriani could arise too as visiting frequencies during other seasons will be higher, tourists will have the desire to go out more but, as far as the tourist information centre works there, things are going to be easier than in Kazbegi.

One of the major similar issues that both regions have in common is taxation. Households start to face this issue only after registering a guesthouse and thus becoming an entrepreneur. Communal taxes for electricity, gas and water rise after the registration. The problem is that the guesthouse has to pay higher taxes whether there is a tourism season or not, which, of course, influences the room prices too. In Bakuriani where almost every guesthouse is registered, taxation issue regarding competition are more or less fair while in Kazbegi only 10 guesthouses are registered and for them it is harder to compete with other service providers because they pay higher taxes and have higher expenses.

With the banking system both regions seem to have similar problems. Banks supposed to support local entrepreneurs do not limit them and never play against. In Bakuriani getting banking loans is more common than in Kazbegi because for many locals this is the only way to develop business. However, during the crisis after the Russian invasion of Georgia, when the amount of tourists decreased significantly, causing a significant drop of earnings of guesthouses, banks never considered the force major situation; even more, because of banks some families lost their guesthouses. In addition, all bank loans are very expensive - high, which discourages many entrepreneurs in both regions.

Different kinds of trends are observed in the research regions between tourism and farming. In Bakuriani less and less households start to be involved in farming and prefer to move to tourism. The settlement starts to be specialised in tourism. Actually, the village has huge touristic resources and the more advanced it becomes the less time and desire is left for farming. Instead, villages around become suppliers of farm products. In comparison with this, the situation is different in Kazbegi as there are only few months for tourism, locals want or do not have to search for diversification. Therefore, in Kazbegi development of tourism triggers the development of farming. Using one's own farm products beside self-consumption is a very effective combination for tourism.

One more common thing shared by the regions is management issues. This is absence of sufficient knowledge on how to manage guesthouses, cafés and bars and how to define who your rivals are, which your target segment is, how to reach them, how to understand what visitors want and how to respond. There is lack of knowledge about booking, serving, cleaning standards, especially, in Kazbegi. Interesting issues arose during the interview process.

Both regions also have common issues about environmental protection. Because of weak development of infrastructure as well as not enough development of legislation, there are almost no limitations for tourists, they can go everywhere they wish by car or on foot, make a fire or a camp which, of course, contradicts the principles of sustainability.

Less crucial but also important issues that the regions share are that none of them is happy with the promotional programme provided by central institutions.

7.2 Discussion about perspectives of tourism sustainability in study regions

The idea of this PhD thesis is not to work out the measurement system of tourism sustainability, but a discussion about sustainability based on twelve principles that are listed in paragraph 2.3 above. Sustainability discussion will be gradually given for each twelve principles, eventually generalising the picture according to these twelve approaches.

The first principle of tourism sustainability is “**Economic viability**” (Paragraph 2.3) which means ensuring the viability and competitiveness of tourism destinations and enterprises so that they are able to continue to prosper and deliver benefits in the long term. Dimensions such as understanding the market, delivering visitor satisfaction, stable business climate, market promotion, labour supply, good accessibility, safety and security, overall environmental quality and delivering business support should be considered under the economic viability.

Understanding the market means considering the knowledge of ongoing processes at the markets to take into consideration the dynamics of development by both central authorities and households involved in providing tourism. There is a completely different picture in the regions. In Bakuriani tourism satisfaction surveys are regularly administered that give national tourism administration rather reliable information about processes in the region and understanding of the market. On the other hand, guesthouse owners are well informed too about the market. Undoubtedly, for them research results provided by the GNTA to get more input about the market are not available but existence of the tourist information centre as well as their own observation and experience provide them with enough knowledge and understanding of the market. In Kazbegi things seem a little bit different. No visitor satisfaction research has been provided yet. There is also no tourist information centre and more guesthouses are functioning without registration. All these factors together create many holes in understanding the processes at the market.

The case of delivering satisfaction to visitors should be discussed for each region too. Of course, suppliers from both research regions try to deliver as much comfort and satisfaction as possible but what should be taken into consideration is not only the desire of hosts to be kind and helpful but also availability of services that a guesthouse can offer coupled with the possibility of obtaining regular feedback from visitors. Therefore, guesthouses in Bakuriani should be evaluated more positively as they have a much larger variety of services, face less communication issues with visitors and, logically, have higher indications of feedback for further improvements. The tourist information centre also is a big plus for tourist satisfaction. On the other hand, the service array of guesthouses in Kazbegi is

more limited, absence of the tourism information centre, information availability issues for touristic routes and communication issues are like a big negative list for playing against the satisfaction level.

Stable business climate means favourable terms and conditions for sustainable development, no excess/not needed regulations, predictable future, properly working taxation system and so on. In spite of the fact that in both regions respondents have positive future expectations, still not everything is perfect and predictable. This was proved in 2008 during the Russian invasion when everything changed unexpectedly, especially, for tourism. In spite of the fact that tourism “develops chaotically” (B.GH2), the trends and future expectations are positive for both Kazbegi and Bakuriani. On the contrary, the taxation system is a big drawback, every guesthouse owner from both regions underlined this several times. The weakness of the taxation system is that it never considers seasonal changes, which means that when the tourist season is over, guesthouses have to pay higher taxes even if they have no business. Proper work of the banking system is also significantly important for better and sustainable future, especially, when the guesthouse wants to expand. The banking system should be number one institution to support this decision. Actually, 39% of households involved in tourism in Bakuriani use loans for the development of their business while in Kazbegi this indicator is only 17% (Table 12). If taking into consideration the fact that the loans are quite expensive and the banking system is not very flexible (after Russian-Georgian war experience), the business climate is not so stable. Also, 35% of guesthouses in Bakuriani and 31% in Kazbegi consider that the main obstacle for tourism development in regions is unstable economy and/or economic environment as well as unclear governmental policy seems to be very frightening for 15% and 14% of guesthouses in Bakuriani and Kazbegi, respectively (Table 14).

Generally, GNTA promotes the country as the destination for tourists. Sometimes, some specific destinations are also provided via such different channels as exhibitions, media, guidebooks, leaflets and so on. In this regard, GNTA does the same thing with the research regions which is still not enough, as respondents from both regions did not seem to be very happy. Even more, the expert from Bakuriani region declared that promotion of the region in comparison with other regions is less and very often is done wrongly, as often Bakuriani is promoted as the destination for family and old people that is not correct. In Kazbegi, respondents were complaining that promotion of the region was almost zero.

At the micro level, tourism suppliers are also promoting guesthouses, but generally, they are quite limited in their actions. They can publish details on the municipality web pages free of charge but these domains are not very popular and rarely visited. All other possibilities are already a matter of private decision and finances. Almost no guesthouses have their own webpage because of high costs. Besides, promoting their services and to be mentioned in some guidebooks is quite expensive. The most common ways that are used by guesthouses are business cards, signage and word-of-mouth. To generalise, promotion of the regions is at the very low level. Almost every foreign tourist during the interviews underlined the difficulty of finding useful and practical information about the regions.

One of the very important links for economic viability is labour supply. Qualified labour force is a strong determinant of sustainability. In this case, education plays an important role. Education level in both regions is quite high. 37% of household representatives involved in tourism in Bakuriani and 32% in Kazbegi have high university education. Also, 49% - 42%, accordingly, have technical education (Table 5). Undoubtedly, in most cases, education does not match the practical requirement for guesthouse business, but, generally, the educational level is quite high. As the research also revealed, there is quite a big deficit of knowledge of how to run business in tourism or serve visitors but those problems are more short-run, as all the above mentioned issues could be solved by the trainings organised by the government.

Under accessibility is considered safe and not expansive possibilities to reach the destination. None of the regions face this issue any longer. Bakuriani is accessible all year round as connecting roads are good. Besides, public transport works perfectly and gives visitors a very flexible access. The same could be said about Kazbegi. The new road allows all- year-round access and public transport timetable is quite convenient here too (K.E).

Safety and security patterns should be evaluated positively in both regions. Locals are very friendly, peaceful and open to visitors and there is almost zero level of crime as everybody knows each other. Medical facilities function in both regions too. So, this dimension of sustainability is assessed positively.

Environmental quality includes attractiveness of natural and cultural environments of destinations. Both regions are mountainous regions, with unique nature and environment. Despite the fact that both regions face pollution/littering, additionally Bakuriani is confronted with the issues with poorly controlled forest cut. Natural environment should be considered as a strong pillar in the region sustainability because more or less untouched and unique nature is a business card for both Bakuriani and Kazbegi. Cultural attractiveness is more observed in the Kazbegi region, as it is less influenced by tourism. Also, many visitors

are interested not only in enjoying the unique nature but also the local lifestyle. So, here nature and local culture are creating a unique environment for relaxation. On the other hand, Bakuriani is an active kind of relaxation resort, as people mostly come here for skiing and the cultural side becomes not so important.

The last dimension of economic viability principle is delivering business support for local stakeholders. The two trainings meant to support local households involved in tourism are an excellent illustration. The first training was English language training, but only in Kazbegi evaluated positively by the participants whereas the second one was intended to improve the guesthouse service quality, evaluated positively in Bakuriani, but negatively in Kazbegi, as participants believed that the training was prepared for more developed guesthouses and they needed simpler and more basic service quality trainings. Besides these trainings organised by GNTA, there were no other revelations for development support.

In general, economic viability principle in Bakuriani should be assessed more positively than in Kazbegi as understanding of the market and delivering satisfaction to visitors is more maintained there, than in the Kazbegi region. Besides many drawbacks, economic viability should be assessed as averagely sustainable as its positive and negative sides more or less balance each other.

“Local prosperity”(Paragraph 2.3) is the second principle of sustainable tourism under which supporting of locally owned businesses, encouraging employment of local labour, facilitating local sourcing of supplies, increasing length of stay as well as the availability of spending opportunities and promotion of purchasing of local products are considered.

When businesses are locally owned, a higher proportion of profit is likely to be retained within the community. In this respect, mostly, all businesses presented on research areas are owned by locals but, as local inhabitants rarely own a large amount of financial resources, all medium and big businesses there are not owned by locals. On the other hand, locals own guesthouses, bakeries and cafés. Undoubtedly, the proportion is different in the regions. To be more specific, 24 hotels are functioning in Bakuriani and, supposedly, more financial resources are draining away as hotels are not mostly owned by locals (B.E). As for Kazbegi, there are only 3 hotels functioning and all of them are not owned by locals too. If considering that the number of visitors are more or less similar to that in Bakuriani, it can be assumed that the profit (in Kazbegi) is more retained within the community (K.E). In Bakuriani competition issues between guesthouses and hotels were never mentioned during the interviews, as these two stakeholders serve different kinds of segments, while in Kazbegi guesthouse owners (K.GH2) complained. However, generally, profit mainly is retained within the community.

As locals mostly own the guesthouse business, it means that, mostly, locals are employed there. The same could be said about local cafes and bakeries. As for the hotels and restaurants, the research did not concentrate on this kind of stakeholders but could be presumed that service staff mainly are locals whereas management is not.

Guesthouses involved in tourism quite frequently use their own farming production to serve visitors but research regions differ. In Bakuriani using one's own farming production is declining as the region has a potential to be a four-season resort and the more local households develop their tourism infrastructure, the less time and desire they have to be involved in agriculture or farming. All the needed agriculture production is mainly delivered from the neighbouring villages. In Kazbegi the process develops differently. Development of tourism triggers development of farming. Then, its products are used for both internal consumption and tourists. In addition, as the research shows, visitors often prefer homemade products. During the last years, the government has undertaken nothing feasible to support the involvement of locals in farming and agriculture.

Besides encouraging employing locals and using local production for local prosperity, it is also very important to increase the length of stay of visitors, as well as the availability of spending opportunities, which means fully using the resort potential. Despite its importance, it is still open and not solved in both regions. To support the above mentioned statement, no actions are undertaken and no events are organised by GNTA. Only local municipality does so. In addition, because of the unfavourable business environment and the improperly functioning banking system, locals have no incentives for business diversification. There even are no souvenir shops in the settlement. As for Kazbegi, here things are a little bit more difficult. The first obstacle is a low quality of guesthouse infrastructure and the language barrier, which makes visitors leave the settlement. Also, because of the absence of the information centre, tourists have serious difficulties to find touristic routes (K.E). Same problems are observed with business diversification and the banking system. There are some local attempts observed but this is more macro level issues that should be solved by GNTA rather than by local players.

“Employment quality” (Paragraph 2.3) is the third aim of sustainable tourism which meant to strengthen the number and quality of local jobs created and supported by tourism, including, the level of pay, conditions of service and availability to all without discrimination. It includes such dimensions as increasing employment opportunities and the proportion of year round, increasing, full-time jobs, ensuring and enforcing labour regulations, encouraging enterprises to provide skills training programmes and career advancement and concern for the wellbeing of workers who lose their jobs.

Ideally, high priority should be given to the creation of jobs that are stable, permanent, full-time, provide fair salaries and benefits. In the regions the jobs are created mostly after opening new hotels/guesthouse, which means that mostly everyone there is self-employed. The attempts to increase seasonality will support employment opportunities all year round, but the reality is different. Neither GNTA nor local government are doing anything feasible to ensure employment sustainability.

The labour code or other labour regulations are common for the whole country and no exceptions are considered to make the working atmosphere more favourable in any destination. Also, as the government almost never acts as an employer in research regions and because, mostly, jobs are for self-employers, the full-time and classical job principles should be excluded.

The only players whom the government or GNTA could motivate to provide trainings for the staff are mainly hotels, as almost all jobs in both regions are created by guesthouses for their self-employment or hiring purposes. On the other hand, GNTA could initiate trainings for all tourism suppliers to support and provide them with the knowledge on how to develop their business. During all these years only one training was organised in Bakuriani for improving guesthouse service standards and two in Kazbegi - one for improving the guesthouse service standards and the second - a free English language training. Despite the importance of improving skills, GNTA, as in many other cases mentioned above, is neglecting seriousness of this pattern in the sustainability building process.

As for the concern for those who lost their job in this regard there is a big problem not only in the research regions but also in the whole country. There is no unemployment benefit system functioning in the country. Often advance notice for contract termination is ignored too. Absence of the social security system is also a step away from sustainability principles.

As a summary, should be concluded that GNTA's and government's participation and influence level in "employment quality" principle and the effort for the progress is so insignificant that the third aim of sustainable tourism should be considered as unfulfilled.

To seek a widespread and fair distribution of economic and social benefits from tourism throughout the recipient community, including, improving opportunities, income and services available to the poor are an indivisible part of sustainability under part four – "**Social equity**" (paragraph 2.3). This part itself includes income earning opportunities for disadvantaged people and utilizing income from tourism to support social programmes. On this part, there is nothing to mention; involvement of disadvantaged persons in tourism is never being supported either from the government or GNTA. Also, there is no reverse

contact of tourism to social programmes supporting somehow disadvantaged people who are either involved or not in tourism. It seems that social equity aim could be considered as unsustainable in both regions. On the other hand, aspects of this issue extend beyond the scope of the AMIES project and, therefore, the implementation of social equality could not be assessed in a full scale in the research regions.

To any destination the important thing is not only receiving visitors but also providing good atmosphere for relaxation, enjoyment, fulfilment of expectations and safety. The fifth aim of sustainable tourism **“Visitor fulfilment”** (Paragraph 2.3) is applied to this issue.

Everyone should have a chance and possibility to access the destination. Here, people with disabilities are implied, for whom a special infrastructure is required. The idea is to deliver maximum accessibility and not to lose potential customers. In spite of the fact that both research regions are mountainous, for each destination visitors’ fulfilment issues are very important, especially, the first dimension – accessibility for all. Unfortunately, none of the regions are oriented to fulfil this requirement. Even more, in Kazbegi rehabilitation of inner roads was finished recently but no needs of disabled people were envisaged (K.E). There is a problem for disabled persons of not only visiting historical or natural monuments but also moving inside the settlement. The same problem is observed in Bakuriani. Even more, as respondents underlined in many cases, there even does not exist sidewalks for pedestrians. So, cars, people and animals have to use the same roads, which is not very comfortable (B.E). Providing holiday opportunities for the economically and socially disadvantaged, that is a special directed programme for people with lower income and disabilities. These programs could include special pricing for these kinds of visitors. However, up to now, no such kind of initiation was observed either in Kazbegi or in Bakuriani.

Monitoring and addressing visitor satisfaction and the quality of experience meant permanent research and observation of the satisfaction level of tourists. This is very important, especially, for future policy makers to get direct feedback from visitors. This principle should be working in every destination, which is famous among tourists. Bakuriani, in this case, is not an exception. As the expert mentioned during the interview, the satisfaction level of visitors is observed on permanent basis. This kind of monitoring has never been conducted in Kazbegi. Undoubtedly, guesthouses and hotels in both regions try their best to make every visitor happy. They develop and improve their infrastructure and offer new services each year but the sustainability issue requires participation of both sides in processes both at the government and the supplier levels.

As a conclusion, visitor fulfilment aim could not be evaluated as sustainable, especially, in Kazbegi as still a lot should be changed and done.

“Local control” (paragraph 2.3) is the sixth aim of sustainable tourism development implying engagement and empowerment of local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders (UNEP & UNWTO, 2005). Logic is simple. Local community is the most involved and well informed about. Also, they are the first who gain from tourism development. Thus, their engagement for the development of tourism policies and plans and empowerment to influence the decision making process seems very important for sustainability issues. Unfortunately, it is not easy to get the whole picture about these processes as the AMIES research topic was not oriented on information exchange, engagement and empowerment issues between regional stakeholders/community and central policy makers. As experts in both regions underlined, the information exchange system works, information and issues about existing problems are collected by the tourist information centre (in Bakuriani) and special recommendations are passed to local municipality. The municipality of Bakuriani then redirects to the Borjomi district municipality and via them all recommendation and the problem list are sent to GNTA (B.E). All data are gathered at the tourism department at local municipality in Kazbegi because of the absence of the information centre. Afterwards, the recommendations are redirected to the municipality and recommendations reach central organs the same way as in case of Bakuriani (K.E). Based on this information, it could be considered that, theoretically, involvement of local community in decision and policy building processes is guaranteed, but how this is realised in life is already a different issue, because all the decisions are made by the centre rather than the local bodies.

“Community wellbeing” (paragraph 2.3) implies maintaining and strengthening the quality of life in local communities, including, social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation (UNEP & UNWTO, 2005). Development of tourism can affect community wellbeing in both positive and negative ways. Development of tourism can motivate creation of new employment places and attract investments and more expenditures from tourists. Ideally, water and energy supply, transport and roads, health services, shops, leisure and entertainment facilities improve or are developed in tune with tourism requirements. On the other hand, the presence of visitors can put pressure on facilities and services, adding to the cost of their provision and maintenance, reducing the enjoyment of them by local people and making access to them difficult or even impossible. Tourism development and activity

sometimes also interfere with other sources of livelihood and disrupt access to them (UNEP & UNWTO, 2005). Tourism can also cause unnatural growth in prices, such as food, livelihood or leisure, cause more noise, pollution and sometimes even crime. To avoid these problems, there are several dimensions under consideration, such as, reducing congestion, which means demand management and reducing seasonality by building special offers to motivate seasonal visits and, by doing so, avoid overcrowding of destinations during the season peak. Reducing congestion also implies better traffic management by placing signage and information about other alternative routes and transportation options to avoid overloading of traffic and causing disturbance to local community.

Based on the definition and essence of congestion, the problem arises after reports over development and overcrowding, especially, when increasing of visiting intensity and resort development does not coincide in time. This eventually creates overcrowding and chaos. Congestion issues were never mentioned by respondents during interviews. As research shows, inflow of tourists is increasing year by year and infrastructure is developing. But, there have not been any complaints regarding congestion, overcrowding and with it negatively influencing wellbeing of local community. Even more, each local respondent expressed eagerness towards having more tourists, as both regions are using only part of their capacity.

Careful planning and management of tourism enterprises and infrastructure implies management and development in a favourable way for tourism industry and local community. As was mentioned above, for the research regions, no conflicts between tourism development and local community wellbeing were observed. Infrastructure development projects bring good not only to visitors but also the local community as these projects are designed to meet the combined needs of tourists and locals. Up to research period no restrictions in area, or local amenity accessibility, because of tourism development were enacted in both regions. This is a good example that tourism development does not endanger accessibility issues and creates minimum nuisance to local community.

Visitor behaviour, such as, noise, littering, conflicts with local community values and their particular sensitivities are included in the dimension of influencing the behaviour of tourists towards local communities. The only thing that was underlined several times during interviews was littering of the environment that seems to be quite frequently discussed by local community. The representative of local community in Bakuriani repeatedly underlined the growing emergency of this issue; the problem does exist not only within the settlement but also in other areas. Two main reasons were mentioned. The first is the tourists' tendency to care less about the environment and litter it whereas the second is related to being the

main issue, namely, bad development of infrastructure, no litter bins, or camping areas allocated, which, in the end leads to polluting the area almost everywhere. The same issues are faced in Kazbegi as regards to littering, but in greater extents. In spite of that, Bakuriani and Stepantsminda have almost same elevation. Generally, the Kazbegi region is more mountainous which means that accessibility is generally harder. Also, here tourists tend to move around covering larger areas and, obviously, littering is discussed more intensely here. In addition, it is almost impossible to put litter bins in mountains as it is hard to access them for further services. At the same time, locals intensively pollute the environment in Kazbegi. So, this problem does not only come from tourism development.

In total, community wellbeing aim should be assessed more or less positively in both regions. The only conflict between tourism development and local community comfort concerns the littering issue but this is a not one-sided problem caused by the visitors. Local population should also be responsible.

Respecting and enhancing the historic heritage, authentic culture, traditions and distinctiveness of host communities is unified under the eighth aim (paragraph 2.3) of sustainable tourism. **“Cultural richness”** is a key principle and aim for sustainable development. Tourism can be a considerable force for the conservation of historic and cultural heritage and can stimulate arts, crafts and other creative activities within communities (UNEP & UNWTO, 2005). Historical and cultural sites are one of the major reasons for visiting destinations. For example, its 14th century trinity church in Kazbegi, which is famous not only in the region but also all over Georgia, attracts both local and foreign visitors. This is a perfect example of how cultural and historical monuments could be used for bringing good to local community playing a significant role for the region’s development. Generally, in Kazbegi the role of historical and cultural heritage is huge in making the region attractive. Besides unique biodiversity and natural monuments, major touristic routes in Kazbegi are built around historical and cultural heritage. One of the most vivid examples of cultural heritage attracting tourists in Kazbegi is religious events characterised only to this regions and traditions and cuisine.

On the other hand, the importance and role of cultural and historical heritage in Bakuriani is not manifested so obviously as it is in Kazbegi. This does not mean that the connection is lost. In Borjomi municipality there are more than 200 historical and cultural monuments and they obviously play a huge role in the region’s sustainability (Borjomi municipality, 2017). At the same time, the role of cultural and historical richness for the region could not be observed during the interviews. The explanation could be the limitation of the study. Also, interviews were recorded in winter that is the main ski touristic season in

Bakuriani. As for the wintertime resort, the main attraction at that time is winter sports. Visitors tend to have more active and dynamic type of life and move around less. This could be the reason why the historical component is not being observed. In addition, it's noteworthy how local municipality and tourist information centre are striving to promote Bakuriani by trying to organise tournaments and events on permanent bases that are typical for the settlement traditionally being involved in winter tourism.

In many cases, the events and performances organised in the research regions take place either on traditional basis or through the attempt of local municipalities without support from the centre. In spite of this, the importance of the cultural richness aspect is very important for both regions and should be admitted to be one of the major key aspects for tourism development there.

Tourism development, is not only improving services and infrastructure, but also keeping, maintaining and enhancing the quality of landscape as in urban, as in rural areas and also protecting the environment to deplete physically and visually. This issue seems to be frequently discussed by the stakeholders in the research regions, when tourism develops and gradually changes the regions. This is especially observed in Kazbegi as it is more perceived as cultural destination with more old traditions. Logically, visitors are very sceptical against all the changes. Almost all of them underlined that overdevelopment will harm Kazbegi (K.FT1). The same attitude is observed in Bakuriani as well though a little lighter. At present it is more oriented on winter sports that is more dynamic and requires fast changing of infrastructure towards meeting modern standards. So, there are some physical integrity issues but of a different kind. During the interview the expert underlined the fact that there should be a specific plan for the settlement development because the number of hotels and guesthouses is increasing so fast that Bakuriani becomes uglier and loses its shape, especially, the central part of the settlement.

Starting construction is not an easy beginning in both regions as it needs a special permission from the special commission. Besides, there are many regulations for construction, especially, in Bakuriani; even changing the colour of the facade requires special permission. In spite of this absence of general development, plans are available for both settlements that make these control regulations only partially effective (K.E; B.E).

Visitors as well as local inhabitants are concerned about the possibility to go everywhere on foot or by car without any limitations which is damaging not only the environment but also surroundings of cultural monuments. There are also no parking lots. So, visitors park where they want. There were also worries about more global issues. In Bakuriani, this is uncontrolled cut of the surrounding forest. As a local expert underlined,

generally forest cut is strictly controlled and protected but for, some reasons, the surrounding forestland experiences significant damage. In Kazbegi, concerns and worries are caused by the upcoming possible changes. The Kazbegi region is a mountainous place with many mountain fast rivers with huge hydro potential. The new government of Georgia decided to use it and build several hydroelectric stations (HES). As almost the whole regions serves like a natural monument, it is really hard to predict what kind of harm these HESs could cause to the environment. They may not do so but this could be seen only after some time (Ministry of Energy, 2015). Seriously damaging the travertine near the road in Kazbegi serves as a very good example of ignorance during the region rehabilitation process. This happened in 2013, while reconstructing the main road.

In summary, it could be said that physical integrity aim is only partially fulfilled. Controlling of construction of settlements and preserving historical heritage is one positive side of the processes but not having the control mechanism to protect the environment is a serious drawback. Also, all the expected future changes, especially, in Kazbegi could lead to the negative effect. Thus, “**physical integrity**”(paragraph 2.3) aim should not be considered as fulfilled.

“**Biological diversity**” (paragraph 2.3) works toward supporting the conservation of natural areas, habitats and wildlife and minimize damage to them. Protecting of biodiversity is also closely related with physical integrity aim of sustainable tourism. There are many intersections but the difference is that physical integrity aim works towards preventing destruction of biodiversity not only by tourism itself but also other activities. Biodiversity aim implies working with national parks and other protected areas, promoting development and management of ecotourism, raising visitor awareness of biodiversity (UNEP & UNWTO, 2005).

Working with national parks in Kazbegi is quite intense, as there are many unique species and many of them are enlisted even in red book; almost the whole territory attracting tourists is under the protection of Kazbegi national park. As for Bakuriani, it is situated between Borjomi-Kharagauli National Park and Ktsia-Tabatskuri Managed Reserve but no protected areas, except Bakuriani Alpine Botanical Garden on the territory of resort, are observed. On one hand, this is a positive issue whereas, on the other, there are vast territories around that are not under the protection of any other national parks. Thus, promotion of ecotourism development in Bakuriani becomes more difficult than in Kazbegi as conservation of the environment and protecting biodiversity becomes harder than under the protected area. As for the rising biodiversity awareness, it could be said that some visitors, especially, in the Kazbegi region had very high level of knowledge, but generally, there are

not any kinds of interpretative events, other educational activities or even flyers organised and printed by governmental institutions to increase awareness and responsibility level of visitors. As a conclusion, biodiversity protection threats influenced by tourism development are more ensured in the Kazbegi region than in Bakuriani.

“Resource efficiency” (paragraph 2.3). Sustainable future depends on the careful management of resources to ensure their availability for present and future generations. Resources that are non-renewable, in limited supply, or essential for life support are of particular concern. Tourism is a significant user of resources in many areas. Ensuring that it uses resources efficiently it is important both for the wellbeing of the local environment and host community. Resource efficiency in tourism will be achieved largely by changing the consumption patterns of tourists and tourism enterprises (UNEP & UNWTO, 2005).

Tourism development, as usual, significantly increases the usage of resources. For example, sometimes tourists could use 10-15 times more water than native inhabitants (UNEP & UNWTO, 2005) as well as more heating or electricity. Sustainable development of tourism should take all these possible changes into consideration. Recycled or re-used materials should be used where possible. In research regions, this could be a more efficient use of electricity and gas by implementing more energy efficient appliances, using solar, or wind energy for guesthouse needs as well as implementing garbage-recycling possibilities and so on. But, unfortunately, none of the upper mentioned issues for resource efficiency were mentioned during interviews. It should be said that the current development level of both destinations for the moment needs to satisfy more basic requirements. Resource efficiency issues seem to be a matter of a far future.

The twelfth and the last aim in sustainability requirement list is **“Environmental purity”** (paragraph 2.3), which means reducing waste and harmful emissions to the environment in order to preserve the quality of air, water and land that sustain life, health and biodiversity. Actions should address all aspects of pollution prevention and control throughout the lifecycle of tourism development, during and after the use of facilities, as well as the impacts of tourists themselves (UNEP & UNWTO, 2005). Environmental purity could be supported by promoting the use of more sustainable transport, avoiding the discharge of sewage to river, minimizing waste and, where necessary, disposing of it with care.

The most important action to reduce the impact of transport could be changing available transport to more sustainable one. For example, the one which pollutes environment less or even easier – start to promote other means of transport as bicycles, or even foot tours. Actually, limiting transportation movements or substituting them by other

means will not only influence the environment but also biodiversity, improve historical and natural heritage protection level and so on. Unfortunately, the social-economic development of the country as well as the processes taking place on touristic destinations make these really progressive and important approaches for sustainability issues almost impossible. Because of a low income level, most of the available transport in Georgia is very old, which means that moving to higher requirements and standards and by doing so decrease the impact level on the environment is going to be a difficult process. On the other hand, there are some issues that could be improved in a very short period of time as, for example, establishing the limited access areas, because in both regions visitors can use vehicles everywhere harming the environment and biodiversity. Unfortunately, positive changes are observed neither in Kazbegi nor in Bakuriani. Nothing is done to avoid discharge of sewage to the environment. Generally, tourism is among the industries that generates huge amount of waste which could be a serious issue and a big threat for the welfare of locals and the environment. Neither infrastructure nor legislation is ready to deal with this issue on the way to sustainable tourism development.

As a summary of these twelve aims, it could be said that both regions achieved quite a significant progress on their way and many positive improvements are observed and awaited. For all respondents, the future seemed to be a better place to live. Thus, the expectations are rather positive. However, in spite of the significant progress in quite a short period, tourism development should be evaluated as unsustainable in both regions, as there were problems almost in every aim declared above on the way of sustainability. Nevertheless, in case of clear understanding of ongoing processes in the research regions by the governmental institutions and by GNTA, it is very easy to transform the processes into a sustainable one.

7.3 Discussion of methodological design

As it was mentioned at the very beginning of this work, AMIES and its part D3 should be considered as one of the first attempts to study tourism sustainability issues in the research regions and its role in socio-economic processes.

The methodological approach and the reasons why the mixed method of qualitative and quantitative approaches was picked up were discussed in the chapters above. Research outcomes showed it was a correct approach because there was almost no available information and this combination gave a unique opportunity to merge qualitative and quantitative data and build the whole picture about the regions. The reader should consider that qualitative and quantitative data represent a snapshot of the processes during the field

research in the study regions. Some socio-economic, agricultural and touristic aspects have been changed positively (Hueller, et al. 2017, Shavgulidze, et al. 2017).

For the future studies the researcher should keep in mind that the current situation in the research regions, as well as the quantitative and qualitative findings of this PhD thesis, could provide the basis for the future in-depth researches to understand the prospects of local food production in tourism industry.

Additionally, it is recommended to concentrate on face-to-face in-depth interviews with experts, policymakers and guesthouse owners to study sustainability issues.

The future researches will make it possible to draw a more comprehensive and long-run picture (not a snapshot) and more objectively evaluate the changes, progress and pinpoint the regions places on the way to sustainability. It is also recommended to enforce qualitative data with quantitative. In this case, it is not necessary to select the same large size of the population. A more limited number of respondents will give the researcher the possibility to get a more complete picture and feel the momentum in the region.

8 Conclusions, recommendations and limitations

8.1 Conclusions of the study

This chapter summarises significant findings of the research about tourism sustainability, specifications of the research regions, ongoing socio-economic changes in these destinations and the role of tourism in them. It also attempts to justify or deny the research hypothesis stated in the beginning of the thesis using quantitative and qualitative data.

Discussion about tourism sustainability in the research regions revealed very interesting directions and development tendencies. Many positive processes are observed in Bakuriani as well as in Kazbegi, which are noteworthy and gives positive expectations. Sustainability issues are discussed according to the twelve general aims (chapter 7.3), it is a complex process with many layers, but the conclusion after all is clear - tourism development in both regions is not sustainable, especially, in Kazbegi region, as it is a comparatively new trendy destination. Nevertheless, it is worth noting that in case of proper understanding of ongoing processes by GNTA and by right planning, is it possible and quite easy to reverse processes towards sustainability and in quite a short period.

Hypothesis R1.1 (qualitative). "Inhabitants/visitors in Kazbegi are more concerned with sustainability issues than in Bakuriani".

The idea and reasons visiting research region are completely different. Though, concerns and perceptions about sustainability are different too. Although Bakuriani is a for-season resort, the main visiting time is winter and, obviously, most visitors go there for winter sports. On the contrary, Kazbegi region attracts visitors by its cultural and natural sights. So, it is logical that all the visitors in Kazbegi region are more concerned with sustainability issues. All the visitors, both local and international, stressed the uniqueness of Kazbegi's nature, environment and culture. They not only were concerned with littering and environment protection issues but also were against overdevelopment of the region, as unique landscape, current architecture of the settlement and historical heritage are the things that make Kazbegi so interesting. Guesthouse representatives and local experts were sharing the same concerns regarding environmental and cultural inheritance protection. On the other hand, in Bakuriani these issues were not stressed so intensely, especially, influence and damage of environment and landscape were never mentioned by foreign visitors. Only the expert and one local tourist underlined the importance of protection of the landscape and

the environment for sustainable tourism development. However, interviewees from Kazbegi were more concerned with sustainability issues in regards with environmental preservation and protection than those from in Bakuriani.

Hypothesis R2. 1(qualitative). “Regards to longer traditional involvement in tourism, it is more developed in Bakuriani than in Kazbegi”.

In spite of the fact that both settlements are more or less the same size in respect with tourism, the situation is completely the opposite. During the research period 210 guesthouses and 24 hotels were registered in Bakuriani (B.E) while in Kazbegi only 10 of guesthouses and 3 hotels (K.E) were reported. In addition, the guesthouse in Bakuriani offers much more varieties of services starting from WiFi and booking to car services that include picking from the airport and delivering to Bakuriani.

Existing information centre also increases the information availability and accessibility in Bakuriani that could not be said about Kazbegi.

Average duration of involvement in tourism in Bakuriani is 13 years (mean indicator) while in Kazbegi it amounts to only 3.5. There are also big differences between occupancy rates 84% (mean) and 33% (median) in Bakuriani, while in Kazbegi only 32% (mean) and 17% (median). As a result, in Bakuriani for 26% of households tourism serves as the main source of income whereas in Kazbegi it amounts to 15%. In Bakuriani for 45% of households the share of tourism in total household's budget is higher than 61%, among them, one quarter of HHs gets 81-100% of total income directly from tourism. As for Kazbegi, there are no guesthouses generating more than 61% of their income from tourism. There are only 32% of households generating 41-60% of their total income from tourism.

All the above-mentioned indicates that because of longer involvement in tourism, it is more developed in Bakuriani than in Kazbegi.

Hypothesis R2.2 (qualitative). “Regards to longer traditional involvement in tourism, Bakuriani has less obstacles for sustainable tourism development than the region of Kazbegi which is involved for lesser time.”

The research revealed many problems in both regions which are considered to play against sustainable tourism development in both regions. Some of these problems are similar whereas others differ because of the time difference being involved in tourism industry; experience of managing a guesthouse is one of them. Guesthouse representatives from both regions lack managerial experience but in Kazbegi this knowledge is needed more desperately. Kazbegi faces foreign language issues more than Bakuriani. Absence of the tourist information centre in Kazbegi should be considered as an obstacle for sustainable tourism development too. Thus, the hypothesis R.2.2 for Bakuriani is confirmed.

Hypothesis R 2.3 (qualitative). “Regards to longer traditional involvement in tourism, more HHs in Bakuriani than in Kazbegi are involved in tourism on legal bases.”

As it was underlined during the interviews, only 10 guesthouses are registered in Kazbegi against 210 in Bakuriani. According to some unofficial information, there are more 200 unregistered households in Kazbegi offering their services to tourists. As a conclusion, because of longer involvement in tourism, more HHs in Bakuriani are involved in tourism than in Kazbegi.

Hypothesis R2.4 (qualitative), R2.1 (quantitative). “Regards to longer traditional involvement in tourism, information sources are more developed in Bakuriani than in Kazbegi.”

Guesthouses of both regions can use municipal web page resources for free and post information for potential tourists. Also, other web pages are frequently used by local households too. In addition, region specific information is available on GNTA’s official portal - Georgia.travel.

Nevertheless above mentioned, all information sources give more comprehensive information about guesthouses and hotels in Bakuriani, when the information about Kazbegi is almost unavailable. This is quite a controversial situation, Kazbegi is advertised more than Bakuriani, but the information for tourists about the destination is not available. As a conclusion, because of longer involvement in tourism information sources for Bakuriani are more developed.

Hypothesis R 2.5 (qualitative), R2.2 (quantitative). “With regards to longer traditional involvement in tourism and economic background, the reasons to be involved in tourism differ between the regions.”

According to the respondents, during face-to-face interviews, two major reasons were underlined: the first being financial interest whereas the second the desire to be involved in tourism industry.

Quantitative data give more feasible input for assessment. For 50% of cases in Bakuriani the main reason for starting working in tourism is to increase income, which is 40% in case of Kazbegi. In 53% of cases in Kazbegi the reason also is that doing tourism is easier, income is higher and is more prestigious than farming. In Bakuriani this indicator amounts to 43%. For 18% of guesthouses in Bakuriani the reason was also the support of government and positive prospects for tourism in the future. In Kazbegi this indicator is higher – 28%.

In spite of the fact that there are some differences between percentages, the idea and main reasons being involved in tourism are similar in both regions.

Hypothesis R 2.6 (qualitative). “Regards to longer involvement in tourism, educational and managerial issues to run HHs’ tourism business are less observed in Bakuriani as they have more knowledge and experience.”

Generally, the educational level in Bakuriani is higher than in Kazbegi. The difference is not so obvious but worth noticing. Heads of households in Bakuriani have more knowledge, experience and expertise to run a guesthouse but not because of higher education but, mostly, because of longer involvement in tourism industry. The period guesthouses are involved in tourism industry in Kazbegi is several times shorter in comparison with Bakuriani, which could be a good indicator of the fact that the skill level there is lower. During the research it was revealed that managerial problems of doing business in Bakuriani exists too but, in comparison with Kazbegi, because of longer involvement in tourism, educational and managerial issues to run the guesthouse or other tourism related business in Bakuriani are less.

Hypothesis R 3.1 (qualitative), R3.1 (quantitative). “Regards to longer traditional involvement in tourism industry, tourism reshapes housing business and less space is left for agricultural activities.”

Changes regarding tourism-agriculture/farming are different in the research regions. Qualitative research showed that in Bakuriani the tendency is not in favour of farming or agriculture. As expert and household representatives mentioned, more and more people abandon farming and agriculture and move to tourism because it is more prestigious, profitable and clean kind of business. Farming and agriculture are out of fashion and in case of successful guesthouse business, none of the locals will have a desire to return to farming/agriculture. In Kazbegi the situation is a little bit different because the touristic season is more limited here. So, locals try to diversify more as tourism potential of the region is limited and households try to be involved in farming too. Therefore, development of tourism triggers development of farming as guesthouses more and more try to use homemade farming products for tourists, also the demand on healthy food increases.

Qualitative data show that about 69% of guesthouses in Kazbegi have livestock, while in Bakuriani it only amounts 42%. Also, almost every household cultivates at least one parcel of land mostly around the house and produces some agricultural products for internal consumption.

43% of households in Bakuriani started tourism because it was easier than farming/agriculture, the income was higher and was more prestigious, the same indicator reaches 53% in Kazbegi. Based on the data, should be concluded that tourism development reshapes local economy and lifestyle in both regions, but differently. In Bakuriani tourism

gradually oppresses farming and agriculture and the settlement becomes more and more tourism oriented, 25% of researched guesthouses already were 81-100% dependent on tourism. As for Kazbegi, the influence here is more positive as the region is only available for tourists during summer, locals have to search other sources of income too and because of this seasonal limitation they found a very efficient combination of tourism and farming.

In conclusion, the role of tourism in socio-economic changes in the regions is very significant and will get even more significant in the future, but in Bakuriani less and less space will be left for agricultural activities.

Hypothesis R3.2 (qualitative), R3.2 (quantitative). “The longer the HH is involved in tourism, the more important the role of tourism in socio-economic processes of HH is as tourism plays more and more important role in everyday life.”

Tourism industry develops fast in each region and every day brings more tourists and income to local inhabitants. But, it has different roles in the research regions. To be more specific, in Bakuriani, households start to specialise in tourism and it becomes the major source of income while in Kazbegi it is used for income source diversification and develops together with farming or animal husbandry.

Tourism development influences the migration level. For example, during winter, which is the peak of a season in Bakuriani, there are only 16 % of households with family member/s temporarily left, while in Kazbegi the same indicator is 46%. For 26% of respondents in Bakuriani tourism is the major source of income while in Kazbegi it is only for 15%. This is because of two reasons. One is longer involvement of Bakuriani in tourism (13 years vs Kazbegi's 3.5 years) whereas the second the nature of the touristic season itself in the regions. As figures show, the longer the household is involved in tourism the better and higher quality services they can offer. That's why, in Bakuriani 27% of respondents offer guesthouse services in comparison with Kazbegi's 18%. On the other hand, “bed and breakfast”, which needs lower service quality level in Kazbegi, is almost twice as higher (17%) in comparison with Bakuriani.

Logically, the longer the guesthouse is involved in tourism the more diversified the services for tourists are. But, the correlation is not significant either for Bakuriani or Kazbegi. This means that households do not diversify their services. In addition, there is no significant correlation between being involved in tourism for a longer period and the number of beds which means that households do not add extra beds throughout time. Instead, they keep the same number.

Because of the shorter period being involved in tourism, the share of tourism in the total income of households in Kazbegi is less. 32% of respondents in Kazbegi stated that the

share of tourism in the households budget it between 40-60%. For most respondents it is much lower. As for Bakuriani, 45% of respondents got most of their household income from tourism (60-100%). Households in Kazbegi will not be specialising only in tourism. Throughout time, the percentage of households that earn 40-60% of their household income from tourism will increase and with this, the role of tourism in everyday life will be more significant too.

Thus, the role of tourism in socio-economic processes is crucial and has becoming even more significant in both regions. Households still are not able to diversify or enlarge the scale of their tourism business but they permanently increase the service quality and the longer the HHs are involved in tourism the more observed it is.

Hypothesis R 3.3 (qualitative), R 3.3 (quantitative). "HHs try to increase their income from tourism by offering more and more tourism related services."

It is logical to think that throughout time guesthouses try to diversify, but as research revealed not in this case. Correlation between duration being involved in tourism and the number of services is not a significant none either in Bakuriani or Kazbegi. The correlation is not significant also between the length of being involved in tourism and the number of beds offered. This means that throughout time guesthouses do not try to diversify or enlarge their infrastructure for tourism.

27% of respondents in Bakuriani and 18% in Kazbegi offer private guesthouse services which are the most common kind of service in the given list of questionnaire. So, according to hypothesis R 2.3 (quantitative) offering guesthouse services is the most common service in both regions.

Because the banking system does not function in favour of tourism development, private guesthouses are using family savings when they want to develop their tourism infrastructure. Reinvestment from tourism activities should also be considered as one of the possibilities in creating family savings and then using them for the above-mentioned purposes. Therefore, with this conclusion, hypothesis R 2.4 (quantitative) "*HHs private financial sources are key determinants for developing and maintaining tourism supply,*" is justified.

On average, guesthouses in Bakuriani and Kazbegi have the same amount of rooms, but, on the other hand, the median indicator of beds in Bakuriani is 10 and only 6 in Kazbegi. Also, the mean indicator of occupancy rate in Bakuriani is more than 2.5 times as high as in Kazbegi. The annual mean income from tourism activities in Bakuriani is 6700 GEL whereas in Kazbegi it is 2100 GEL. As a conclusion, because of longer involvement in

tourism, more experience and better infrastructure households in Bakuriani get more benefit from tourism than in Kazbegi (Hypothesis R2.5 (quantitative)).

In spite of many positive changes, infrastructural issues still are frequently discussed in both regions. One of the issues mentioned in Bakuriani is that there is no special road for cattle. They use the internal settlement roads, pollute them, cause mess with traffic, dissatisfaction from visitors and hotel/guesthouse owners. As a result, farming development in the settlement suffers. Central park needs immediate rehabilitation. There are also no parking lots and signage that will work and prohibit cars to go anywhere they desire. The most serious problem related to infrastructure are places for entertainment as the main season in Bakuriani is winter and after 5 P.M. when the ropeways are shut down, visitors have no place to go and rest. There are no bars, lounges or clubs. There are also no facilities for children; few attractions in the central park are a private initiative and they do not have free access. No museums or crafts shop exist in the settlement either. The waste utilisation system does not exist which is the major reason for littering the environment. There is a unique botanical garden in the settlement but because of the absence of signage many visitors cannot visit it.

Almost all the above-mentioned infrastructural issues exist in Kazbegi. Besides, there are problems with parking inside the settlement as there are no parking lots, signage that will work and prohibit cars to go and park anywhere they desire and damage not only the landscape but also historical monuments; there are no facilities for children recreation and entertainment. The most serious infrastructural problem is absence of the tourist information centre which itself causes many other problems, such as, tourists not being able to get information about the settlement, historical and natural monuments, touristic routes, guesthouses and so on. Museums within the settlement are difficult to be found as generally there is a problem with signage not only in the settlement but also generally on every touristic rout. Similar to Bakuriani, the waste utilisation system does not exist which is the major reason for littering the environment. There is no ATM as well, which causes big discomfort, especially, for foreign visitors.

As a conclusion for hypothesis R 2.6 (quantitative) “*Regarding longer traditional involvement in tourism, infrastructural issues are less problematic in Bakuriani than in Kazbegi*”. It should be underlined that infrastructural problems exist in both regions but these problems are observed less in Bakuriani compared to Kazbegi because of its longer involvement in tourism.

After analysing qualitative information at the theoretical level, households in Bakuriani and Kazbegi have equal possibilities to be involved in tourism. For this, what is

needed first of all is the desire to become a tourism service provider than the project of a guesthouse that should be approved by the special committee from the municipality and a start-up capital. At the same time, getting a proof from the committee seems a little bit difficult in Bakuriani.

On the other hand, in Bakuriani there are much more guesthouses registered than in Kazbegi. Logically, the competition is higher and to establish a competitive guesthouse more start-up capital is needed. At the same time, in Bakuriani statistics between being involved in tourism and having higher education is higher than in Kazbegi. This also takes the competition level in Bakuriani at the higher degree. 60% of respondents in Bakuriani and 54% in Kazbegi indicated not enough finances as reasons why households are not involved.

Despite longer involvement in tourism in Bakuriani, for households it is harder to start a guesthouse business than in Kazbegi (Hypothesis R2.7 (quantitative)).

Visitors of both resorts face information availability problems because after these years there still is information deficit. Kazbegi interviewees mainly mentioned different guidebooks which they were using to get information about the region as well as available guesthouses and the country generally. Besides, specialised forums and wiki travel is a reliable source of information. In Bakuriani getting information about guesthouses is much easier because it is available on several web pages. On the other hand, most foreign visitors got information about the resort from their friends.

Quantitative data complement the above-mentioned qualitative information. Word-of-mouth works in 25% of cases in Kazbegi, 17% used services of tourist agencies to get more information about the region and the guesthouse, 14% of visitors used various internet sources and 11% mentioned other sources. In Bakuriani information sources are not so diversified: 42% used their friends' services, 13% various internet sources and only 7% other kinds of available channels.

In spite of being involved in tourism, information sources in Bakuriani are less diversified than in Kazbegi (Hypothesis R2.1 (quantitative)). There are few approved ways which are working while in Kazbegi, the respondents mentioned more variety of information sources they used. This could be the reason of deficit of information sources. So, before coming, visitors try to check different sources to gather enough information about the destination before departure.

8.2 Recommendations

8.2.1 General recommendations

General recommendations derived from the thesis could be seen below:

- A practical and applicable tourism development strategy should be elaborated based on sustainable principles which will make possible to use regions tourism potential. This could be the strategic document created in 2007 (which is not used now) with some changes and improvements. Sustainability principles should be the cornerstone for tourism development;
- In order to eliminate the information deficit one unique information domain should be created which will unite all the available information about tourism, destinations, etc. When a visitor decides to visit Georgia he/she could check the webpage, get the general information about the country, familiarize with visa procedures, choose the region, discover all possible tours and destinations, see the locations of tourist information centres, choose guesthouses, see which of them speak foreign language, check transportation or even schedules. GNTA should be updating information about routes, guesthouses and services. Posting information should be free for households. To promote one universal domain for GNTA is easier, less expensive and more easily memorable for visitors.

8.2.2 Recommendations for Bakuriani

This chapter unities the recommendation list for Bakuriani:

- The first issue that needs immediate attention and changes is the infrastructural one. First of all, the settlement development plan should be worked out which will define main objectives and directions for the settlement's development, architectural structure and requirements. This plan should also define not only general requirements for construction but also the type and even architecture of guesthouses or hotels. As Bakuriani is a mountainous resort the structure of the settlement should be proper for the mountainous destination. The settlement's development plan will solve many problems and make development of villages more sustainable;
- The tourism information centre should be relocated in its former place because current location makes it more difficult for visitors to notice or find it. The case that 57% of visitors found the guesthouse to stay randomly shows that not many of them use information centre service. One of the reasons could be the fact that it is hard to be found.

- Internal roads, road signage, parking infrastructure and other services should be improved. In many places there still are no sidewalks, bikeways and traffic signs as well as parking markings and signs with street names and numbers, which cause a lot of discomfort, especially, during the winter season when there is a peak of tourism. There should be places with limited access, such as, by car. Tourist routes should be arranged around the settlement and camping places, which will be the only spots to make campfire at;
- There should be several banners with the settlement map for visitors with indications of the medical centre, pharmacies, police, municipality, tourist information centre, banks/ATMs, touristic routes near the settlement, public toilets and so on;
- The waste utilisation system should be completed both inside the settlement and around it, especially, along touristic routes. Because of the failure to fully organize this system, the settlement is facing a serious littering problem;
- There are no available public toilets in Bakuriani. Local municipality should work on this issue, as absence of this kind of infrastructure causes dissatisfaction and discomfort among tourists;
- Lack of places for fun is one of the main infrastructural problems. Undoubtedly, bars, cafes or clubs should be the initiative of private entrepreneurs, but the government can facilitate this process. One of the easiest, cheapest and fastest ways is transfer of knowledge and skills. By organising systematic trainings locals will be able to discover many new things about business management, marketing, finances and all this knowledge in the future could be used to implement the above-mentioned plans (realise upper mentioned issues);
- The central park should be rehabilitated because this is the main recreational and relaxation place within the settlement;
- Generally, lack of knowledge and skills is observed in spite of long involvement in tourism. GNTA should be providing different kinds of trainings and courses to improve the level of knowledge of local population in foreign languages, tourism business and delivering satisfaction to visitors. Such trainings should have permanent bases and should be available for free;
- GNTA should start the standardisation process in Bakuriani. In spite of long involvement in tourism, local guesthouses still do not have standard certificates (number of stars). The standardisation process should be an obligatory part of guesthouse registration and be available free. GNTA should also launch free

consultation services which will help households to improve their standards through time and get higher ranks (more stars) in the standardisation process;

- As tourism develops in Bakuriani faster and harms farming/agriculture, the government should facilitate to preserve farming and agriculture. This could include promoting the idea and motivating entrepreneurs to open farming/agriculture production processing factory in the region that will motivate locals to be involved not only in tourism but also in farming or agriculture production. The government can also launch a specific program to support local farming/agriculture production. For example, support to create family-owned production brands which means that some families could produce their own branded dairy products or meat;
- The banking system should become more tourism and agriculture friendly. Because loans are quite expensive, in many cases banks play against tourism development. GNTA and the government should initiate and motivate banks to become more friendly and launch specific projects in favour of tourism;
- The government should change the taxation system for guesthouses. Tourism seasons should be defined in the region (Bakuriani is a four-season resort but at the moment it is active during only two seasons) and additional taxes should be paid only during these seasons. Otherwise taxation is going to be a negative factor for tourism development.

8.2.3 Recommendations for Kazbegi

Recommendations and actions for the Kazbegi region are listed below:

- Infrastructural issues are the ones that require immediate attention and changes in Kazbegi. First of all, it is necessary to work out the settlements development plan, which will define main objectives and directions for the settlement development, architectural structure and requirements. This plan should also define not only general requirements for construction but also the type and even architectural style of guesthouses or hotels as Kazbegi is a mountainous resort and respondents were against the settlement overdevelopment. Modern buildings and the structure of the settlement should be proper for the mountainous destination. The settlement should also keep links to its cultural and historical roots. The settlement development plan will solve many problems and make development of village more sustainable;
- The tourism information centre should be built and opened as soon as possible in the centre of Kazbegi. At this moment its absence is the reason for many other problems and issues and in case of its opening many processes will improve;

- Internal roads, road signage, parking infrastructure and so should be improved. In many places, there still are no sidewalks, bikeways, and traffic signage, parking markings, signs with the street names and numbers. This cause a lot of discomfort. There should be places with limited access, for example, by car. Almost whole territory of Kazbegi region is a national park. So, limiting car access in some places will positively influence landscape protection. Tourist routes and camping places should be arranged there as well as the special signage along the routes that will enable non-native speakers find their way easily;
- There should be several banners with the settlement map for visitors with indications of medical centre, pharmacies, police, municipality, tourist information centre (when it is opened), banks/ATMs touristic routs nearby the settlement, public toilets and so on;
- The waste utilisation system should be completed both inside the settlement and around it, especially, along touristic routes. Its incompleteness is one of the major issues of settlement littering problem;
- There are no available public toilets in Kazbegi. Local municipality should work on this issue, as absence of this kind of infrastructure causes dissatisfaction and discomfort among tourists;
- There are several cafes in Kazbegi. There is not a big demand for other cafes or restaurants from visitors but service quality in exiting cafes is quite low. Many of them do not even have a menu. Of course, cafes, restaurants and so on are part of private business, but the government/GNTA can facilitate and support improvement of their quality in this specific situation. One of the easiest, cheapest and fastest ways is transfer of knowledge and skills. By organising systematic trainings locals will be able to discover many new things about business management, marketing, finances and all this knowledge can be used in the future to improve quality or open new ones;
- Generally, lack of knowledge and skills is observed in the process of managing private guesthouse or while communicating with visitors. GNTA should be providing different kinds of trainings and courses to improve level of knowledge of locals in foreign languages, tourism business and delivering satisfaction to visitors. Such trainings should have permanent bases and be available for free;
- As research revealed, Kazbegi is not yet ready for standardisation processes as there are many guesthouses with very low quality of services. In spite of this, GNTA can anyway organise special courses and individual consultations with guesthouses, registered or not, to prepare them for future standardisation;

- In spite of the fact that tourism development positively influences farming development, governmental support is needed anyway to increase scales of farming. This could include promoting the idea and motivating entrepreneurs to open a farming production processing factory in the region that will motivate locals to be involved not only in tourism but also in farming. The government can also launch a specific program to support local farming production. For example, support to create family-owned production brands, which means that some families could produce their own branded dairy products or meat. Internal roads between the settlement and fields need to also be fixed to support development of farming. As Kazbegi has tens of thousands of hectares of pastures and fields for hay around, good roads are needed because for the moment preparing hay and transporting it to long distances is impossible. So, solving the road problems will be a very positive push for the development of farming;
- The banking system should become more tourism and agriculture friendly. Because loans are quite expensive, in many cases banks play against tourism development. GNTA and the government should initiate and motivate banks to become friendlier and launch specific projects in favour of tourism. GNTA should also initiate and start communications with banks to open ATMs in Kazbegi and, therefore, make the settlement even more comfortable for visitors;
- The government should change the taxation system for guesthouses. The tourism season should be defined in the region and additional taxes should be paid only during the season. Otherwise, taxation is going to be a negative factor for tourism development.

8.3 Limitations of the study

In spite of many positive aspects, the study has some limitations, which should be the topic for future research.

The working period on the PhD thesis coincided with GNTA's transformation period. The new management corrected and changed their strategic approach to tourism development but still, there are lots of questions and gaps to be addressed. New management still do not present their clear vision of tourism development in the country. In this regard, it would be very interesting to research the new visions of the new management of GNTA.

Qualitative research was conducted in Bakuriani in the wintertime when there is a peak of tourists but, as Bakuriani is a four-season resort, in the future it would be more proper to record interviews in each season. Undoubtedly, this will require more financial and

human resources because visiting, sampling and recording procedures should be taken four times but the data collected will be more interesting, dynamic and describe the whole picture for Bakuriani. In this case, research will gather more in-depth information about the potential of each season and planning tourism development will be easier for each season after these procedures.

After finishing the major road connecting Kazbegi to the capital, transportation problem during the winter time will be solved, which means that, theoretically, Kazbegi can acquire a new role to become the place, where ski lovers can spend overnight and in the morning go down to Gudauri for skiing. It will be very interesting to take this change of Kazbegi into consideration and try to find out how it is really going to transform Kazbegi, whether tourists use this new possibility and how it is going to affect farming and other activities.

Another limitation and a good topic for further studies are guesthouses offering their services but not registering officially. It is very interesting to study these kinds of guesthouses, find out the reasons why they operate like this and what kind of changes will motivate them to register officially.

Future studies should be more concentrating on sustainable tourism principles discussed in the paragraph 2.3 and try to come up with a specific system for sustainable tourism evaluation in the research regions.

9 Summary

Since the beginning of XXI Century when the “Rose Revolution” took place in Georgia tourism was declared as important and strategic for the country’s development. Appropriate steps were undertaken, which were followed by almost immediate results. The industry started developing since 2004 in a progressive manner (See. Figure 17). However, tourism development in some cases may have drawbacks, such as, negative influence on natural resources, culture, lifestyle of local population, which is a deviation from sustainable values. Thus, the main idea of the PhD thesis is to study the role of tourism in socio-economic changes in two remote mountainous regions of Georgia – Bakuriani and Kazbegi and evaluate tourism development with regards to tourism development sustainability principles.

Information from research units was collected by means of quantitative questionnaire and face-to-face in-depth interview guidelines. A specifically designed questionnaire was used to get information about demographics, socio-economic, agricultural and touristic activities of the households. Face-to-face in-depth interviews ensured qualitative information from experts, guesthouse owners and tourists.

A different profile of research regions strongly determines a different role of tourism for Bakuriani and Kazbegi. Because it is a four-season resort, households in Bakuriani have more potential to choose tourism as their main activity and leave less effort for agriculture and farming. In Kazbegi the situation is different. As it is mainly a one-season resort, local households try to diversify their sources of income developing farming and agriculture while being involved in tourism. As a result, households in Bakuriani have less obstacles for tourism development and they choose tourism instead of farming and agriculture, while in Kazbegi these activities are led in symbiosis.

Analysis of qualitative and quantitative data shows that in spite of the fact that tourism plays an important role for both regions, most guesthouses do not invest in their tourism business development and if they do, the main source would be family savings, as bank loans are very expensive. According to research, infrastructure and economic environment tend to serve as the main obstacle for tourism development and both research regions face these issues.

Discussing qualitative and quantitative findings with regards to twelve aims for sustainable tourism development serves as a special feature of the research. This approach gives the possibility to structure all data according to twelve aims and find which processes do not meet sustainability requirements.

Various types of analysis show that the role of tourism industry in socio-economic processes is important in Kazbegi and Bakuriani but it differs according to regions based on their specifications. Households in both research regions use agricultural activities, mainly, for subsistence and, in some cases, for their tourism business.

Special and targeted programs should be dedicated to each research region in order to maximise their potential for tourism services and agricultural activities keeping in mind all the aspects of sustainability.

Zusammenfassung

Seit Anfang des 21. Jahrhunderts, mit Beginn der Rosenrevolution, wurde der Tourismus in Georgien als eine strategisch relevante Branche für die Entwicklung des Landes betrachtet. Notwendige Maßnahmen wurden eingesetzt, die dazu führten, dass die Tourismusbranche seit 2004 stetig wuchs (Abb. 17). Jedoch erfolgten damit manche Rückschritte, wie z.B. negative Auswirkungen auf Umwelt und Kultur und auf die Lebensgewohnheiten der verschiedenen regionalen Bevölkerungen. Diese stehen nicht im Einklang mit den Werten einer nachhaltigen Entwicklung. Leitgedanke dieser Dissertation ist es, sich mit der Rolle des Tourismus im Zuge von sozioökonomischen Veränderungen in zwei entlegenen Berggebieten Georgiens – Bakuriani und Kazbegi – auseinanderzusetzen. Die Studienergebnisse sollen dazu beitragen, den Tourismus in Georgien im Hinblick auf seine Nachhaltigkeit zu evaluieren.

Die Daten hierzu wurden mittels einer quantitativen Befragung und anhand von qualitativen Experteninterviews (Tiefeninterviews) erhoben. Die quantitative Befragung umfasst Angaben zu demografischen, sozioökonomischen, landwirtschaftlichen und touristischen Aktivitäten der Gasthausbesitzer. Die Experteninterviews stellten individuelle Informationen von Fachleuten, Besitzern von Gasthäusern und Touristen sicher.

Das unterschiedliche Profil der Studienregionen führt zu einer unterschiedlichen Rolle des Tourismus in Bakuriani und Kazbegi. Da Bakuriani ein Vierjahreszeiten-Urlaubsort ist, verfügen die Gasthausbesitzer dort über mehr Möglichkeiten, sich dem Tourismus als Haupttätigkeit zu widmen und damit weniger der Landwirtschaft und dem Farming. Anders ist die Lage in Kazbegi als einem *one-season* Urlaubsort. Hier versuchen die lokalen Gasthausbesitzer ihre diversen Einkommensaktivitäten zu erhalten, indem sie neben den touristischen Tätigkeiten sich auch mit der Landwirtschaft und dem Landbau beschäftigen; beide Betriebszweige erfolgen sozusagen in einer Symbiose. Anders die Gasthausbesitzer in Bakuriani, die sich fast ausschließlich auf die Entwicklung und den

Ausbau des Tourismus konzentrieren.

Die Analyse von qualitativen und quantitativen Daten zeigt auf, dass, selbst wenn der Tourismus eine wesentliche wirtschaftliche Rolle in beiden Gebieten spielt, die Mehrheit der Gasthausbesitzer nicht in die Entwicklung dieser Branche investiert. Und in den Fällen, in denen doch investiert wird, erfolgt dies meistens aus familiären Ersparnissen. Denn mit der Inanspruchnahme von Bankkrediten werden zu hohen Zinsen verlangt. Der Forschung zufolge sind die Infrastrukturmängel und die finanziellen Rahmenbedingungen das Haupthindernis für eine konsequente touristische Entwicklung in beiden Berggebieten.

Die Erörterung von qualitativen und quantitativen Ergebnissen unter Berücksichtigung der 12 Ziele für die Entwicklung eines nachhaltigen Tourismus dient als Schlüsselmerkmal dieser Studie. Sie ermöglicht es, die gesamten Daten dahingehend zu analysieren, welche der genannten 12 Ziele den Anforderungen eines nachhaltigen Tourismus entsprechen und welche nicht bzw. wo es Handlungsbedarf gibt. Die Ergebnisse der Studie zeigen, dass der touristische Sektor eine wichtige Rolle für den sozioökonomischen Prozess in Kazbegi und Bakuriani spielt. Die standortbezogene Ausprägung und Bedeutung wird jedoch von den jeweils regionalen Besonderheiten bedingt. Für beide Berggebiete gilt allerdings, dass die dort lebende Bevölkerung von der Landwirtschaft abhängt, sei es in Form von Subsistenzwirtschaften oder im Rahmen von touristischen Anbieterleistungen.

Spezifisch eingesetzte Entwicklungsprogramme sollen darauf zielen, dass beide Gebiete ihr touristisches und landwirtschaftliches Potenzial maximal ausschöpfen, ohne die entsprechenden Nachhaltigkeitskriterien zu vernachlässigen.

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Appendix

A 1 Guideline

Face to Face Interviews with Households

Introducing to the respondent the reason of conducting the interview; underlining how important it is to give honest replies and telling him/her that every idea and consideration is crucial for research.

Before asking questions, the respondent is required to introduce him/herself (name, age, occupation, and education) and be informed that the interview is strictly confidential. Use a pseudonym or no name at all besides his/her name will be good justification for this.

1. Introduction

- Can you tell us a little bit about yourself?
- Can you tell us how long have you lived in Kazbegi/Bakuriani?

2. Icebreaker (warm up)

Understanding the idea of tourism

- What is the first thing that comes up to your mind when you start thinking about tourism?
- What do you think is good tourism for region?

3. Transition Question

Factors influencing the decision making process

- Would you, please, describe your story how you decided to work in tourism?

4. Key Questions

Evaluating tourism

Personal approach

- According to your experience, what are the benefits involved in tourism?

- How did tourism affect your housing business, farming and land use?
- As a private entrepreneur and a tourism supplier, what are the most important steps and actions to make to attract more tourists?

General Approach

- Which are most demandable services in tourism specific to the region?
- What are the main problems that cause dissatisfaction of visitors?
- I know that for the government tourism is a priority. Can you tell me more about governmental policies in respect with tourism?
- If it is up to you, what you would change in the governmental policy in respect with tourism? Please, provide explanation.
- What are the main problems that work negatively for private HHs to develop tourism infrastructure? (For example, taxes)

Environmental Issues

- Can you remember and list governmental programs and trainings that were held to enhance tourism development?
- Is there any governmental program that is coordinating activities of suppliers? Give us concrete examples (the organization that provides trainings, builds a unified database that will include all kinds of information about suppliers and promote availability of these data for visitors)
- In what terms could tourism be considered as a threat to local culture and traditions? Why do you think so? Can you give practical examples?
- What kind of environmental problems can you distinguish when you start thinking about tourism?
- What do you think about legislation controlling construction, environmental issues and licensing activities? How are these issues controlled and monitored?
- How does tourism development change access to local amenities and natural resources? Can you give us some practical examples? Can you see positive sides of such restrictions?

5. Ending

If there is anything that we could have missed during our conversation, please, feel free to add.

Thanks for your Time!

A2 Guideline

Expert interview

Introducing to the respondent the reason of conducting the interview; underlining how important it is to answer honestly and tell him/her that every idea and consideration is crucial for research.

Before asking the respondent to introduce him/herself (name, age, occupation, education) s/he should be informed that the interview is completely confidential and the ideas from the conversation will be used for the PhD thesis with no indication of names. Permission to use the voice recorder should be asked for.

1. Introduction

- Can you tell us a little bit about yourself? (Name, age, occupation, working experience and workplace duties)

2. Warm up

Working up the concepts

- Can you describe good/sustainable tourism for the country and the research region? What should be the main concepts?

Macro level assessment of the industry

- How do you assess the processes in tourism industry? Describe the progress and important steps already made;
- What are the most serious problems facing tourism industry for the moment? Can you specify some?
- Is there any kind of governmental program that directly attracts foreign tourists and promotes the country as a tourist destination?

3. Transition Question

Observing the processes from a bird's fly

- Can you tell me more about governmental policies for tourism in Kazbegi/Bakuriani? How predefined and concrete are they?
- What general positive and negative factors can you specify?

4. Key questions

Problems, Needs and Future Concerns

Problems

- What kinds of problems are observed during satisfying visitors' needs? And what is the ways out?
- How can you imagine the possibility that tourism can substitute and harm farming and land use for locals?
- How do you assess the environment of doing business and how does it motivate private households to start, or enhance services in tourism industry? (taxation, legislation, environment, infrastructure)
- In what terms could tourism be considered as a threat to local culture and traditions? Why do you think so? Can you give us some practical examples?
- According to your experience, what kind of environmental problems can be distinguished when it comes to tourism?
- What do you think about legislation controlling construction, environmental issues and licensing activities? How are these issues controlled and monitored?
- Can you give us an example when locals cannot access local amenities and natural resources anymore because of tourism?

The Needs

- What are the most highly demandable services in your regions by visitors?
- Is there any governmental program that is coordinating activities suppliers? Give us concrete examples (the organization that provide trainings, build a unified database that will include all kinds of information about suppliers and promote availability of these data for visitors, etc.) (Add to F2F interviews)
- Is there any organization that will work on standardization issues in industry? (Defining the standards of services and infrastructure, distributing licenses, monitoring price-service balance and so on). If not, how do you see the role of this kind of organization?

Future concerns

- As an expert, what would you change in the governmental policy regarding tourism, to make it more sustainable (economic – (income), social, environmental)? What concrete steps should be made at the macro and micro levels?

- Can you distinguish the profile (regional differences) in tourism for these regions?

5. Ending

If there is anything that we could have missed during our conversation, please, feel free to add.

Thanks for your Time!

A3 Guideline

Face to face interview with visitors

Introducing to the respondent the reason of conducting the interview; underlining how important it is to give honest replies and telling him/her that every idea and consideration is crucial for research.

Before asking the respondent to introduce himself (name, age, occupation, education) s/he should be informed that the interview is completely confidential and to prove this, besides his/her name, s/he can use the pseudonym or no name at all.

1. Introduction

- Can you tell us a little bit about yourself?

2. Icebreaker (warm up)

- What do you know about Bakuriani/Kazbegi resort and how frequently do you visit this place?

3. Key Questions

- What are the main reasons for deciding to visit Bakuriani/Kazbegi?
- How do you get information about the Bakuriani/Kazbegi resort and what kind of services do you use from agencies? Describe your preparation process, please.
- What positive and negative factors have to be underlined while assessing infrastructure in the resort? What should be done for tourism development?
- What positive and negative factors have to be underlined while assessing accommodation and hotel/guest house/private HH service quality in these regions? What most critical areas can you underline?
- What do you know about certification programs for guesthouses/small hotels, according to which each service deliverer is ranked according to approved standards and has to define its prices according to this certificate?
- What do you think this kind of certification program will do for the given region?
- What kind of environmental problem does tourism cause in this region?
- Affordability of local prices (comparing to other places);

4. Ending

If there is anything that we missed and will be important for the development of the resort tourism, please, feel free to add.

Abbreviation explanations for the face to face interviews

Abbreviation	Explanation
B.E.P (Number)	B – Bakuriani, E – Expert, P – Paragraph (Number)
B.GH(Number).P (Number)	B – Bakuriani, GH – Guesthouse (Number), P – Paragraph (Number)
B.FT (Number).P (Number)	B – Bakuriani, FT – Foreign Tourist (Number), P – Paragraph (Number)
B.LT (Number).P (Number)	B – Bakuriani, LT- Local Tourist (Number), P - Paragraph (Number)
K.E.P (Number)	K – Kazbegi, E – Expert, P – Paragraph (Number)
K.GH(Number).P (Number)	K – Kazbegi, GH – Guesthouse (Number), P – Paragraph (Number)
K.FT (Number).P (Number)	K – Kazbegi, FT – Foreign Tourist (Number), P – Paragraph (Number)
K.LT (Number).P (Number)	K – Kazbegi, LT- Local Tourist (Number), P - Paragraph (Number)

Final Questionnaire on the Socio-economic Condition of Population in the Districts of Kazbegi and Bakuriani

Contents

- I. Quality of Life (Subjective Self-Assessment)
- II. Demographics/Data on Composition of the Household
- III. Sources and Composition of Income & Employment Status
- IV. Land Reform (1990ies)
- V. Land Use
- VI. Module on Tourism Supply

Name of interviewer: _____

Date (Day / Month / Year): _____ . _____ . _____

Beginning: _____ : _____ Ending: _____ : _____

Village: _____

Notes for the interviewer:

- Notes for the interviewer are **bold**.
- Further instructions and explanations which have to be read out to the respondent are ***bold and in italics***.

Interviewer to read out:

We are working with an international research project called “AMIES”, Analysing Multiple Interrelationships Between Ecological and Societal Processes in Mountainous Regions in Georgia”.

In the context of this project we are interested in the living conditions in this area. We are conducting this survey in order to find out how people live. We would appreciate it very much if you took some time to answer the questions. They mainly deal with the way you and your household practice agriculture and the type of employment you and the members of your household have.

I. Quality of Life (Subjective Self-Assessment)

- Q 1) How satisfied are you with your current living condition? *Please, indicate on the scale to what extent you are satisfied with your current living condition.*

Very satisfied	Satisfied	Neither	Not satisfied	Not satisfied at all
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

II. Demographics / Data on Composition of the Household

Interviewer to read out:

I would like to ask you some details about yourself and others in your household.

- Q 2) Including yourself, how many people – including children and people who leave seasonally – live here regularly as members of this household?
Write down number:
(Don't know) [88] ☐
- Q 3) How many of the people in your household leave to live seasonally somewhere else, e.g. in Tbilisi?
In winter – please, indicate the number:
In summer – please, indicate the number:
(Don't know) [88] ☐
- Q 4) Since when have you been living in this village?
☐ Since I was born.
☐ Since *Please indicate the year you came to this village.*
- Q 5) How many of your children do not live in your household anymore?
 persons.
☐ I have no children
- Q 6) **Filter:** How many of the family members left the village?
 persons. → **If the answer is 0, go on with Q 12.**
- Q 7) Why did they leave the village?
[01] ☐ To work in another town / city [03] ☐ To study
[02] ☐ To work in another country [04] ☐ Other
- Q 8) Do you have access to the following items? *Please, check all correct answers. Indicate whether you have access for private or commercial purposes. If you have access for both private and commercial purposes, please, check both.*

		Private	Commercial	No access
[01]	Electricity	[]	[]	[]
[02]	Gas – during the whole year	[]	[]	[]
[03]	Gas – only in winter	[]	[]	[]
[04]	Drinking water in the yard	[]		[]
[05]	Drinking water in the house	[]		[]
[06]	Internet	[]		[]
[07]	Healthcare (doctor, hospital, etc.)	[]		[]
[08]	Telephone and / or cell phone []			[]
[09]	Car	[]		[]
[10]	Drinking water in the yard / neighbourhood	[]		[]

Q 9) What is your nationality?

[01] [] Georgian	[05] [] Russian
[02] [] Abkhazian	[06] [] Armenian
[03] [] Ossetian	[07] [] Greek
[04] [] Azerbaijani	[08] [] Other

For the research it is also important to know some facts about the people that live in your household. Please, fill out the following household grid with the interviewer.

Note for interviewer:

Collect the details of the respondent and other household members in the following grid. Start with the head of the household and then proceed in the descending order of age (= oldest first).

The grid should contain all members that are mentioned in question Q 2!

It may be useful to add the first names or initials of each household member for later reference.

Descending age order: Oldest first ----- →

Person	1 (respondent)	2	3	4	5	6
First name (optional)						
Q 10) Sex						
Male	[1]	[1]	[1]	[1]	[1]	[1]
Female	[2]	[2]	[2]	[2]	[2]	[2]
Q 11) Year of birth						

Q 12) Relationship to respondent						
Husband / wife / partner		[1]	[1]	[1]	[1]	[1]
Son / daughter (inc. step, adopted, foster, child of partner)		[2]	[2]	[2]	[2]	[2]
Parent, parent-in-law, partner's parent, step parent		[3]	[3]	[3]	[3]	[3]
Brother / sister (inc. step, adopted, foster)		[4]	[4]	[4]	[4]	[4]
Grandchild						
Other relative (Please indicate)		[5]	[5]	[5]	[5]	[5]
(Don't know)		[88]	[88]	[88]	[88]	[88]
Q 13) What is the highest level of education?						
Elementary (4-5 classes)	[1]	[1]	[1]	[1]	[1]	[1]
Not completed secondary (5-9 classes)	[2]	[2]	[2]	[2]	[2]	[2]
secondary (11 classes)	[3]	[3]	[3]	[3]	[3]	[3]
Vocational-technical	[4]	[4]	[4]	[4]	[4]	[4]
Special secondary (technical, college)	[5]	[5]	[5]	[5]	[5]	[5]
Don't know	[88]	[88]	[88]	[88]	[88]	[88]

III. Sources and Composition of Income & Employment Status

Interviewer to read out:

In order to understand what kind(s) of work contribute to your household income, we need information on what each family member does.

Note for interviewer:

Fill out the following grid using the same order of persons you used for the household grid: Start with the head of the household (=1) and then proceed in descending order of age (oldest first). Fill out the grid for all members of the household, including, children and pensioners.

Q 14) What is the current employment status of the household head and the family members respectively? Please check all that apply.	1	2	3	4	5	6
Self employed in agriculture						
Self employed in tourism						
Self employed (neither agriculture nor tourism, for example shop owner)						
Wage employee in agriculture						
Wage employee in tourism						
Wage employee (neither agriculture nor tourism)						
Occasional jobs						
Housewife / houseman						
Pensioner						
Veteran						
Disabled						
Unemployed						
In school						
At higher education institution (University)						
Other (please indicate): _____						

Q 15) How many persons of your household work in your own agricultural and / or touristic activities¹?
 [_____] persons

¹Agricultural and / or touristic activities: Activities which serve the production of income. By income we mean both monetary and material, e.g. the production of potatoes.

- Q 16) How many persons of your household are in paid work outside of your own agricultural and / or touristic activities?
[_____] persons
- Q 17) Do you receive financial support from family members which have left your household?
[01] [] Yes [02] [] No
If the answer is yes, how much financial support do you receive?
Please indicate the amount in Lari: _____
- Q 18) Do you think that one of your children will take over your agricultural and / or touristic activities when you retire?
[01] [] I have no children [02] [] I am already retired [03] [] Yes [04] [] No
[05] [] Don't know
- Q 19) Please consider the income of all household members and any income which may be received by the household as a whole. What is the main source of income in your household? *Only check one possibility!*
[01] [] Wage employment in the agricultural sector
[02] [] Wage employment in the touristic sector
[03] [] Wage employment (excluding agricultural and touristic sector)
[04] [] Self employment in the agricultural sector
[05] [] Self employment in the touristic sector
[06] [] Self employment (excluding agricultural and touristic sector, for example shop owner)
[07] [] Occasional jobs

[08] [] Pensions
[09] [] Social benefits or grants
[10] [] Income from investment, savings, insurance or property
[11] [] Private transfers (e.g. payments from relatives working in foreign countries)

[12] [] Other
[77] [] (Refused)
[88] [] (Don't know)

Interviewer to read out:

The following questions are dealing with the household's income. We assure you that your information will be treated confidentially and will only be used for this research project.

Note for interviewer:

Please pay attention that the questions are referring to the last 12 months. It is not enough to know the income of the last month!

- Q 20) What is your income composed of? *Please indicate how much Lari you gained from which activities (in the last 12 months).*

Agricultural plant production (in GEL) [] [01]
 Livestock production (in GEL): [] [02]
 Tourism (in GEL) [] [03]
 Non-agricultural employment (in GEL): [] [04]
 Public transfers (pensions, social benefits, etc.) (in GEL): [] [05]
 Private transfers from friends and family (in GEL): [] [06]
 Leasing out land (in GEL): [] [07]
 Other (in GEL): [] [08]

Q 21) If you add up the income from all sources, how high was the income of your household in the last 12 months? *Please indicate in Lari.*

[] Lari [] Refused [] Don't know

IV. Land Reform (1990ies)

Q 22) Before the land reform, did you work in a kolkhoz or did you cultivate land on your own?

[01] [] In a kolkhoz
 [02] [] Cultivated land on my own
 [03] [] Worked in a sanatorium
 [04] [] Other

Note for interviewer:

For the next questions dealing with “hectares”: If the respondent has difficulties specifying the size of his land in hectares, ask him to indicate in square meters and note down that the number refers to square meters.

Q 23) How much land did you own before the land reform? *Please, add up all the parcels you owned at that time and indicate the total amount in hectares.*

[] hectares
 [] I only owned the land around my house
 [] No land at all

Q 24) **Filter:** How much land did you receive through the land reform? *Please add up all the land parcels you received through the land reform, but don't include the land you already owned before the land reform.*

[] hectares
 [] No land at all → **If the answer is “No land at all”, go on with Q 26**

Q 25) Were you able to legally register all the land you received through the land reform?

[01] [] Yes, I was
 [02] [] No, I wasn't
 [03] [] Partly yes and partly no. *Please indicate how much land you could register in percent: [] %*

V. Land Use

Q 26) **Filter:** How much land do you own today? *If you own several parcels please add these up and indicate the total amount in hectares.*

[] hectares

[] No land at all → If the answer is “No land at all”, go on with Q 33.

Q 27) Are there governmental guidelines which restrict you in using your land?

[01] [] Yes [02] [] No [03] [] Don't know

Q 28) How many land parcels do you cultivate? *Please, think of all the land you cultivate, that is, e.g. land which you may have leased from someone else. Please, indicate the number of parcels.*

[] parcels

Interviewer to read out:

Please list each of these parcels in the following table.

Note for interviewer:

Give the respondent the table and write his / her answers into the table.

	Q 29) What kind of land is the parcel?	Q 30) How large is the parcel? (Indicate in hectares.)	Q 31) What is your ownership status of the parcel?	Q 32) On a scale from 1 (= very good) to 5 (= very bad), how would you describe the land quality of the parcel?
	1 = Land around the house (e.g. yard, garden)		1 = Land owned by a family member*	
	2 = Arable land		2 = Leased land	
	3 = Rotational fallow land		3 = Use rights (communal ownership)	
	4 = Abandoned fallow land		4 = Other	
	5 = Hay meadows			
	6 = Pasture (land for grazing)			
1		m ² / ha		
2		m ² / ha		
3		m ² / ha		

4		m ² / ha		
5		m ² / ha		
6		m ² / ha		
7		m ² / ha		
8		m ² / ha		
9		m ² / ha		
10		m ² / ha		

* The family member does not have to live in the household himself / herself. Decisive is whether the owner of the land parcel is a member of the family.

Interviewer to read out:

The following question deals with “agricultural production”. By “agricultural production” we mean the production of food and goods such as for example crops, potatoes or milk through agricultural.

Q 33) **Filter:** Are you engaged in agricultural production?

[01] ☐ Yes

[02] ☐ No → If the answer is “No”, go to Q 36

Q 34) For how many years have you been active in agriculture?

[_____] years

Land Owned by the Household / Common pastures (/ Social capital)

Interviewer to read out:

The answers to the following question contain the term “abandoned fallow land”. By “abandoned fallow land” we mean land which is no longer used for agricultural purposes.

Q 35) Of the land you own: What percentage is being used as the following? *Please, give the respective amounts in percentage terms.*

Arable land: [_____] %

Mainly pasture (for grazing): [_____] %

Mainly hay meadow: [_____] %

Rotational fallow land: [_____] %

Abandoned fallow land: [_____] %

Land around the house: [_____] %

Other: [_____] %.

Q 36) **Filter:** Do you own livestock (e.g. cows, sheep, chicken)?

[01] ☐ Yes

[02] ☐ No → If the answer is no, go to Q 65.

- Q 37) Is there a herdsman who is paid by the village community to take care of the animals of several people?
 [01] ☐ No, there isn't.
 [02] ☐ Yes, but he doesn't take care of any of my animals.
 [03] ☐ Yes, he is also taking care of some of my animals.
- Q 38) Where do you let your livestock graze?
 [01] ☐ On my own, private pasture
 [02] ☐ On common pastures along with the livestock from others
 [03] ☐ Other
 [04] ☐ I don't know where my livestock grazes
- Q 39) Do you have grasslands which you use specifically in order to grow hay for winter? If so, how big are these?
 [01] ☐ Don't have such meadows
 [02] ☐ [_____] hectares
- Q 40) Do you have storage facilities for fodder, e.g. hay, for winter?
 [01] ☐ No, we don't
 [02] ☐ Yes, we have closed storage facilities
 [03] ☐ Yes, but the fodder is not sheltered from bad weather
- Q 41) **Filter:** Would you like to cultivate more land than you do at the moment?
 [01] ☐ Yes → **If the answer is yes, go to Q 43.**
 [02] ☐ No
- Q 42) Why don't you cultivate more land than you would like to? *Please, check all correct answers.*
 [01] ☐ Don't have the money to buy or lease more land
 [02] ☐ Don't have the money to buy fertilizer
 [03] ☐ Don't have the manpower to cultivate more land
 [04] ☐ Don't have the time to cultivate more land
 [05] ☐ Not enough earning possibilities in comparison with the required work
 [06] ☐ Because the soil is eroded
 [07] ☐ Because of a lack of agricultural machinery
 [08] ☐ Other (please indicate): [_____]

Agricultural activities

Interviewer to read out:

In order to find out more about the way agriculture is carried out in this region, we need some information on the kinds of crop you grow and the size of the harvest for each crop. I will now show you a grid and ask you to fill out the grid with me.

Note for interviewer:

Show the grid to the respondent and ask him/her for the information but you should be the one writing down the answers!

Please, make sure to ask Q 43 for those products as well which are not produced by the household since it is possible that these products are bought.

	Q 43) What <u>kind(s)</u> of crop do you cultivate?	Q 44) How <u>large is the area</u> on which you cultivate the crop?	Q 45) What was the <u>yield</u> of the crop (in the last 12 months)?	Q 46) How much (of your own production) did you <u>consume</u> yourself (in the last 12 months)?	Q 47) How much did you <u>sell</u> (in the last 12 months)?	Q 48) How much of the crop did you <u>buy</u> for your own consumption (in the last 12 months)?
	<i>Check all that apply.</i>	<i>Indicate in hectares.</i>	<i>Indicate in kg.</i>	<i>Indicate in kg.</i>	<i>Indicate in kg.</i>	<i>Indicate in kg.</i>
Wheat		m ² / ha	kg	kg	kg	kg
Barley		m ² / ha	kg	kg	kg	kg
Oat		m ² / ha	kg	kg	kg	kg
Maize		m ² / ha	kg	kg	kg	kg
Other grain		m ² / ha	kg	kg	kg	kg
Potatoes		m ² / ha	kg	kg	kg	kg
Cabbage		m ² / ha	kg	kg	kg	kg
Turnips		m ² / ha	kg	kg	kg	kg
Pumpkin		m ² / ha	kg	kg	kg	kg
Onions		m ² / ha	kg	kg	kg	kg
Tomatoes		m ² / ha	kg	kg	kg	kg

Cows					
Calves					
Pigs					
Horses					
Poultry					
Sheep					
Goats					
Dogs					
Rabbits					
Beehives					
<i>If you own any other kinds of animals as those mentioned above, please indicate these in the following lines.</i>					

	Q 57) <u>What kind(s) of animal products do you manufacture?</u>	Q 58) How much of these products did you <u>manufacture</u> (in the last 12 months)?	Q 59) How much did you <u>consume</u> yourself (in the last 12 months)?	Q 60) How much did you <u>sell</u> (in the last 12 months)?	Q 61) How much did you <u>buy</u> for your own consumption (in the last 12 months)?
	<i>Check all that apply.</i>	<i>Indicate in the given units.</i>			
Wool		kg	kg	kg	kg
Meat		kg	kg	kg	kg
Fur		number	number	number	number
Cow skin		number	number	number	number
Sheepskin		number	number	number	number
Goatskin		number	number	number	number
Milk		l	l	l	l
Cheese		kg	kg	kg	kg
Butter		kg	kg	kg	kg
Sour cream		kg	kg	kg	kg
Eggs		number	number	number	number

Honey		kg	kg	kg	kg
<i>If you manufacture any other animal products as those mentioned above, please indicate these in the following lines.</i>					

Q 62) Approximately how much of your production do you sell and how much do you use for self-supply? *Please give the respective amounts in percent.*

Selling: [] %
Self consumption: [] %
Other: [] %.

Q 63) Where do you sell your agricultural products (including both animal products and crops)? *Please check all that apply.*

- [01] [] I don't sell any products.
[02] [] Directly on the farm
[03] [] In the streets in the village I live in
[04] [] In a store in the village I live in
[05] [] On a farmer's market in the village I live in
[06] [] In a store in the surrounding villages
[07] [] On a farmer's market in the surrounding villages
[08] [] In bigger cities
[09] [] Other

Q 64) To whom do you sell your products? *Please check all that apply.*

- [08] [] I don't sell any products.
[01] [] Family and friends
[02] [] Neighbors and villagers
[03] [] People from surrounding villages
[04] [] Tourists
[05] [] Traders
[06] [] Processing industry
[07] [] Other

VI. Module on Tourism Supply

Interviewer to read out:

As tourism is another business branch, the following questions are asking some information on whether you are involved in tourism and if so, how.

Q 65) **Filter:** Do you offer any of the following services to tourists? *Please check all that apply.*

- [01] ☐ Hotel accommodation (and service)
- [02] ☐ (“Private”) Guest house (or rooms) accommodation (and service)
- [03] ☐ “Bed and Breakfast”
- [04] ☐ Lead a café or similar enterprise
- [05] ☐ Lend skiing equipment
- [06] ☐ Lend hiking equipment
- [07] ☐ Lend other equipment
- [08] ☐ Lend horses and / or carriages
- [09] ☐ Sell maps
- [10] ☐ Offer skiing lessons
- [11] ☐ Offer mountain / hiking tours (serve as a guide)
- [12] ☐ Offer entertainment (e.g. theater, cinema)
- [13] ☐ Other
- [14] ☐ I don’t offer any services for tourists → **Continue with Q 79.**

Q 66) How do visitors find out about your services?

- [01] ☐ Via internet
- [02] ☐ Via tourist agency
- [03] ☐ Via newspaper
- [04] ☐ Via TV
- [05] ☐ Friends told them about us
- [06] ☐ Neighbors gave them our address
- [07] ☐ Visitors randomly choose our place
- [08] ☐ Other

Q 67) For how long have you been involved in tourism activities? *Please indicate the number of years.*

[_____] years

Q 68) How much money did you spend on starting tourism supply (in the last 12 months)?

Total amount of spending (in GEL): [_____]

Q 69) How much money did you spend on expanding tourism supply (in the last 12 months)?

Total amount of spending (in GEL): [_____]

Q 70) Why did you start working in tourism? *Please check all that apply.*

- [01] ☐ My parents were already involved in tourism
- [02] ☐ It’s easier than farming

- [03] ☐ Compared to farming the income is higher
 [04] ☐ Compared to farming or (local) business the prestige is higher
 [05] ☐ Tourism development is supported by the government
 [06] ☐ Tourism will be a very lucrative business in the future
 [07] ☐ I changed to tourism because almost everyone else is involved in tourism
 [08] ☐ To increase my income
 [09] ☐ Other (please indicate): _____

Q 71) **Filter:** Do you offer accommodation?

- [01] ☐ Yes
 [02] ☐ No → **If the answer is no, go to Q 79.**

Q 72) Do you offer meals if these are requested by the guests?

- [01] ☐ No.
 [02] ☐ Yes, up to three meals a day.
 [03] ☐ Yes, up to two meals a day.
 [04] ☐ Yes, one meal a day.

Q 73) How many rooms do you offer? *Please indicate the number of rooms.*

_____ rooms

Q 74) How many beds do you offer? *Please indicate the number of beds.*

_____ beds

Q 75) How many nights was your guest house or hotel booked in the last 12 months? *Please indicate the number of nights.*

_____ nights

Q 76) How many nights was your guest house / hotel open during the last 12 months? *Please indicate the number of nights.*

_____ nights

Q 77) How large was the share of income which you made from tourism activities compared with your total income in the last 12 months? (How large is the share from tourism activities' income in total household budget?) *Please indicate in percent.*

_____ %

Q 78) Which financial sources do use to pay for the development or maintenance of your touristic activities? *Please check all that apply!*

- [01] ☐ Family savings
 [02] ☐ Loan from bank
 [03] ☐ I borrowed money from friends / relatives / neighbors
 [04] ☐ I sold my land and invested the money in tourism
 [05] ☐ I sold cattle/sheep and invested the money in tourism
 [06] ☐ I reinvest the income from my tourism activities
 [07] ☐ Other (please indicate): _____

Q 79) In your opinion, what is the main obstacle for tourism development in your region? *Only check one option!*

- [01] ☐ Bad infrastructure
- [02] ☐ Unstable economy and / or economic environment
- [03] ☐ No clear governmental policy
- [04] ☐ Few places for entertainment
- [05] ☐ No clear guidelines for service quality and standards
- [06] ☐ Lack of transportation
- [07] ☐ Other
- [88] ☐ Don't know

The next question only concerns households that are not involved in tourism! Households that are involved in tourism can skip to Q 81.

Q 80) Why don't you offer any service(s) for tourists? *Please check all that apply!*

- [01] ☐ I don't have enough money for the initial investment
- [02] ☐ I don't have enough room to do so
- [03] ☐ I live too far off
- [04] ☐ I don't think it would be profitable
- [05] ☐ I make enough money without tourism
- [06] ☐ I don't want to
- [07] ☐ Other (please indicate): [_____]
- [08] ☐ Don't know

Expert interview

Introducing to the respondent the reason of conducting the interview; underlining how important it is to answer honestly and tell him/her that every idea and consideration is crucial for research.

Before asking the respondent to introduce him/herself (name, age, occupation, education) s/he should be informed that the interview is completely confidential and the ideas from the conversation will be used for the PhD thesis with no indication of names. Permission to use the voice recorder should be asked for.

1. Introduction

- **Can you tell us a little bit about yourself? (name, age, occupation, job experience and obligations at the working place)**

It's already three years I have been working on this position. During these three years the industry has been developing significantly. The number of tourists increased markedly in comparison with the last year, interest towards our region increased and we have more promotion.

We support tourists with all kinds of information they need – we've got tour route maps, hotel and guesthouse database with photos and the visitor can make a choice based on the data we deliver. We also provide statistical data.

- **How do you count the number of visitors?**

It is difficult to get the exact number of visitors, of course. Hotels and guesthouses send us information about the tourists staying in their venues. As for those who stay, visit and leave the same day, they are counted by the Rangers.

2. Warm up

Working up the concepts

- **Can you describe good/sustainable tourism for the country and research region? What should be the main concepts?**

The first thing that should be developed for tourism is infrastructure. Bad roads are a big obstacle for reaching the destination. There are other risks too that make the visitor feel uncomfortable or scared.

- There always is a problem of the road. Every time I go there, it is damaged. Can you explain why?

We need some time to finalize everything. Works are done in many directions and others are still in progress. Also, taking into consideration the fact that natural conditions are rather harsh here and we have snow for many months in the year, the road cover is damaged every year. We also started the rehabilitation process in the centre. The main road all over Stepantsminda settlement was reconstructed and repaired too.

- I just found a few more cafes and, that's all, but I could not notice that there are big works going on.

The first two roads in the centre are already being rehabilitated. Some other roads have already been paved. Guesthouses now offer much more convenient services. Last year we had English language courses for guesthouse owners. It was a 45-hour learning program. The teacher was sent by the Tourism Department. The program was prepared especially for such cases, taking into considerations everything the guesthouse needs. Especially, as many said to us, many useful words for the kitchen, cooking, etc. We also had service standards trainings for guesthouse personnel – how to clean the room, how to serve food and, generally, how to help the customer feel comfortable and relaxed. June, July and August are the high season. So, we again expect some other trainings, especially, free language courses and because everyone benefited from them.

- Is it possible to attract tourists in the wintertime too?

We had visitors last winter too. Not so many as during the summertime but there were some. Of course, it is very difficult to visit the places people usually look for but they were here because of snow. Some even stayed here at nights and visited Gudauri during the daytime.

Visitor statistics will be available soon and we will send you as soon as possible.

Macro level assessment of the industry

- **How do you assess the processes in tourism industry? Describe the progress and important steps already made?**

Tourism develops fast in Stepantsminda. Some new agencies were opened. We also have guide groups offering their services and they have also horses, equipment and

everything a tourist needs for different kinds of activities. This is definitely very positive development.

- What can you say about those private commercial agencies?

They are local people, not specifically concentrating on the information delivery. They offer some other services too, such as, renting different kinds of equipment, car rental, horses, and giving other needed information. They may also have a webpage.

It is planned to place the tourism information centre building in the centre of the settlement where there will also be the information centre for visitors and all staff involved in tourism industry in Stepantsminda will move there. At present, we are working in the municipality building and there is no separate tourism division. So, we are working within the economic office in municipality. The bad thing is that we do not know when exactly it is planned to build the tourism info centre. There already is a place for the building (in the very centre, near the park).

- Besides building the road, what else was done to attract tourists in Kazbegi Region?

More hotels and guesthouses were opened; we offer better services. In Stepantsminda we have 3 hotels and 10 guesthouses registered. One big hotel was opened recently; the old hotel from the Soviet Union was reconstructed. Also, the number of pharmacy shops, cafes and restaurants increased. Much information needed for tourists is published on the municipality page: Kazbegi.org.ge

From this part of our conversation the second member of the tourism office joins us and we continue with her.

We concluded from our conversation that hotels and guesthouses do not fill special forms and do not register tourists. The rangers in the centre count them (this is my opinion and observation).

- **What are the most serious problems facing tourism industry for the moment? Can you specify some?**

The biggest problem is a bank; there is no currency exchange place and the ATM is needed. We have one bank but it is not enough for Stepantsminda. There should be some more that will be more convenient not only for tourists but also for locals. Also, we do not have a normal park. Although there is a park in the centre, it is old and not satisfy the needs of visitors. There is a very good project of the park. I really liked when I saw it. So, the construction will start soon and I hope it will be over soon enough. But, we are facing a bigger problem. As for another problem, it is the need of an internet café. Many households have internet connection but it is only for their guests. Actually, we do not have any public

internet access (or commercial spot). But the biggest problem I guess is that we still do not have a tourist information centre. Of course, there are private agencies which deliver the information tourists need, have some rental and guide services, but they are not able to substitute the information centre. One of the information centres I can remember is the Mountain House where a visitor can buy maps, rent any kind of equipment (for mountain climbing too), hire guides, transport and get more info about some destinations in the region.

We have a list of problems already solved. So, we will gradually mention all problems. We do not have a restaurant, an entertaining centre and there are no clubs as well. There is a demand. That's why, we are mentioning them. Maybe the demand is not very high but tourists ask for such places. If we generalize the problem, we are confronted with failing to deliver comfort to our guests, because of bad infrastructure.

We found out that no research (quantitative or qualitative) was conducted to find out what actually tourists need, what they like or dislike. The expert declared that their main job consisted of getting some tourist statistics mainly. But if we have the information centre, it will be much easier to keep in contact with tourists and conduct a variety of research.

Again, because we do not have the information centre, we cannot get any feedback from tourists, we do not have any system of identifying what they liked or caused them problems. The only mechanism is for guesthouse owners and tourism agencies to share this kind of information with us, but this is far not enough.

Guesthouses do not have any registration system; tourists never fill any forms with any information (even indicating what they liked and what disliked). The expert stated during the interview that it was impossible to force any household get registered but, generally, the idea is very crucial. This issue was discussed during the service standards training and a lot of attendees liked the idea. But, in spite of this, nothing was done.

Guesthouses offer more and more convenient services. To be more specific, many of them now have much better service, more toilets and bathrooms, know basics of English and so on.

- **Is there any kind of governmental program that directly attracts foreign tourists and promotes the country as a tourist destination?**

The rehabilitation process is already a foreplay attracting tourists. Within the country we always take part in exhibitions, where we have our place, we have photos and many other printed materials and different kinds of craft souvenirs for visitors. But, we personally

never participated in exhibitions abroad and never asked anybody for some printed materials and information for international exhibitions.

We also do not have any timetable, schedule of exhibitions, planned performances and so on, for the whole year.

At present, they actively search for the place of the exhibition hall in the centre of Stepantsminda. It will serve not only international visitors but also locals. There is an exhibition room under a patronage of the patriarch, but they want a bigger hall and in the centre where everyone will be able to notice it. It will be possible to organize not only exhibitions such a hall but also selling of local craftwork.

3. Transition Question

Observing processes from a bird's fly

- **Can you tell me more about governmental policies for tourism in Kazbegi/Bakuriani? How predefined and concrete are they?**

The most important thing is finishing the road. To get to Stepantsminda from Tbilisi a person needs about two hours and a half. The Kobi-Gudauri tunnel is being constructed which means one hour less on the road for visitors. Plus, travelling will be safer, especially, in the winter time. This is the most promising project. As for other projects, respondents were not able to remember any and one more time noticed the importance for the tourism centre which will automatically solve many problems we face today.

- **What general positive and negative factors can you specify?**

We solve problems step by step. More cafes, bars and bistros (4-5) were opened. One was opened on the way to the Sameba church. One big hotel was reconstructed too in the place of the former Soviet tourist base. A new private (GPI) hospital near the centre was opened recently. The road and the central park were rehabilitated.

- **You make your reports according to the existing situation. How often are your recommendations taken into account?**

We deliver our reports and recommendations to local municipality and they always do their best to fulfil our recommendations.

- **Is it possible to cover every day and more practical problems concerning foreign and local tourists?**

We can say that such problems could be the number of available rooms, lack of bathrooms and toilets. It is funny but serious problems regarding service or food quality were not observed.

Tourists very often have a desire to learn how to cook and help their hostess to prepare food. So, many guesthouses use this as an extra service. They teach how to cook and attract more visitors. It is possible not only to help with cooking but also be involved in everyday household life. Generally, there is a problem with foreign languages. So, the households who can speak English can attract much more foreign tourists.

- Where do guesthouses buy food products for their households? Do they prefer locally produced food or bought in the shops (produced in other regions or imported)?

Both. There are some visitors demanding milk and dairy products only from the factory and not homemade. Some prefer completely natural, homemade products. Their requirements are met because a lot of families have their cattle and produce their own dairy products. The case is that some visitors can't eat home-made products because of specific smell and high fat ratio.

There are some tourists, who do not ask for bathrooms and do not want any comfort. Mainly, they want to live like other locals. Some prefer to stay outside in the tents instead of sleeping in beds.

4. Key questions

Problems, Needs and Future Concerns

Problems

- **What kinds of problems are observed when meeting visitors' needs and what are the ways out?**

We face the following problems:

- The tourism centre, number one problem for this moment
- Lack of promotion and TV ads (there was a plan for TV ad in 2011 but it was cancelled)
- Chaotic development of tourism. They explained it as follows: we do not have a tourism centre and cannot properly distribute tourists to guesthouses. It means that visitors cannot find rooms. Local inhabitants use this to their benefit. They stand in the centre and when the visitor comes, they "capture" him/her by offering their rooms and services.

Visitors do not have a choice to make. So, they agree and very often the living conditions at such kind of guesthouses are very poor. What wins in such a case is the skill and ability to “capture” clients rather than the quality of rooms or offered services. This kind of pressure on tourists is not tolerated at all but we cannot do anything until the tourism centre is finished. The database with photos and prices is going to be available. So, tourists will decide themselves and nobody will influence them. Such a database already exists but nobody uses it because tourists are not able to find the tourism division in a municipality building.

- No parks and recreational areas (old, needs to be rehabilitated) within Stepantsminda
- No entertainment centre. Not enough cafes and restaurants. There is a list of cafes and restaurants but they are not on the map. So, it is getting hard to find them. There are about 6 cafes, bars and restaurants.
- Very bad knowledge of foreign languages
- Lack of hotels and guesthouses. There are only 3 (the biggest third one was opened a month later after this interview and is supposed to serve 300 guests)) hotels and only 10 registered guesthouses.
- No ATMs and exchange spots
- No internet cafes. Internet is available in most hotels and guesthouses (for their guests) but there is not a place in the centre for guests in case they need to use it. According to the expert, about 90% guesthouses have internet access. So, besides room photos and other information, their guesthouse database contains information about internet access as well.
- There is no information about the needs of tourists. Guesthouse owners are not informed about these needs as well. Also, there is no information on what tourists like or dislike.
- There is no normal road. The place is almost inaccessible during winter time. Because of the road many tourists will visit during wintertime too.
- The regions expert considers the rehabilitation project as a specific program to attract tourists in Stepantsminda.
- **What would you say about the possibility of tourism to substitute and harm farming and land use for locals?**

We do not have any reported cases of tourism substituting farming, because, obviously, tourism is rather seasonal in our region and locals need other income sources as well. This means that we have opposite trends. Locals buy cattle and other animals for their

own consumptions and also offer home-made products to tourists. Living without cows and home animals in Stepantsminda is almost impossible. Thus, almost everyone has animals. Animals and home dairy products are used as other sources of income. People use dairy products for internal consumption and sell them as well (both during the tourism season and after it). Sometimes, they exchange them for vegetables, for example.

We have an open market (bazaar) here. As usual, locals rarely sell their product there but buy the stuff they need for the household. We are not sure but can predict that the bazaar comes from Marneuli. So, we have a situation that tourism supports farming industry here. Because of visitors, locals need to produce more food. We even have trout ponds here and tourists like local fish. There is a trout pond in Gergeti as well as other villages, such as, Sno and Achkhoti, where farmer grow fish. It is also possible to fish on the river of Tergi. Locals do it but they never heard if foreigners do it too because Tergi could be dangerous if you do not know it. Locals can take tourists to fish.

- **How do you assess the environment of doing business and how does it motivate private households to start or enhance services in the tourism industry? (taxation, legislation, environment, infrastructure)**

Tourism is number one income source during summer time. So, you can imagine how important tourism is for locals. The expert was not very familiar with the taxation of households being involved in tourism. As they stated, the household involved in tourism pays the same rate for gas and electricity as those not involved in this industry.

To start tourist services, you need start-up capital, the house, available rooms for renting and finances to prepare rooms for visitors. There is no other obstacle that will work against the household desire to start tourism business. Development of tourism started suddenly and unexpectedly. Locals started to rent their houses and rooms too but it was not very good quality and they did not have experience to serve. At the beginning everyone was suspicious and no one registered in the guesthouse. But, when locals observed how profitable it was to be involved in tourism, they started registering their guesthouses. There are some issues households need to take into consideration. There is a risk that tourists will not come to you - a bad season, increasing competition and also building relationships with tourism agencies.

Also, not having the information centre plays against tourism industry. The expert explained how the information centre will work. Information centre will serve tourists and only deliver the data about registered guesthouses. If a household rents rooms and is able to deliver services to tourists but is not registered, the information centre will not give information about the guesthouse to tourists. Thus, this centre will enhance the registration

process to continue faster. Registration will also help to book rooms before. Otherwise, household members have to stand in the centre and “hunt tourists”.

- What do you think are the main factors and reasons contributing to tourism development?

The main reason is money. Tourism is a good source of income, especially, after the greenhouses and using gas for them was prohibited. So, locals needed to find a new source of income. Also, tourism gets is a priority for our country. Location is very advantageous too. You need only two and a half hours to get here and see these beautiful mountains. On the others hand, you need twice as more to get to Svaneti. So, the location plays its role too. What adds to it that this is one of the most beautiful places in Georgia, and I strongly believe that after 5 years tourism will be flourishing in our region, especially, when the tunnel is finished.

Some changes are required in banking for further development or the region specific programs should be available. In other words, when a guesthouse owner wants to increase or refresh the number of rooms, build a bar or diner for tourists, s/he needs a low cost, long term loan. But commercial banks will not support such projects and there is no special governmental program as well. Such low cost long-run loans are very important and should be available.

- **In what terms could tourism be considered as a threat to local culture and traditions? Why do you think so? Can you give us some practical examples?**

I think that this could not be considered as a threat here. We, mountainous people, are very strict in keeping traditions. So, we do not forget them so easily. Tourism development also never limits local lifestyle; we do not have any restrictions that would force locals to feel uncomfortable.

- **According to your experience, what kind of environmental problems can be distinguished when it comes to tourism?**

Pollution is a critical problem which is partially caused by tourism development. We have garbage bins in the settlement as well as along tour route but the problem still remains. Because of frequent natural disasters waste bins often are destroyed and getting waste from mountainous regions is quite difficult.

- **What do you think about the legislation controlling construction, environmental issues and licensing activities? How are these issues controlled and monitored?**

For building or enlarging the houses, locals need permission and prepared building plans before starting works. The construction process is also controlled and monitored. Without this preparation work no one can start construction. There is a controlling and

monitoring body, where all the documents should be managed. Even during construction of public roads, the monitoring department always observes ongoing works.

- **Can you give us an example of the failure for locals to access local amenities and natural resources anymore?**

At the moment there are none. But we expect this in the future. We have already had discussions about this. Nobody wants this to happen. Majority of the tourism area is in Kazbegi and Gergeti. So, logically all these restrictions will be mainly here. The tourism season is maximum 5 months. So, when it is over, locals have to live with these restrictions. I hope that we will not feel uncomfortable because of them. I guess a lot of people will be against.

The Needs

- **What are the most required services in your regions by visitors?**

The information centre is mostly demanded because only few people know what to see here and how to get. Also, places for eating.

- **Is there any governmental program coordinating activities of suppliers? Give us concrete examples (the organization that provides trainings, builds a unified database that will include all kinds of information about suppliers and promote availability of these data for visitors)**

There was a service level increasing training for guesthouses last year. Also, free English language courses were offered in the municipality building. Both were organized by a tourism department. A few year ago there was one training organized by one NGO but this happens very rarely.

- **Is there any organization that will work on standardization issues in industry? (Defining the standards of services and infrastructure, distributing licenses, monitoring price-service balance and so on?). If not, how do you see the role of this kind of organization?**

We never had a standardization issue in respect with the issue of granting stars to guesthouses and hotels. The service level undoubtedly differs in each guesthouse and it is not easy to make a choice but we think that guesthouses are not ready yet for standardization.

We are not sure if hotels have stars too. They, of course, have a list of services and prices on their web page, the number of stars are not indicated. As I know, the new hotel will have 4 stars.

Future concerns

- **As an expert, what would you change in governmental policy regarding tourism to make it more sustainable (economic – (income), social, environmental)? What concrete steps should be made at macro and micro levels?**

Everything should be developed in a tourist oriented manner; visitors should feel themselves comfortable and enjoy their stay in Stepantsminda. Infrastructure should also be brought to a final stage (experts were somehow frustrated and not brave enough to share their ideas).

One expert noticed that there would be a rope-way in Stepantsminda soon. There was one in the past period and after a very long time, it would be reconstructed again. The rope-way will connect Sameba Church to the settlement.

- **Can you distinguish the profile (regional differences) in tourism for these regions?**

Agro tourism; mountainous tourism; cultural tourism. Winter tourism does not exist because of the connecting road but after the tunnel is finished in 2013-2014, everything will change.

5. The end

If there is anything that we could have missed during our conversation, please, feel free to add.

Thanks for your time and effort!

Expert interview

Introduction to the respondent, providing the reason of conducting the interview, underlining how important it is to give honest replies and telling him/her that every idea and consideration is crucial for the research in question.

Before asking the respondent to introduce him/herself (name, age, occupation, education) s/he should be informed that the interview is completely confidential and the ideas from the conversation will be used for the purposes of the PhD thesis anonymously. Permission should be asked to use the voice recorder.

1. Introduction

- **Can you tell us a little bit about yourself? (name, age, occupation, job experience and position)?**

My name is Marika. I have been working for the tourism information centre for already 12 years as a specialist. So, during all these years I have been working with all local statistics data and giving it to the national tourism department (data about tourists, their quantity; percentage distribution according to countries and so on).

- **How do you calculate the number of tourists?**

I take into consideration the information provided by hotels, guesthouses and private houses for rent. Bakuriani is not big at all. We all know each other and communicate all the time. According to my own research and questionnaire, I already know capacities of guesthouses and hotels. Based on this data, I calculate the number of tourists. At the moment we have 24 hotels and 210 guesthouses. I only once conducted the research to find out capacities of hotels and guesthouses to know the total capacities and observe any changes (For example, some guesthouses are expanded) and I entered them into my database. I am always in contact with guesthouses and hotels and gather tourist information. For example, last year during the winter season we had 35 000 visitors whereas during the whole year we over 45 000 visitors were observed. We have four seasons. In spring and autumn more foreign visitors arrive (Israel, Germany and other countries. Reportedly, Israel plays a leading role). In winter there are many visitors from Baku.

2. Warm up

Working up the concepts

- **Can you describe a good/sustainable tourism for the country and the research region? What should be the main concepts?**

Tourism should be developing nonstop, increasing the wellbeing of locals and delivering best services and feelings to visitors.

Infrastructure develops step by step and more needs to be done. The guesthouse service level should be definitely improved. But we should not look at this from only one side. If we need to improve the quality of service, households should be helped to solve their problems, for example taxes. We do not have places for fun and entertainment. I mean in winter time they are available until 5 p.m while the rope-way works for ski lovers. Also, in the park we have a skating field too. It works during the daytime as well as in the evenings. Sometimes, the hockey team also trains there. We have cafes and restaurants but no clubs or discos for youngsters and foreigners.

Macro level assessment of the industry

- **How do you assess the processes in tourism industry? Describe the progress and important steps already made;**

What was the most serious recent improvement?

There was a serious problem regarding water. Locals were buying it every time. Now there is no such problem anymore. Also, control over forest cut increased. (The information centre was created by the NGO CENN. I was working with them. Now it is the under tourist department.

- **What are the most serious problems facing the tourism industry at the moment? Can you specify some?**

Preparation works are made by hotels and guesthouses only. We also have a big desire to do something as a season opening. We tried for this season too but local municipality (Borjomi area) cannot do this independently. There is no money for this. I know what both locals and visitors think about such kind of opening. The only thing that we are able to organize is competitions between sport schools but this takes place after the season opens at the end of January. The season opens on the 25th of December. There also is a celebration of Bakuriani (Bakurianoba) which starts on February 20 and lasts until the end of the month. During this time there are competitions in different kinds of ski sport. Children as well as the elderly

participate. The ski jump place is already reconstructed. Also, horse and jeep racing takes place. So, the local municipality (Bakuriani) organizes something local. No centrally organized events (from the tourism department or central government) are offered. This is a bad thing that in Gudauri and now already in Mestia ski seasons are much interesting because of many events. As for Bakuriani, authorities do not show keen interest. Sometimes there was bad promotion and positioning of Bakuriani as is it is a resort for old people and Mestia for young and active people. But this is all wrong, of course. Even one foreigner noticed such wrong promotion.

- **Is there any kind of governmental program that directly attracts foreign tourists and promotes the country as a tourist destination?**

There are none. Tourists come here via tourist companies. Also, local people have a lot of connections and many come from Tbilisi to business meetings. Some also have business relations in Georgia and when they visit Tbilisi, they come here too. We also have bicycle tours, horse services, camping places, tours on snow mobiles, bird watching (at Tskhra Tskaro). There are maps of tour routes. Maps of bicycle tours are being prepared by tourism department as well.

But no specific programs regarding tourism development exist in Bakuriani. No annual plans of future events, nothing. As usual, tourist companies and tourists always ask if there is something coming. So, it is important.

3. Transition Question

Observing processes from a bird's fly

- **Can you tell me more about governmental policies for tourism in Kazbegi/Bakuriani? How predefined and concrete are they?**

The village support fund – existing financing helps to solve the problems. The House of Rituals is very important to us. New attractions are added to the park. It is planned to build a small park similar to Didveli. External lights are being installed in Bakuriani.

- **What general positive and negative factors can you specify?**

Each year the hotel owners are improving their infrastructure and services. The bad thing is that we still have not solved infrastructural issues.

4. Key questions

Problems

- **What kinds of problems are observed while meeting visitors' needs? And what are the solutions?**

The main problem is pollution. The park and surroundings are not clean. This problem is observed during three seasons; foreign tourists frequently had noticed this before. This has been the problem for many years already. Another added problem is that of waste. The landfill is near the settlement which creates additional problem.

All guesthouses and hotels have internet access and the booking system works too. The most recent training was organized by the tourism agency in 2008 about increasing skills of working personnel in guesthouses and hotels and that was it. No other opportunities offered since then.

I noted trainings in Kazbegi by the tourism agency. My respondent gave me following reply: "Generally, there is no necessity of such trainings because in many regions of Georgia there is a problem of the Russian language, but not here, because during the winter season we have a lot of Russian language visitors and never had communication problems. We have guests from Ukraine and Poland. Last year we had a lot of guests from Moscow. We even had a person from the tourist agency from Russia, researching local situation and environment because a lot of Russians want to visit the place."

- **How can you imagine the possibility for tourism to substitute and harm farming and land use for locals?**

No, it does not influence farming negatively. Sometimes, tourists underline the negative fact that cattle use settlement main roads, pollute area and the smell is not very pleasant. But tourism does not substitute farming. With the development of tourism industry, the demand for natural farming products increases too. I can remember only this kind of substitution when the household gets completely involved in tourism and they do not have enough time to look after farming. Therefore, they abandon farming in favour of tourism. Yes, this happened a lot in Bakuriani and now, as they need home-made products for tourists, they think to start farming again too.

- **How do you assess the environment of doing business and how does it motivate private households to start or enhance services in tourism industry? (taxation, legislation, environment, infrastructure)**

Yes, it is easy. Plus, there is a possibility to offer different kinds of tourism services, starting from winter, finishing with eco and cultural tourism. That's easy. You have the rooms to rent out, prepare your house for tourism and start the business. But there are taxes to be paid by the households involved in tourism (gas, electricity, water is higher than for ordinary households. Also there is additional payment per room that every guesthouse is paying being involved in tourism (3 GEL per room). They pay taxes as individual entrepreneurs.

- **In what terms could tourism be considered as a threat to local culture and traditions? Why do you think so? Can you give us some practical examples?**

We have traditionally been involved in tourism. So, developing these processes can never harm local culture or traditions.

- **What about the red zone in the centre?**

This is not a red zone. There are a lot of gossips but, in reality, this is a private property and local households own smaller land parcels of this territory. But, this never works against tourists to use this territory for snow machines and other entertainment. Construction as well as selling is forbidden there unless there is one investor, who buys the whole valley and presents its development plan. In summer this place is used for hay making.

- **According to your experience, what kind of environmental problems arise when the matter comes to tourism?**

Pollution of the environment by tourists and locals is the major problem here. In the future that can negatively influence tourism in that there is no forest management and proper control of cutting trees but, generally, tourism can't cause any serious environmental problems.

Georgians use the tourism information centre to get more information about the routes and I am very happy.

- **What do you think about legislation controlling construction, environmental issues and licensing activities? How are these issues controlled and monitored?**

There is some control and not everyone can build until getting permission but I cannot tell you much about this.

- **Can you give us an example, when because of tourism locals cannot access local amenities and natural resources anymore?**

The Needs

- **What are the most demandable services in your regions by visitors?**

First, getting and finding the room in a guesthouse as soon as possible. Secondly, having internet access and good food. Generally, we can mostly offer everything they wish. We have visitor needs research conducted by the national agency of tourism. We had it last year as well. There are more complaints that there are no entertaining places. Also, we do not have a souvenir shop. Locals do not consider this as the possibility to earn money because costs for crafts work are rather high. So, this field of business is not interesting at all.

I do not know whether there is a Bakuriani development plan but I know that there is one about the central field. However, I do not know what will happen.

- **Is there any governmental program that is coordinating suppliers' activities?** Give us concrete examples (The organisation that provides trainings, builds a unified database that will include all kinds of information about suppliers and promote availability of the data for visitor, etc.)

We have Bakuriani.ge web page, where it is possible to publish any kind of information about hotels and guesthouses. As usual, I send them all information about hotels.

- **Is there any organisation that will work on standardization issues in the industry? (Defining the standards of services and infrastructure, distributing licenses, monitoring price-service balance and so on?). If not, how do you see the role of this kind of organisation?**

Global Star was the organization that offered guesthouses and hotel services of obtaining stars. Not all hotels and guesthouses used their services. We had 3 and 2-star hotels and 4-star guesthouse here as well as 3 and 2-star guesthouses. But this service was not for free, of course. This organization informed the tourism agency and then started to offer its services. This happened once and this organization never offered its services again in the next year. These hotels and guesthouses gained the standard point number of stars at their web pages. However, the bad thing is that the tourism agency never controls web pages of tourism suppliers. So, there is wrong information also. The hotel can post that it has 4 stars but, in reality, this is wrong. I know one guesthouse. They have a webpage with interior and exterior photos. On interior photos 2 stars are indicated whereas on the exterior, there are 3 stars. I warned, but nothing changed.

Future concerns

- **As an expert, what would you change in the governmental policy regarding tourism to make it more sustainable (economic – (income), social, environmental)? What concrete steps should be made at the macro and micro levels?**

Now it is planned to create the “twining system” which means combining several regional hotels under one system (Borjomi, Kakheti, Qutaisi and Batumi). There should be some payment for members but booking and other services will be under this “one roof”. This will be the place where tourist will search all available data about regions, hotels, destinations and so on.

- **Is there any budget specifically for some tourist activities or that could be spent on the tourism industry?**

No. But we had the “village support fund” that we used according to the settlement’s needs. For example, the house of rituals (a hall that is used for celebrations, for example). But I do not know what will happen next year, i.e. whether it will work again or not.

We expect a lot to change. For example, a few years ago each year there were 10-15 new hotels and guesthouses. From spring (2013) we hope such active construction and development process will continue. Locals were getting loans from banks and building or enlarging their guesthouses but many lost their houses because of high bank interest rates. We were told that this time everything will be different.

In my opinion, promotion and advertisement are those significant activities that Bakuriani needs. I observe that in many journals presented at exhibitions information about Bakuriani was not included at all, when there was info about Gudauri (this happened last winter at the exhibition in France). Here, we have the highest level of service, any household here has the service of meeting at the airport and delivering straight at the guesthouse. Almost every guesthouse has bought a car that could be used for this purpose too.

- **Can you distinguish the profile (regional differences) in tourism for these regions?**

Besides winter, I can distinguish spring and summer season. Spring is good for healing reasons when trees start to blossom. It is good for lung or bronchial diseases. This time is very active. A lot of guests come from Israel at the end of March.

Households mainly depend on income from tourism. Money earned during the winter season should be enough until summer. Summer earnings are considered for some up-keeping and rehabilitation works in guesthouses.

5. Ending

If there is anything that we could have missed during our conversation, please, feel free to add.

Thanks for your time!