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Tourism Master Plan for Borjomi Municipality

April 2020

Prepared with the assistance from the United Nations Development Programme (UNDP), funded by the ENPARD programme of the European Union (EU). The information and views expressed are those of the authors and do not necessarily reflect those of UNDP and European Union. Neither the UNDP, the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use which may be made of the information contained therein.

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INTRODUCTORY NOTE

This document has been prepared with the assistance from the EU financed and UNDP implemented project "Improving Rural Development in Georgia" (IRDG) which specifically targets Borjomi municipality, among total of eight municipalities. The objective of the document is to bring to broad consensus and coordination key stakeholders of the municipality on the long-term necessities and priorities of tourism sector development. Drafting of the document was carried out in the period from November 2019 through March 2020.

The document was developed through broad participatory involvement of the key stakeholders of the municipality tourism sector, during which numerous face-to-face interviews, as well as strategic workshops were conducted, to reveal existing tourism resources, development potential as well as long-term vision for the future. Comprehensive desk research as well as exploration of the international benchmark resorts and touristic destination was carried out, which identified gaps and weaknesses in the tourism value chain. A long-term vision as well related quantitative objectives were established. Strategic marketing opportunities were identified.

This document brings together important programs, implementation of which is important to achieve the established long-term vision. The document also collects business ideas, realization of which by private sector will enrich and diversify touristic offer and add more attraction to the municipality.

This document is assumed to become a roadmap for implementation of various programs in the municipality, for the state-financed as well as for donor programs, and should also inspire entrepreneurs to carry out private initiatives.

It should be noted that the basic document was prepared before the outbreak of COVID19 pandemic, however due to the pandemic, it became clear that a new reality emerged, which would significantly change baseline in the months to come. The current pandemic generates short-*term strategic and urgent necessities* as well *short-term strategic opportunities* for the tourism sector of the municipality, which require instant reaction from the stakeholders in order to maintain the competitiveness of the sector. Therefore, reflecting the possible impacts of the pandemic on tourism as well as outlining due actions to tackle it became necessary. There is one sub-section in this document dedicated to this topic (A New Reality Brought By COVID19 Reality And Required Actions). The corresponding urgent measures for the industry are provided in the action plan - *0. Rapid Response To Pandemic*. Due to the event, the timeline for all other planned programs of the action plan were shifted by minimum one year.

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PART A - BORJOMI NOW

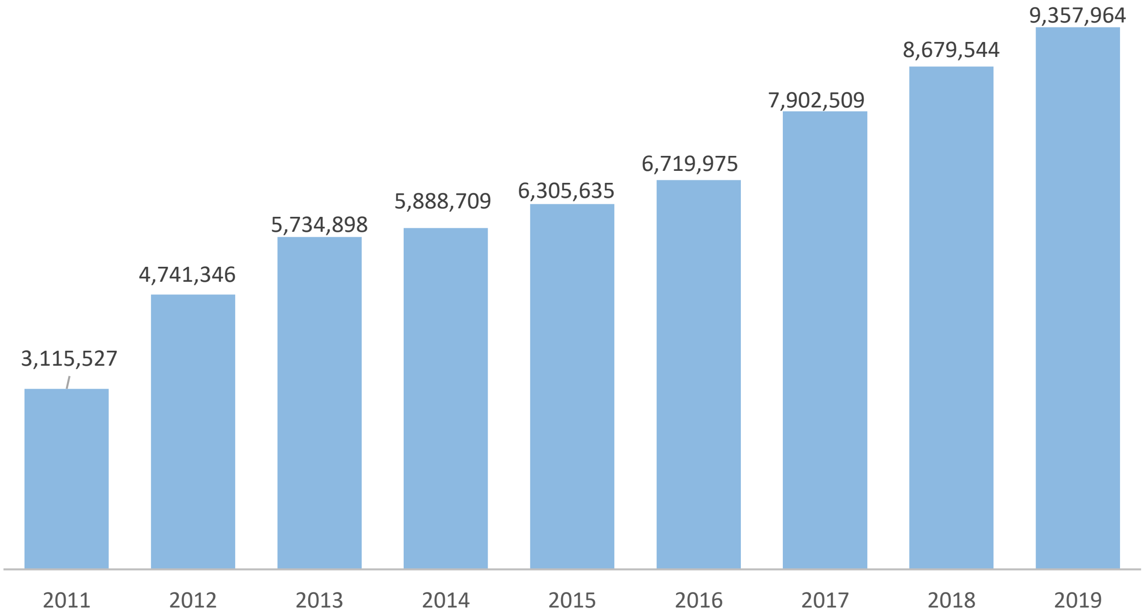
CONTEXT – FAVORABLE TOURISM TRENDS IN GEORGIA

Borjomi is an inexplicable part of tourism in Georgia. Therefore, what happens in the tourism in Georgia hugely affects the volume and nature of tourism in the region.

Georgia Is A Hot Tourist Spot In The Region

Georgia has shown a remarkable path of tourism growth in the past while. The number of international visitors has been growing with two-digit numbers. In 2018 the total number of visitors in Georgia exceeded 8,7 mln people and 9,3 mln – in 2019.

Evolution Of Number Of International Visitors In Georgia (Both Domestic And Foreign)



Source: GNTA.

During the past10 months of 2019 (January – October), the total number of visitors exceeded 8 mln (8,2 mln) people, of which about 4,4 mln people were tourist (who stayed overnight). This represents about 6,8 percent growth in number of visitors (year on year) 6,2 percent growth of tourist.

Source Markets Change Dramatically Fast

Georgia appeals to the neighboring countries and its appeal grows fast. Azerbaijan, Russia, Armenia and Turkey are top source markets in terms of absolute number of visitors. However, new markets emerge and show notable growth. Germany, Belarus, Poland, Israel were among the top growers in 2018.

Evolution Of Source Markets For Visitors Of Georgia (2018-2019)

	Country	2017	2018	Change	Change %
1	Azerbaijan	1 301 556	1 424 610	123 054	9,5%
2	Russia	1 135 057	1 404 757	269 700	23,8%
3	Armenia	1 287 168	1 268 886	-18 282	-1,4%
4	Turkey	1 007 276	1 098 555	91 279	9,1%

5	Georgia (non-resident)	456 132	476 389	20 257	4,4%
6	Iran	282 549	291 070	8 521	3,0%
7	Ukraine	169 862	177 058	7 196	4,2%
8	Israel	115 040	156 922	41 882	36,4%
9	Poland	48 913	66 903	17 990	36,8%
10	Germany	43 090	64 486	21 396	49,7%
11	Belarus	42 149	60 241	18 092	42,9%
12	Kazakhstan	47 241	58 955	11 714	24,8%
13	Saudi Arabia	45 708	51 879	6 171	13,5%
14	India	42 605	50 910	8 305	19,5%
15	USA	33 569	41 863	8 294	24,7%

Source: GNTA.

In 2019, based on 10 months data, the new markets such as China, Kazakhstan and Saudi Arabia emerged. Growth of the visitors from Germany also was strong.

Evolution Of Source Markets For Visitors Of Georgia (10 M)

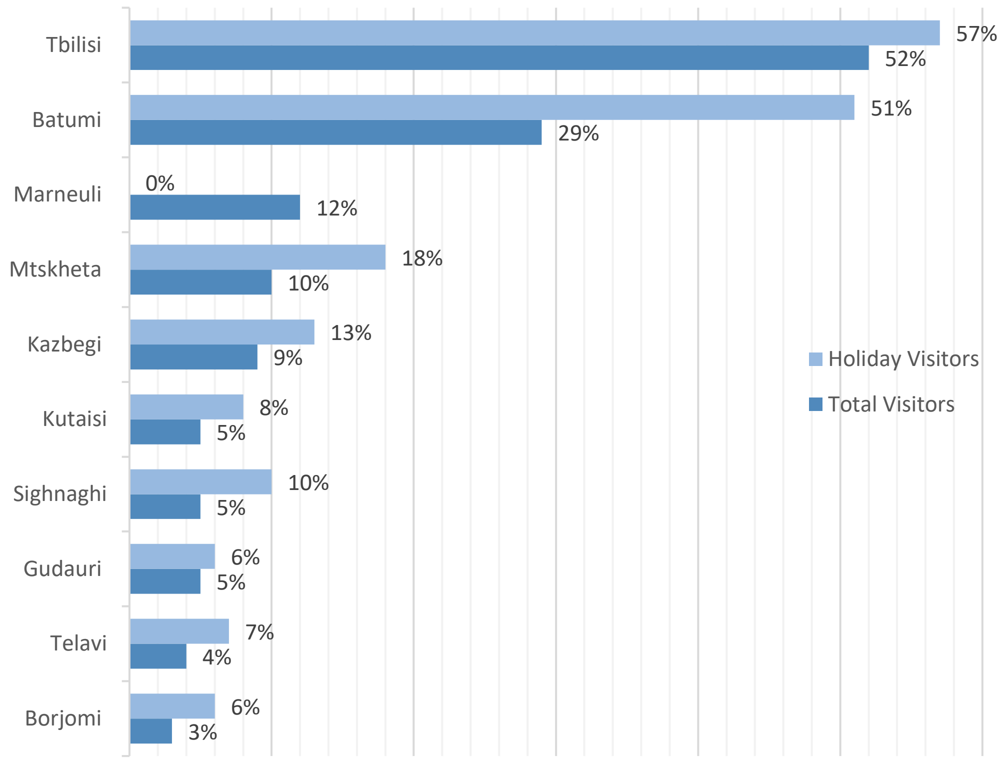
	Country	2018: 10 M	2019: 10 M	Change	Change %
1	Russia	1 249 072	1 324 226	75 154	6,0%
2	Azerbaijan	1 205 802	1 289 371	83 569	6,9%
3	Armenia	1 063 389	1 114 122	50 733	4,8%
4	Turkey	965 910	994 076	28 166	2,9%
5	Georgia (non-resident)	403 691	413 092	9 401	2,3%
6	Ukraine	157 056	184 277	27 221	17,3%
7	Israel	138 963	178 316	39 353	28,3%
8	Iran	262 261	121 894	-140 367	-53,5%
9	Kazakhstan	52 562	86 161	33 599	63,9%
10	Germany	60 080	83 261	23 181	38,6%
11	Poland	62 830	80 918	18 088	28,8%
12	Saudi Arabia	49 504	72 078	22 574	45,6%
13	Belarus	55 398	60 186	4 788	8,6%
14	India	41 363	43 788	2 425	5,9%
15	China	28 255	42 549	14 294	50,6%

Source: GNTA.

Borjomi Takes Only Minor Part of Visitors Out Of Total Visitors To Georgia

Only 3 percent of the visitors to Georgia visit Borjomi city (only 6 percent in the case of holiday visitors). With this, Borjomi occupies the tenth place in the rankings among other Georgian cities and towns. Given the natural and cultural resources of Borjomi, it is clear that the opportunity is not well utilized.

Places Visited By Purpose



Source: GNTA.

This represents at the same time one of *the key opportunities for Borjomi Tourism Development Masterplan to capitalize* on existing tourism in the country and take steps to better attract these visitors, who are already in the country, to Borjomi.

Tourism Forecasts For Georgia Are Positive And Realistic

Tourism Development Strategy of Georgia was elaborated and adopted in 2015. The strategy established some quantitative targets for tourism numbers, of which the most important is the number of international visits of 11 mln by 2025.

Tourism Outlook and Forecast In Numbers

	2015	2025
International Visits	6 305 635	11 000 000
Tourism Incomes	1,9 Bln USD	6,6 Bln USD
Share of Tourism In GDP	7%	8%
Average Spending Per Visitor	300 USD	600 USD
Average Days of Stay	3,4	5,0
Share of New Non-CIS Countries In Incomes	9%	30%

Source: GNTA.

During the last few years, the tourism development in Georgia has been in line with the strategy and four years from the strategy, with more than 9 mln visitors, this target seems achievable. In practical terms, this would require about 5 to 6 percent steady annual growth of tourism over the next few years to reach the established target.

This figure could be used as a benchmark for forecasting tourism development and establishing quantitative targets for Borjomi municipality. Borjomi needs to grow faster than the overall growth of Georgia, to improve its positioning vis-à-vis other destinations in Georgia.

TOURISM IN BORJOMI: WELL POSITIONED BUT UNDERUTILIZED

Borjomi has a long tradition of tourism. Historically, Borjomi had top resources for tourism development. Discovery of mineral water springs in 19th century gave the way to two centuries of the evolution of the resort at is it now. For years, the resort drew the attention of many, including high-rank officials Russian Empire and Soviet Union and became their favorite second-home. Mineral waters, natural heritage such as Borjomi-Kharagauli National Park, recreation-curative facilities and spa centers shaped the profile of Borjomi over decades as a recreational and spa destination. Later, developing skiing infrastructure in Bakuriani, added a completely new profile and became a winter destination for many.

Tourist Map of Borjomi

Source: Borjomi Municipality.

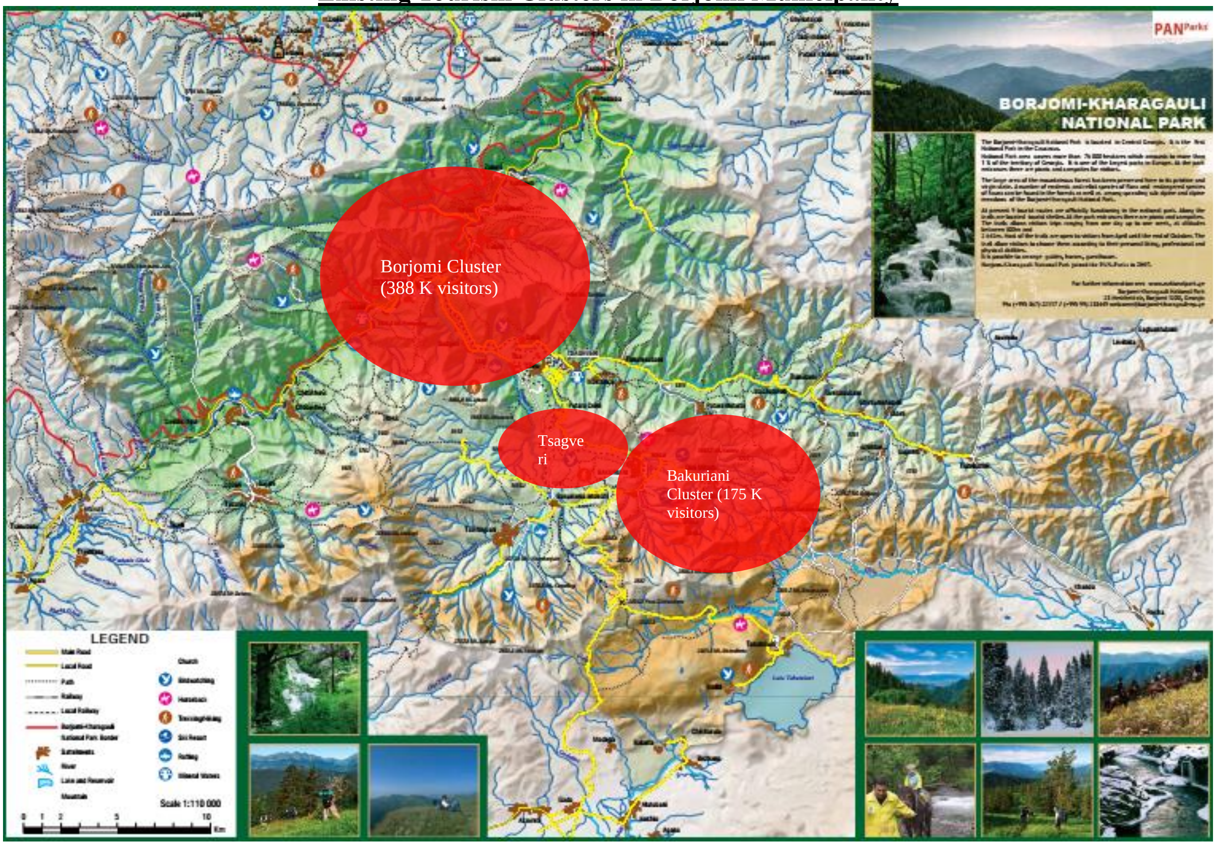
Diverse Resorts/Destinations, Requiring Regeneration

Borjomi municipality historically established itself as a cluster of resorts. During the soviet times, sanatoriums and resort infrastructure was developed in multiple locations within the boundaries of the municipality. Many of these resorts, although in not much favorable condition and poor infrastructure, still continue to appeal to many domestic visitors and families.

It should be mentioned that despite the diversity of the resorts within the boundaries of the municipality, there are *two distinct clusters*[1] of tourism concentration (along with several other smaller concentrations), which operate more or less independently from each other with very little of no linkages. These include:

- Borjomi resort cluster (with adjacent Likani)
- Bakuriani resort cluster
- Tsagveri-Tsemi concentration (smaller than the other two).

Existing Tourism Clusters in Borjomi Municipality

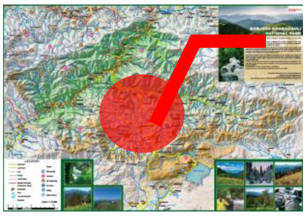


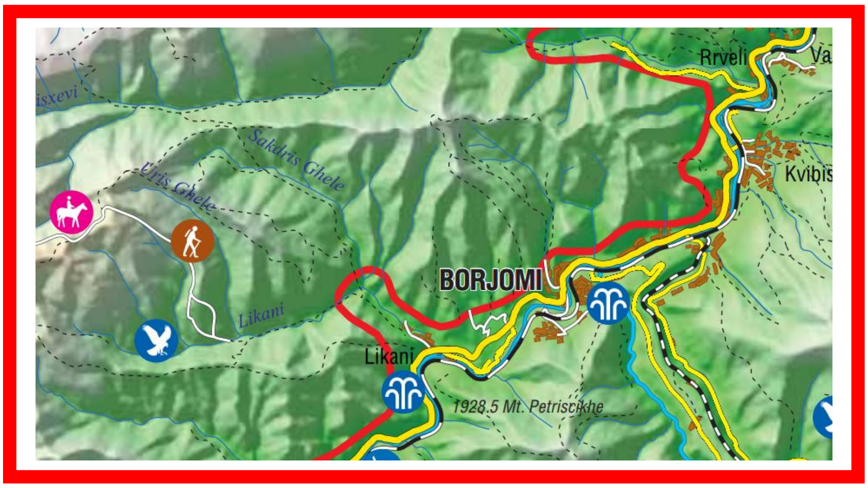
Source: Author's Observations.

The passage below provides short description/profile of the two key clusters of the municipality.

[1] There are numerous definitions of clusters. In this document, the notion of Cluster is used to denote geographically more or less concentrated resorts, which are significantly different from other settlements in terms of concentrations of the tourism enterprises and number of visitors.

Borjomi Resort Cluster	GPS location: 41.8399528 - 43.3907569





Borjomi is a balneology and climate resort and the administrative city of the municipality, with the population of 9,9 thousand people (2002). Located at 900 meters from the seal level, rich in natural beauty, represents the key part of the municipality tourism resources. It is known for its mineral waters. Key attractions for the town are: the Romanovs' Palace; the Central Park, mineral waters (available in the central park and key hotels). Its proximity to the Borjom-Kharagauli National Park, which is considered as the one of the largest protected area in the Europe as well as cultural and historical sites in the close proximity define and contribute to the popularity of the destination.

Number of visitors:

	2015	2016	2017	2018	2019(II)
Borjomi (and surroundings)	257 987	316 921	390 377	388 033	93 808




Bakuriani Resort Cluster

Bakuriani Resort Cluster	GPS location: 41.7468776 - 43.4928982

Located at an elevation of 1,700 meters above sea level, Bakuriani started to emerge as a winter destination since the turn of the 20th century when the fist “Kukushka” railway was built in the region and first skiing activities were held. During the soviet time, significant skiing infrastructure was developed. Due to the favorable climate, recently, it also started to develop its summer recreational destination profile for families and became a second home for many residents of Georgia. Nowadays, the resort has considerable winter infrastructure, including total length of 29,1 km 28 different varieties of scopes, 11 percent of which is supplied with artificial snow machines. The planned FIS Freestyle Ski and Snowboard World Championship in 2023 in Bakuriani is a key opportunity for the recognition of the resort. The overcrowded urban infrastructure and planning is considered as a key challenging by many.

Number of visitors:

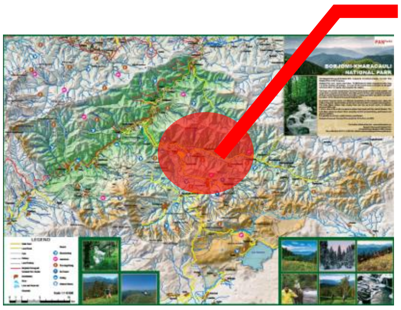
	2015	**2016**	**2017**	**2018**	**2019(II)**
Bakuriani	129 879	158 618	134 015	175 907	20 960




Besides the two major clusters, other smaller resorts and concentrations include:

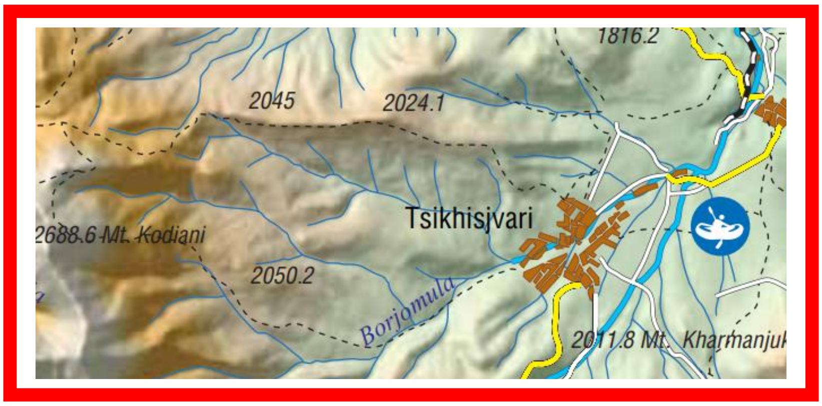
- Tsagveri-Tsemi
- Tabatskuri
- Tsikisjvari.

Tsaghveri-Tsemi	GPS location: 41.802522,43.4729004,15



This minor concentration of resorts includes several formerly popular resorts such Tsaghveri, Tsemi, Libani, Timotesubani, Mzetamze, Tba. These villages were known for their distinctive air and balneology qualities during the soviet times. Since then, the resorts lost their shine but remained as a summer destination for domestic visitors for longer-term stays. In the last few years, due to the surge of tourism demand in the region, renovation of accommodation slowly stated to take place in these villages.

Tsikhisjvari	GPS location: 41.7186703,43.4349364,15



Tsikhisjvari is a balneology and recreational profile resort, located not far from Bakuriani, which had a local importance. Populated mostly with ethnic Greeks, the village infrastructure is not in a good shape and requires regeneration. With the fact of overcrowding of Bakuriani, this resort this makes more and more sense.

One Of The Most Diverse Natural Heritage…

Borjomi is home for diverse natural resources, distinguished not only throughout Georgia but throughout entire region of South Caucasus. Forests makes up a big part (57 percent) of the municipality and covers approximately 63 200 ha, of the territory with different types of forests according to the climate types. Almost all forests in the municipality have a significant role in regulating the climate, protecting the soil and controlling water flow. In addition, they provide benefits vital to human livelihoods and food security, including construction materials, fuel wood, food (mushrooms, nuts and berries), medicinal plants, and grazing areas for animals. The ability of trees to prevent soil erosion and landslides is essential in the hazard-exposed mountains.

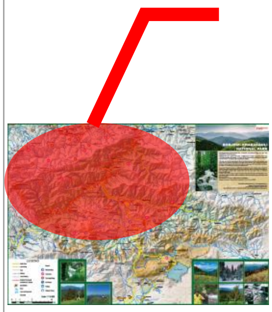
The forests in Borjomi, as elsewhere in Georgia, are under constant pressure from deforestation. Deforestation rates were especially high after the collapse of the Soviet Union when energy shortages were common. In rural areas of Borjomi wood is still used as a primary heating and cooking source to reduce electricity and gas bills. Wood-cutting for domestic purposes continues to take place and illegal logging for commercial purposes also remains a serious challenge. The recently emerged forest disease in the region also seriously threatens this valuable resource.

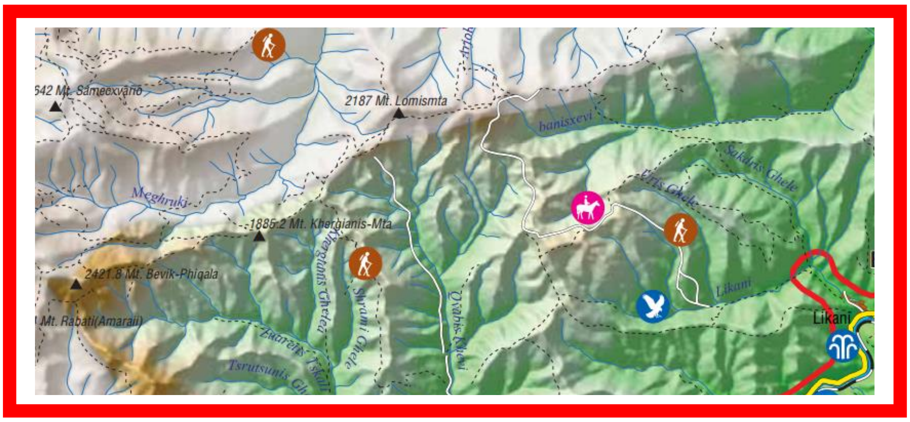
These protected areas and managed nature reserves in Borjomi include:

- Borjomi-Kharagauli National Park
- Ktsia-Tabatskuri Managed Reserve
- Nedzvi Managed Reserve.

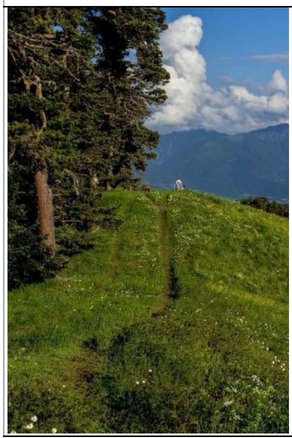
These protected areas preserve several rare varieties and species of flora and fauna. Besides, there are other natural attractions, which do not have any of those status but have highly perceived tourism potential, such as *Dabadzveli Lakes* (heighted below).

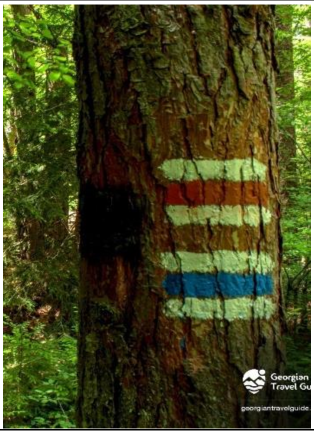
Borjomi-Kharagauli National Park	GPS location: 41.8602508,43.2218654,17

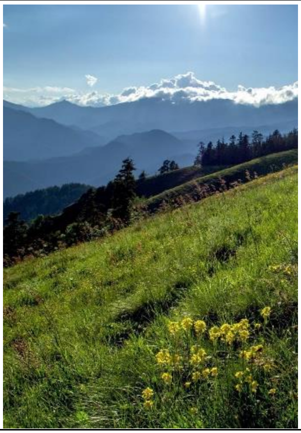


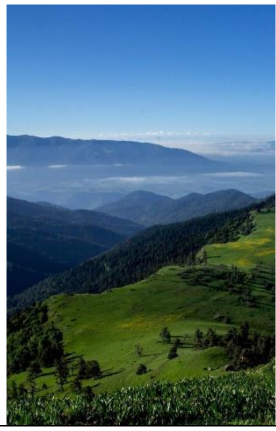


Spanned across 6 municipalities (including Borjomi), this national park is considered as one of the largest protected areas through Europe. It occupies more than 1 percent of the territory of Georgia. Borjomi-Kharagauli National Park tourist route network allows hiking for one or several days. Tourist route network is up to 400-2,642 meters. Paths are marked and well-arranged. Tourist shelters, picnic spots and camping sites are arranged along the routes. Sites for setting up a fire are also allocated. National park offers hiking, horse riding, biking, snowshoes, cultural and educational tours. The routes function throughout the year.







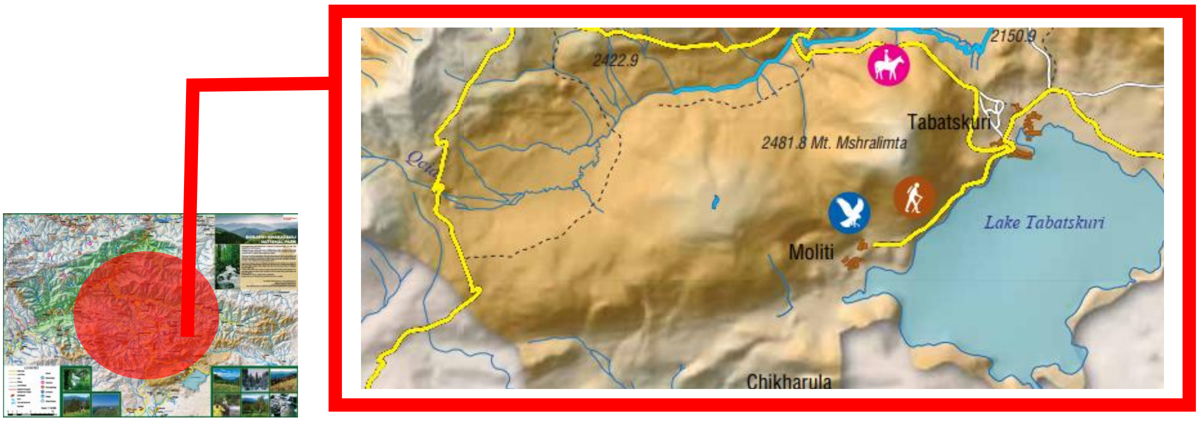


Dabadzveli Lakes	GPS location: 41.7562232,43.3407702,18

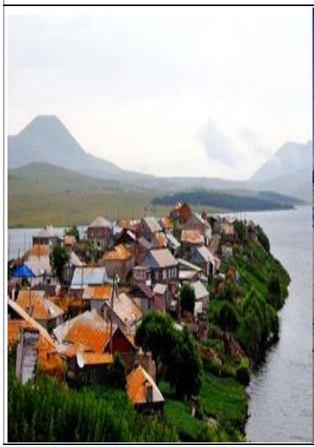
Dabadzveli Lakes are one of the most beautiful natural resources, identified in Borjomi Municipality. Located within 30 km from Borjomi town, in near village Dviri, the site includes several lakes of natural beauty – Kakhisi Lake (1752 m elevation), Tsero Lake (1802 m) and several other smaller unnamed lakes, which already represent subject of attention to the visitors, both domestic and foreign. The lakes are not deep (maximum 10 meters high) and do not contain fish. During the soviet times, this remote site was accessible by a cable road from Chobiskhevi village. The cable infrastructure is now destroyed and the about 15 km section of the road is in bad shape. Despite of this, the sites enjoy some attraction from the side of the tourist, who access the site via SUVs, horse tours or by foot. Because of this, there is already new touristic infrastructure (mountain villas) being developed financed by Local Action Group.




Tabatskuri Village	GPS location: 41.6668524,43.6131262,15



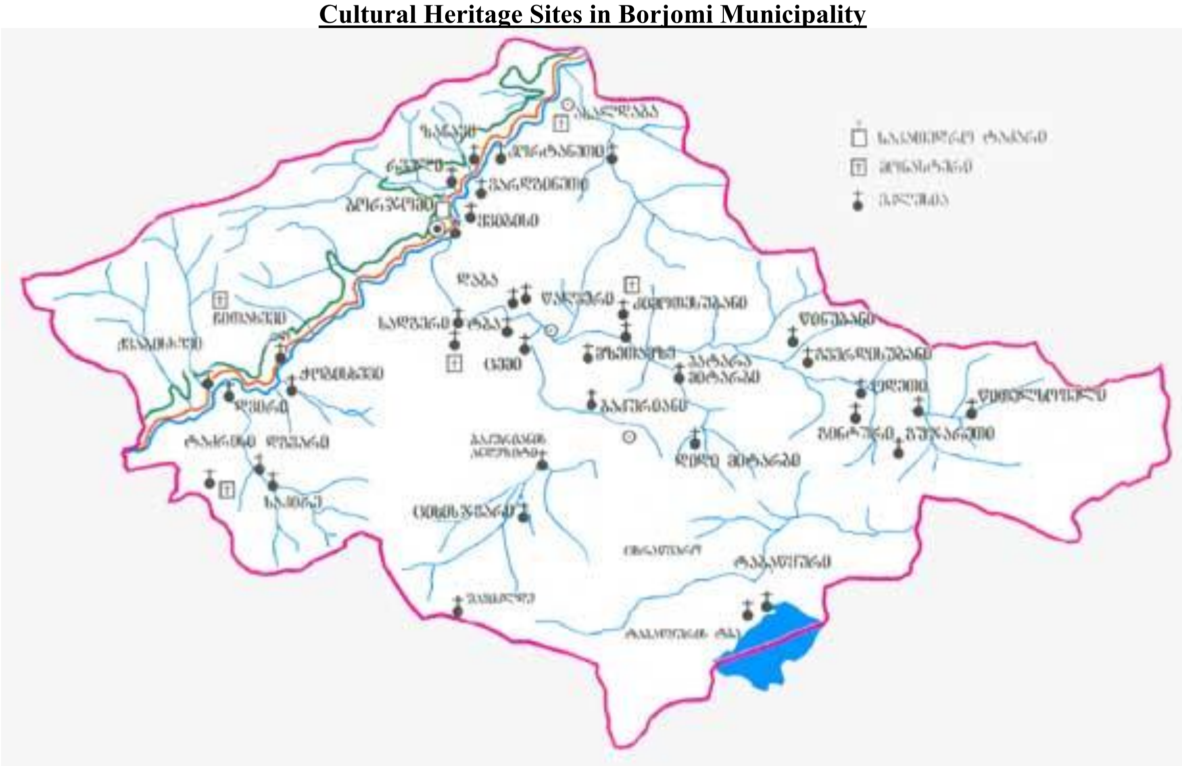
A remote lakeside village within the boundaries of Borjomi municipality, populated with ethnic Armenians. The unique natural site, with rare varieties of birds and the old church, which is unexplored. Accessible, but very difficult access road from Borjomi side, closer access from Akhakalaki, top seasons being summer and winter. Popular for winter scooter tours from Bakuriani during winters (takes shorter time – about 15 minutes). The lake is known for its velvet scoter (Melanitta fusca) the population of which is decreasing and now only available on Tabatskhuri lake within entire Georgia.

Rich In Cultural Heritage…

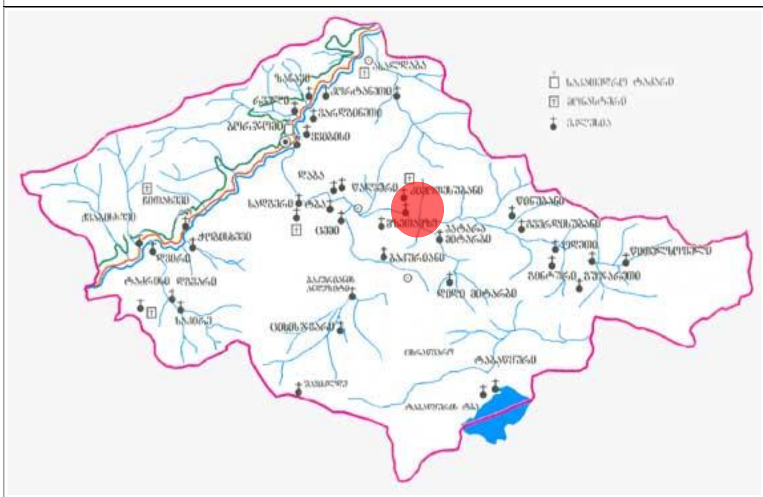
There are up to 119 historical and cultural heritage sites identified and censused within the municipality, which includes the antient castles, churches and monasteries, some of them going back as early as VI century. These sites are well-documented and inventoried. However, a big part of the resource requires detailed archeological studies and preservation measures.

Cultural Heritage Sites in Borjomi Municipality



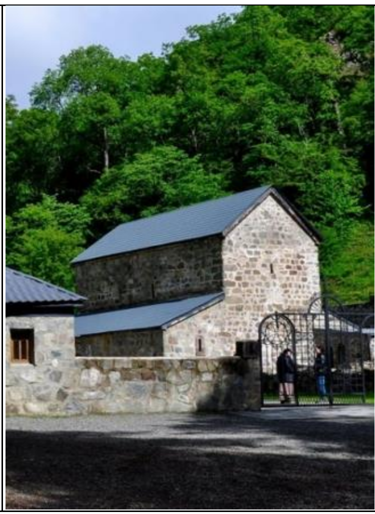
Source: Borjomi Municipality.

Key Cultural Heritage Sites

Timotesubani Monastery	GPS location: 41.8108397,43.5160088,17
A medieval Georgian Orthodox Christian monastic complex Timotesubani village. The complex consists of a series of structures built between the 11th and 18th centuries, of which the Church of the Dormition is the largest and artistically most exquisite edifice constructed during the "Golden Age" of medieval Georgia under Queen Tamar (r. 1184-1213). The monastery is well maintained by monks and there is some tourist infrastructure and a souvenir shop near the church.	
	

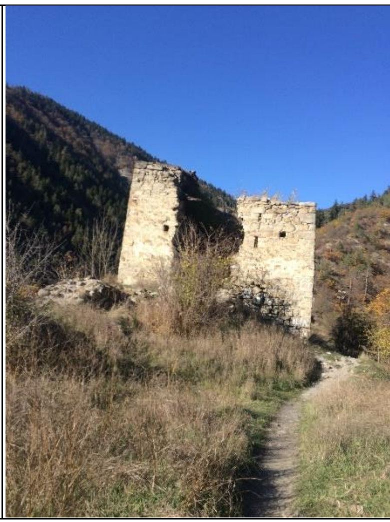
Mtsvane Monastery	GPS location: 41.8105479,43.3076468,17

This IX century monument is linked with the followers of the renown medieval Georgian public and spiritual leader. This beautiful monastery assembly, which is surrounded by forests, represents one of the most visited touristic cultural heritage sites within the municipality.



Gogia's Castle	GPS location: 41.841408,43.3742273,17

The castle is located to the north-west of Borjomi, in a walking distance from the town center. It was constructed around the 14th century. It belonged to the rulers of Borjomi, feudals - the Avalishvilis, and it still bears the name of Gogia Avalishvili. The castle requires heavy restoration and the nearby land is leased to the private parties for arranging touristic facility.

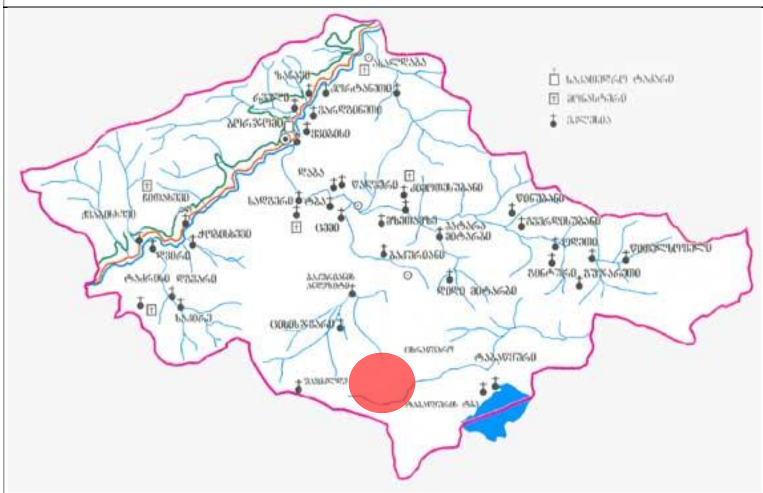


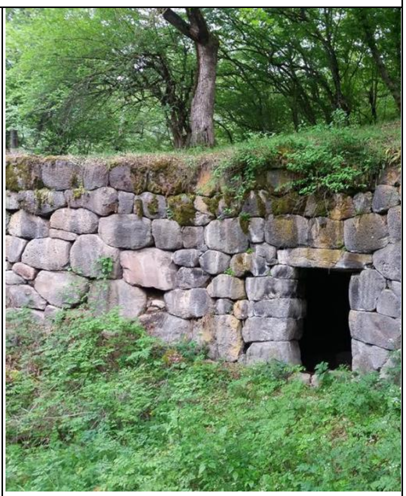
Petre's Castle	GPS location: 41.8244288,43.3640134,17

The castle is located to the west of Borjomi, near Borjomi Likani Palace. The castle dates back to the 14th century. It was built to protect the approach to the heartland of Georgia from the south through the gorge of the Kura River. From the 15th century onwards the castle was owned by a feudal family; the Avalishvilis. In the 16th century, after the Ottoman conquest of Borjomi (then called Tori), Petre Castle was an administrative center for the Ottomans. At present Petre Castle is freely accessible. The path to the castle ruin is signposted but it is still a bit hard to find the path.

Tori Village	GPS location: 41.7643418,43.4118909,17

Located 50 km from Borjomi town, this ancient village represents former residence of Toreli feudal family and dates back to V-X centuries AC. The village is considered as one of the most important potential archeological sites, which requires significant investments to explore, improve access and arrange tourist infrastructure and services.

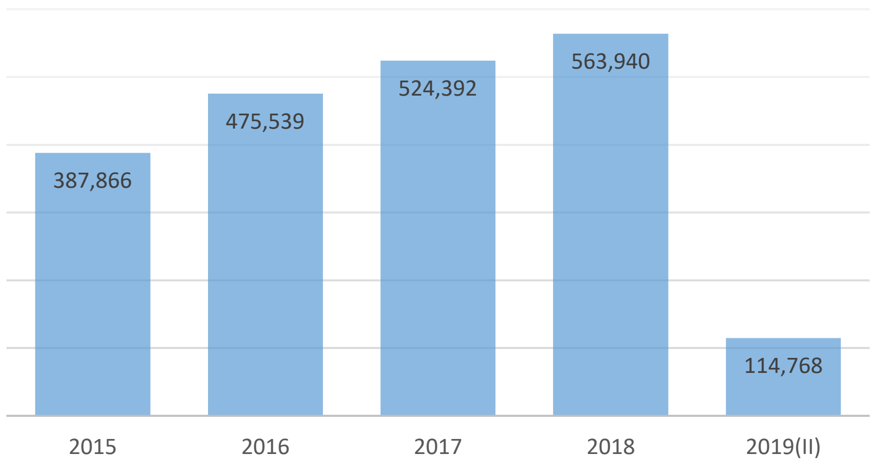




Borjomi Tourism Demand Numbers Are Positive

Tourism in Borjomi has been growing in the past four years. The total number of visitors to the municipality increased from 387 thousand people in 2015 up to about 564 thousand people in 2018. The total number of visitors in the first two quarters of 2019 reached up to 114 thousand people.

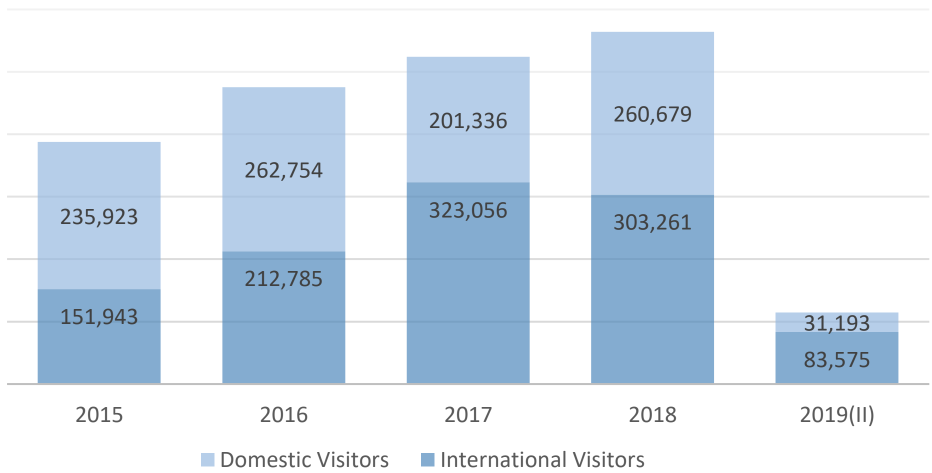
Evolution Of Number Visitors (Both Domestic And International)



Source: GNTA.

In total figures, the number of international tourists made up about 303 thousand people, almost double since 2015. Total number of domestic tourists made up about 260 thousand people and shows some fluctuations over the years.

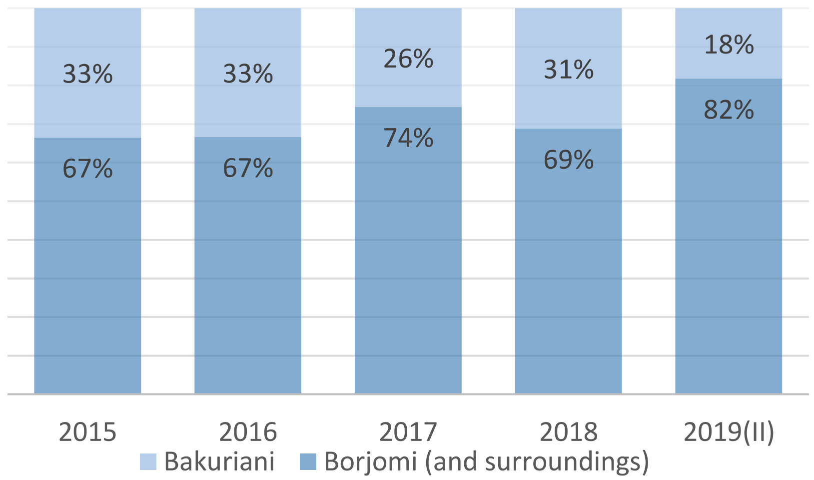
Evolution Of Number Visitors (Breakdown)



Source: GNTA.

In terms of the places of visit in the municipality, it Borjomi town and its surroundings is the leader with about 82 percent of the visitors visiting the place. It is not surprising because Borjomi is on the main road and is an intermediate place of stay, apart from the visitors who come on purpose.

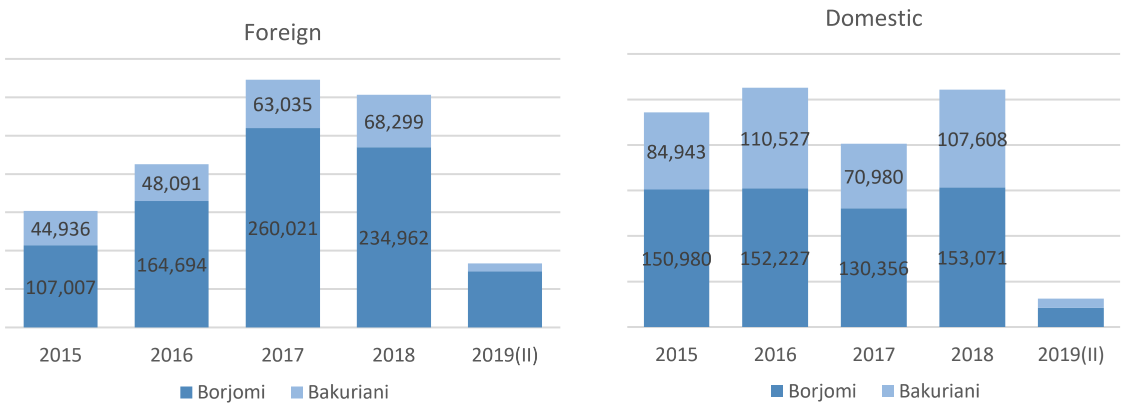
Breakdown Of Visitors By Destination (Both Domestic and Foreign)



Source: GNTA.

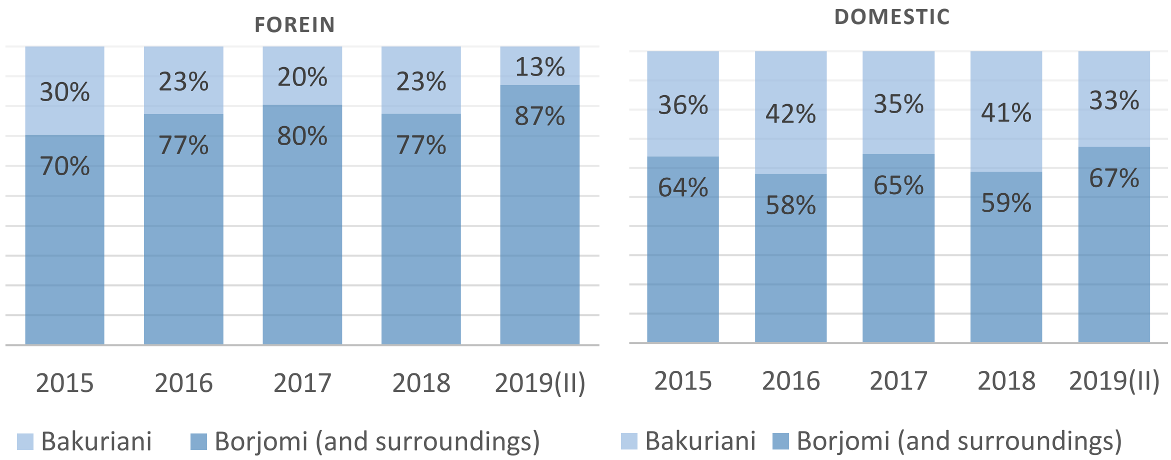
At the same time, Borjomi and its surroundings is more popular among the international visitors (87 percent), than among Georgian visitors (67 percent).

Breakdown Of Visitors By Destination



Source: GNTA.

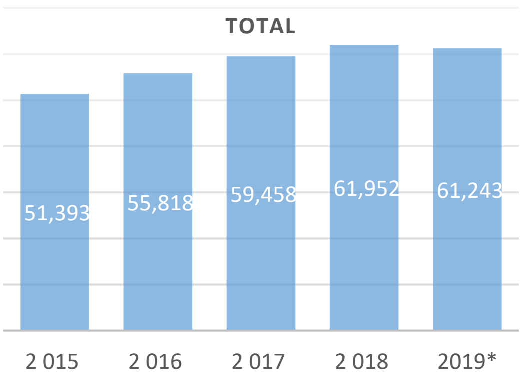
Breakdown Of Visitors By Destination (Percentage Share)

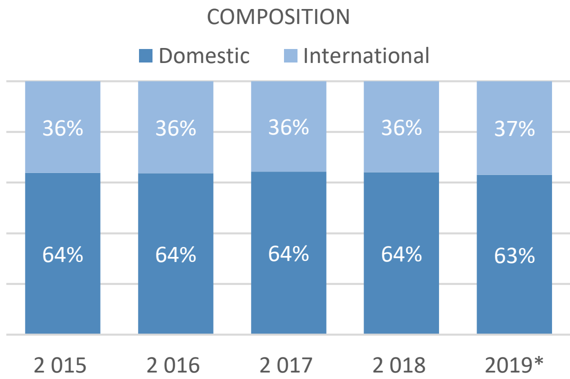


Source: GNTA.

The Borjom-Kharagauli National Park is one of the major drivers of the visitors. Since 2015, the total annual number of visitors grew by about 10 000 and the share of international visitors increased.

Visitors Of Borjom-Kharagauli National Park





Source: Borjom-Kharagauli National Park Administration.

Average duration of stay per visitor is 2,4 to 3,7 per visitor. Residents of Georgia stay longer, and the stay length has been growing during the last few years.

Dynamics of Average Nights of Stay In Borjomi

AVERAGE STAY IN BORJOMI BY RESIDENTS OF GEORGIA			
2015	**2016**	**2017**	**2018**
2,9	3,1	2,9	3,7

AVERAGE STAY IN BORJOMI BY INTERN. VISITORS			
2015	**2016**	**2017**	**2018**
2,8	2,1	2,3	2,4

Source: GNTA.

Official statistics about the number of tourists in the municipality (who stayed at least one night in the municipality) is not complete and reliable because it is based on the statistics from officially registered properties, which in most cases are large hotels. Therefore, it is important to estimate indirectly the total number of tourists based on the overall supply of accommodation. The table below provides the estimations.

Estimation of Number of Tourist (Who Stay At least 1 night)

Official Accommodation	Beds	8,407
Estimated Accommodation	Beds	12,283
Proportion	%	1.46
Official Number of Tourists	N	183,121
Estimated Tourists	N	267,553

Source: Author's Observations.

It can be concluded that only less than half (47 percent) of the visitors stay overnight in the destination at present.[2]

[2] This figure is roughly comparable with the figures of the national statistics and hence can be trusted.

Overall demand for accommodation can be estimated by combining number of visits with the average length of stay, resulting in total overnight demand in the region.

Overnight Stay Demand In Borjomi

	2015	2016	2017	2018
Average Stay In Borjomi By Residents of Georgia	2,9	3,1	2,9	3,7
Average Stay In Borjomi By Intern. Visitors	2,8	2,1	2,3	2,4
Number of visits (Residents of Georgia)	235 923	262 754	201 336	260 679
Number of visits (Intern. Visitors)	151 943	212 785	323 056	303 261
Overnights (Residents of Georgia)	686 488	819 279	588 467	967 627
Overnights (Intern. Visitors)	423 648	454 097	742 872	738 300
Total Overnight Demand	1 110 136	1 273 376	1 331 339	1 705 927

Source: GNTA.

The calculations show that there was about 1,7 mln overnight demand in Borjomi municipality in 2018 and it has been growing in the last several years, which is a positive development, indicating to the growing popularity and appeal of the municipality.

Tourism Accommodation Supply

There are several sources of data with regards to the tourism accommodation in Borjomi.

According to the database of GNTA, there are 164 registered tourism accommodation properties in Borjomi municipality, which in total provides about 3 098 rooms and 8 407 beds available for visitors.

Accommodation Supply In Borjomi By Destination (GNTA)

DESTINATION	NUMBER OF PROPERTIES	NUMBER OF ROOMS	NUMBER OF BEDS
Bakuriani	120	1869	5458
Borjomi	26	871	1990
Likani	1	19	75
Tba	2	17	48
Tomothesubani	1	7	35
Tsemi	10	166	496
Tsagveri	3	142	287
Other	1	7	18
Grand Total	**164**	**3098**	**8407**

Source: GNTA.

The biggest portion of properties (more than 73 percent) and rooms (more than 60 percent) are concentrated in Bakuriani, followed by Borjomi and then Tsemi.

The composition of the categories of properties differ among the destinations. Family hotels represent the biggest portion of properties in Bakuriani, whereas in Borjomi, hotel properties comprise the major part.

Number of Accommodation In Borjomi Municipality By Destination And Category (GNTA)

DESTINATION	COTTAGE	SANATORIUM	FAMILY HOTEL	HOTEL	GUESTHOUSE	OTHER	TOTAL
Bakuriani	19		56	36	9		120
Borjomi			9	17			26
Likani				1			1
Tba			2				2
Tomotesubani	1						1
Tsemi		2	8				10
Tsagveri			1		1	1	3
Other			1				1
Grand Total	**20**	**2**	**77**	**54**	**10**	**1**	**164**

Source: GNTA.

It should also be noted that as mentioned above, there are only two 5-star hotels in Borjomi municipality, both of which is located in Borjomi. Although, recently, notable developments are in place, which will greatly enhance the quality of accommodation stock in Bakuriani. For instance, the first international hotel franchise Best Western was launched in Bakuriani in 2018. In 2019 Mitarbi Resort was launched, which is operated by Rooms Hotel. There are number schemes in place, which will introduce high-class hotels in Bakuriani such as Four Points by Sheraton.

It should be mentioned that a big majority of the small-scale accommodation operate in the informal part of economy and are not registered as tourism operators or legal entities. For this purpose, the official statistics does not count and informal properties into the statistics.

According to Borjomi Local Development Strategy, there are up to 629 units of accommodation in the municipality, including various types of apartments, guesthouses and family type of accommodation.

Number of Accommodation In Borjomi Municipality (Local Government)

Category	Number
Five-star hotels	2
Four-star hotels	1
Three-star hotels	3
Guesthouses (Borjomi, Sadgeri, Tba, Tsemi, Tsaghveri)	70
Family private houses (Sadgeri, Tba, Tsemi, Tsaghveri)	250
Apartments in Borjomi	217
Two & Three-Star hotels & guesthouses in Bakuriani	86
Total	**629**

Source: Borjomi Municipality Local Development Strategy.

There are two five-star properties Borjomi Likani Palace and Crawn Plaza, one four-star accommodation and three 3-star accommodations. The remaining part of the supply comprises of lower quality accommodation stock, such as guesthouses, family private houses, apartments and 2- star accommodation scattered throughout the municipality.

Airbnb registers more than 300 properties available in Borjomi municipality, most of them apartments and small-scale hotel properties. Booking.com returns up to 332 different properties in Borjomi, most of which are guesthouses (150), apartments (113), hotels (30). In

Bakuriani, there are more than 514 properties registered, of which apartments represent a big portion (357), followed by hotels (106) and villas (35).

Accommodation Offer On Booking.com For Borjomi (Right) and Bakuriani (Left)

Property Type	
Guesthouses	150
Apartments	113
Hotels	30
Vacation Homes	16
Homestays	7
Hostels	6
Bed and Breakfasts	5
Lodges	4
Resorts	2
Villas	1
Campgrounds	1

Property Type	
Apartments	357
Hotels	106
Villas	35
Vacation Homes	17
Guesthouses	16
Bed and Breakfasts	3
Chalets	3
Resorts	2
Lodges	2
Resort Villages	1
Homestays	1
Love Hotels	1

Source: Booking.com.

To summarize, the calculated total number of accommodation supply in Borjomi, total number of rooms and beds should be established. Since there is limited amount of information on the informal sector, several assumptions were made to adjust the officially registered figures with unregistered accommodation stock and come up with the total number of supply of rooms and beds in the region.

Estimated Accommodation Stock In Borjomi Municipality (Combined Estimates)

<table>
<tr><th>Category</th><th>Number</th><th>Average N of Rooms</th><th>Average Number of Beds Per Room</th><th>Total Number of Rooms</th><th>Total Number of Beds</th></tr>
<tr><td>Five-star hotels</td><td>2</td><td rowspan="5">na</td><td rowspan="5"></td><td rowspan="5">3098</td><td rowspan="5">8407</td></tr>
<tr><td>Four-star hotels</td><td>1</td></tr>
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<tr><td>Family private houses (Sadgeri, Tba, Tsemi, Tsagveri)</td><td>250</td><td>2,5</td><td>2,5</td><td>625</td><td>1563</td></tr>
<tr><td>Apartments in Bakuriani</td><td>400*</td><td>1,5*</td><td>2,5*</td><td>600</td><td>1500</td></tr>
<tr><td>Apartments in Borjomi</td><td>217</td><td>1,5*</td><td>2,5*</td><td>326</td><td>814</td></tr>
<tr><td>Total</td><td>1029</td><td></td><td></td><td>4649</td><td>12283</td></tr>
</table>

Source: Borjomi Municipality Local Development Strategy. *Author's assumptions.

To conclude, there are estimated number of 4 600 rooms and more then 12 000 beds available in Borjomi municipality both in formal and informal sector, of all condition and type. Of these the big portion is in the low-quality informal accommodation segment.

Accommodation Structure And Quality

The quality of the accommodation greatly varies between the locations within the municipality and also from property to property. Therefore, there only way to evaluate the adequacy of the accommodation, is to compare it with other destinations within Georgia or outside.

During the conversations with the local key stakeholders, a European town of Karlovy Vary as a desirable reference and benchmark for the Borjomi. Because of this, this resort as well as another European resort - an Austrian resort Zell am See in Saltsburg (to benchmark the Bakuriani cluster) is discussed in detail in this report.

It should be noted that Borjomi is behind the benchmark ratio of number of beds in high quality property segment – more than 50 percent in Karlovy Vary town vs estimated less than 30 percent in case of Borjomi town.

	Karlovy Vary	Borjomi
Number of beds	10 000	2 000 – 3 000
High quality accommodation (4* and above)	More than 50 percent	Less than 30 percent

Source: Whitepaper for SPA resort development

It is clear that in terms of quality Borjomi is far behind the European benchmarks. Comparison of the structure of the accommodation sheds more light to the gaps of the accommodation in our target clusters Borjomi and Bakuriani.

Benchmarking Accommodation Structure

Property Type	Borjomi		Karlovy Vary			Bakuriani		Zell Am See	
Apartments	110	34%	282	62%		426	66%	279	64%
Hotels	29	9%	118	26%		120	19%	58	13%
Guesthouses	146	45%	34	8%		20	3%	18	4%
Homestays	5	2%	6	1%		1	0%	3	1%
Vacation Homes	15	5%	5	1%		23	4%	10	2%
Bed and Breakfasts	4	1%	2	0%		3	0%	8	2%
Resort/Resort Villages	2	1%	2	0%		3	0%	0	0%
Villas & Chalets	1	0%	2	0%		44	7%	56	13%
Hostels	6	2%	1	0%		0	0%	1	0%
Lodges	4	1%	0	0%		3	0%	1	0%
Campgrounds	1	0%	0	0%		0	0%	0	0%
Farmstays	0	0%		0%			0%	1	0%
Total	**323**		**452**			**643**		**435**	

Source: Booking.com

The comparison analysis shows that for Borjomi cluster, the portion of hotels and apartments in relation to other categories of accommodation such as guesthouses, lags significantly below Karlovy Vary.

The structure of Bakuriani accommodation is more comparable to the structure of the Austrian resort Zell am See. However, the only visible gap is in terms of the ratio of Chalets and villas. In case of Bakuriani, the portion of this type of accommodation (Chalets and villas) can be twice as much in the overall structure of the resort accommodation. At the same time, the rare type of accommodation such as Farmstays could also be considered for Bakuriani cluster.

It is also important to see how the accommodation quality scores in terms of the guest perspective. The following analysis is based on customer evaluations from Booking.com. Both Georgian as well as international benchmarks were used.

Visitors' Perspective Benchmarking

	TARGET DESTIANTIONS				COMPARATIVE BENCHMARKS					
Review score	**Borjomi**		**Bakuriani**		**Karlovy Vary**		**Gudauri**		**Tskaltubo**	
Superb: 9+	130	17%	68	11%	195	15%	158	14%	24	19%
Very good: 8+	186	30%	123	20%	333	26%	274	24%	30	24%
Good:7+	194	32%	134	22%	359	28%	306	26%	31	25%
Pleasant: 6+	197	32%	137	22%	359	28%	308	26%	31	25%
No rating	53	9%	151	25%	52	4%	119	10%	10	8%
Total	**760**		**613**		**1298**		**1165**		**126**	

Source: Booking.com

The analysis shows that, the Borjomi cluster is well positioned on booking.com in terms of positive evaluations by the visitors, compared to other selected destinations throughout Georgia (such as, for instance, Gudauri or Tskaltubo), as well as a selected European town Karlovy Vary. It should also be noted that good overall review score might also be attributed to the overall hospitality spirit of the destination and hosts and hence, this score could also miss the point.

At the same time, accommodation quality in Bakuriani cluster is relatively inferior, based on the evaluations by the visitors.

Regardless, the empirically it can be concluded that despite the relatively high review scores, there are not much offer in the category of design-driven boutique style hotels and apartments in both destinations (for instance, compared to boutique hotels and apartments in Tbilisi), that would enhance overall destination appeal in the eyes of the visitors.

Demand And Supply Balance For Accommodation

Quantitative balance or disbalance between the supply and demand for accommodation can be measured by ADR (achieved daily date) and occupancy rate for the accommodation. There is no periodic study of the performance of the accommodation properties in the region. Therefore, the only way to judge is to contradict the accommodation supply and overnight demand and estimate calculated occupancy rate.

Calculated Occupancy Rate Of Accommodation In Borjomi Municipality

	2015	2016	2017	2018
Total Overnight Demand	1 110 136	1 273 376	1 331 339	1 705 927

Total Accommodation Beds	na	na	na	12 283
Estimated Occupancy Rate	na	na	na	38%

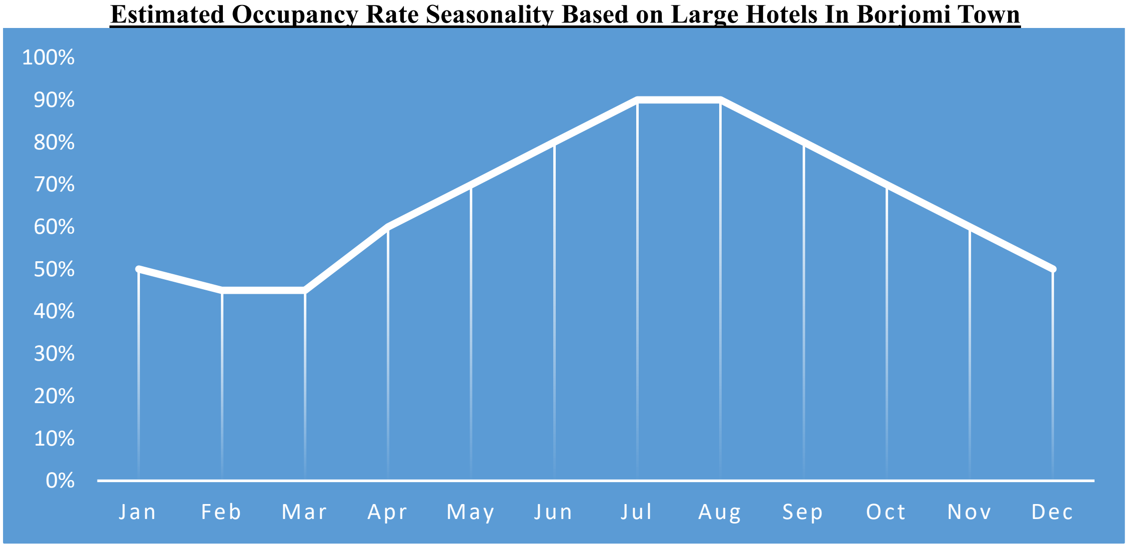
Source: Author's Calculations.

The calculated annual occupancy rate in 2018 was about 38 percent. Comparing to other destinations, this annual estimate may seem low, but considering the seasonality of demand (summer, winter), achieving average rate of 40 percent may be considered moderately good. Although there is not much information is available about the dynamics of the supply in the municipality to check the dynamics of the calculated occupancy, but it is visible that growing demand also pushed supply in the past while and accommodation stock grows each year.

Demand/Occupancy Seasonality

Seasonality of tourism demand represents a key challenge for the municipality. The highest season for Borjomi town is from 15 June through 15 September, followed by off season period. According to the local hoteliers and operators, the minimum occupancy rate of the hotel is about 45 percent.

Estimated Occupancy Rate Seasonality Based on Large Hotels In Borjomi Town



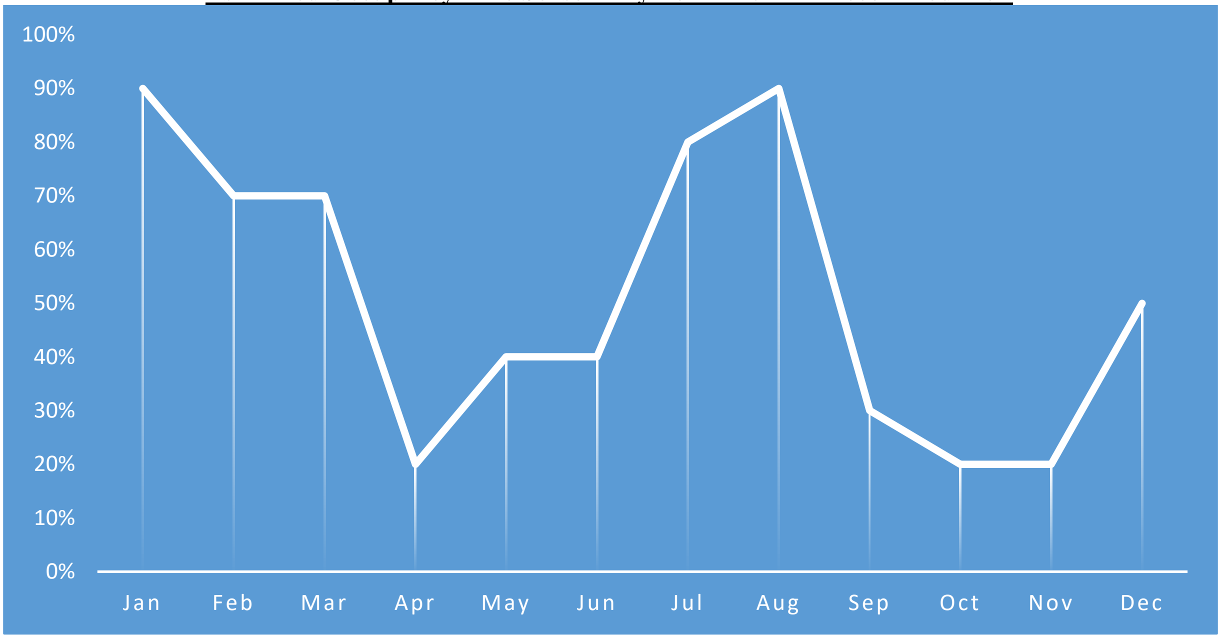
Source: Author's Conversations with Hotel Managers.

Large hotels can achieve minimum 45 percent occupancy through working with the organized groups and corporate segment. The occupancy rates of the non-formal accommodation and smaller hotels are way below the 45 percent, which makes seasonality one of the key challenges for the municipality accommodation operators.

The prices fluctuate by about 25 percent between the seasons.

The situation related to seasonality for Bakuriani is even more volatile. Climate conditions (e.g., snowy season) affect the demand and notably drive the volatility of the demand.

Estimated Occupancy Rate Seasonality For Bakuriani Accommodation



Source: Author's Conversations with Key Informants.

OVERALL ASSESSMENT OF TOURISM SYSTEMS

This Chapter assesses the various key components of the tourism system in the municipality and provides a general foundation and a baseline for reference, when it comes to the future vision and development actions. First, overall tourism system is assessed. Secondly, the tourism value chain, seen from the perspective of tourist is provided.

ASSESSMENT OF TOURISM SYSTEM

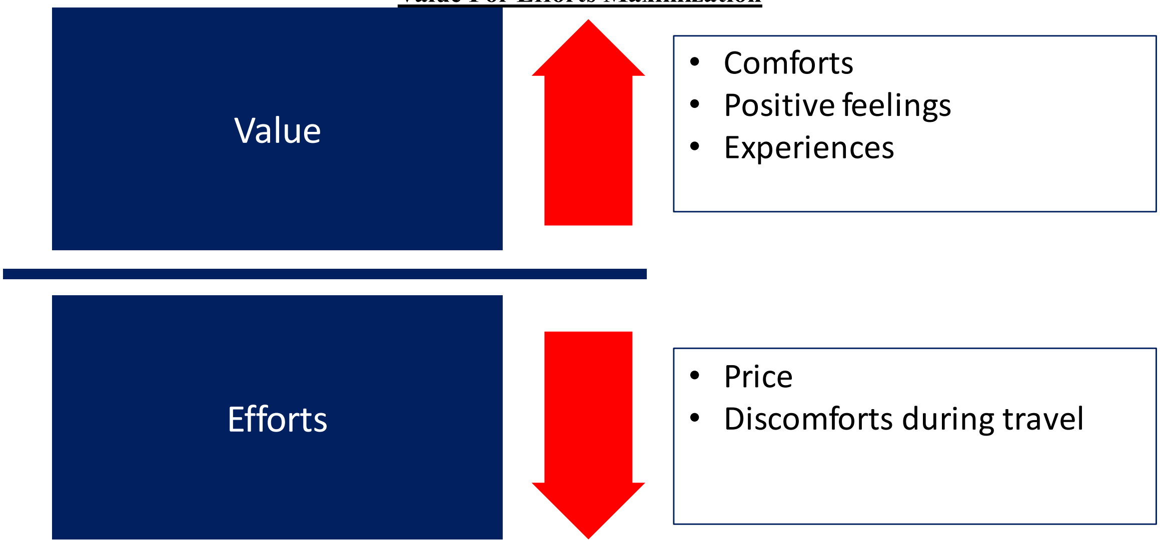
SYSTEM COMPONENT	EVALUATION
CONDITIONS OF TOURISM ATTRACTIONS: SATISFACTORY CONDITIONS	■ Identified potential related to natural resources (protected areas) ■ Identified balneology and spa resources ■ Some important attractions as Romanov's palace ■ Number of cultural and religious sites ■ Link with history and famous people (The Romanov family, Stalin) ■ Winter ski resources (Bakuriani, Mitarbi)
THE BASIC INFRASTRUCTURE: AVERAGE CONDITIONS	■ Water and energy supply acceptable and on upgrading process ■ Road access to the municipality good, newly paved road ■ Good road accessibility for most settlements ■ Remote destination hard to access (Tabastkuri, Dabadzveli)
PERFORMANCE AND SERVICE QUALITY OF TOURISM ENTERPRISES: INADEQUATE CONDITIONS	■ Shortage of medium-high quality services offer ■ Limited profitability related to relatively low occupancy ■ Lack of management processes
PROFESSIONALISM OF HUMAN RESOURCES: INADEQUATE CONDITIONS	■ Good hospitality attitude of locals ■ Low level of service skills and customer care ■ Limited productivity (in terms of employee per room) ■ Lack of languages knowledge ■ Competition for staff among clusters
CONDITION OF THE SUPPORT SECTORS: INADEQUATE CONDITIONS	■ Lack of financing scheme ■ Limited variety of suppliers
INTERNAL ORGANIZATION AND DESTINATION MANAGEMENT: LACKING CONDITIONS	■ Newly established DMO for the entire region ■ Plans to establish an integrated resort management company ■ Lack of an organization of tourism sectors' enterprises ■ Promotion of Borjomi carried out by GNTA office in Tbilisi
ACTUAL DEMAND: DEFECTIVE CONDITIONS	■ Medium-low spending power clients ■ Mainly from Georgia and Caucasian Countries ■ Transit tourists spend mostly 1 stop-overnight in Borjomi ■ No segmentation or targeting strategies

ASSESSMENT OF TOURISM VALUE CHAIN

This Section looks at the value chain of the tourism in Borjomi Municipality, seen from visitors/tourist perspective. For this, *value-efforts approach* has to be considered. The approach considers that the perception of value by tourists should be well adequate to the efforts that need to be carried out to make the trip happen.

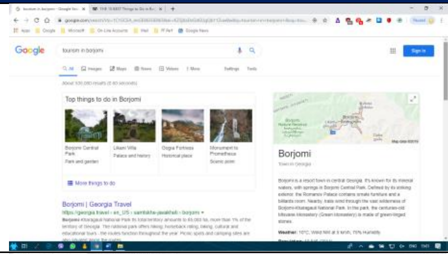
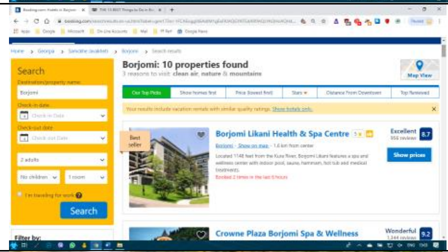
The main objective of the value for effort assessment in a tourism destination is to see where the biggest challenges are and improve the relation between values and efforts. Ultimately, the objective is to surpass the competitors in terms of maximization of the relation. This could be achieved either through maximization of value or minimization of efforts and costs related to the trip.

Value For Efforts Maximization



Source: THR and Author's Opinion.

Accordingly, it is important to assess the value chain from the customers' perspective, or in other words the various steps that that the visitors/tourists have to go through to enjoy a trip in Borjomi Municipality.

VALUE CHAIN	VALUE	EFFORTS	EVALUATION	ILLUSTRATION
INFORMATION	▪ Complete and reliable information on attractions in Borjomi Municipality should be available (e.g., whether they are open or closed)	▪ No central tourism website showing all attractions and experiences in Borjomi ▪ Scarce online information about the status of tourist attractions ▪ Hard to find qualified local guides		
BOOKING	▪ Should be easy to book online and directly	▪ Limited offer bookable online (most of the attractions beyond accommodation are not bookable) ▪ Communication difficulties in languages other than Georgian		
TRAVEL	▪ Pleasant journey through Borjomi gorge and mountain landscapes	▪ The access road is good and within 2-3 hh drive from the two international airports, but there is no direct connection with the airports		
STAY	▪ Safe and comfortable stay and attractive design	▪ Number of accommodation supply is fine ▪ Quality of accommodation facilities below international standards ▪ Low level of customer care		

EATING	▪ Unique local cuisine and tasty Georgian dishes would make a great value to visitors	▪ No unique local dishes identified for the municipality ▪ Scarceness of restaurants and wine bars ▪ Difficulties in finding restaurants at night		
MOVING	▪ Easy and pleasant transportation would make a great value to the visitors to enjoy Borjomi nature and countryside	▪ Lack of transport to remote tourist sites ▪ Bad quality of the central bus and Kukushka station ▪ Bad quality of existing public transport (e.g. from Borjomi to Bakuriani) ▪ “Kukushka” in a bad condition, and not active ▪ Scarce variety of transport means		
ENJOYING	▪ Opportunity to enjoy unique experiences in Borjomi Municipality	▪ Limited options of active experiences for tourists		
POST-SALE	▪ Potential of continuing to experience at home the experiences and impressions from the visit to Borjomi municipality	▪ Limited customer relationship management activities, ნი activity to retain and increase customers’ loyalty ▪ Scarceness of brand attributes and related souvenirs to help remembering the visit and communicating to others its values		

OVERALL CONCLUSION

Several key conclusions emerged from the analysis of the destination attractions and tourism resources:

A) The region/municipality is rich in tourism resources, key elements of which is *nature (and mountains, to some extent), mineral and balneology waters* and to some extent culture;

B) ...However, most of these resources are of national (rather than international) importance (with the exception for balneology waters, which is a reason to visit Georgia for only limited number of source markets). *None of other resources are of international class* or strong enough to become a major reason to visit the country (such as, for instance Machu Picchu for Peru or Pyramids for Egypt);

C) This does not imply that the region can't become an international destination. It can. This *could be achieved through focusing on experiences of international quality and appeal* (cases are provided below). At this moment the potential of existing attractions is not well utilized through experiences due to the poor quality of these attractions or being physically closed for visitors.

The entire strategy to internationalize the municipality, as a tourist destination, is based on these key conclusions.

B

PART B - BORJOMI IN THE FUTURE

“BORJOMI 2030” - TOURISM FOCUS AND VISION

The tourism vision and focus for the municipality *Borjomi – 2030* should be based on the shared consensus of the key stakeholders and should become a source for inspiration for all important interventions within the boundaries of the municipality, including donor and state funded projects (both local and central).

…Based on the conversation with the key stakeholders, distinguished tourism resources as well as studying the best practices with comparable resorts and overall tourism context.

> Become an international *all-season* destination, reason to visit on its own, capitalizing on *nature, mineral/balneology waters* and mountains as a key resource, better integrated within the system of the national tourism, to improve the economic conditions and increase incomes for the local population, diversify tourism source markets and make tourism “younger”.
> It is important that tourism development be guided with authenticity principle as a key foundational basis.

There are several critical components of the vision which require clarification.

CRITICAL COMPONENT	RATIONALE
INTERNATIONAL DESTINATION	The future vision puts much emphasis on the international tourism as a means to develop international class destination and bring higher incomes to the tourism operators and population of the municipality. This does not undermine the potential of the municipality as a destination for domestic visitors. In fact, bringing tourism in the region to the international level would also automatically make this destination appeal to the high-income domestic travelers.
ALL SEASON DESTINATION	Currently, the tourism is very seasonal in the municipality, and varies among clusters. During the low and “shoulder” seasons hardly anything works. This should change in the future.
REASON TO VISIT ON ITS OWN	Currently very few international tourists come to Georgia primarily because of Borjomi. It lacks the power and distinction. This should change.
NATURE AND MOUNTAINS	The analysis of the comments of the visitors reveal that the key reasons to visit the region is nature and mountains. This is the most distinct attraction that the municipality now has. Most of the tourism offer could be built around this factor.
MINERAL/BALNEOLOGY WATERS	Borjomi water is a brand in itself. In post-soviet space, balneology qualities of the Borjomi water is a single most important resource which is a sufficient reason for several target source countries to visit the town. This opportunity should be capitalized.

INCREASE INCOMES	Increasing incomes of the local population was identified as an ultimate economic rationale for developing tourism in the region.
DIVERSIFY TOURISM SOURCE MARKETS	Some existing source markets are well-paying markets. However, expanding the coverage towards new emerging markets such as northern Europe and south-east Asia would diversify the market and reduce the risk of volatility.
MAKE TOURISM YOUNGER	Existing tourism in Borjomi town is dominated with seniors. Bakuriani purism profile is younger but still families dominate. Young stakeholders of the municipality wish to make the lifestyle and tourism younger and it is a legitimate demand.
AUTHENTICITY	Authenticity was identified by a broad group of stakeholders.[3]

DEVELOPMENT MODELS FOR THE VISION

To accomplish such a vision, several models should be considered. Through the conversations with the local key stakeholders, two major general development models for tourism can be envisioned for the municipality:

- Scenario 1 - Continuation of existing model and focus on growth
- Scenario 2 - Focus on new experiences.

Broad Development Options And Scenarios

SCENARIO 1 (CONTINUATION OR INERTIA)	SCENARIO 2 (FOCUSING ON EXPERIENCES)	SCENARIO 3 (MIX)
▪ Increase the accommodation supply and overall capacity of the region ▪ Development of the traditional products (Balneology, Turing, Ski and Families) ▪ Increase promotion on traditional markets ▪ This will result in marginal increase the seasonal occupancies and ADR.	▪ Identify and apply cluster approach to the differentiated hot spots of the municipality ▪ Developing a complete new set of experiences and activities around attractions ▪ Developing special interest tourism products (instead of and along with traditional ones) ▪ Focusing higher spending markets and segments ▪ Developing “boutique” type concept design accommodation and food places ▪ This will likely result in extending the season and higher occupancies/ADRs	▪ Combination of the Scenario 1 and Scenario 2

[3] Also identified by the parallel research by GRETA project by ADA as a key principle for mountain tourism development in Georgia.

Source: Author's Estimations.

Considering the imperfections of the real life, even if the municipality applies the concerted efforts and pursues Scenario 2, the Scenario 3 is the most likely end-result.

If the Scenario 2 is pursued, then the important things to be considered in the approach are the *tourism experiences system and clusters*.

Concept Of Tourism Experience System

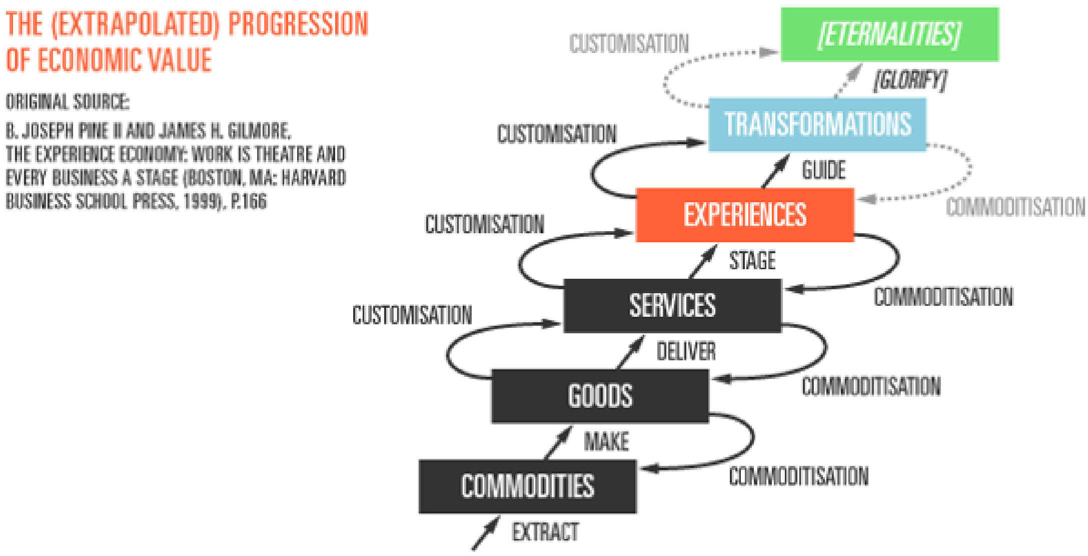
The concept of tourism experiences system is one of the most important recent tourism trends that every tourism destination should consider. It assumes that today's tourists travel not for seeing physical objects, but more for experiences. High quality of emotional and physical experiences is what travelers attach most value to, while estimating their efforts to decide on a trip. Today, they no longer travel for activities, but for memorable moments. Take a regular or traditional activity, add to it elements of seduction and fascination that turn the activity into something memorable, and you will have an experience.

For the majority of leisure travellers now, it's all about the journey, not only the destination. Travelers want to connect with a place on an emotional level, and, as a result, it becomes much more than settling for a busy trip packed with a full itinerary in all the touristy hot spots. Experience tourism is becoming the norm because consumers would rather spend their money on experiences and not on things. The emphasis now is on "seeking out activities that appeal to niche personal interests" rather than on "checking must-see sites and monuments off the to-do list."[4]

The new Experiences Economy concept assumes that in today's economy, to create value and compete, offering only good and services is not enough, you need to be able to transform the services and stage experiences, to avoid competition and create a value added for the customers.

[4] https://pro.regiondo.com/experience-tourism/

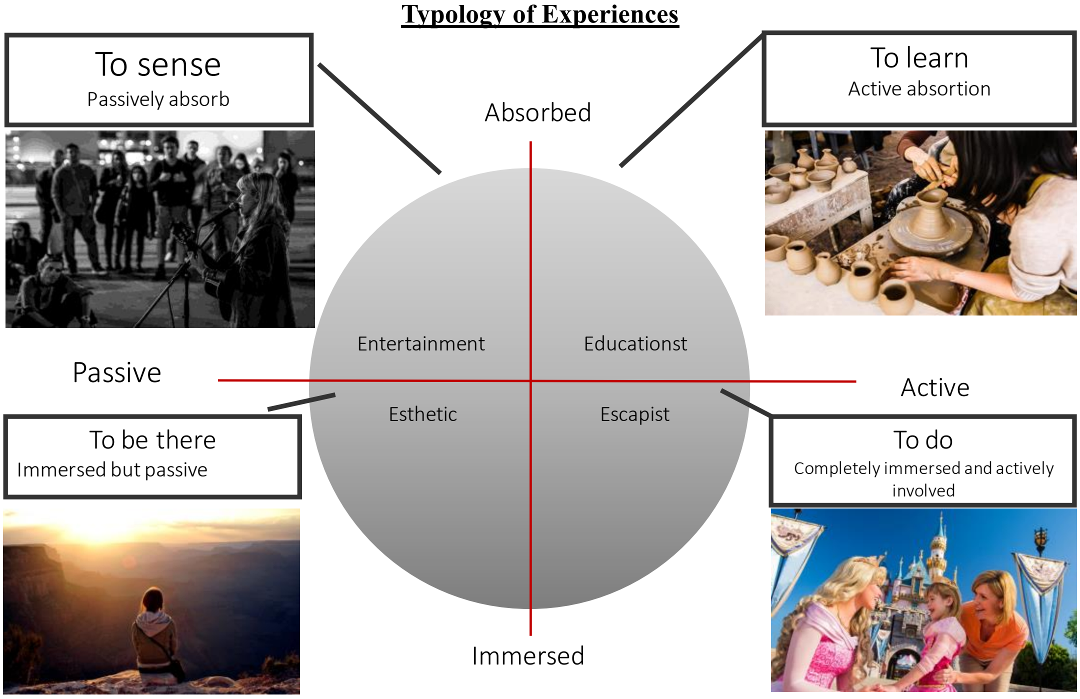
Evolution of Experiences Economy



Source: Adapted from Pine and Gilmore.

For destination and travel agencies this means that they must offer more than a product. They must offer life-enriching experiences, that are related to pleasant sensory activities, whether passive or active, immersing or –language lessons and cooking classes, riding, trekking to remote locations, swimming in unusual places and so forth.

Typology of Experiences



Source: Adapted from Pine and Gilmore.

The experience trend is so profound that, for instance, Airbnb already started to sell them, instead of only accommodation (Airbnb Experiences).

Cluster approach

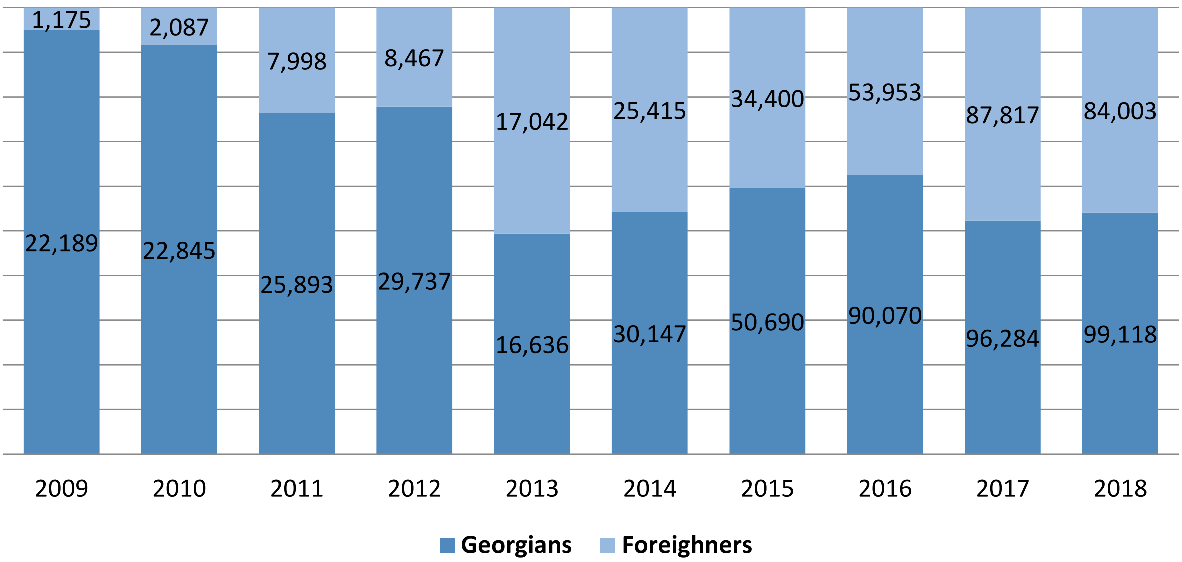
The development should be based on the *two identified Geographic clusters (Borjomi and Bakuriani)*, which have two completely distinct profiles, visitor's segments and key resources for tourism development. These clusters, so far, are mostly mono-profile destinations, dominated by only one type of largely undifferentiated tourism activity. These two clusters can be benchmarked with other international destinations with similar profile to see the full potential of utilization of its resources.

Besides, when different types of tourism within the destination become meaningful, a more detailed approach towards clusters can also be applied, which would treat each tourism segment as a cluster within the destination (e.g., Spa Tourism Cluster, Eco Tourism Cluster and so forth), characterized by its set of horizontally and vertically interconnected specialized tourism enterprises, support systems and so forth. At this moment, the segments are too small to be treated as independent clusters.

EXISTING TOURIST SEGMENTS

The municipality is visited by almost equal number of foreign and domestic guests, who stay in the hotels (according to the data by Geostat), with increasingly higher portion of foreigners in the resent years.

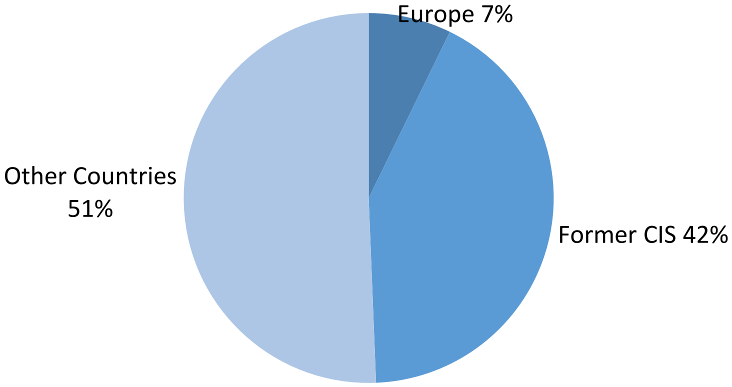
Evolution Of Number Of Tourists To Borjomi Municipality Hotels By Origin



Source: Geostat.

The three groups were chosen, in order to differentiate between: 1) the countries that have a long history of visiting Georgia as a tourist destination and thus know much about it; 2) the strategic and growing EU market; 3) the countries that little awareness of Georgia and might have heard little about it. The following chart shows the distribution of the number of tourists for the last reported year (2018).

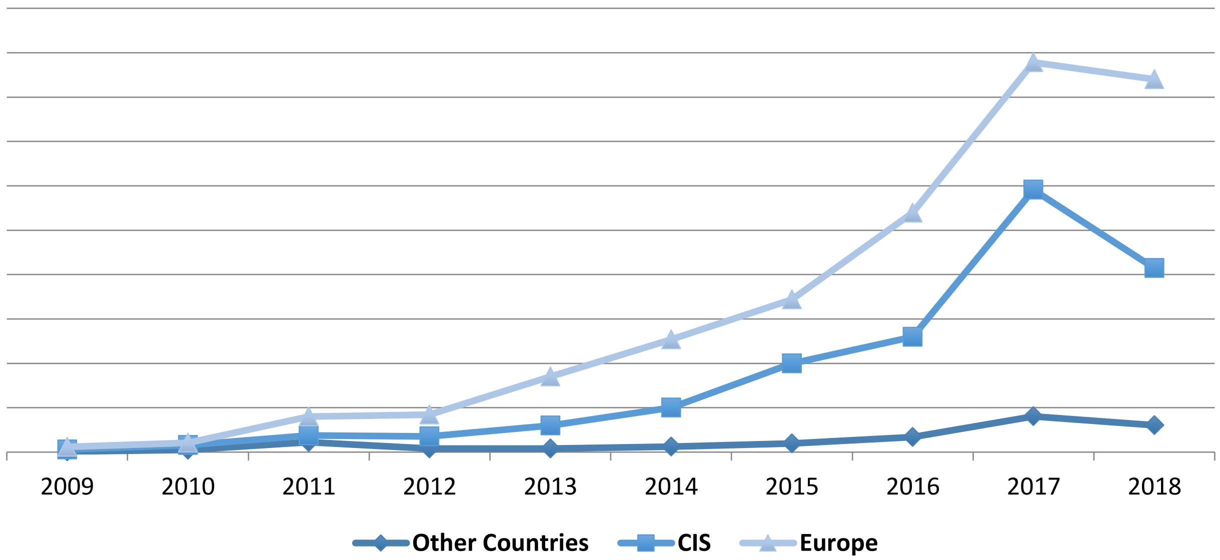
Share Of Tourist To Borjomi Municipality Hotels By Source Country Groups In 2018



Source: Geostat.

The following chart shows evolution of number of tourists by selected groups over the years.

Evolution Of Number Of Foreign Tourists To Borjomi Municipality Hotels By Groups

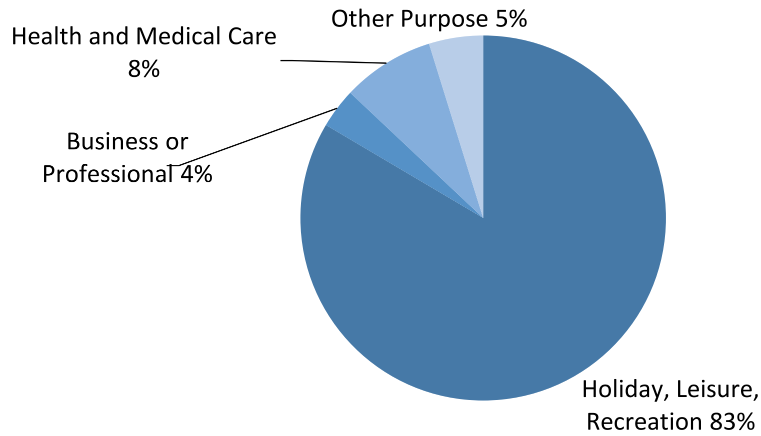


Source: Geostat.

The evolution pattern is increasing until 2017. Then we see that the number of tourists from all three groups fall in 2018.

Out of all the tourists to Borjomi Municipality absolute majority comes for holiday, leisure and recreation related issues. 8 percent of tourists visited Borjomi Municipality for medical treatment and 5 percent of the guests stayed for business and professional purposes.

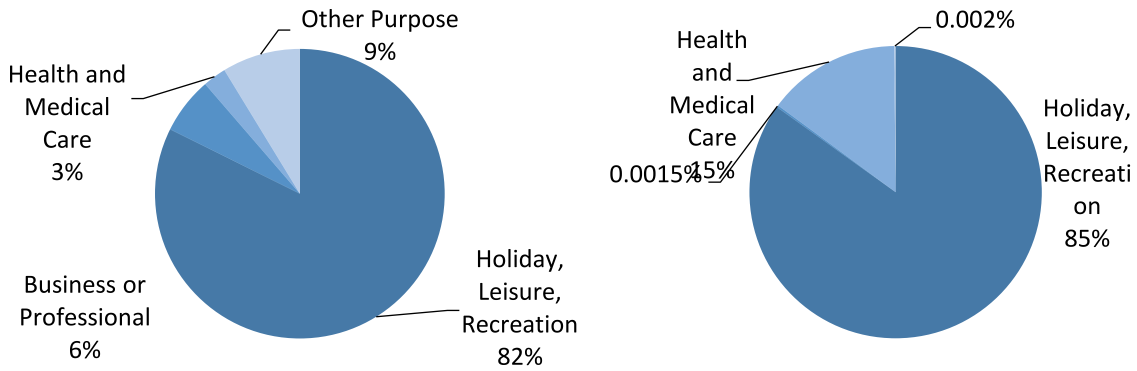
Share Of All Tourists To Borjomi Municipality Hotels By Purpose In 2018



Source: Geostat.

The health and medical purpose is more explicitly represented among foreign visitors (15 percent), than among Georgians (3 percent). 9 percent of Georgians visit the destination for business purpose. The share of this purpose among foreign gusts is minimal (under one percent).

Share Of Georgian (Left) And Foreign (Right) Tourists To Borjomi Municipality Hotels By Purpose (2018)



Source: Geostat.

Although, not much statistics is available to analyze the tourism segments by each cluster, several more narrowly defined segments can be distinguished based on the basis of the expert evaluations with the key informants.

Existing Segments And Traction

	BORJOMI CLUSTER	BAKURIANI CLUSTER
SEGMENT 1 - POST-SOVIET MARKETS (GENERAL INTEREST)	■■■■■■■□□□	■□□□□□□□□□
SEGMENT 2 - POST-SOVIET MARKETS (BALNEOLOGY)	■■■■■■■□□□	■□□□□□□□□□
SEGMENT 3 - WESTERN MARKETS (NATURE LOVERS)	■■■□□□□□□□	■□□□□□□□□□
SEGMENT 4 – MIDDLE EAST COUNTRIES	■■■■□□□□□□	■■■□□□□□□□

Segment 5 – Other new markets																				
Segment 6 – Locals (Moms and Kids)																				
Segment 7 – Students																				
Segment 8 – Ski Lovers (Locals and Foreigners)																				
Segment 9 – Meeting Incentives (MICE)																				

Source: Author's estimations based on consultations with key informants and stakeholders.

The clients of the large hotels in *Borjomi cluster* comprise of 3-4 distinct groups:

Transit Visitors. This segment comprises about 40-50 percent of the overall guest pool. They stay mostly one night only (maximum 2). They mostly use Borjomi town itself, since is conveniently located near the central road. They are on their way to or from their way back to other more popular destinations such as Vardzia or Batumi (through Goderdzi pass). They view Borjomi as a convenient place to stop and have an overnight. This segment includes both organized groups as well as independent travelers. In case of stay, the usual place to visit in Borjomi is the Central Park and (if possible) Romanov's palace. For this type of visitors, Borjomi is not on their agenda to see otherwise. Before the new large hotels were open in Borjomi town as well as in Akhaltsikhe, tour operators used to take the group to Bakuriani for an overnight. The notable portion of this group are represented by Middle East (abou5 40 percent) and Israelis (about 40 percent).

Recreational and Medical Tourists. This segment comprises about 30-40 percent of the visitor's pool, who stay in Borjomi town for health and wellness benefits and use waters available near the facility. The big portion of this pool are visitors from post-soviet markets (e.g., Kazakhstan, Uzbekistan) (about 40 percent) as well as Middle East (about 40 percent), Israel (about 10 percent) and other markets. This segment is characterized by longer stay (minimum 10 days) and are not much interested to do outdoor activities and do many activities. Although, the key attraction for this segment, outside their immediate purpose is Romanov's Palace, the Central Park, Kukushka. Big portion of this group is organized groups.

Corporate – Meetings and Incentives. This is a notable group for the large hotels in Borjomi, generating about 20-30 percent of the guests.

The clients of the large hotels in *Bakuriani cluster* comprise of 3-4 distinct groups:

Moms and Kids, Families. The usual pattern is that this segment visits Bakuriani cluster two times a year – during the wintertime and then again in summer period. Some families choose to visit during the late spring, during the vegetation blooming period of pine trees, which is said to have a plenty of health benefits. This segment is usually from all around Georgia and their key motivation to visit is dry quality of the air and climate. The mild climate regions of Georgia such as Ajara and Imereti are one of the biggest groups.

Winter Sport Lovers. Bakuriani is often visited by national and international visitors for ski activities. These groups generally are less professional skiers, the more professional skiers choose Gudauri and Mestia because of the diversity of the slopes as well as guaranteed quality of the snow.

Students. Because of the abundance of affordable accommodation, Bakuriani is considered as a convenient place for the students and groups of friends to spend holidays or a weekend, learn skiing and have fun with snow. This segment is usually visiting during wintertime, more specifically during the university holidays.

Meetings And Incentives. This includes the segment of NGOs and companies, who choose the location because of the possibility of team building activities after the formal program is over.

Sport Teams. Various sport clubs chose to come here because of the tradition of the village to be a gathering place for sport clubs.

Other General Interest Segments. This group includes diversity of source markets, who come organized and the motivation is to see the snow and mountains, many of them see the snow for the first time (mostly Asian and Middle East markets).

Besides There are several strategic opportunities to capitalize on:

Strategic Opportunities

OPPORTUNITY	RATIONALE
Opportunity 1 – Turn visitors to tourists who stay longer	Bog portion of the visitors in Borjomi municipality nowadays do not stay within the municipality or stay for a short while. The opportunity is to offer them unique experiences and organized activities, to make them decide to make a detour and stay at least one night or longer. These tourists are already out there and minimal effort is needed to make them stay longer. This is low-hanging fruit which can be relatively easy to capitalize on in the short and medium run. This also might mean increasing connections among the clusters within the municipality, which now almost does not exist.
Opportunity 2 - Appeal to already existing tourism in Georgia (now only 5%)	This opportunity is relatively difficult (compared to the Opportunity 1), it requires some efforts to position Borjomi municipality to compete with other regions and destinations within Georgia to attract the attention of the visitors and them decide to come and spend position of its budget here. Based on the GNTA survey, only 5 percent of the visitors who come to Georgia also visited the municipality for some reason. The objective is to increase this ratio. This will require better connection with airports as well as working with inbound tour operators to include Borjomi to a larger extent in their offers.
Opportunity 3 - Develop international-standard special interest products worth visiting the region.	This is a long-term opportunity, which requires sustained efforts to come up bookable international standard products, which appeal to narrow-interest highly paying segments internationally, worth visiting the country for the reason specifically. New experiences-based tourism segments emerge rapidly and the objective is to capitalize on the opportunity.

BORJOMI CLUSTER

Proposed Cluster Portfolio

Listed below are the selected priority sectors for Borjomi cluster, based on the consensus opinion of the stakeholders.

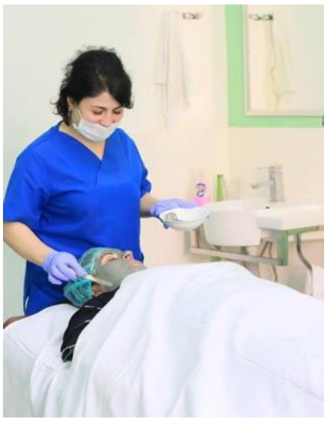
Several broad conclusions about this cluster and its tourism potential is that:

- Borjomi has already been established as a brand associated with balneology and mineral waters and nature
- None of the tourism attractions (including the National Park) of the municipality is of international importance, deserving a special visit (except for the balneology for the specific markets)
- Nonetheless, there could be tourism development which complements overall Georgia's tourism offer and adds experiential value to the tours offered

The numerous resources in this cluster make possible that very different tourism sectors could be developed in this area in the future.

Borjomi Cluster Portfolio

Source: Author's Opinions And Observations.



Health and balneology. The history and trajectory of the resort makes it possible to treat some health problems related to digestive tract and other directions. For instance, Borjomi Palace offers more than 30 different treatments. The municipality could significantly expand its offer to the market.

Wellness and Spa. Tourists coming to Borjomi cluster could enjoy a wide array of treatments for relaxing and escaping from daily routine and stress. Visitors could spend a long weekend with spa massages, baths or even unique treatments of the area, always surrounded by impressive nature. This sector is specially focused on spa resources of the cluster, and availability of the water for mass public use is important. This element could enhance an experience of each type of tourist of the municipality, whether during the summertime or during the winter ski resort. This could also become a powerful reason to connect Borjomi cluster with Bakuriani cluster.

Soft nature (relax). Protected areas like the National Park as well as surrounding forests and lakes, make possible the development of relaxed activities like walking, birdwatching, nature photography. Borjomi cluster should become a go-to place for soft activities related to nature and having fun alone or in a social group.

Sports & Adventure (soft). The National Park as well as the Forest assets around Borjomi town, as well as its variety of landscapes which include the Tabatskuri lake area, among others, are the ideal scenery for developing sports or activities such as: Hiking and Trekking; Mount-climbing; Biking; Escalade; Horse riding and so forth. The plan should be set up to come up with the specific feasibility and portfolio of the products for the special interest tourist in Sports & Adventure Category.

Culture. Developing variety of cultural resources in the surroundings of Borjomi is a key factor for developing cultural tourism, which might not become a reason to visit the cluster but will definitely enlarge days of stay in the destination. They can spend a day or two visiting the numerous castles, churches and monasteries around the city or having an archaeological experience in Tori and other unexplored sites. Developing of local agritourism-related activities will add immeasurable contribution in this. This could include: wine tasting in the local wine cellar in Chobiskhevi, preparing the sweet pine smoothie or a local dish with a typical family, or mastering the woodwork will make the stay of the visitors memorable.

Meetings & incentives (MICE). The relaxed environment and the natural serenity of Borjomi town and the number of high-quality accommodation in the areas, as well as proximity of the town to Tbilisi, makes the cluster an interesting point for corporates for events, trainings and conferences. The cluster will also offer some team-building activities in the immediate neighborhood for large groups.

Food & Wine. Today, wine & food is not at all developed in Borjomi municipality. However, rediscovering the unique varieties of grapes in the region as well as unique Meskhetian receipts will position this region vis-à-vis other regions of Georgia and greatly enhance overall tourist appeal of the region.

Touring. The variety of natural, cultural (to some extent) and spa resources in Borjomi (both existing, but more importantly expanded offer) and its surroundings as well as its convenient location on the transit route to other destination makes touring a very attractive sector for this cluster. Borjomi should be positioned as a very convenient stopping point for big majority of the culture and general interest touring in the south western part of Georgia. Rehabilitation of the Akhaltsikhe – Batumi road through Goderdzi pass as well as Abastumani town improvement plans would put more importance of this function of Borjomi cluster.

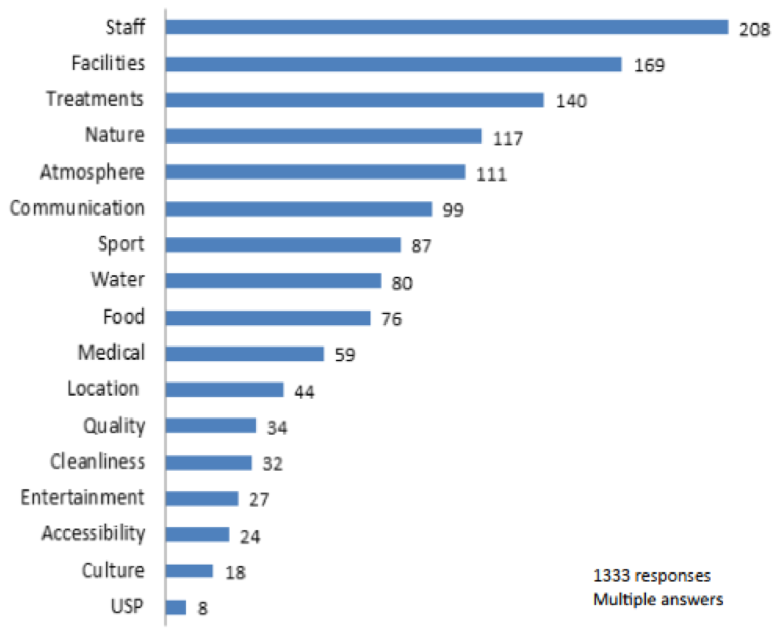
Borjomi As A Health And Wellness Resort

It is important to mention that according to the empirical research, there are several key factors which play an important part to develop a modern health and wellness destination and identify the key competitive advantages over the competitors. These resources are:

- Mineral waters and thermal springs
- Nature and physical environment is a critical resource (can't do without it)
- Cultural heritage can enhance the well-being experience
- Indigenous healing traditions and authenticity of the local culture put more value
- Reputation of the destination can influence of profile of the visitors.

Given below is the list of factors assessed as important for the health and wellness destination by a survey.

Gaining A Competitive Advantage For A Health And Well-Being Destination



Source: WellDest Project Funded By EU.

The literature suggests that important for the spa destination is to include in their products the wide range of the following elements, which enhance health, well-being and relaxation of the visitors:

- Wellness and medical treatments
- Sauna and pool activities and facilities
- Outdoor and indoor sports facilities
- Other activities and facilities which refresh the mind of the visitors.

The case of Kalovy Vary demonstrates some of the most important factors in play.

Case of Karlovy Vary

This town was often referred by key stakeholders as a benchmark resort, compared to Borjomi town, therefore, it is important to see the key success factors and of the resort as well as benchmark Borjomi vis-à-vis it.

Karlovy Vary is one of the best-known European Spa destinations today. The history of the town starts about 600 years ago, whereas during the 18th and 19th century it already had the reputation Europe's Parlor. Although the town has been established the reputation of a spa destination, lots of other tourism products have been developed such as excursions related to architecture and culture (negotiations with UNESCO under way to register under the domain of Unique Spa Architecture), different active forms of holiday-making such as trekking, cycling and paddling activities, golf, other sports.

The influx of foreign capital in early 1990 primarily from the Russian speaking parts of the world resulted in a high-level accommodation real estate. At present, about 59 percent of the accommodation units (rooms) are of four-star quality and above.

One of the key success factors of the resort town was the reputation, which was product of the visitations by the famous Europeans who visited the place in various times repeatedly. The visit by the Russian emperor Peter the Great was a decisive factor for increasing the popularity of the spa destination among the Russian speaking population.

The key element of the destination is a combination of the unique natural resources of the curative waters and application of the modern procedures and methods.

At the same time, dominating role of the Russian-speaking visitors diminished the demand from other European markets such as Germany as well as domestic visitors.

The table below provides a summary of the profile of the resort as a benchmark for Borjomi town as a spa destination.

	KARLOVY VARY	BORJOMI
POPULATION	50 000	10 000
NUMBER OF BEDS	10 000	2 000 – 3 000
HIGH QUALITY ACCOMMODATION (4* AND ABOVE)	More than 50 percent	Less than 30 percent
VISITORS (ANNUAL NUMBER)	260 000 (80% foreigners)	170 000 (67% foreigners)
SOURCE MARKETS	Russian Federation, Germany, Other Asian and Arabic Countries	Former soviet countries

Sources: Miscellaneous.

Having considered the key factors for success, it is important to benchmark Borjomi with Karlovy Vary *in terms of the critical success factors* necessary for the Spa destination and conclude the gaps and opportunities for improvement.

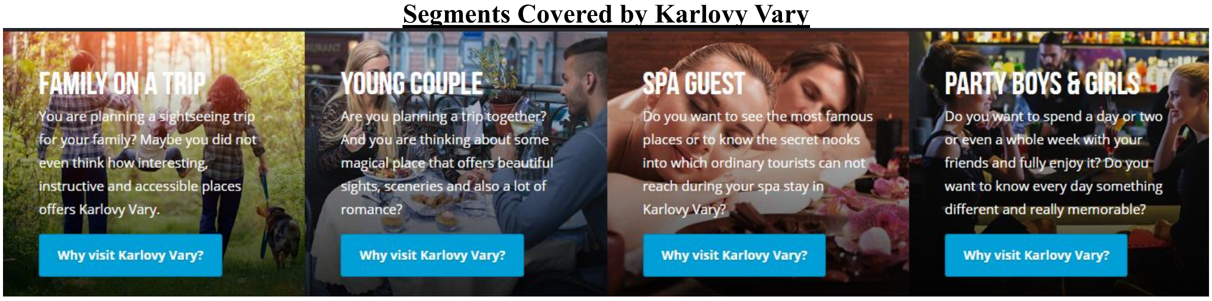
SOURCE OF COMPETITIVE ADVANTAGE	KARLOVY VARY	BORJOMI	COMMENT
Core attraction (mineral waters and thermal springs)	Mineral waters, which contain most of the elements of the periodic table and been proven for several centuries. There are *15 springs available* for public use.	Only 1 and limited debit, which are available for hotels for use, a very unorganized way. Hotels take the water from the spring in park and transport by land to the hotels to be available for limited usage.	This is one of the most critical things to start with to a) improve the physical infrastructure b) create a legal framework for accessing the mineral resources for public and resort use (hotels)
Nature and physical environment is a critical resource (can't do without it)	Moderate positioning	Nature, mountains, the central park are one of the reasons to visit the region.	It is clear that the related services should be developed which enhance the available products related to nature.
Cultural heritage can enhance the well-being experience	The town is working of registering some of the sites under UNESCO protection.	Although there is no UNESCO protected site, but there are certain cultural heritage sites around Borjomi	Important to start working to find areas which could be protected under UNESCO projection.
Indigenous healing traditions and authenticity of the local culture put more value	Rich tradition, starting from the a few centuries ago	Comparatively younger (since the turn of the XX century)	Re-discovering the antient Georgian healing tradition and introducing again in the nicely packaged way should be discovered.
Reputation of the destination can influence of profile of the visitors.	Karlovy Vary experiences troubles because of the influx of Russian speaking visitors, it contradicts with the imperative to bring visitors from other source markets.	Borjomi only has a balneology tourism for a very narrow market of post-soviet countries.	

Wide range of elements, which enhance health, well-being and relaxation of the visitors	Available number of specialized facilities	No outdoor sport activities available. Only three hotels run indoor swimming facility.	

Sources: Miscellaneous.

It is interesting to mention that, for instance, Karlovy Vary targets four different segments through its products and offers products and activities to cover their interest:

Segments Covered by Karlovy Vary



Source: https://www.karlovyvary.cz/.

Typical activities that are offered by the destination are as follows:

Stroll through a sophisticated system of bridges

Do you want to take your family on a bicycle trip?

Welcome to canoeing trail of Eger river.

Meditate surrounded by nature. Alone, with friends or family.

Porcelain preschool. Children can create and decorate their mugs

Enjoy extraordinary experience of working within glassmakers

Educational trail Kladská

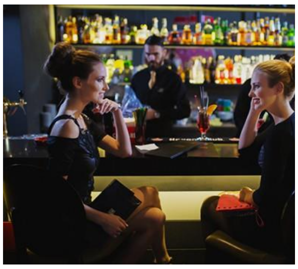
International Film Festival - The biggest event in Karlovy Vary

Becher: Traditional Czech liqueur produced since 1807

Experience Karlovy Vary to the fullest!

Recreation ground is the right place for your physical activities.

Overcome your personal record/ run your next half marathon

Source: https://www.karlovyvary.cz/.

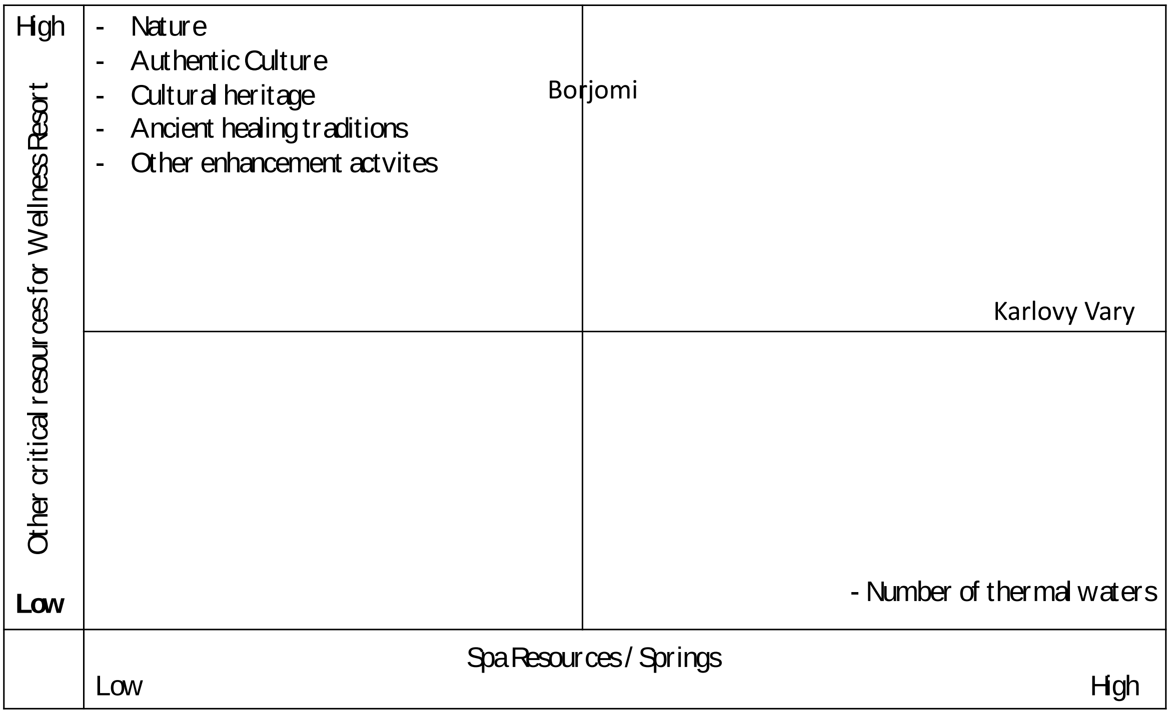
Overall Conclusion Related To Borjomi Spa/Balneology Cluster Potential

The overall conclusion analyzing the empirical studies as well as literature is that Borjomi has to do a lot to emerge as an international quality destination. There are some resources available in the municipality (nature, authenticity, culture), but in terms of key sources of competitive advantage there are key limitations such as:

- Availability of mineral waters
- Lack of facilities related to health, wellness and spa
- Lack of other related indoor and outdoor sport activities
- Lack of diversify tourism products for other non-spa segments.

Therefore, the other resources should be used to position Borjomi vis-à-vis other spa and wellness destinations.

Positioning Of Borjomi Cluster



Source: Author's Opinion.

Although Borjomi does not have as many hot and mineral springs as Karlovy Vary, but on the other side, it can be distinguished on other critical parameters for building a modern health and wellness destination such as Nature (e.g., untouched ecotourism site of Tabatskuri, National Park, Lakes), Authentic Culture, Cultural Heritage Sites (to be protected by UNESCO), Healing Traditions (to be reengineered), Other activities (to be developed over time). This way, Borjomi cluster can become *an international wellness destination distinguishing and differentiating from competitor destinations with its nature and culture, and related activities*.

BAKURIANI CLUSTER

Proposed Portfolio Of Bakuriani Cluster

Bakuriani Portfolio

- **Enjoy**
  - Winter Sports & Adventure
  - Summer Sports & Adventure
  - Sport Teams
  - Camps
- **Family & Socialize**
  - All about Kids / Activities
  - Meeting/MICE
- **Discover**
  - Nature/Ecotourism
  - Other Special Interest

Source: Author's Observations.

Winter Sports & Adventure. Bakuriani cluster should become a place for the diversified winter sports offer, including the all major types of skiing activities, for all grades and levels of mastery. The international experience shows that diversity of slopes is top reason of visiting winter resorts. Bakuriani village and its surroundings villages such as Mitarbi and Tsikhisjvari, all have identified potential (according the Bakuriani land use masterplan 2018) to add new slopes and offer different level winter activities to its diversified groups of visitors.

Summer Sports & Adventure. Bakuriani cluster and its surrounding villages must become a place of active summer soft adventure activities and appeal to the tourist who otherwise do not visit the municipality during the summer season. Activities such as mountain biking, horse riding, walking trails, forest ziplines and other similar activities should appeal to a completely new segments of the resort and attract them to the region. The diverse landscape of the region allows to develop such activities.

	**Professional Sport Teams**. The region has rich history and experience of hosting professional sport teams for periodic gatherings, retreats and exercising. It is important that Bakuriani cluster becomes a leading place for Georgian sport teams as well as also attracts international sports teams. Special sport infrastructure around hotels is required to be arranged in order to strengthen the positioning of the resort in this segment.
	**Youth Camps**. National and international youth camps is on the rise of popularity globally. On anecdotal cases, Bakuriani also hosts some of these camps and has a potential to position itself in this segment by strengthen the relevant infrastructure, accommodation, targeted services and communication to become a viable and competitive alternative for international youth camp organizers.
	**All About Kids**. By inertia, Bakuriani has established itself as a place for the families and Kids & Moms segment. This is particularly true during the summertime, when this segment makes up the absolute majority of the visitors' pool. So far, the major reason for bringing kids here is the climate condition of the resort, not the opportunities for the kids to be engaged physically and intellectually. Increasing the diversity of the activities for the kids (both indoor and outdoor) will on the one hand appeal to the existing segment, maximize the revenue. On the other hand, this will position the resort as a place without an alternative when it comes to the recreation of the kids.

Meetings & incentives (MICE). Developing large international brand hotels, which is underway in the region, with conference facilities will create viable option for the corporate segment for organizing their retreats and corporate events. However, on top of this, the resort should create additional infrastructure and services for this segment to use teambuilding and extra activities, when the formal program is over. The region has wonderful natural (and to some extent infrastructural) conditions to develop such facilities to appeal to the national and international MICE segment.

Nature & Ecotourism. Surroundings of Bakuriani village, Tabatskuri lake and its surroundings in close proximity of the main settlement (as well as the protected areas of the region), still represents an off-the-beaten track place, which offers unspoiled landscape and nature, so much different from the main landscapes of Georgia and the region. This offers an excellent opportunity for ecotourism segment.

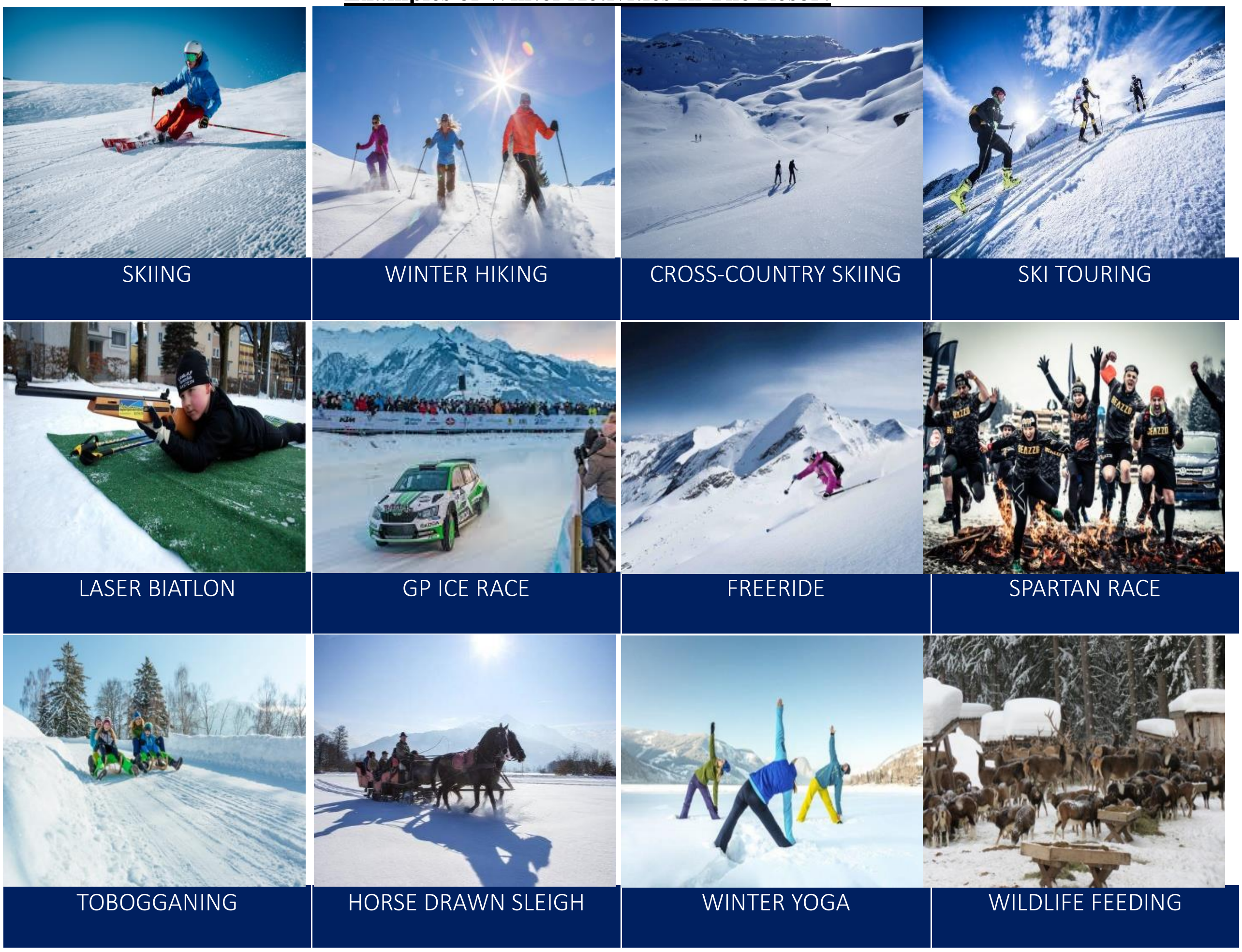
Other Special Interest. Bakuriani cluster (especially Tabatskuri village, Tsikhisjvari, and Tori villages) offers ample opportunities for developing other types of special tourism activities, which are related to the natural and ethnographic specifics of the cluster could include wildlife tourism, birdwatching, rural and agritourism activities. Such activities are smaller in scale and appeal to more niche markets, but they generate significant incomes for the destinations.

Case of An Austrian Resort (Zell Am See)

The case of the Austrian resort Zell am See Kaprun, is a brilliant example how a winter resort can become a year-round destination, by introducing a system of activities and experiences during the season and off-season periods for visitors of the destination.

Zell am See is a town on Lake Zell, south of the city of Salzburg. The town has some history and heritage, but it became known for its trails and lifts lead to the ski slopes of Schmittenhöhe mountain. Its proximity to the Kitzsteinhorn glacier and beautiful mountain landscape and the lake become became the foundation for the number to become a home for mountain-related activities and sports. The resort has 160 km of slopes, More than 30 different activities during the wintertime and more than 50 different activities during the spring and summer season.

Examples of Winter Activities In The Resort



Source: https://www.zellamsee-kaprun.com/en

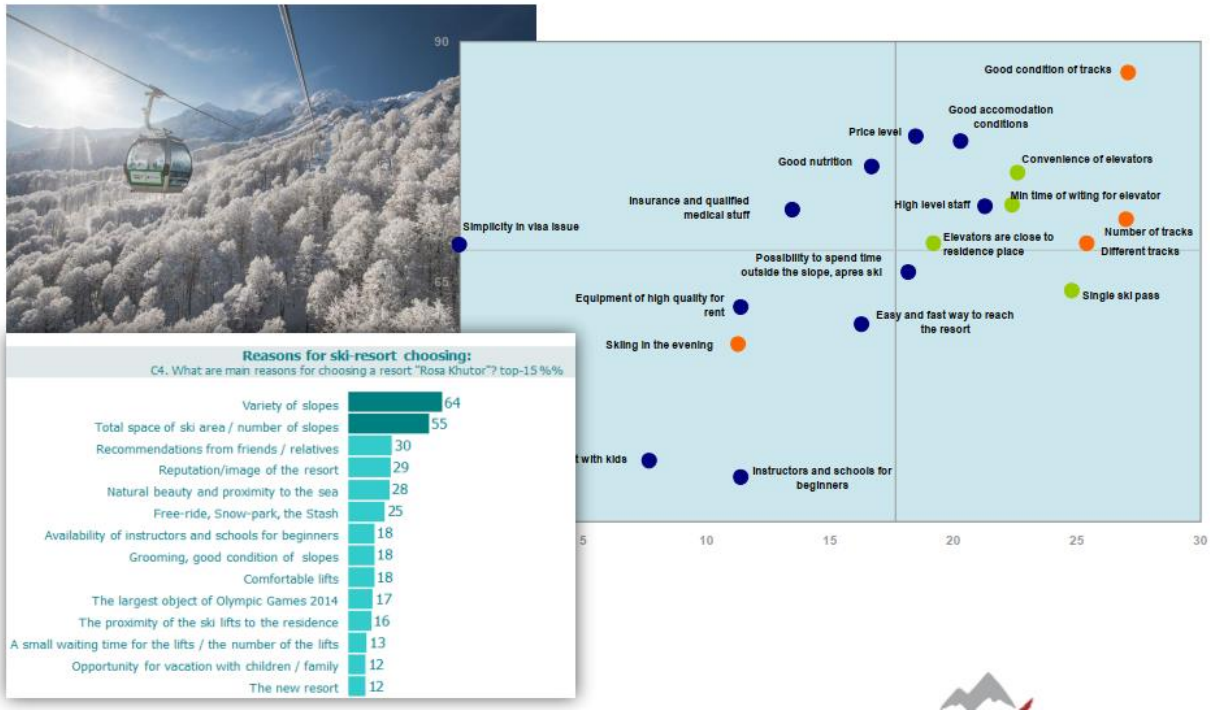
Examples of All-season Activities In The Resort

Source: https://www.zellamsee-kaprun.com/en

Introduction of the summer activities led the resort to the condition that occupancies of the resort is higher during the summertime than in winter. This case leads to the belief that the targeted development of activities can lead to the better visitation of the resort and can overcome the seasonality issue of the occupancies of the resort.

If Bakuriani cluster wants to excel in winter activities, it also should consider the expectation of the skiers and factors which affect their decision to choose a ski destination. Another example to consider is the Sochi ski resort, which is relevant since the catchment area of the resort is also Russian Federation. The most important factors for ski resort development are shown in the chart below. Good conditions of tracks, variety of the slopes, good accommodation, ski lifts and waiting time are among the top factors affecting the decision to visit the resort among skiers. In this regard, expectations are quite similar to the expectations of the Europeans.

Preferences of Tourists While Choosing Ski Destinations



Source: CDA Group[5]

[5] Management of Rosa Khutor (Sochi) – resort management company during Olympic games 2014.

VISITATION GOALS AND TARGETS

In the tourism context section, it was mentioned that Borjomi municipality enjoys positive context, considering the tourism growth in the country. It is expected that tourism numbers in the municipality will be influenced by the overall tourism growth in the country. Georgia's tourism development follows its development strategy document (developed in 2015) and it was concluded that with more than 9 mln visitors in 2019, the target figures for 2025 seem realistic from the current perspective. It will require the country tourism to grow by about 5 to 6 percent annually to reach the established strategy objective – 11 mln visitors by 2025.

Borjomi municipality should aspire to increase its tourism by a faster pace than the overall country tourism. The development models defined for the municipality essentially provides two potential scenarios in numbers. It was also concluded that in that in real case, the third Scenario "Mix" is most probable of all. Therefore, in setting the objectives, this scenario should be used.

Visitors In Numbers

	Annual Growth	2018 (baseline)	2025	2030
SCENARIO "INERTIA"	5%	564,000	793,605	1,012,863
SCENARIO "EXPERIENCES"	10%	564,000	1,099,076	1,770,074
SCENARIO "MIX"	**7.5%**	**564,000**	**935,704**	**1,343,324**

Source: Author's Observations.

Besides the total number of visitors, Borjomi municipality should aim at keeping more visitors overnight. Therefore, the current ratio should improve. The portion of tourists to visitors should go up from the baseline of 47 percent to 55 percent by 2030.

Tourists In Numbers

Scenario "Mix"	Units	2018	2025	2030
NUMBER OF TOURISTS	N	267,553	467,852	738,828
PORTION OF TOTAL VISITORS	%	47%	50%	55%

Source: Author's Observations.

Borjomi municipality should also increase the average days of stay for its visitors. The average days of stay will depend on how successful will Borjomi be to attract a) more one-day visitors b) more one-night tourists (turnings the one-day visitors to tourists) c) more recreational and special interest tourists who stay longer.

Days of Stay

Scenario "Mix"	Unites	2018	2025	2030
AVERAGE DAYS OF STAY (GEORGIA)	Nights	3.4	5.0	na
AVERAGE DAYS OF STAY (MUNICIPALITY)	Nights	3.0	5.0	5.5

Source: Author's Observations.

The accommodation supply objectives should be derived from the demand forecasts. There will be the need to develop certain number of accommodation units to provide comfortable stay to the increased demand. To maintain normal operations of the accommodation and quality, it is suggested to maintain the average occupancy rate above 40 percent. Given the tourism demand numbers and occupancy objectives, the required number of accommodation units (rooms and beds) can be derived.

Accommodation Supply Objectives

Scenario "Mix"	Units	2018 (baseline)	2025	2030
Target Occupancy Rates	%	38%	45%	50%
Number of Rooms	Number	4,649	10,397	16,418
Number of Beds	Number	12,283	25,992	41,046
Portion of Accommodation Above 4-5*	%	30%	40%	50%

Source: Author's Observations.

It is suggested that, as in case of other benchmark resorts, the portion of the high-quality accommodation should be increased from current 30 percent at least up to 50 percent of the total supply of accommodation.

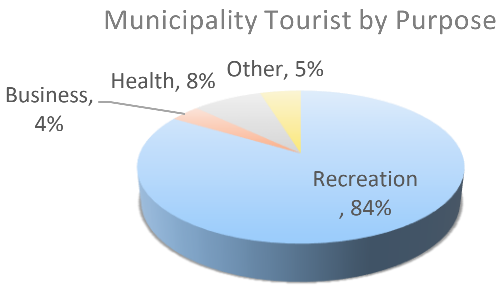
MARKETING GOALS AND OPPORTUNITIES

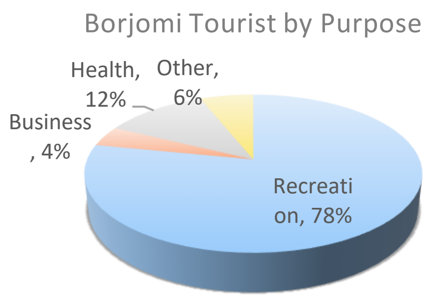
In the market segments section of the document, 3 strategic opportunities were identified (provided in the table below). In order to capitalize on these strategic opportunities, the target market should be analyzed and the marketing efforts should be exercised to the existing visitor groups, based on their preferences, travel habits and motivations.

OPPORTUNITY 1	TURN VISITORS TO TOURISTS WHO STAY LONGER

This represents the "low-hanging fruit" for the municipality tourism. Currently, there are two target segments for this strategic market opportunity: a) the people who currently stay at least one night in the municipality and b) the people who pass by the region.

Most of the visitors (84 percent) who stay at least one night, come to the municipality for recreational purposes. About 8 percent of the tourists come for the health and medical purposes. Borjomi cluster has more heath visitors than overall region, on average. About 12 percent of stays in the city stays for the health and medical purpose.





There is no comprehensive tourist surveys, to understant who comes to the region. However, based on the conversations with the hotel managers, there are several things to be obzerved in terms of the segments. For the visitors who already stay within the municipality, *the key marketung opportunity is to provide additional opportunities for spending time interestingly and reposition Borjomi slighlty different way*.

For such groups as health and medical tourists, diversity of the tourist offer should cover not only the interest of the main guest (who come for curing) but the ingerests of their immediate family members, to make their stay bearable and add few extra days once their medical course is over.

For the organized and other groups, additional activities at least for a day should be offered to make them stay longer for at least one extra day. In such case, Borjomi should become not just a place to sleep at night on their way to other cultural sites of Georgia, but a place to spend a day.

For the guests (both organized and unorganized) who just pass by the municipality towards other destinations, the municipality should be positioned as a very comfortable intermediate place of stay (on their ways towards other itineaires)

All of the three different groups should be adressed by the marketing priograms, which includes product/experience development as well as parallel communciation and campaiging of custmomised positioning.

Marketing Targets:

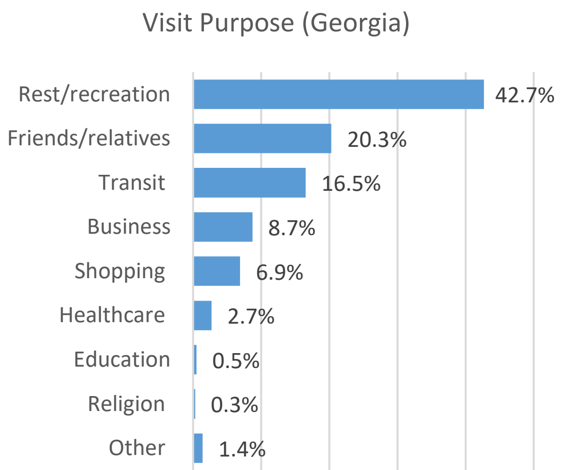
- Increase ratio of visitors/tourist from current less than 50 percent to 67 percent* by 2030
- Increase average days of stay from current about 3 up to the 5,5 days by 2030

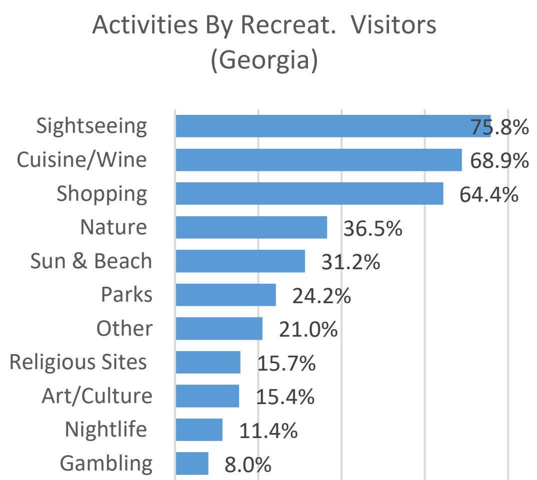
*Current (2018) nationalwide ratio 4,8 mln tourist / 7,2 mln visitors =67 percent.

OPPORTUNITY 2	APPEAL TO ALREADY EXISTING TOURISM IN GEORGIA

Tourism in Borjomi is only minor part of the tourism in Georgia. Roughly only about 5 percent of the total visitors/tourist to Georgia also visits/stays in Borjomi municipality. Given the tourism resources and potential tourism experiences to be developed in the municipality, this ratio should be increased significantly.

It should be mentioned that the incoming tourism survey identifies several findings.





About 43 percent of the visitors comes to Georgia for recreation and rest Of these who come for recreation, the most popular motivation or activity is sightseeing, gastronomy and wine, shopping, nature. In order to appeal better to this segment (recreation), a comprehensive marketing effort is required such as:

- Competitive product development to compete with other parts of Georgia in the mainstream motivation groups (e.g., wine and gastronomy, UNESCO-level cultural heritage, mountain products)
- Working with the tour operators to put Borjomi to larger extent into their itineraries
- Better integration with the airports
- Better association with other known attractions in the region (but outside the municipality) such as Vardzia

- More effective and targeted communication at the nationwide tourism system and main arrival points (Tbilisi, Kutaisi, Batumi).

Marketing Targets:

- Increase ratio of visitors/tourist from current 5 percent to 10 percent by 2030

OPPORTUNITY 3	DEVELOP INTERNATIONAL-STANDARD SPECIAL INTEREST PRODUCTS WORTH VISITING THE REGION

With the small exception of medical tourism, there is no international level tourism product in Borjomi municipality, worth visiting the region. Tourism market is ever developing and dynamic sector, which comprises of tens of tourism sub-sectors, which are very different from each other in terms of the industry organization, competitors, interest, market structure (e.g., intermediaries), key success factors, complexity, monetary potential and so forth. Today's sophisticated high-value tourists shift to new rules of the tourism. They decide firth what to do (what experiences to get) and only then where to do get these experiences. New technology and media trends change the landscape of the tourism subsectors faster than it used to be, therefore these markets should be analyzed carefully.

In the cluster product portfolio section several tourism categories were prioritized by the municipality in order to achieve the vision "Borjomi 2030". The marketing opportunity in this regard is to carry out comprehensive market/sector studies of each chosen/prioritized segment and familiarize with the best practices of the selected tourism sub-sector development based on the narrowly defined boundaries of the sector. (for instance, attached to this document is the white paper of SPA and Wellness resort development, which provides sector specific guidelines to develop a specific tourism sub-sector within the destination.

In this, inviting international experts, who specialize in narrow tourism sub-sectors and conduct capacity building workshops with the tourism stakeholders and private sector enterprises.

Marketing Targets:

- Find, analyze and develop sector specific knowledge and capacity for each tourism sub-sector, proposed by this strategy

A NEW REALITY BROUGHT BY COVID19 REALITY AND REQUIRED ACTIONS

The recent global pandemic COVID19 has forced the entire world close borders to international mobility and brought international tourism to zero. The world, especially the more developed countries, has shown surprising level of unpreparedness to the new reality, many of them now suffering from paralyzed hospital system and shrank economies. Pandemic hit tourism in the first order and will continue to do so until the prospects of the management of pandemic becomes clear.

Events like this threaten tourism and related industries with lingered consequences, the true effect of which is hard to predict. This new pandemic is unique in a way. Absence of scientific evidence, designated vaccine and treatment means for the virus, makes the prospects of the management of the pandemic uncertain. This in turn makes it difficult to predict when the pandemic ends, when the overall mobility within and among countries opens up again and what and when direct and deferred transitive effects are realized on different sectors of economy.

The specific questions that are interesting for tourism enterprises and key stakeholders of Borjomi Municipality tourism sector, are:

- When will the country reach a turning point (lifting off the mobility restrictions, improvement of overall consumer confidence) for the domestic tourism to take off?
- When will the borders be open up again for the international tourism?
- When will it get back to the pre-pandemic levels and what will be influence on volumes?
- What effect this pandemic will have on supply of tourism enterprises?
- How and to which extent will this influence overall preferences of tourists?
- To which extent this will influence tourism development strategy of the municipality?

These questions and uncertainties have significant short-term (certain), (likely) medium and (possibly) long-term consequences on the tourism industry of Borjomi Municipality. To consider these effects, forecasts made by reputable organizations and thinktanks should be used. Several possible scenarios should be used, due to the uncertainty of the management of the pandemic.

To duly reflect these consequences, the proposed Action Plan includes ***Program 0 - Rapid Response Program***, which provides the proposed actions to tackle the short-term necessities of the industry as well as emerging new opportunities, brought by the pandemic.

Short-term Consequences

Short-term consequences will include the period of one or two years. For this period, most of the reputable international organizations as well as local economic thinktanks reduced their growth forecasts for the entire region, including Georgia. For instance, IMF announced on March 30, 2020 that it has downgraded economic growth outlook for Georgia.[6] The most

[6] https://www.imf.org/en/News/Articles/2020/03/30/pr20120-georgia-statement-by-imf

recent report by ADB also forecasts that Georgia's economic growth for 2020 will be contracted down to zero and will only start growing in 2021.[7] TBC Capital (the advisory arm of TBC Bank) forecasts around 1.7 to 2.5 percent economic growth and 50 percent decline of tourism sector inflows for 2020.[8] Forecasts of UNWTO, related to global tourism industry, only covers the short and medium-term considerations, taking the 2003 SARS pattern in Asia as a benchmark pattern. The report forecasts about 20 to 30 percent decline overall tourist arrivals, which would mean the loss of 30 to 50 billion USD of international tourism receipts. The organization also warns to take the forecasts with some precaution, due to the uncertainties, related to the uncertain evolution of the outbreak.[9] Galt & Taggart (the advisory arm of Bank of Georgia) developed three possible scenarios for the short-term perspective for Georgian economy. In this report, the forecast prepared by Galt & Taggart is used.

Galt & Taggart assesses the prospects of the impacts of the pandemic on the economy of Georgia, as well as identifies possible impacts on individual sectors. Among others, it also covers considerations related to tourism sector.[10] The forecast identified three possible economic scenarios, the key driver (independent variable) of which is the assumption of when control over the pandemic is reached. The three possible scenarios are summarized in the table below:

Short-term Economic Growth Forecast Scenarios

SCENARIO	ASSUMPTION	DATE OF VIRUS CONTROL	PROBABILITY	ECONOMIC GROWTH	TOURISM IMPAC
1-OPTIMISTIC	Economic downturn from March to May, recovery from June	April-May	10%	2.10%	-$1.2 bn
2-MILD	Economic downturn in March-May, recovery in June-September, and downturn again from October	Controlled in April-May, re-spread of the virus from October	50%	-2.70%	-$2 bn
3-PESSIMISTIC	Continued economic downturn from March	Not stopped in 2020	40%	-6.0%	-$2.8 bn

Source: Galt & Taggart.

According to the study, the tourism industry is among the ones, which will be exposed to the immediate impacts. This includes hotels, restaurants, shopping centers, transport sector. The estimated impact on tourism sector value, according to the three scenarios, ranges between 1.2-2.8 bn USD. With 50 percent likelihood in case of 2-Mild Scenario, the target is *2 bn USD loss* of contraction as a likely target for the months to come.

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[7] Asian Development Outlook (ADO) 2020, April 2020.
[8] COVID19- Impacts on Business Environment in Georgia, TBC Capital, 16 Mar, 2020
[9] Impact assessment of the COVID-19 outbreak on international tourism Updated 24 March 2020, UNWTO
[10] Impact On Georgian Economy, Galt & Taggart, March 25, 2020.

Short-term Impact of the Scenarios on Tourism Sector

SCENARIOS	TOURISM-RELATED SECTOR VALUE (22% OF GDP)	EXPECTED LOSS OF THE SECTOR	EXTENT OF CONTRACTION
1-Optimistic	$3.9 bn	-$1.2 bn	69%
2-Mild		-$2 bn	49%
3-Pessimistic		-$2.8 bn	28%

Source: Galt & Taggart; author's calculations.

With total value of about 3,9 bn USD, the extent of loss will range between 28 to 70 percent of the baseline level. In case of 2-Mild, the loss for the tourism sector is about 50 percent of the baseline level.

Broadly speaking, the new reality that the municipality is facing now, on the one hand, creates *an immediate strategic necessity*. On the other hand, it also puts forward *a strategic market opportunity* for the municipality as a tourist destination. Both of them require immediate coordinated actions.

The shrinkage of the industry will bring severe consequences to the tourism sector enterprises. Lack of liquidity (operating cash), as well as prospects of the sustained operating loss will end up in layoffs, voluntary shut-downs and bankruptcy cases. This represents an *immediate strategic necessity*.

Immediate Strategic Necessity

STRATEGIC NECESSITY	SHORT-TERM STRATEGY	RATIONALE
Liquidity issues of the enterprises in the municipality	Assist enterprises maintain liquidity in the short-term	The loss for the municipality, as everywhere, is proportionate to the number of enterprises which will not be able to re-open once the temporary measures are lifted off. Therefore, the municipality should target preventing the loss through dedicated rapid response strategy and program (and follow-up actions)

Source: Author's opinions.

The rapid response strategy should include the combination of the assistance through financial (*e.g.,* fiscal, credit-related), technical and administrative instruments to the enterprises, which will enable enterprises to preserve the qualified staff, facility and other critical assets which will be necessary condition for soft restating.

The local government will commit to review its budget and find the resources for optimization and designing the financial assistance of its own. The local government can provide one-to-one approach to the enterprises, as the medium of information exchange, to make the state assistance programs (provided by the central government such as exemption from personal income tax for staff salaries, property tax etc.) available or be able to be involved in the state-financed quarantine programs and so forth.

At the same time, this established situation also generates *a strategic opportunity*, which could be exploited only through coordinated actions of the local municipality, local private sector and possible though the help of the regional DMO.

Strategic Opportunity

STRATEGIC OPPORTUNITY	SHORT-TERM STRATEGY	RATIONALE
Need of holiday-making within the country (forced by the limitation of mobility)	Reposition the destination as a best place for the domestic visitors	It is assumed that due to the nature of the crisis, the regional destinations will have advantage (compared to the city hotels), because domestic visitors will tend to use domestic resorts for holidaymaking before the international travel and gets back to the same level of safety. Domestic vacations will also be cheaper these days. Putting Borjomi municipality resorts in front of the domestic holidaymakers as the best option for domestic holiday-making (*e.g.*, opportunity to do outdoor activities after a long period of boring indoor isolation), when the pandemic is over, will be supposed to generate some touristic flows for the municipality and help the enterprises to survive.

Source: Author's opinions.

To address this strategic opportunity, the municipality will work with the relevant parties (*e.g.,* the regional DMO or GNTA) and with creative agencies to design, plan and execute a *marketing plan and a communication campaign*, targeting the domestic travelers, which will prime the target market with the message that "Borjomi is here for you, when everything is over" and spread the above message shortly after the quarantine ends, mobility is restored and holiday season starts for Georgian travelers.

The Program *Rapid response to Pandemic* of the action plan, provides the description of the actions to address the necessity and the opportunity.

Medium and Long-Term Consequences

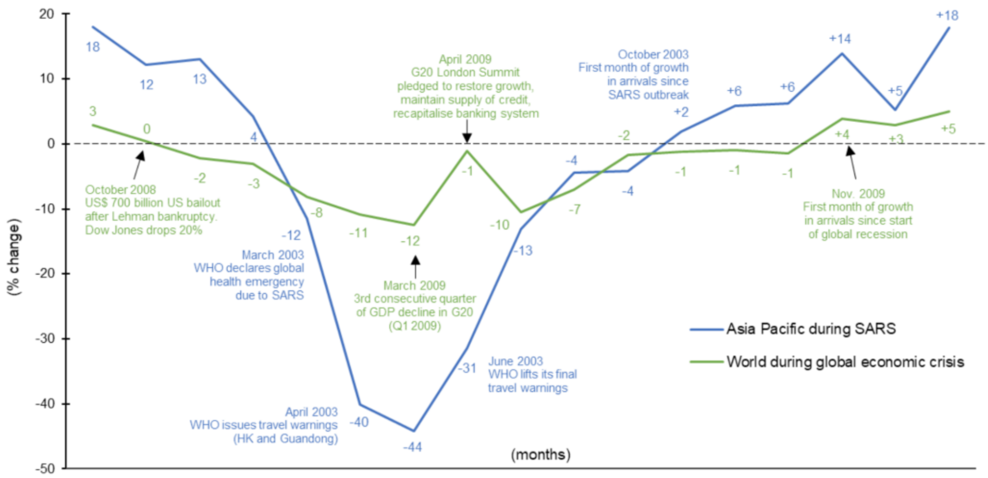
The pandemic might also have medium-term and long-term impacts. This is related to how the countries respond with the policies which will affect the incomes of travelers as well as changes in the preferences of the tourists. The longer the pandemic lasts and deeper it grows, the more profound will these changes and their impacts become. This might necessitate updating of the long-term vision, the strategy as well as the portfolio and the quantitative objectives, which were set by the municipality.

However, so far there is no evidence suggesting such impacts. International evidence suggests that during the times of crises, there is a backlog of demand, which is quickly realized when the things get back to normal (see the text box below with the two cases).

The Case of Tourism Recovery After Crisis

On the positive side, the global evidence supports the idea that tourist arrivals quickly bounce back after the crisis is over. Although there is not much evidence related to domestic travel, international travel demonstrates this effect. According to the UNWTO, the previous crises showed that tourism requires just few months to return to the previous growth levels. The chart below demonstrates the growth of international tourist arrivals during the Pacific During SARS (green line) and World (blue line).

International Tourist Arrivals During And After Crisis (monthly growth %)



Source: UNWTO.

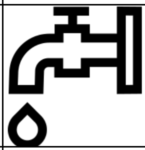
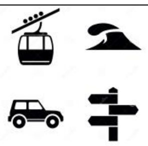
Therefore, before the stabilization point is reached in the pandemic management and some trends are revealed, any considerations related to likelihood of long-term consequences for the tourism industry (and hence necessity to update the established long-term vison) will only bear the nature of speculation, therefore should be avoided at this stage.

C

PART C – DEVELOPMENT ACTION PLAN

DEVELOPMENT PROGRAMS

To achieve the agreed vision and quantitative objectives, coordinated actions of all stakeholders should be organized around public and private initiatives and programs, which include the following programs:

PROGRAM	
0. RAPID RESPONSE TO PANDEMIC	
1. GENERAL INFRASTRUCTURE IMPROVEMENTS	
2. ACCESSIBILITY AND TRANSPORT IMPROVEMENTS	
3. TOURISM ATTRACTION IMPROVEMENT	
4. TOURISM PRODUCTS AND EXPERIENCES DEVELOPMENT	
5. HUMAN RESOURCE AND WORKFORCE DEVELOPMENT	
6. SUPPORT TO PRIVATE SECTOR ENTERPRISES	
7. INVESTMENT ATTRACTION PROGRAM	
8. TOURISM PROMOTION	
9. SUPPLY IMPROVEMENT	
10. TOURISM INFORMATION SYSTEM	

0. RAPID RESPONSE TO PANDEMIC

Objectives

Main objective of this program is to carry out the necessary measures in order to address the *immediate strategic necessity* and capitalize on *the strategic opportunity* created by the COVID19 pandemic for Borjomi municipality as a touristic destination.

Activities

0.1. Design and launch technical assistance for enterprises for effective utilization of COVID19 assistance programs
0.2. Carry out capacity building of the tourism enterprises and their staff on management of quarantine and hygiene rules
0.3. Develop and launch financial aid package for the enterprises from local funds (if feasible to mobilize)
0.4. Conduct a survey of domestic visitors on their travel preferences when the pandemic ends
0.5. Design marketing plan and creative campaign to target locals immediately when the mobility restarts (e.g. “the best place to recover from isolation”)
0.6. Execute the marketing plan and the related campaign.

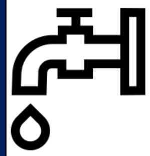
Estimated results

- More enterprises are survived than would have been otherwise, after the period of restrictions
- Better positioning of the municipality resorts and enterprises in relation to domestic holidaymakers (specifically wishing to relax or do outdoor after the quarantine)
- As a result, shorter time required, to relaunch the destination after things get back to normal.

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
0.1.							-	Municipality, in coordination with the relevant parties (e.g., DMO, GNTA), with private sector, with central government and donor financing
0.2.							-	
0.3.							-	
0.4.							20 000	
0.5.							50 000	
0.6.							150 000	

1. General infrastructure improvements



Objectives

Main objective of this program is to make minimum necessary basic infrastructural improvements (namely, water and sewage, electricity, gas and roads) within the boundaries of the municipality with the purpose to provide basic foundation and incentives for the tourism enterprises to operate their business up to the modern tourists' expectations.

Activities

1.1. Upgrading central water supply capacity for Bakuriani cluster (including Tsagveri village)
1.2. Bakuriani internal mobility, sport facility and tourist infrastructure program (defined by Bakuriani Land Use Masterplan)
1.3. Improving basic urban infrastructure (public washrooms, open market stalls, etc.) for major touristic settlements
1.4. Improving urban aesthetics of Bakuriani and Borjomi (e.g., fences, facades)
1.5. Improving roads to all major tourist settlements and attractions
1.6. Solid waste and environmental program (e.g., sewage disposal, replacing unhealthy construction materials)
1.7. Improving above-the-ground communication (e.g., putting communication lines underground)

Estimated results

- Guaranteed minimum living standards for the municipality inhabitants and tourists
- More private sectors investments
- Improved perceptions and satisfaction of the tourists as well as increased tourist flows and incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
1.1.							80 000 000 – 100 000 000	Municipality, in coordination with the responsible parties (e.g., United Water Company) with central government and donor financing
1.2.							150 – 200 000 000	
1.3.							200 000	
1.4.							5 000 000	
1.5.							9 680 000	
1.6.							50 000 000	
1.7.							3 000 000	

Bakuriani internal mobility, sport facility and tourist infrastructure program envisions the initiatives, which are stipulated in the Bakuriani Land Use Masterplan (2018). The following activities and facilities are proposed:

Sport Activities During the Winter Season:

- Mountain skiing slopes
- Biathlon field
- Cross Country field (rehabilitation of the existing field)
- Ski-Jumping Platforms (rehabilitation of the existing ones)
- Ice-skating field
- Sport halls (Hokey field)

Sport Activities During The Other Seasons:

- Mountain bicycles
- Bicycle park
- Bicycle trails
- Sport fields (football, rugby, volleyball, tennis)
- Swimming pool
- Golf course

In terms of touristic infrastructure, the following facilities are envisioned by the masterplan:

- Cinema
- Bakuriani Museum
- Tourism Management Center
- Camping
- Park
- Shopping areas
- Kids Entertainment Center

The land use masterplan proposes to create a new tourist center which should be located within the circular lane area. The masterplan also proposes to build an airport as well as a new system of internal mobility and parking lots, which will solve the existing issues.

2. ACCESSIBILITY AND TRANSPORT IMPROVEMENTS

Objectives

Main objective of this program is to develop superb uninterrupted connection of the municipality with: a) the airports; b) other parts of Georgia to reduce the inconveniences and costs of reaching the municipality; c) as well as increasing the internal mobility options.

Activities

2.1. Appointing direct comfortable shuttle service from Kutaisi and Tbilisi airports
2.2. Appoint periodic high-class shuttle services between Bakuriani and Borjomi
2.3. Relocate Kukushka station to the main railway station of Borjomi
2.4. Restoring other Kukushka stations and Kukushka carriage (in authentic form)
2.5. Improve the schedule and infrastructure of the bus and railway stations (new governance model)
2.6. New cable ways (Borjomi, Dabadzveli) and central park transport options (e.g., electric tram)
2.7. Innovative alternative transportation program (electric car zones, alterative transport types) for internal mobility

Estimated results

- Improved perceptions of the tourists of the accessibility
- Increased inbound visitors flow to the municipality
- Increased internal mobility of the tourists

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
2.1.							600 000	Municipality, in coordination with the key stakeholders/owners (e.g., Georgian Railway, other municipalities) and with central and donors financing
2.2.							400 000	
2.3.							5 000 000	
2.4.							20 000 000 – 30 000 000	
2.5.							5 - 6 000 000	
2.6.							90 000 000 – 120 000 000	
2.7.							-	

3. Tourism Attraction Improvement

Objectives

Main objective of this program is to bring the existing tourism attractions to the level which meets the modern standards and provides sufficient appeal to the visitors, generates incomes for the population.

Activities

3.1. Finish rehabilitation of the Romanovs' Palace and open for visitors
3.2. Improve mineral springs sites and infrastructure / allow access
3.3. Create general land-use masterplan of Borjomi town and improved planning of the Central Park and its surroundings
3.4. Improve the central museum
3.5. Explore and improve selected cultural heritage sites (Tori, Gogia's Castle, Petre's Castle)
3.6. Start pursuing UNESCO status for at least one site
3.7. Bakuriani Recreational Park project implementation
3.8. Finish rehabilitation of N1 Bottling Factory and HPP Museum

Estimated results

- Increased capacity and appeal of the touristic sites
- Improved perceptions and satisfaction of the tourists
- Increased tourist flows and incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
3.1.							20 000 000	Municipality, in coordination with the relevant stakeholders/owners (e.g. Partnership Fund, Museum Administration) and with donors financing
3.2.							5 500 000	
3.3.							3 000 000	
3.4.							2 000 000	
3.5.							20 – 30 000 000	
3.6.							-	
3.7.							-	
3.8.							3 200 000	

4. TOURISM PRODUCTS AND EXPERIENCES DEVELOPMENT

Objectives

Main objective of this program is to develop world-class tourism products and experiences system in the municipality, which transcends the traditional tourist sites and offers unique and authentic bookable experiences, which enhances overall tourist perception of the municipality.

Activities

4.1. Identify key thematic activities/experiences to be developed (based on priorities)
4.2. Conduct feasibility studies for thematic product development areas (e.g. Wellness and Spa)
4.3. Come up with thematic support programs (technical and financial assistance) to attract anchor private enterprises

Estimated results

- Increased number of bookable offers (experiences)
- Improved perceptions and satisfaction of the tourists
- Increased tourist flows, longer stays and higher incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
4.1.							500 000	Municipality, in coordination with GNTA, with the help of central and donor financing
4.2.								
4.3.							2 – 5 000 000	

5. HUMAN RESOURCE AND WORKFORCE DEVELOPMENT

Objectives

Main objective of this program is to develop facilitate the tourism development with high class hospitality workforce and service standards, improving availability and supply of the qualified staff for private tourism investors in the municipality.

Activities

5.1. Increase capacities of tourism VET education (e.g., ongoing tourism VET college project in Borjomi)
5.2. Facilitate internship programs for young staff at large international hotels
5.3. Thematic trainings for all tourism staff (e.g. guides, hotels staff, ski instructors)
5.4. Professional certification and associations facilitation (e.g., mountain guides certification)

Estimated results

- Enhanced tourist experience, improved perceptions and satisfaction of the tourists
- Higher scorings of the hotels on online booking sites
- Increased tourist flows, longer stays and higher incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
5.1.							10 000 000	Municipality, in coordination with GNTA, MoESSC, with donors financing contributions
5.2.								
5.3.								
5.4.								

6. SUPPORT TO PRIVATE SECTOR ENTERPRISES

Objectives

Main objective of this program is to provide to private sector companies and investors additional incentives to invest in the region, start or expand their operations, upgrade their portfolio and standards.

Activities

6.1. Cost-sharing grants for the tourism enterprises (e.g., training, specialized tourist equipment and so forth)

6.2. Technical and knowledge assistance programs (e.g., quality certification, international expertise, study visits)

6.3. Financial and other incentives for large/important investments

Estimated results

- Increased number of financially and organizationally sound enterprises
- More diversity of the activities and tourist places
- Enhanced tourist experience, improved perceptions and satisfaction of the tourists
- Increased tourist flows, longer stays and higher incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
6.1.							20 000 000 - 30 000 000	Municipality, in coordination with the central and regional authorities and with donors financing
6.2.								
6.3.								

7. Investment Attraction Program

Objectives

Main objective of this program is to facilitate large private sectors investments in targeted areas of the municipality, through mapping, identifying, documenting and promoting the opportunities related to specific properties/land areas.

Activities

7.1. Identify investment opportunities (inventory, map and identify the potential properties/land areas to be put out for investors)
7.2. Conduct feasibility studies and investment concept development on selected properties
7.3. Prepare promotional materials (brochures, electronic presentations)
7.4. Investment forum and dissemination campaign (online and offline, including exhibitions)

Estimated results

- Increased investments in the region
- Enhanced tourism offer in the region

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
7.1.							50 – 500 000	Municipality, in coordination with the central and regional authorities and with donor financing
7.2.								
7.3.								
7.4.								

8. Tourism Promotion

Objectives

Main objective of this program is to provide visibility and exposure to the tourism offer by the municipality, the newly established DMO and private sectors tourism enterprises, to communicate its core values and benefits to the identified target source markets.

Activities

8.1. Renewed destination branding concept and branding
8.2. An integrated tourism offer website (maybe integrated with DMO's regional website)
8.3. Info tours for tour operators and tourism journalists
8.4. Benchmarking study visits of the sector to the comparable destinations
8.5. Comprehensive online launch campaigning in target markets
8.6. International exhibitions and shows

Estimated results

- Increased awareness and differentiation of the destination among target tourist
- Increased tourist flows, longer stays and higher incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
8.1.							2 000 000 – 5 000 000	Municipality in coordination with GNTA and with donors financing
8.2.								
8.3.								
8.4.								
8.5.								
8.6.								

9. Accommodation Supply Upgrade

Objectives

Main objective of this program is to improve quality and quantity of the accommodation supply in the municipality to match with the best international comparable destination examples (provided in the body document of the strategy). The structure and the proportion of the accommodation types should become close to the benchmark destinations in the identified two accommodation clusters (Borjomi and Bakuriani).

Activities

9.1. Strengthening architectural planning process (increasing control over the quality of the accommodation)
9.2. Hotel operators/franchise holders' incentive program (to start operations in the municipality)
9.3. Accommodation upgrade financial incentive program (to upgrade visual, design, facilities and so forth)

Estimated results

- More optimal structure of the accommodation in terms of types/categories
- Improved perceptions and satisfaction of the tourists
- Increased tourist flows and incomes for the municipality

Program Execution

n	2020	2021	2022	2023	2024	2025	Approx. Value (GEL)	Responsible
9.1.							2 000 000 -5 000 000	Municipality with the help of central government and donors financing
9.2.								
9.3.								

10. Tourism Information System

Objectives

Main objective of this program is to track and collect the tourism sector key indicators in the municipality and understand the progress towards the implementation of the tourism masterplan and the long-term strategy, as well as the trends and preferences of the visitors. This information should be available for the hotels, newly established DMO and other tourism operators in order to keep track of the changes in the tourism trends and tourist behaviors.

Activities

10.1. Introducing local visitors/tourist survey (overnight visitors through hotel)
10.2. Introducing a short surveys system at major tourist places (e.g., National Park, Kukushka, the Museum, Ski Lifts)
10.3. Establish a consolidated annual report on tourism in the municipality

Estimated results

- Informed decision-making of tourism stakeholders
- Timely and adequate reaction to tourist demand and preferences

Program Execution

n	2020	2021	2022	2023	2024	2025	დაახლ. ღირებულება (GEL)	პასუხისმგებელი
10.1.		■					200 000 - 500 000	Municipality in coordination with GNTA and with donors financing
10.2.		■						
10.3.			■					

D

PART D – MONITORING AND EVALUATION PLA=

MONITORING AND EVALUATION PLAN

PROGRAM	INDICATOR TYPE	SPECIFIC INDICATORS	DATA SOURCE(S)	TIMING	RESPONSIBLE
1. GENERAL INFRASTRUCTURE IMPROVEMENTS	1.1.Process Indictors	1.1.1. Number of infrastructure projects implemented (Number of fully and partially implemented projects)	Municipality tender system	Each year	Municipality
	1.2. Result Indicators:	1.2.1. Uninterrupted supply of water to the major settlements (number and duration of cut-offs)	Municipal water supply company	Each season	Municipality
		1.2.2. Reduced level of complaints of tourists (complained as % of total number of visitors – related to water and roads)	Online tourist sites	Each season	Municipality
2. ACCESSIBILITY AND TRANSPORT IMPROVEMENTS	2.1.Process Indictors	2.1.1. Number of transport projects implemented (Number of fully and partially implemented projects – 2.1. through 2.5.)	Local municipality intelligence	Every 6 month	Municipality in partnership with MoESD (Transport Agency), Georgian Railway, Partnership Fun, MDF
	2.2.Result Indicators	2.2.1. Increased satisfaction of tourists by municipal transport and connectivity with the key airports.	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA

3. Tourism Attraction Improvement	3.1.Process Indictors	3.1.1. Number of attraction improvement projects implemented (fully and partially implemented projects – 3.1. through 3.7.)	Local municipality intelligence	Every 6 month	Municipality in partnership with relevant state stakeholders
	3.2.Result Indicators	3.2.1. Increased presence of Borjomi municipality attractions into the tour offers	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
		3.2.2. Increase usage and visitation of the attractions (e.g., museum, cultural sites)	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
		3.2.3. Increased tourism performance of the destination (more share within the national tourism, tourist satisfaction, longer stay, more spending)	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
4. Tourism Products and Experiences Development	4.1.Process Indictors	4.1.1. Number of projects implemented (fully and partially implemented projects – 4.1. through 4.5.)	Local municipality intelligence	Every 6 month	Municipality in partnership with relevant state stakeholders
	4.2.Result Indicators	4.2.1. Number of new tourist experience providers established within the municipality (of which what portion is sold online)	Local municipality intelligence	Every 6 month	Municipality in partnership with relevant state stakeholders
		4.2.2. Increased tourism performance of the destination (more share within the national tourism,	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA

		tourist satisfaction, longer stay, more spending)			
5. **Human Resource And Workforce Development**	5.1.Process Indictors	5.1.1. Number of projects initiated and implemented (fully and partially implemented projects – 5.1. through 5.4.)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders
	5.2.Result Indicators	5.2.1. Increased number of certified tourism staff (guides, hotel staff, other tourism related area)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders
		5.2.2. Increased average scoring of the tourist enterprises in destination on online sites with regards to service/staff	Online sites (e.g., booking.com, Tripadvisor)	Each year	Municipality
		5.2.3. Increased tourism performance of the destination (more share within the national tourism, tourist satisfaction, longer stay, more spending)	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
6. **Support to Private Sector Enterprises**	6.1.Process Indicators	6.1.1. Number of projects initiated and implemented under the Program 6 (fully and partially implemented projects)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders
	6.2.Result Indicators	6.2.1. Increased number of enterprises in the tourism sector (broken down by sub-sectors)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders

		6.2.2. Increased tourism performance of the destination (dimension: “number of things to do within the destination“)	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
7. Investment Attraction Program	7.1.Process Indicators	7.1.1. Number of projects initiated and implemented under the Program 7 (fully and partially implemented projects)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders
	7.2.Result Indicators	7.2.1. Number (and amount) of new large investments in the municipality	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders
8. Tourism Promotion	8.1.Process Indicators	8.1.1. Number of projects initiated and implemented under the Program 8 (fully and partially implemented projects)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders
	8.2.Result Indicators	8.2.1. Increased brand equity performance of the destination (awareness, recognition, positioning, brand reputation)	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
		8.2.2. Increased tourism performance of the destination	Local tourism information system (to be established)	Each year	Municipality in partnership with GNTA
9. Accommodation Supply Upgrade	9.1.Process Indicators	9.1.1. Number of activities initiated and implemented under the Program 9 (fully and partially implemented)	Local municipality intelligence	Each year	Municipality in partnership with relevant state stakeholders

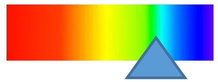
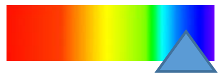
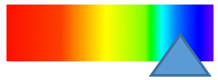
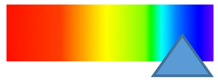
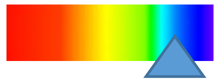
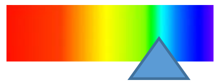
	9.2.Result Indicators	9.2.1. Improved accommodation structure and quality (indirectly measured by the online sites)	Local municipality intelligence	Each year	Municipality in partnership with GNTA
10. Tourism Information System	10.1. Process Indicators	10.1.1. Number of activities initiated and implemented under the Program 10 (fully and partially implemented)	Local municipality intelligence	Each year	Municipality in partnership with GNTA

E

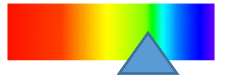
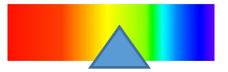
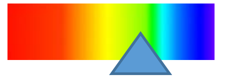
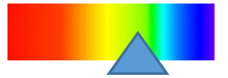
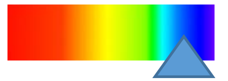
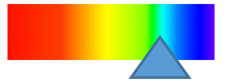
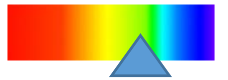
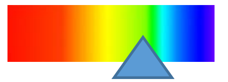
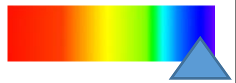
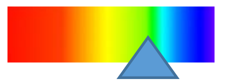
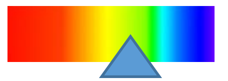
PART E – BUSINESS IDEAS

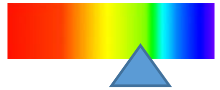
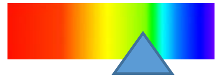
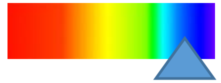
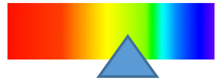
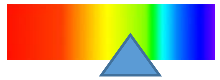
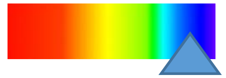
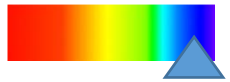
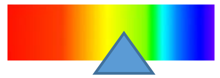
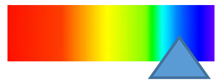
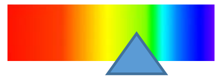
BUSINESS IDEAS

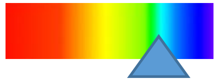
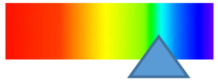
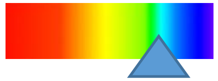
The Section below provides the list of example projects that are identified as relevant in the municipality, stemming from the overall tourism development vision and identified tourism segments and themes. For each business idea, the table provides a link to the relevant theme from the strategic directions, indication of potentially interesting locations (or "Cluster Affinity") and evaluation of the idea through the "Red-Blue Ocean" conceptual framework.[11]

N	BUSINESS	THEME	POTENTIAL LOCATION /CLUSTER AFFINITY	BLUE / RED OCEAN
1	Wine Bar and Shop	Food And Beverage Offer/ Unique Georgian Experiences	Urban Areas of Borjomi and Bakuriani	
2	Georgian Food Masterclass	Unique Georgian Experiences	Throughout the municipality	
3	Georgian Craft Masterclass (e.g., Woodwork, Clay)	Unique Georgian Experiences	Throughout the municipality	
4	Georgian Folk Masterclass	Unique Georgian Experiences	Throughout the municipality	
5	Horse Rental and Horseback Riding Experience	Adventure and Sport Activities	Bakuriani and Borjomi Clusters	
6	Bicycle Rental and Experience	Adventure and Sport Activities	Bakuriani and Borjomi Clusters	

[11] In short, this concept related to the entry strategy in relation to the existing rivalry in the industry and redefinition of the market and creating a new market, unexplored and untainted by competition. More about the concept is available at https://www.blueoceanstrategy.com/.

7	Snowshoe Walking Experience	Adventure and Sport Activities	Bakuriani Cluster	
8	Modern Ski Depot	Tourist Services	Bakuriani	
9	Boutique Design Hotel	Accommodation	Bakuriani and Borjomi Clusters	
10	Zipline And Rope Park	Adventure and Sport Activities	Near Borjomi and near Bakuriani	
11	Winter and Summer Ioga Experience	Wellness	Forest areas around Bakuriani and Borjomi	
12	Camping Area	Outdoor	Throughout the municipality (e.g., places identified by the NFA)	
13	Wine Cellar	Food And Beverage Offer/ Unique Georgian Experiences	Bakuriani and to some extent Borjomi	
14	Mountain Climbing Experience	Adventure & Sport Activities (Soft)	Borjomi Cluster	
15	City E-scooter Experience	Adventure & Sport Activities (Soft)	Borjomi city center as well as Bakuriani urban area	
16	Parking Areas (privately managed)	Basic Infrastructure	Bakuriani and Areas near Borjomi Park	
17	Annual Festival Event	Culture	Bakuriani and Borjomi Cluster	

18	Georgian-European Mixed Restaurant	F&B	Urban Parts of Bakuriani and Borjomi	
19	Fast-food franchise Restaurant	F&B	Urban Parts of Bakuriani and Borjomi	
20	Themed Experiences Around Borjomi Attractions (e.g., Romanovs', Borjomi Waters)	Unique Local Experiences	Borjomi Cluster	
21	Night Club	Nightlife / F&B	Urban Parts of Bakuriani and Borjomi	
22	Beer Pub	Nightlife / F&B	Urban Parts of Bakuriani and Borjomi	
23	Agro-tourism Experience and Farm-stay	Unique Georgian Experiences / Accommodation	Rural part of the municipality (e.g., Tabatskuri, Tori etc)	
24	Boat Rental And Boat Experience	Adventure & Sport Activities (Soft)	Tabatskuri Village	
25	Winter and Summer Lake Fishing Experience	Ecotourism	Tabatskuri Village	
26	River Rafting Experience	Adventure & Sport Activities (Soft)	Along the Mtkvari river	
27	River Surfing Experience	Adventure & Sport Activities (Soft)	Along the Mtkvari river	
28	Kids Center	Tourist services	Urban Parts of Bakuriani and Borjomi	

29	SPA and Wellness Infrastructure (Pool and Sauna)	Wellness	Bakuriani and Borjomi Clusters	
30	Sanatorium for Kids	Recreation/Balneology	Tsagveri/Tsemi/Kechkhobi/Libani and other suitable locations	
31	Thematic Youth Camps and Infrastructure	Youth Camps	Entire Municipality	

F

PART F – INVOLVED KEY STAKEHOLDERS AND REFERENCES

LIST OF INVOLVED KEY STAKEHOLDERS

List of Involved Stakeholders

N	Name	Organization	Position
1	Otar Arbolishvili	Borjomi Municipality Sakrebulo	Deputy Head of Sakrebulo
2	Violeta Balakhashvili	Borjomi Municipality Sakrebulo	Member
3	Ivane Shalutashvili	Borjomi Municipality Sakrebulo	Head of Commission
4	Ana Tsikarishvili	Borjomi Municipality Sakrebulo	Member
5	Levan Lipartia	Borjomi Municipality Mayor’s Office	Mayor
6	Davit Zaalishvili	Borjomi Municipality Mayor’s Office	First Deputy Mayor
7	Buba Beridze	Borjomi Municipality Mayor’s Office	Deputy Mayor
8	Giorgi Kipiani	Borjomi Municipality Mayor’s Office	Head of Service
9	Rusudan Shubitidze	Borjomi Municipality Mayor’s Office	Head of Spatial Planning Service
10	Marina Khujadze	Borjomi Municipality Mayor’s Office	Head of Culture Department
11	Keti Berozashvili	Borjomi Municipality Mayor’s Office	Senior Specialist In Tourism Issues
12	Izolda Gguguberidze	Borjomi Municipality Mayor’s Office	Specialist of Culture Department
13	Londa Pilishvili	Borjomi Municipality Mayor’s Office	PR Specialist
14	Andrush Iritsian	Local Government	Represent. of Mayor In Tabatskuri
15	Tamar Maisuradze	GNTA	Head of Tourism Product and Infrastructure Development Division
16	Otar Chukhrukidze	Tourism Information Center	Representative
17	Marika Makiev	Tourism Info Center (Bakuriani)	Representative
18	Ekaterine Orjonikidze	Samtskhe-Javakheti Regional Government	Head of Service
19	Nino Khazalashvili	Samtskhe-Javakheti DMO	Tourism Development And Product Manager
20	Natia Muladze	Borjomi-Kharagauli National Park	Representative
21	Salome Khelisupali	Borjomi LAG	Member
22	Mariam Metreveli	Borjomi LAG	Member
23	Misha Lomidze	Borjomi LAG	Head
24	Beso Kurdadze	Borjomi LAG	Member
25	Levan Tabunidze	Nacres	Samtskhe-Javakheti Program Director
26	Keti Loladze	Borjomi Likani Palace	Sales Manager
27	Eliso Kurtanidze	Borjomi Ethnographic Museum	Museum Guide
28	Dito Bakradze	Underwood Hotel	Owner, Member of LAG
29	Vakhtang Maisuradze	Hotel Borjomi Palace	Manager
30	Zaza Saralidze	Entrepreneur, Private Sector Stakeholder	Lessor of Tabatskuri Lake
31	Mariam Lashauri	Rooms Hotel Kokhta	Hotel Manager

32	Oto Berishvili	Adjara Group Hospitality	Business Development Director
33	Alexnder Iskandirov	Adjara Group Hospitality	Head of Tourism Services
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36	Sunil Michael	Crystal Palace Hotel	Manager
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38	Iva Nozadze	Crowne Plaza Borjomi	General Manager
39	Nana Davitadze	ADA	Consultant
40	Beka Tujishvili	Irest (Inbound Tour Agency)	Manager
41	Amiran -----	Amirani Park	Patron
42	Nick Erkomaishvili	Caucasus Travel Holding	Owner
43	Olaf Malver	Private Sector	Tourism Expert

Participants Of The Strategy Envisioning Workshop

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2	Bakar Shiradze	Borjomi Municipality Sakrebulo	Member
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4	Tamar Skhitladze	Borjomi Municipality Sakrebulo	Member
5	Buba Beridze	Borjomi Municipality Mayor’s Office	Deputy Mayor
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20	Mikhail Pistnikov	-	Excursion Guide
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27	Nino Jikurashvili	TV Company Borjomi	Journalist
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G

PART G – ANNEXES

DETAILED CANVAS BUSINESS MODELS FOR SELECTED BUSINESS IDEAS

2. Wine Bar And Shop

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Producers of high-quality rare varieties of wine throughout Georgia, special emphasis on local Meskhetian wine producers
■ Local artists and musician for events and programs
■ Providers of high-quality of food and snacks to be offered to the guests (mostly snacks)
■ Hotels and tour operators</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
■ Finding a well-located property and renovation of the property with the attractive modern design
■ Recruiting reputable wine producers as suppliers
■ Finding staff (most importantly Sommelier)
■ Organizing various events and offering
<u>Regular:</u>
■ Logistics and warehouse management, quality control, marketing</td>
<td rowspan="2">VALUE PROPOSIT.
■ Authentic design Georgian wine tasting experience, with live music elements and rare varieties of Georgian wines</td>
<td>CUST. RELAT.
■ Loyalty programs
■ FB Communication
■ Commissions system</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic visitors
■ Local population (youth)
B2B segment:
■ Hotel (organ. tours)
■ Tour oper. (organ. tours)
■ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
■ It is important to cultivate relationships with wine industry in general and key opinion-makers in wine industry (sommeliers, association etc) and attract reputable wine producers</td>
<td>CHANNELS
■ Direct onsite POS
■ Online purchase option
■ B2B sales</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
■ Property, design and improvements
■ Lease for the property (visible commercial space)
Working capital:
■ Cost of supplied wine and food
■ Salaries of the staff
■ Event costs</td>
<td colspan="2">REVENUE STREAMS
■ Wine sales from the shop
■ Wine sales from the bar
■ Revenues from events (wine tasting, masterclasses)
■ Corporate parties and evenings</td>
</tr>
</table>

3. Georgian Food Masterclass

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Providers of high-quality locally produced natural inputs (e.g., cheese, milk)</td>
<td>KEY ACTIVITIES
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Maintaining the schedule of the group and individual visits
▪ Securing supply of fresh inputs
▪ Providing verbal explanations in foreign language (English, Russian) and showcasing the preparation process
▪ Leading the degustation process (in foreign language)
▪ Accepting the payments (including by electronic cards
▪ Maintaining bookkeeping</td>
<td rowspan="2">VALUE PROPOSIT.
▪ High-end experience of preparation of authentic Georgian/Local dish (e.g., Osetian Khabidzginas in Bakuriani or Meskhetian dish in Borjomi)</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site
▪ Promotion and advertising through fliers and fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic visitors

B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Local cookbook
▪ Close contacts with local cooks</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="2">COST STRUCTURE
Investment costs:
▪ Arrangement of special area, kitchen and a toilet
▪ Purchasing kitchen equipment
Working capital:
▪ Minimal capital requirements to buy fresh inputs for sessions</td>
<td colspan="3">REVENUE STREAMS
▪ Fees per person per masterclass</td>
</tr>
</table>

4. Georgian Craft Masterclass (e.g., wood)

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSIT.	CUST. RELAT.	CUST. SEGMENTS.
▪ Providers of high-quality raw materials (e.g., wood) ▪ Providers of high-quality Georgian and modern woodworking instruments ▪ Labor safety consultants	▪ Accepting bookings offline and online (e.g., through Airbnb Experience) ▪ Maintaining the schedule of the group and individual visits ▪ Securing supply of raw materials ▪ Providing verbal instruction in foreign language (English, Russian) and showcasing the working process ▪ Assisting the visitors in the process (in foreign language) ▪ Accepting the payments (including by electronic cards ▪ Maintaining bookkeeping	▪ High-end and authentic woodworking experience from local masters of wood	▪ Maintain contact with clients though Trip-advisor and other similar sites ▪ Promotion and advertising through fliers and fb page	Retail segment: ▪ Foreign tourists ▪ Domestic visitors B2B segment: ▪ Hotel (organ. tours) ▪ Tour oper. And guides (organ. tours) ▪ Corporates (staff events)
	KEY RESOURCES ▪ Labor and work safety resources ▪ Close contacts with other masters		**CHANNELS** ▪ Online: Purchase option (e.g. Airbnb Experiences) ▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests	

COST STRUCTURE	REVENUE STREAMS
Investment costs: ▪ Arrangement of the special area in the workshop ▪ Purchasing equipment Working capital: ▪ Minimal capital requirements for buying raw materials before each session	▪ Fees per person per masterclass ▪ Additional income through selling the produced items

5. Georgian Folk Masterclass

<table>
<tr>
<td rowspan="2">KEY PARTNERS
Local folk musicians (e.g., supporting with various instruments or vocals when required)</td>
<td>KEY ACTIVITIES
Accepting bookings offline and online (e.g., through Airbnb Experience)
Maintaining the schedule of the group and individual visits
Collecting the required team (when needed)
Providing verbal explanations and instructions during the process in foreign language (English, Russian)
Accepting payments (including by electronic cards
Maintaining bookkeeping</td>
<td rowspan="2">VALUE PROPOSIT.
High-end experience of learning of authentic Georgian/Local dance or singing.</td>
<td>CUST. RELAT.
Maintain contact with clients though Trip-advisor and other similar sites
Promotion and advertising through fliers and fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
Foreign tourists
B2B segment:
Hotel (organ. tours)
Tour oper. And guides (organ. tours)</td>
</tr>
<tr>
<td>KEY RESOURCES
Local ethnographers and historians community and resources</td>
<td>CHANNELS
Online: Purchase option (e.g. Airbnb Experiences)
Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
Arrangement of special area (dancing-singing hall) and
Purchasing special equipment and instruments
Purchasing national apparel
Working capital:
Minimal working capital requirements to pay for supporting team</td>
<td colspan="2">REVENUE STREAMS
Fees per person per masterclass
Additional income from selling souvenirs</td>
</tr>
</table>

6. Horse Rental and Horseback Riding Experience

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Pool of local horse guides with language skills and able to learn and develop
▪ Pool of local horse owners, in case if additional horses are required
▪ Veterinary and genetics professionals and animal health experts
▪ Providers of high-end horse-riding and related safety equipment</td>
<td>KEY ACTIVITIES
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Maintaining the schedule of the group and individual visits
▪ Collecting the required team (when needed)
▪ Maintaining the barn year-round and securing the supplies of feed and other needed materials
▪ Maintaining the horse barn and keeping the horses in good and clean shape
▪ Providing the instructions during the process (in foreign language)
▪ Accepting the payments (including by electronic cards
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ High-end experience of riding horse in wild nature of the region, with the support of a professional instruction and modern safety standards</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site
▪ Promotion and advertising through fliers and fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Local land areas for securing the animal feed (pastures and hey fields)</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the barn
▪ Purchasing and raising horses
▪ Purchasing special equipment and instruments
Working capital:
▪ Considerable working capital requirement to keep the barn up and running</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person per guided trip
▪ Feed per person per unguided trip/rental fees
▪ Local horse-riding classes for kids
▪ Additional income through selling the offspring</td>
</tr>
</table>

7. Bicycle Rental and Riding Experience

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Pool of local guides with bicycle knowledge with language skills and able to learn and develop
▪ Providers of high-end bicycle and related safety equipment as well as technicians who can repair them.
▪ Providers of the transportation for transfers to specific slopes and sites (in case of need)</td>
<td>KEY ACTIVITIES
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Maintaining the schedule of the group and individual visits
▪ Collecting the required team (when needed)
▪ Maintaining the fleet year-round and repairing the damaged stock
▪ Providing the instructions during the process (in foreign language)
▪ Accepting the payments (including by electronic cards
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ High-end experience of mountain bicycle trip in wild nature of the region, with the support of a professional instructor and modern safety standards</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site
▪ Promotion and advertising through fliers and fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Modern and up-to-date knowledge of the bicycle industry and trends, as well as safety standards</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the rental office
▪ Purchasing fleet
▪ Purchasing special equipment and instruments
Working capital:
▪ Considerable working capital requirement to keep the fleet running</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person per guided trip
▪ Feed per person per unguided trip/rental fees
▪ Additional income from repairing service for others</td>
</tr>
</table>

8. Snowshoe Rental and Experience

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Pool of local mountain guides with language skills and able to learn and develop
▪ Providers of high-end snowshoes and related safety equipment as well as technicians who can repair them
▪ Providers of the transportation for transfers to specific sites (in case of need)</td>
<td>KEY ACTIVITIES
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Maintaining the schedule of the group and individual visits
▪ Collecting the required team (when needed)
▪ Maintaining the snowshoe stock and repairing the damaged stock
▪ Providing the instructions during the process (in foreign language)
▪ Accepting the payments (including by electronic cards
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ High-end experience of winter snowshoeing in wild nature of the region, with the support of a professional instructor and modern safety standards</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site
▪ Promotion and advertising through fliers and fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Modern and up-to-date knowledge of the industry and trends, as well as safety standards.</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the rental office / renting from others
▪ Purchasing snowshoes, special equipment and instruments
Working capital:
▪ Minimum level of working capital requirement</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person per guided trip
▪ Feed per set / rental fees</td>
</tr>
</table>

9. Ski Depot / Ski Rental

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Providers of modern skiing equipment, with commitments to renew the stock periodically
▪ Local ski instructors, who are instrumental to recommendations</td>
<td>KEY ACTIVITIES
▪ Accepting reservations both offline and online
▪ Maintaining the stock in good shape, replacing the old models, repairing the damaged stock
▪ Providing the consultations and instructions during the process (in foreign language) for clients who rent skis for the first time
▪ Tracking the stock rental schedule.
▪ Accepting the payments (including by electronic cards
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Modern facility where one can rent and adjust the good quality skis with the help of professional instructors, able to keep the personal belongings in safe and dry environment, with available parking and other common services (e.g., toilets).</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site
▪ Promotion and advertising through fliers and fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Proximity of the facility with the key ski slopes as well as diversity and the range of the product offer.</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the rental office / renting from others
▪ Purchasing skis, special equipment and instruments
Working capital:
▪ Some level of working capital requirement, paying for staff and depreciation</td>
<td colspan="2">REVENUE STREAMS
▪ Fee per set / rental fees
▪ Additional fees for additional services inside the depot</td>
</tr>
</table>

10. Boutique Design Hotel

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Hospitality workforce training centers and universities for sourcing highly motivated staff
■ Providers of local Georgian fresh produce
■ Suppliers of consumables (e.g., linen, soap and so forth)
■ Brand franchise providers and hotel operators (to be associated with the hotel)
■ Providers of local tours and experiences, local guides</td>
<td>KEY ACTIVITIES
■ Sales and marketing
■ Rooms operations
■ Food and beverage operations
■ Administration
■ Supplementary services
■ Vendor relations</td>
<td rowspan="2">VALUE PROPOSIT.
■ Hotel, designed in the mix of authentic Georgian/local style and modern style, consistent with a mountain resort, offering full 3-4 star comfort and facilities and Georgian hospitality experience</td>
<td>CUST. RELAT.
■ Maintain contact with clients through email and online platforms such as Tripadvisor and own fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic travelers (e.g., individuals and groups)
B2B segment:
■ Incoming tour operators
■ Companies and donor programs</td>
</tr>
<tr>
<td>KEY RESOURCES
■ Location (preferably central and full of greenery, near the ski lifts or the central park)
■ Brand affiliations</td>
<td>CHANNELS
Online:
■ Own website and reservation system
■ Booking.com and other online booking platforms
Offline:
■ Walk-in guests
■ Direct B2B sales</td>
</tr>
<tr>
<td colspan="2">COST STRUCTURE
Investment costs:
■ Significant investment costs
Working capital:
■ Significant working capital requirement, paying for staff and supplies</td>
<td colspan="3">REVENUE STREAMS
■ Fees per person/rooms
■ Additional fees for additional services inside the hotel (e.g., bar, spa etc)</td>
</tr>
</table>

11. Zipline And Rope Park

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Providers of high-quality zipline equipment, accepted by international standards.
▪ Owners of the site (e.g., National Forestry Agency, Agency of Protected Areas, Central Park, Private Owners, etc) to arrange the lease
▪ International organizations and professional associations, who provide trainings and certifications</td>
<td>KEY ACTIVITIES
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Maintaining the schedule of the group and individual visits
▪ Maintaining the facility
▪ Providing the instructions during the process (in foreign language)
▪ Accepting the payments (including by electronic cards
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Modern Zipline experience in beautiful natural scenery of Borjomi municipality, with the support of qualified instructors and of full modern safety standards, offering variety of levels of experiences by ages.</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums.</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic tourists
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Location of the zipline site (e.g., leased through the National Forestry Agency) and the knowledge of the qualifications of the sphere.</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the facility
▪ Purchasing ropes and special equipment
Working capital:
▪ Minimum level of working capital requirement (e.g., lease payments)</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person per session</td>
</tr>
</table>

12. Winter and Summer Ioga Experience

KEY PARTNERS
- Owners of the site (e.g., National Forestry Agency, Agency of Protected Areas, Central Park, Private Owners, etc) to arrange the lease
- International organizations and professional associations, who provide trainings and certifications

KEY ACTIVITIES
- Accepting bookings offline and online (e.g., through Airbnb Experience)
- Maintaining the schedule of the group and individual visits
- Maintaining the facility
- Providing the instructions during the process (in foreign language)
- Accepting the payments (including by electronic cards
- Maintaining bookkeeping and administrative tasks.

KEY RESOURCES
- Location of the site (not far from the main stay area but at the same time, very much enclosed, protected and free from any potential outside disturbances and interference)
- The knowledge and the qualifications of the sphere.

VALUE PROPOSIT.
- Modern high-class Ioga experience in beautiful and peaceful natural scenery of Borjomi municipality, with the support of qualified instructors

CUST. RELAT.
- Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums.

CHANNELS
- Online: Purchase option (e.g. Airbnb Experiences)
- Offline: B2B sales (e.g., hotels), Guides; Walk-in guests

CUST. SEGMENTS.

Retail segment:
- Foreign tourists
- Domestic tourists

B2B segment:
- Hotel (organ. tours)
- Tour oper. And guides (organ. tours)
- Corporates (staff events)

COST STRUCTURE

Investment costs:
- Arrangement of the site

Working capital:
- Minimum level of working capital requirement (e.g., lease payments, taking care of the site)

REVENUE STREAMS
- Fees per person per session and groups

13. Camping Area

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Owners of the site (e.g., National Forestry Agency, Agency of Protected Areas, Central Park, Private Owners, etc) to arrange the lease</td>
<td>KEY ACTIVITIES
▪ Accepting bookings offline and online
▪ Maintaining the schedule of the group and individual visits
▪ Maintaining the facility in the clean and safe environment
▪ Accepting the payments (including by electronic cards)
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Modern, well-equipped campsite, combining the natural beauty with the modern campsite facilities (e.g., fireplace, toilet, common areas, designated areas for camps, signage)</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums.</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic tourists
B2B segment:
▪ Tour operators (extreme tour organizations)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Location of the site (very much enclosed, protected and free from any potential outside disturbances and interference)</td>
<td>CHANNELS
▪ Online: Purchase option
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the site
Working capital:
▪ Minimum level of working capital requirement (e.g., lease payments, taking care of the site)</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person/tent and groups</td>
</tr>
</table>

14. Wine Cellar

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Interior designers and local ethnographers
▪ Producers of high-quality Qvevris
▪ Importers of high-quality wine equipment (e.g., tanks, etc)
▪ Producers of grapes to be purchased used for the process
▪ Leading enologists and wine experts
▪ Providers of high-quality of food and snacks to be offered to the guests (mostly snacks)</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
▪ Setting up the facility
▪ Setting up a farm (maybe)
<u>Regular:</u>
▪ Insourcing (grapes, wines)
▪ Farming the grapes
▪ Winemaking
▪ Sales and marketing
▪ Administrative work</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Authentic design facility, showcasing the process of preparation of the local Meskhetian/Georgian wines and offering wine tasting experience in foreign languages</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic visitors
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Location of the cellar
▪ Quality of wines and provided high-class experience (in languages)
▪ It is important to cultivate relationships with wine industry in general and key opinion-makers in wine industry (sommeliers, association etc.)</td>
<td>CHANNELS
▪ Direct onsite POS
▪ Online purchase option
▪ B2B sales</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Property, design and improvements
▪ Equipment: Qvevris, tanks, special equipment etc.
Working capital:
▪ Grapes and wine (if necessary)
▪ Cost of supplied food
▪ Salaries of the support staff (1-2 people)</td>
<td colspan="2">REVENUE STREAMS
▪ Revenues from visits, wine tasting and masterclasses
▪ Wine sales from the cellar
▪ Group parties and evenings</td>
</tr>
</table>

15. Mountain Climbing Experience

KEY PARTNERS

- Providers of high-quality mountain/cliff climbing equipment
- Owners of the site (e.g., National Forestry Agency, Agency of Protected Areas, Central Park, etc) to arrange the lease
- International organizations and professional associations, who provide trainings and certifications in the area (e.g., Georgian Mountain Guides Association)

KEY ACTIVITIES

- Accepting reservations offline and online (e.g., through Airbnb Experience)
- Maintaining the facility
- Providing the instructions during the process (including in foreign languages)
- Accepting the payments
- Maintaining bookkeeping and administrative tasks.

KEY RESOURCES

- Location of the site (e.g., leased through the National Forestry Agency) and the knowledge of the qualifications of the sphere.

VALUE PROPOSIT.

- (Soft) cliff climbing experience for amateurs in beautiful natural scenery of Borjomi municipality, with the support of qualified instructors and of modern safety standards, offering variety of levels of experiences by ages.

CUST. RELAT.

- Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums.

CHANNELS

- Online: Purchase option (e.g. Airbnb Experiences)
- Offline: B2B sales (e.g., hotels), Guides; Walk-in guests

CUST. SEGMENTS.

Retail segment:

- Foreign tourists
- Domestic tourists

B2B segment:

- Hotel (organ. tours)
- Tour oper. And guides (organ. tours)
- Corporates (staff events)

COST STRUCTURE

Investment costs:

- Arrangement of the climbing facility
- Purchasing ropes and special equipment

Working capital:

- Minimum level of working capital requirement (e.g., lease payments, salaries for instructors)
- Amortization expenses

REVENUE STREAMS

- Fees per person per session

16. City E-Scooter Experience and Rental

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Providers of high-quality E-scooters, who also provide service and warrantee.
■ City administration (for arrangement of the special lanes throughout the city of Borjomi and Bakuriani.
■ Special arrangements with the central park to grant access to the E-scooters
■ Maybe insurance companies to ensure the fleet and the clients.</td>
<td>KEY ACTIVITIES
■ Accepting reservations offline and online (e.g., through Airbnb Experience)
■ Maintaining the fleet and the rental facility
■ Providing the instructions during the process (including in foreign languages)
■ Accepting the payments
■ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
■ (guided tours as well as rental) Safe and convenient experience in Borjomi city center with environmentally clean electronic scooters (novelty experience for many), making it possible to explore the city and park without much trouble of worry about the transportation</td>
<td>CUST. RELAT.
■ Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums.</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic tourists
B2B segment:
■ Hotel (organ. tours)
■ Tour oper. And guides (organ. tours)
■ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
■ Location of the rental (should be visible for visitors and close to the central part)</td>
<td>CHANNELS
■ Online: Purchase option (e.g. Airbnb Experiences)
■ Offline: B2B sales (e.g., hotels), Guides; Walk-in clients</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
■ Arrangement of rental facility (leasing, refurbishing)
■ Purchasing fleet of E-scooters
Working capital:
■ Lease payments, salaries, repair and amortization expenses</td>
<td colspan="2">REVENUE STREAMS
■ Fees per person/ per tour/ per scooter per hour</td>
</tr>
</table>

17. Private Parking Areas

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Providers of high-quality parking solutions providers (e.g., CCTV and so forth)
▪ City administration (for special arrangement of traffic)</td>
<td>KEY ACTIVITIES
▪ Maintaining the parking area in the clean and secure conditions.
▪ Maintaining 24/7 surveillance of the site
▪ Accepting the payments both electronic and cash
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Well-equipped and maintained private open parking area near the Central Park in Borjomi, affordable and always easy to find the place</td>
<td>CUST. RELAT.
▪ Minimum communication is required</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic tourists
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. And guides (organ. tours)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Location of the parking (should be visible for visitors and close to the central part)</td>
<td>CHANNELS
▪ Walk-in clients</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of parking facility (leasing, paving, painting, refurbishing)
▪ Installing the parking equipment
Working capital:
▪ Lease payment, salaries, cleaning and amortization expenses</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per vehicle / per tour/ per hour</td>
</tr>
</table>

18. Annual Festival Event (E.g. Electronic Music)

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSIT.	CUST. RELAT.	CUST. SEGMENTS.
■ Providers of high-quality sound equipment ■ Music producers and event managers ■ Owners of the site (e.g., National Forestry Agency, Agency of Protected Areas, Central Park, etc) to arrange the lease ■ International music festivals and individual musicians and performers ■ Financially strong sponsors.	■ Selecting the program of the festival ■ Recruiting performers ■ Arrangements with the facility owners, various vendors ■ Heavy marketing and sales activities to promote and publicize the event ■ Maintaining bookkeeping and administrative tasks.	■ A modern 2-3 day electronic open-air music event, organized in the alternative site such as forest/woods, full of mystification and charm, bringing together top artists from around the world	■ Maintain contact with clients though the website, fb page, emails, other online platforms and forums.	■ Music lovers from all over the world, including domestic visitors.
	KEY RESOURCES ■ Good access to top international performers and their producers ■ Safe site and capability of accommodating the attendants throughout the hotels and campsites		**CHANNELS** ■ Online: Purchase option (e.g. online ticket sales platforms)	

COST STRUCTURE	REVENUE STREAMS
■ Arrangement of site (leasing, arrangement of the infrastructure) ■ Significant administration expenses to recruit the performers ■ Salaries of the support team ■ Significant expenses in marketing	■ Fees per person ■ Sponsorship income ■ Additional income such as post-event sales of souvenirs

19. Georgian European Restaurant

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Producers of the high-quality restaurant and kitchen equipment
▪ Producers of high-quality local produce
▪ Producers of high-quality rare varieties of wine throughout Georgia, special emphasis on local Meskhetian wine producers
▪ Vendors of the other standard products
▪ VET colleges, who could provide trained staff</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
▪ Finding a well-located property and renovation of the property in the attractive modern design (mix of Georgian and modern)
▪ Recruiting chef cook and other restaurant staff
<u>Regular:</u>
▪ Sourcing high-quality local food and wine
▪ Logistics and warehouse management, quality control, marketing
▪ Organizing various events</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Mix of authentic Georgian and European cuisine, with original dishes and modern and design facility, run by a well-known Georgian cook</td>
<td>CUST. RELAT.
▪ Loyalty programs
▪ FB and other online Communication</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic visitors
▪ Local population
B2B segment:
▪ Hotels (organ. tours)
▪ Tour oper. (organ. tours)
▪ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Good chef cook, able to design original dishes</td>
<td>CHANNELS
▪ Onsite POS
▪ B2B sales
▪ Online reservation option</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Property, design and improvements
▪ Lease for the property (visible commercial space)
Working capital:
▪ Cost of supplied food
▪ Salaries of the staff
▪ Depreciation and technical maintenance
▪ Event costs</td>
<td colspan="2">REVENUE STREAMS
▪ Individual guests and families
▪ Corporate parties and evenings
▪ Revenues from events (wine tasting, masterclasses)</td>
</tr>
</table>

20. Modern Fast-Food Restaurant

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Owners of the fast-food chains franchise brand licenses (e.g., McDonalds)
■ Producers of the high-quality restaurant and kitchen equipment, suitable for the franchise standards
■ Vendors of the standard products and inputs
■ VET colleges, who could provide trained staff</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
■ Finding a well-located property and renovation of the property in the attractive modern design
■ Recruiting and training of restaurant staff
<u>Regular:</u>
■ Sourcing supplies, logistics and warehouse management, quality control, marketing, staff training
■ Delivery operations</td>
<td rowspan="2">VALUE PROPOSIT.
■ Standard Fast-food franchise restaurant, offering fast and convenient service to the guests of Borjomi or Bakuriani</td>
<td>CUST. RELAT.
■ Loyalty programs
■ FB Communication
■ Standard mix of the selected franchise</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic visitors
■ Local population</td>
</tr>
<tr>
<td>KEY RESOURCES
■ Suitable location and financial backing to follow the standards of the selected fast-food chain</td>
<td>CHANNELS
■ Onsite POS
■ B2B sales
■ Online reservation option</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
■ Property, refurbishment and improvements
Working capital:
■ Cost of lease (if leased)
■ Cost of supplied food
■ Salaries of the staff
■ Depreciation and technical maintenance</td>
<td colspan="2">REVENUE STREAMS
■ Individual guests and families
■ Celebrations (e.g., birthdays etc)</td>
</tr>
</table>

21. Themed Experiences Around Borjomi Attractions (e.g., Romanovs', Borjomi Waters, Kukushka, Famous People)

KEY PARTNERS

- Administration of the local attraction (e.g., Romanovs' Palace, Borjomi Water Company, Kukushka Administration and so forth)

KEY ACTIVITIES

- Accepting bookings offline and online (e.g., through Airbnb Experience)
- Maintaining the schedule of the group and individual visits
- Assembling the required team (when needed)
- Providing the interpretation during the process (in foreign languages)
- Arrangements with the administrations of the local attractions
- Accepting the payments (including by electronic cards
- Maintaining bookkeeping and administrative tasks.

KEY RESOURCES

- Access to the local attraction
- Languages/interpretation skills
- Knowledge of local history

VALUE PROPOSIT.

- High-end staged experience themed under the key attraction of Borjomi, taking the visitors through stages of stories and activities to be performed by the visitors, engaging and immersing them into the process and making the tour unforgettable

CUST. RELAT.

- Maintain contact with clients though Trip-advisor site, fb page and other online forums and portals

CHANNELS

- Online: Purchase option (e.g. Airbnb Experiences)
- Offline: B2B sales (e.g., hotels), Guides; Walk-in guests

CUST. SEGMENTS.

Retail segment:

- Foreign tourists

B2B segment:

- Hotel (organ. tours)
- Tour oper. And guides (organ. tours)

COST STRUCTURE

Investment costs:

- Almost none, only several attributes

Working capital:

- Minimum requirement

REVENUE STREAMS

- Fees per person per guided trip
- Additional income through selling souvenirs /commissions

22. Night Club

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Owner of the property to be leased (in case of lease)
■ Providers of sound equipment
■ DJ and music community
■ Providers of food and beverages</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
■ Finding a well-located property
■ Renovation of the property with the attractive modern design
■ Recruiting reputable DJs
■ Recruiting staff
<u>Regular:</u>
■ Logistics and warehouse management, quality control, marketing
■ Organizing special themed events</td>
<td rowspan="2">VALUE PROPOSIT.
■ Small but lively place crowded by young people, offering the modern electronic music by DJ, affordable drinks and smiley staff and bar service</td>
<td>CUST. RELAT.
■ Loyalty programs
■ FB and Instagram communication</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic visitors
■ Local population (youth)
B2B segment:
■ Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
■ It is important to cultivate relationships with the key opinionmakers in Georgia and music community and finding the manager of the facility.</td>
<td>CHANNELS
■ Direct onsite POS
■ Online reservation option
■ B2B sales</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
■ Property, design and improvements
Working capital:
■ Lease payments (if leased)
■ Cost of supplied drinks and food
■ Salaries of the staff and invited DJs
■ Other event costs</td>
<td colspan="2">REVENUE STREAMS
■ Sales of drinks and food
■ Revenues from events (special nights)
■ Incomes from corporate parties and evenings</td>
</tr>
</table>

23. Beer Pub

<table>
<tr>
<td rowspan="2" colspan="2">KEY PARTNERS
■ Owner of the property to be leased (in case of lease)
■ Bands
■ Key beer companies in Georgia, who could become a supplier of the beer
■ Providers of food and other beverages</td>
<td colspan="2">KEY ACTIVITIES
<u>One-time:</u>
■ Finding a well-located property
■ Renovation of the property with the attractive modern design
■ Recruiting a band or two
■ Recruiting staff
<u>Regular:</u>
■ Logistics and warehouse management, quality control, marketing</td>
<td rowspan="2" colspan="2">VALUE PROPOSIT.
■ Small but lively crowded place, offering live music and classic and modern pub music portfolio, good beer and smiley service</td>
<td colspan="2">CUST. RELAT.
■ Loyalty programs
■ FB and Instagram communication</td>
<td rowspan="2" colspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic visitors
■ Local population (youth)
B2B segment:
■ Corporates (staff events)</td>
</tr>
<tr>
<td colspan="2">KEY RESOURCES
■ Tasty beer, general atmosphere and live music are key resources of such a business, exclusive partnership with a leading beer company could become a key source of significant discounts.</td>
<td colspan="2">CHANNELS
■ Direct onsite POS
■ Online reservation option
■ B2B sales</td>
</tr>
<tr>
<td colspan="5">COST STRUCTURE
Investment costs:
■ Property, design and improvements
Working capital:
■ Lease payments (if leased)
■ Cost of supplied, beer, drinks and other food
■ Salaries of the staff and invited band
■ Other event costs</td>
<td colspan="5">REVENUE STREAMS
■ Sales of drinks and food
■ Corporate parties and evenings (irregular)</td>
</tr>
</table>

24. Agritourism Experience And A Farm-Stay Facility (e.g., Apiculture)

<table>
<tr>
<td rowspan="2">KEY PARTNERS
Fellow honey-makers and bee-keepers in Tori region (where the oldest culturized honey was discovered)
Providers of the local fresh produce (besides honey) to feed and host the visitors
Providers of beekeeping equipment and knowledge</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
Setting up the facility or recruiting and training the fellow honey-makers (2-3)
Setting up the farm-stay (2-3 rooms)
<u>Regular:</u>
Taking care of bees
Engaging the fellow beekeepers
Accepting the reservations (including through online)
Maintaining the farm-stay into shape and ready for guests
Administrative work
Marketing and sales</td>
<td rowspan="2">VALUE PROPOSIT.
Authentic Georgian experience of beekeeping and honey-making (everything related to the process) <u>in the area where it was first made in culturized way</u>, with interpretation in languages, combined with the rural accommodation facility, equipped with basic necessary comforts (shower, heating and hot water, normal beds)</td>
<td>CUST. RELAT.
Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
Foreign tourists
Domestic visitors
B2B segment:
Hotel (organ. tours)
Tour oper. (organ. tours)
Corporates (staff events)</td>
</tr>
<tr>
<td>KEY RESOURCES
For this, the key resource will be the story of the first honey found in Borjomi municipality as well as the process of providing the interpretation in languages and offering the visitors opportunity to actively engage</td>
<td>CHANNELS
Direct onsite POS
Online purchase option
B2B sales</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
Property, design and improvements
Equipment: bee-houses, special equipment etc.
Working capital:
Cost of supplied food
Salaries of the support staff (1-2 people)</td>
<td colspan="2">REVENUE STREAMS
Revenues from tours per person
Revenues from farm-stay</td>
</tr>
</table>

25. Boat Rental and Experience

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ The owner of the long-term lease of the lake to arrange the access
■ Providers of high-end modern boats and related safety equipment as well as technicians who can repair them
■ Providers of the transportation for transfers to from specific locations of the municipality to Tabatskuri
■ Local pool of qualified people, who know languages to be used as instructors</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
■ Setting up the rental facility or recruiting and training the staff (2-3)
■ Purchasing boat fleet
<u>Regular:</u>
■ Accepting bookings offline and online (e.g., through Airbnb Experience)
■ Maintaining the fleet year-round and repairing the damaged stock
■ Providing the instructions during the process (in foreign language)
■ Accepting the payments (including by electronic cards)
■ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
■ High-end experience of boat swimming on Tabatskuri lake wilderness, with the support of a professional instructor and following the modern safety standards</td>
<td>CUST. RELAT.
■ Maintain contact with clients though Trip-advisor site, FB and thorough other online platforms and sites</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic groups
B2B segment:
■ Hotel (organ. tours)
■ Tour oper. and guides (organ. tours)
■ Corporates</td>
</tr>
<tr>
<td>KEY RESOURCES
■ Access to the lake Tabatskuri lake should be secured from the lease contract owner.</td>
<td>CHANNELS
■ Online: Purchase option (e.g. Airbnb Experiences)
■ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
■ Arrangement of the rental office
■ Purchasing boat fleet
■ Purchasing special equipment
Working capital:
■ Considerable working capital requirement to keep the fleet running</td>
<td colspan="2">REVENUE STREAMS
■ Fees per person per guided trip
■ Feed per person per unguided trip/rental fees</td>
</tr>
</table>

26. Winter / Summer Lake Fishing Experience

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ The owner of the long-term lease of the lake to arrange the access to the lake for fishing
▪ Arrangement with the administration of the managed reserves
▪ Providers of high-end modern fishing equipment as well as technical service
▪ Providers of the transportation for transfers to from specific locations of the municipality to Tabatskuri (winter and summer)
▪ Local pool of qualified people, who know languages to be used as instructors</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
▪ Recruiting and training the staff (2-3)
▪ Purchasing fishing equipment
<u>Regular:</u>
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Maintaining and upgrading the equipment
▪ Providing the instructions during the process (in foreign language)
▪ Accepting the payments (including by electronic cards)
▪ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
▪ High-end experience of fishing on the lake during the wintertime through cut-off ice or during the summertime from the boat, with the support of the processional fisherman, with interpretation in foreign languages</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though Trip-advisor site, FB and thorough other online platforms and sites</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic groups
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. and guides (organ. tours)
▪ Corporates</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Access to the lake Tabatskuri should be secured from the lease contract owner.</td>
<td>CHANNELS
▪ Online: Purchase option (e.g. Airbnb Experiences)
▪ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Arrangement of the rental office
▪ Arrangement with the boat owners
▪ Purchasing special equipment
Working capital:
▪ Minimum working capital requirement</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person per guided fishing secession
▪ Feed per person rented equipment</td>
</tr>
</table>

27. River Rafting Experience

KEY PARTNERS
- Providers of high-end modern rafting boats and related safety equipment as well as technicians who can repair them
- Providers of the transportation for transfers to from specific locations to the rafting sites
- Local pool of qualified people, who know languages to be used as instructors

KEY ACTIVITIES

One-time:
- Recruiting and training the staff (2-3)
- Purchasing rafting boat fleet and equipment

Regular:
- Accepting bookings offline and online (e.g., through Airbnb Experience)
- Maintaining the fleet and equipment year-round and repairing the damaged stock
- Providing the instructions during the process (in foreign language)
- Accepting the payments (including by electronic cards)
- Maintaining bookkeeping and administrative tasks.

KEY RESOURCES
- Modern and up-to-date knowledge of the industry and trends, as well as safety standards.

VALUE PROPOSIT.
- High-end experience of rafting in the Mtkvari river, near Borjomi, with the support of a professional instructor and following the modern safety standards

CUST. RELAT.
- Maintain contact with clients though Trip-advisor site, FB and thorough other online platforms and sites

CHANNELS
- Online: Purchase option (e.g. Airbnb Experiences)
- Offline: B2B sales (e.g., hotels), Guides; Walk-in guests

CUST. SEGMENTS.

Retail segment:
- Foreign tourists
- Domestic groups

B2B segment:
- Hotel (organ. tours)
- Tour oper. and guides (organ. tours)
- Corporates

COST STRUCTURE

Investment costs:
- Purchasing rafting fleet
- Purchasing special equipment

Working capital:
- Moderate level of working capital requirement to keep the fleet running

REVENUE STREAMS
- Fees per person per guided rafting session
- Competitions and events.

28. River Surfing Experience

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Providers of high-end modern surfing boards and related safety equipment as well as technical service
■ Providers of the transportation for transfers to from specific locations to the rafting sites
■ Local pool of qualified people, who know languages to be used as instructors</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
■ Recruiting and training the staff
■ Purchasing surfing boards and equipment
■ Arrangement of the site
<u>Regular:</u>
■ Maintaining the fleet year-round and repairing the damaged stock
■ Providing the instructions during the process (in foreign language)
■ Maintaining the site
■ Accepting bookings offline and online (e.g., through Airbnb Experience)
■ Accepting the payments (including by electronic cards)
■ Maintaining bookkeeping and administrative tasks.</td>
<td rowspan="2">VALUE PROPOSIT.
■ High-end experience of river surfing in the Mtkvari river, near Borjomi, with the support of a professional instructor and following the modern safety standards</td>
<td>CUST. RELAT.
■ Maintain contact with clients though Trip-advisor site, FB and thorough other online platforms and sites</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic groups
B2B segment:
■ Hotel (organ. tours)
■ Tour oper. and guides (organ. tours)
■ Corporates</td>
</tr>
<tr>
<td>KEY RESOURCES
■ Exclusive access and control to the section of the river should be secured from the relevant party</td>
<td>CHANNELS
■ Online: Purchase option (e.g. Airbnb Experiences)
■ Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</td>
</tr>
<tr>
<td colspan="2">COST STRUCTURE
Investment costs:
■ Purchasing surfing boards
■ Purchasing special equipment
Working capital:
■ Moderate level of working capital requirement to keep boards in shape</td>
<td colspan="3">REVENUE STREAMS
■ Fees per person per guided rafting session
■ Competitions and events</td>
</tr>
</table>

29. Kids Indoor Center

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Providers of kids' indoor entertainment equipment for kids' centers</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
▪ Building the center
▪ Purchasing equipment
▪ Recruiting and training the staff
<u>Regular:</u>
▪ Operations and human resource management of the center
▪ Technical maintenance of the facility
▪ Accepting bookings offline and online (e.g., through Airbnb Experience)
▪ Accepting the payments (including by electronic cards)
▪ Maintaining bookkeeping and administrative tasks</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Modern facility where families can take their kids and spend entire day interestingly during the bad weather conditions.</td>
<td>CUST. RELAT.
▪ Maintain contact with clients though FB and other online channels</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Foreign tourists
▪ Domestic visitors
▪ Local residents
B2B segment:
▪ Hotel (organ. tours)
▪ Tour oper. and guides (organ. tours)</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Key resource for this business is its scale (should be large enough to reach the critical mass of visitors). This will require significant investment in the property and facility.</td>
<td>CHANNELS
▪ Online: Purchase option
▪ Offline: B2B sales (e.g., hotels)</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Property and the building
▪ Equipment
Working capital:
▪ Paying staff salaries and technical maintenance
▪ Amortization.</td>
<td colspan="2">REVENUE STREAMS
▪ Fee per visitor per hour
▪ Additional fees for additional services (e.g., celebrations, competitions)</td>
</tr>
</table>

30. SPA Facility

<table>
<tr>
<td rowspan="2">KEY PARTNERS
■ Leading SPA operators
■ Suppliers of SPA equipment
■ SPA professionals (especially Massage specialists)
■ Provider of SPA consumables.</td>
<td>KEY ACTIVITIES
<u>One-time:</u>
■ Building the SPA center
■ Purchasing equipment
■ Recruiting and training the staff
<u>Regular:</u>
■ Operations and human resource management of the center
■ Technical maintenance of the facility
■ Accepting bookings offline and online
■ Accepting the payments (including by electronic cards)
■ Maintaining bookkeeping and administrative tasks, sales and marketing.</td>
<td rowspan="2">VALUE PROPOSIT.
■ Modern SPA facility, with the standard set of infrastructure and services, with affordable price, where visitors of the destination could spend evenings after cold skiing day or during the bad weather conditions.</td>
<td>CUST. RELAT.
■ Maintain contact with clients though FB and other online channels</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
■ Foreign tourists
■ Domestic visitors
■ Local residents
B2B segment:
■ Hotel (organ. tours)
■ Tour oper. and guides (organ. tours)</td>
</tr>
<tr>
<td>KEY RESOURCES
■ Key resource for this business is its scale (should be large enough to reach the critical mass of visitors). This will require significant investment in the property and facility. Additional key resource could be access to local mineral waters and their use in the procedures</td>
<td>CHANNELS
■ Online: Purchase option
■ Offline: B2B sales (e.g., through hotels, who do not have their own SPA infrastructure)</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
■ Property and the building
■ Equipment
Working capital:
■ Paying staff salaries and technical maintenance
■ Amortization</td>
<td colspan="2">REVENUE STREAMS
■ Fee per visitor per hour /
■ Premium services (e.g. Massage)</td>
</tr>
</table>

31. Sanatorium for Kids and Moms

KEY PARTNERS
- Medical and health professionals
- Hospitality workforce training centers and universities for sourcing highly motivated staff
- Suppliers of consumables (e.g., linen, soap and so forth).

KEY ACTIVITIES

One-time:
- Identifying the specific places and properties for development
- Concept development for the resort/sanatorium
- Actual development and launch (e.g., recruitment of staff and so on)

Regular:
- Some specific health procedures for kids
- Sales and marketing
- Rooms operations
- Food and beverage operations
- Administration
- Supplementary services
- Vendor relations

KEY RESOURCES
- Specific micro-climate location, which were famous for its health and recreational properties will be a key resource.

VALUE PROPOSIT.
- All inclusive, modern facility, which offers specific health-related treatment for kids with specific health needs, in unique micro-climate resorts of Borjomi municipality (e.g., Libani, Kechkhobi, Tsemi).

CUST. RELAT.
- Maintain contact with clients through email and online platforms such as Tripadvisor and own fb page

CHANNELS

Online:
- Own website and reservation system
- Booking.com and other online booking platforms

Offline:
- Walk-in guests
- Direct B2B sales

CUST. SEGMENTS.

Retail segment:
- Foreign families living in Georgia
- Domestic clients (e.g., families with kids with specific health needs)

B2B segment:
- Incoming tour operators, specializing in health tourism.

COST STRUCTURE

Investment costs:
- Significant investment costs for developing the property

Working capital:
- Significant working capital requirement for running the facility

REVENUE STREAMS
- Fees per person/rooms

32. Thematic Youth Camps and Infrastructure

<table>
<tr>
<td rowspan="2">KEY PARTNERS
▪ Top youth workers and youth leaders within the country
▪ Hospitality workforce training centers and universities for sourcing highly motivated staff
▪ Suppliers of consumables (e.g., linen, soap and so forth).</td>
<td>KEY ACTIVITIES
One-time:
▪ Identifying the specific places and areas for development
▪ Concept development for the camp theme and facility
▪ Actual development and of the facility
Regular:
▪ Sales and marketing internationally, recruiting youth internationally.
▪ Property operations and maintenance
▪ Food and beverage operations
▪ Vendor relations
▪ Administration
▪ Supplementary services</td>
<td rowspan="2">VALUE PROPOSIT.
▪ Modern, international standard themed youth camp project, coupled with full and all-inclusive infrastructure, during all seasons, offering supreme youth camp experience, program and activities (both indoor and outdoor) in the beautiful scenery of Borjomi municipality.</td>
<td>CUST. RELAT.
▪ Maintain contact with clients through email and online platforms such as Tripadvisor and own fb page</td>
<td rowspan="2">CUST. SEGMENTS.
Retail segment:
▪ Well-off families in Georgia with eligible young kids
▪ Foreign families living in Georgia
B2B segment:
▪ International companies, specializing in youth camp programs.</td>
</tr>
<tr>
<td>KEY RESOURCES
▪ Diversity of activities (program) and quality of the infrastructure (both indoor and outdoor) that youth can enjoy during the program will be a distinguishing factor for the business.</td>
<td>CHANNELS
▪ Own website and reservation system</td>
</tr>
<tr>
<td colspan="3">COST STRUCTURE
Investment costs:
▪ Significant investment costs for developing the property
Working capital:
▪ Significant working capital requirement for running the facility
▪ Marketing costs for selling camp programs internationally.</td>
<td colspan="2">REVENUE STREAMS
▪ Fees per person/rooms</td>
</tr>
</table>