



Survey of the travel agency industry in Georgia

Prepared based on 2019-2020 data





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Reason of research

This study provides an overview of the travel agency industry, revealing current trends, based on the 2019 and 2020 financial statements of the first, second and third-size category institutions.

The report presents the industry's average financial indicators, forming a "benchmark" of the industry and providing information on its financial condition.

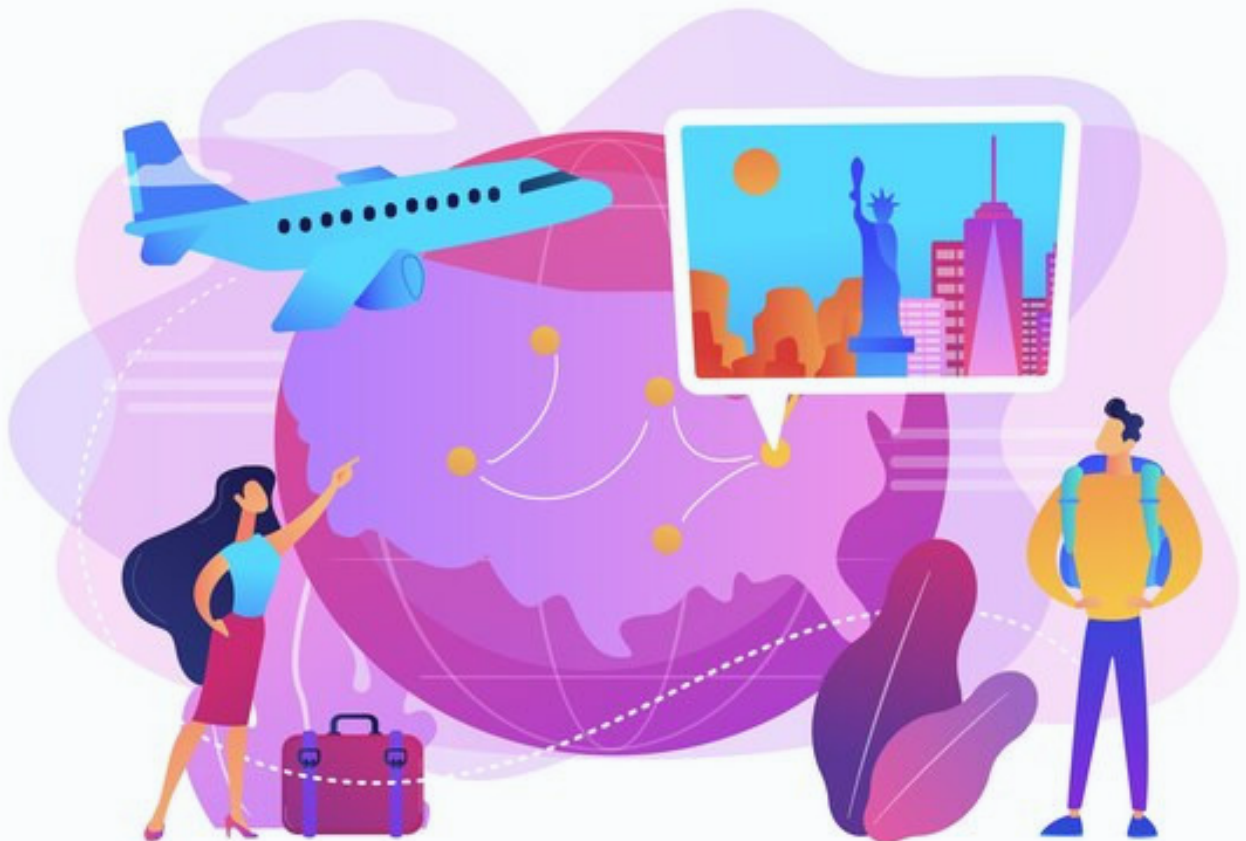


Methodology

The data used in the study were taken from the website of the reporting portal, where annual financial statements are published in accordance with the legislation of Georgia.

These travel agencies belong to the third category. The mentioned information is based on the data of 2019 and 2020, the research will consider travel agencies, the total number of which is 29 (according to the data of 2019).

The research focuses on the overview of tourist agencies, specifically on their number, and financial indicators, the data is taken from the National Statistics Service of Georgia and the reporting portal.



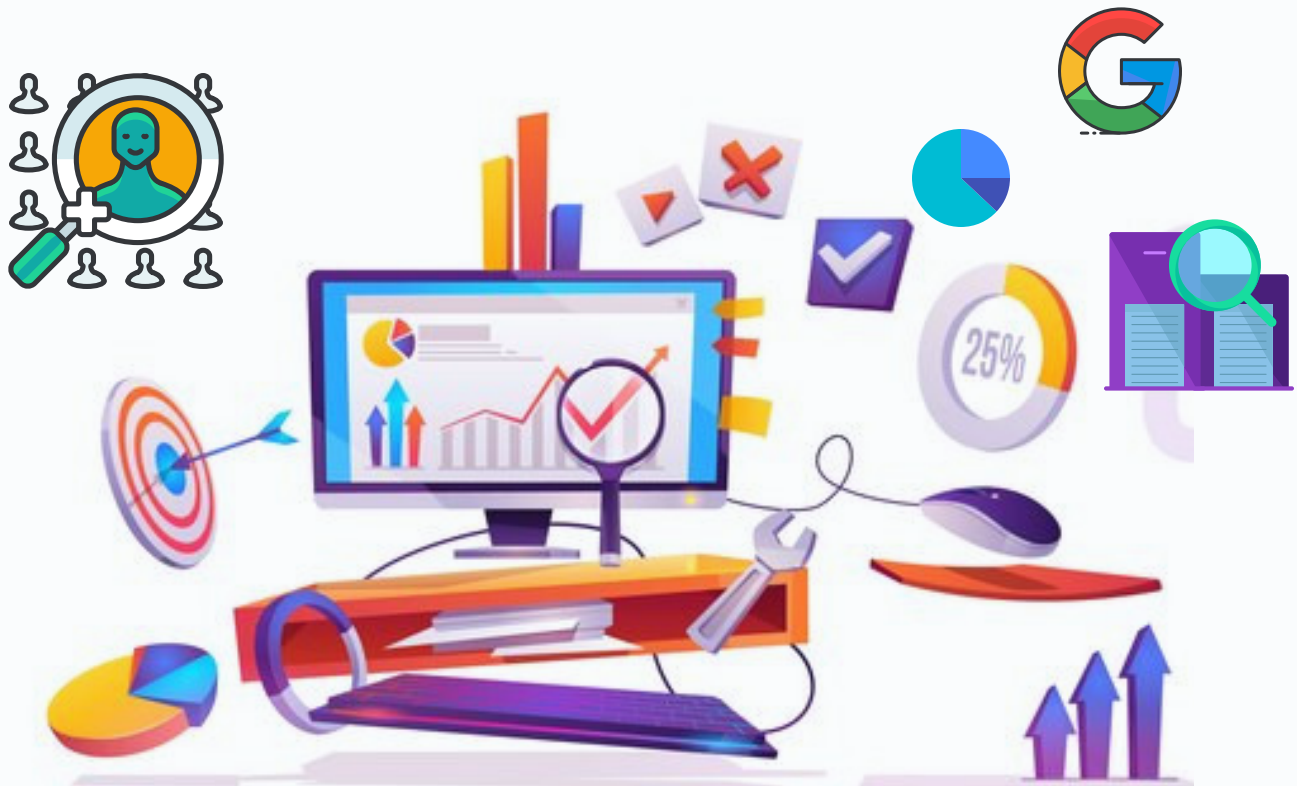


Research Results

The study reviews travel agencies whose total turnover in 2019 exceeds 219 million GEL, with total assets of 68 million GEL.



As a result of the data analysis, it was established that the tourist agencies in Georgia have the following financial indicators: the average return on assets (ROA) was 37%, and the return on capital (ROE) was 44%. In addition, financial ratios of industry average liquidity and solvency were established.



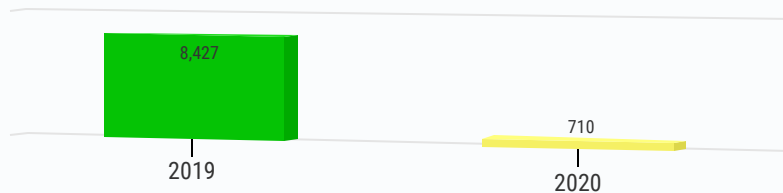


Research Results

As a result of the research, the average data of travel agencies for 2019-2020 was also revealed. All of these 29 travel agencies belong to the third category.

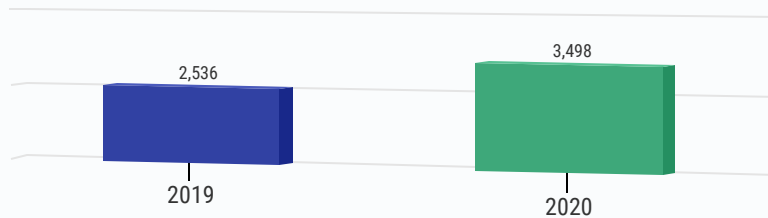
thousand, GEL

Average Realization



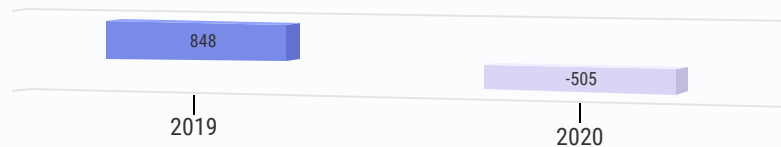
thousand, GEL

Average total assets



thousand, GEL

Average profit/loss before tax



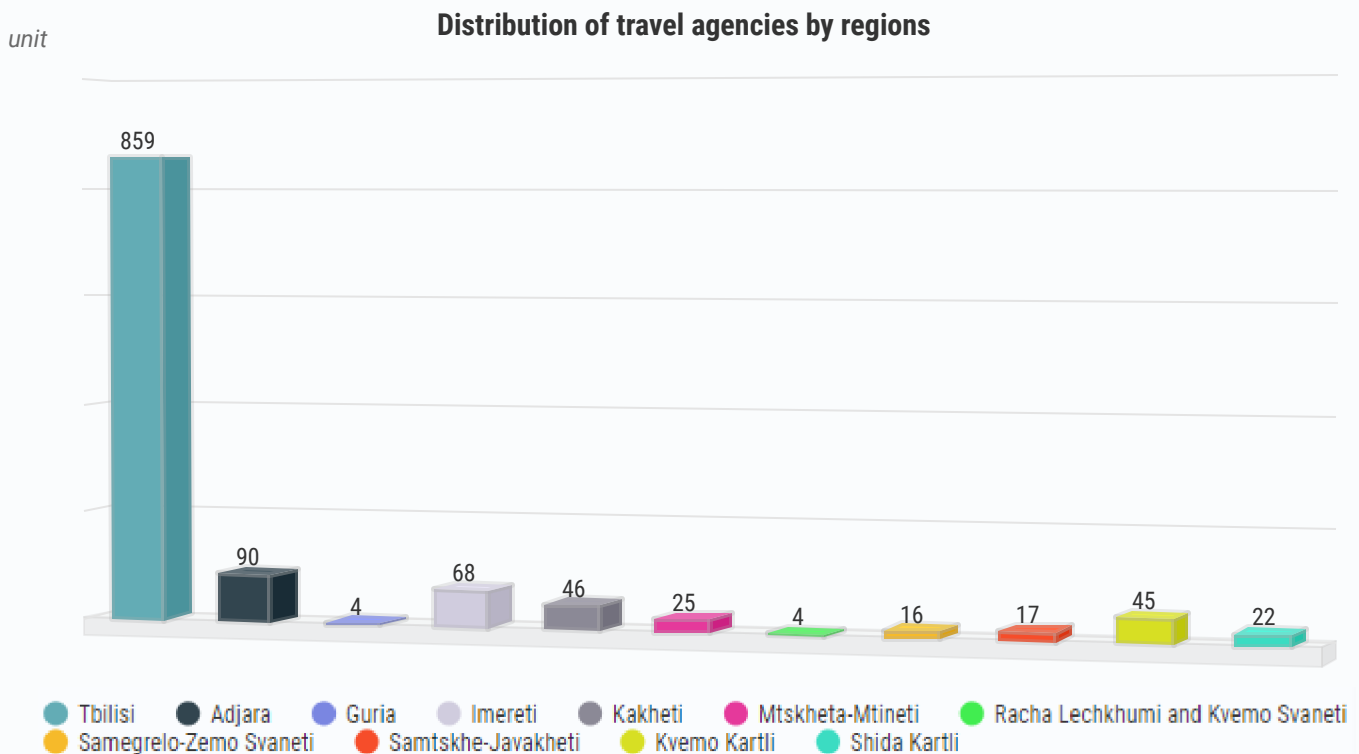


Travel Agency Industry Overview

By 2022, the number of tourist agencies in Georgia has reached 1196 units, mainly concentrated in Tbilisi. Since 2020, the pace of development in the direction of travel agencies, as well as in other industries, has significantly decreased, which was caused by the current pandemic situation.

Taking into account that a relatively large part of the country's economy was occupied by tourism, today's results were expected. However, it is possible that after overcoming the crisis situation, the tourism agency industry in Georgia will continue to grow, in parallel with the return of tourism to its old levels. The turnover of travel agencies increased from year to year, and in 2020 it significantly decreased. It is important to step by step for travel agencies to make changes and introduce appropriate standards that are in line with both Georgia's and the world's requirements to make the field even more attractive, which is needed.

According to the National Statistics Service of Georgia, the distribution of travel agencies by region in 2022 will look like this:



Source: geostat.ge

As can be seen from the diagram, in 2022, the main part of tourist agencies is represented in Tbilisi - 859 units, followed by Adjara - 90 units, and Imereti - 68 units in third place.

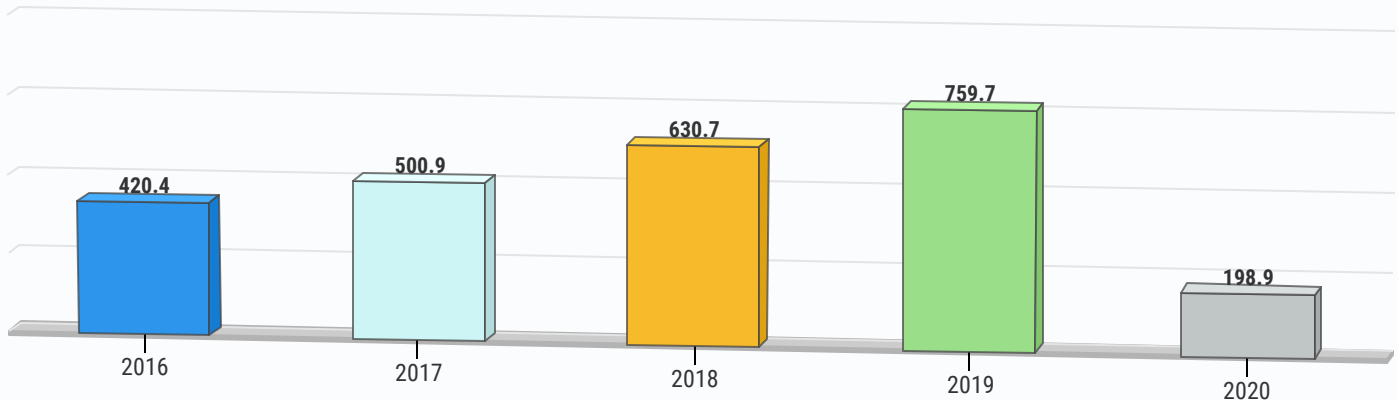
Travel Agency Industry Overview



The volume of turnover of tourist agencies, tour operators, and other booking service enterprises in Georgia (declared data of enterprises) during the last five years is as follows:

million GEL

Turnover volume of travel agencies, tour operators and other booking service enterprises

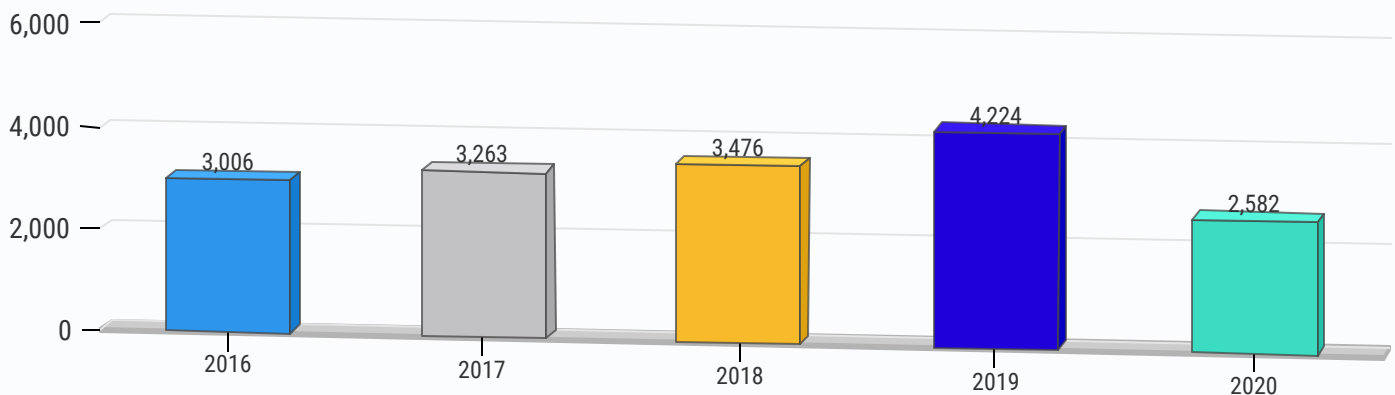


Source :geostat.ge

As can be seen from the diagram, the turnover volume of travel agencies is steadily increasing until 2019, while in 2020 the benchmark decreased by 74%. As for the average number of employees in travel agencies, in the last five years it is as follows:

person

The average number of employees in enterprises engaged in the activities of travel agencies, tour operators and other reservation services



Source :geostat.ge

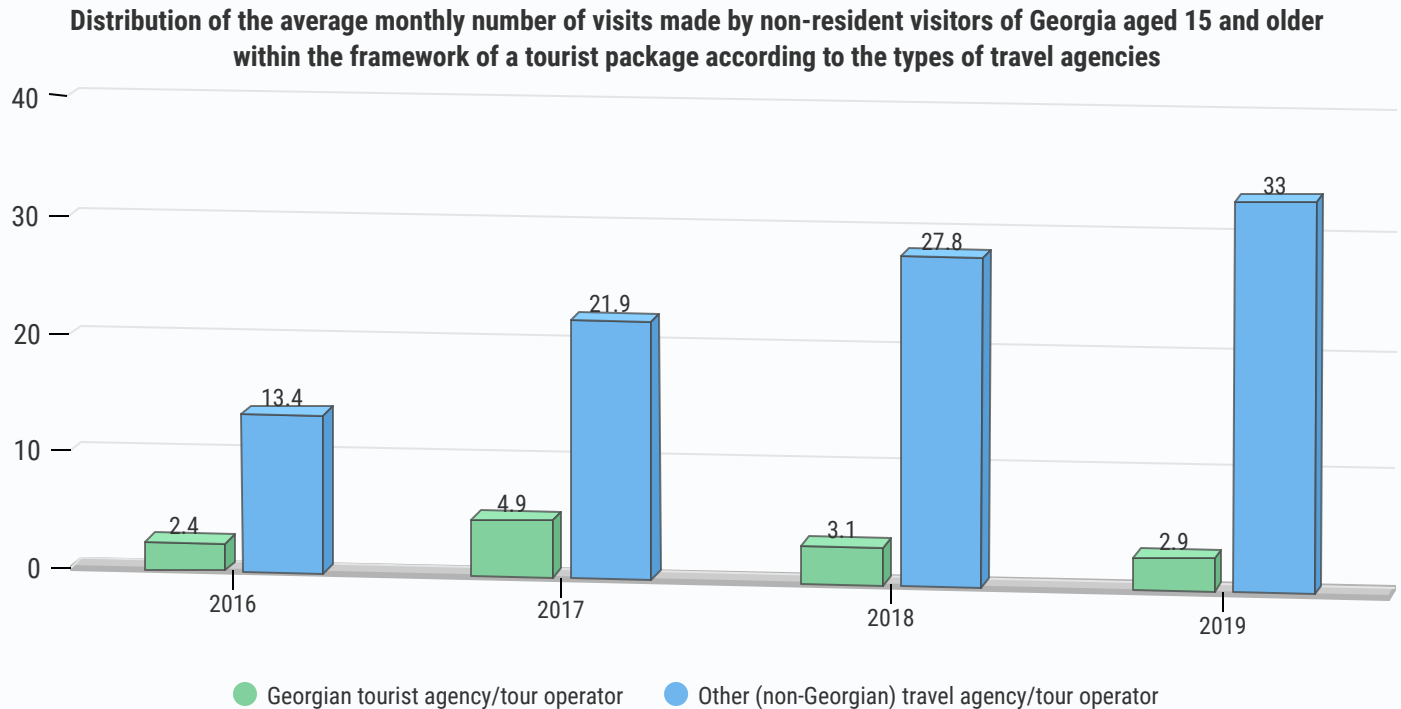
As can be seen from the diagram, the maximum number of employees in travel agencies in the last five years was recorded in 2019, and the minimum in 2020.



Travel Agency Industry Overview

According to the National Statistics Service of Georgia, the distribution of the average monthly number of visits made by non-resident visitors of Georgia aged 15 and older as part of a tourist package according to the types of travel agencies in the last four years is as follows:

a thousand



Source :geostat.ge

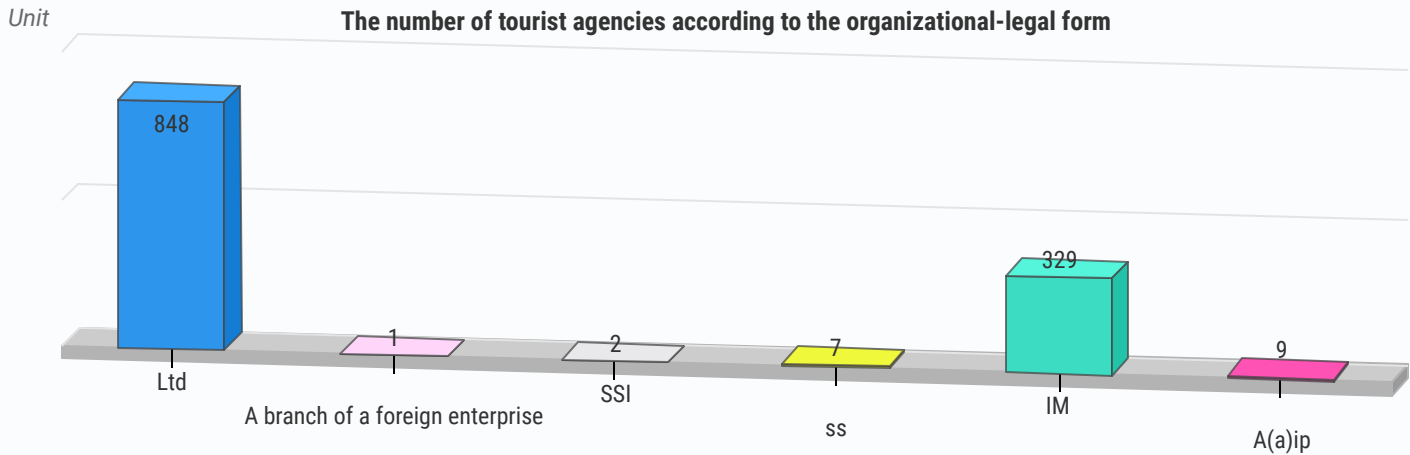
As can be seen from the diagram, over the last four years, the distribution of the average monthly number of visits made by non-resident visitors of Georgia aged 15 and older within the framework of a tourist package according to the types of tourist agencies is led by another (non-Georgian) tourist agency/tour operator. The mentioned figure was steadily increasing and in 2019 it was recorded at 33 thousand, which is 30.1 thousand more than the number of tourists served by the Georgian tourist agency/tour operator.

It is important to note here that the average monthly number of visits made by non-resident visitors of Georgia aged 15 and older as part of the tourist package, according to the Georgian tourist agency/tour operator, is steadily decreasing, the reason for this may be the quality of service, the instability of the offered services, etc.



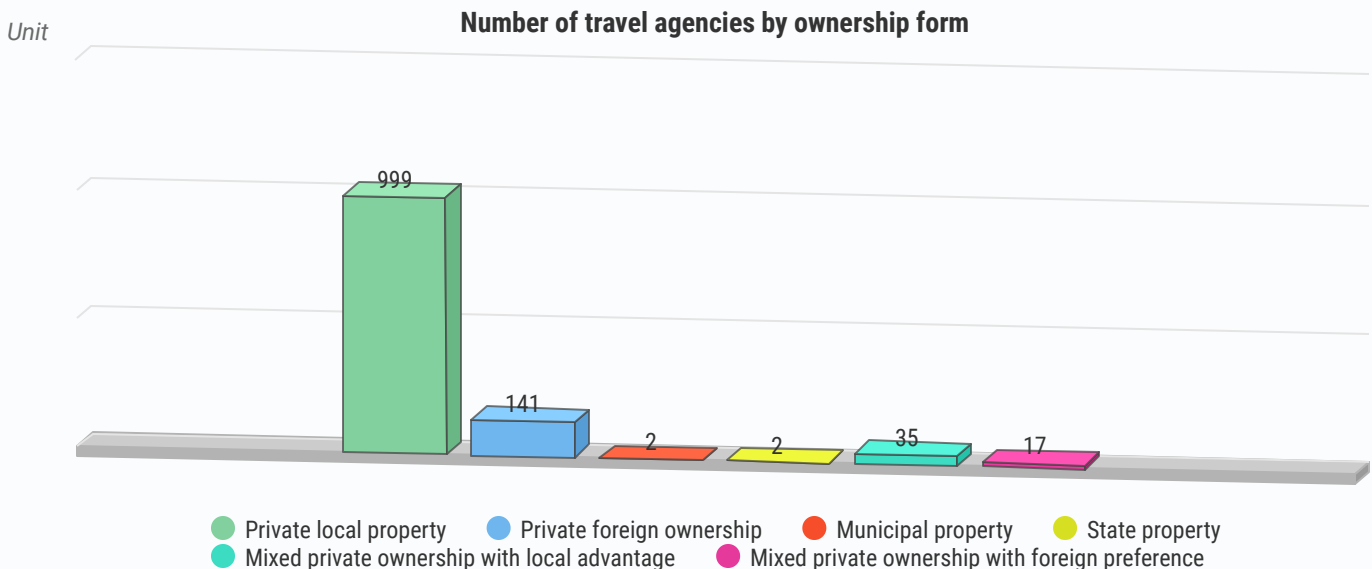
Travel Agency Industry Overview

According to the National Statistics Service of Georgia, the number of travel agencies according to the organizational-legal form looks like this:



Source:geostat.ge

As can be seen from the diagram, the main part of the tourist agencies in Georgia is LLC- 848 units, and 329 units of I.M. As for the distribution of the number of travel agencies according to the form of ownership, it is as follows:



Source:geostat.ge

As can be seen from the diagram, the main part of tourist agencies in Georgia is private local ownership - 999 units, and 141 units are private foreign ownership.

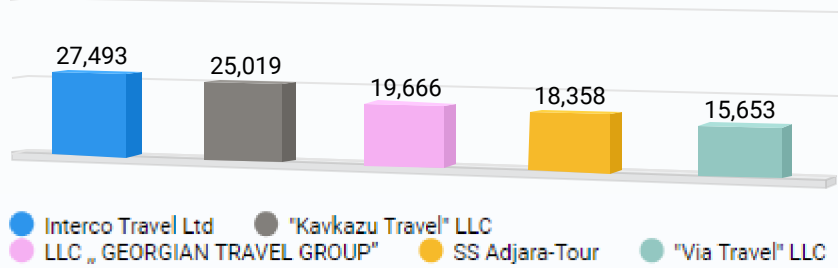


Major market players (2019-2020)

The total income of the mentioned companies represents 48% of the total income of the tourism agencies represented in the survey in 2019. The data for 2020 falls sharply behind the figures of 2019 for the top companies in terms of both revenues and profits and the size of assets.

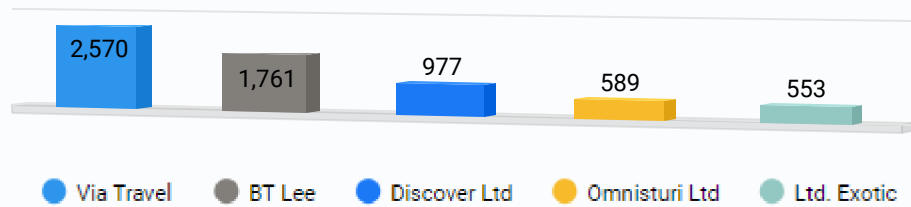
thousand, GEL

Top 5 companies by revenue (2019)



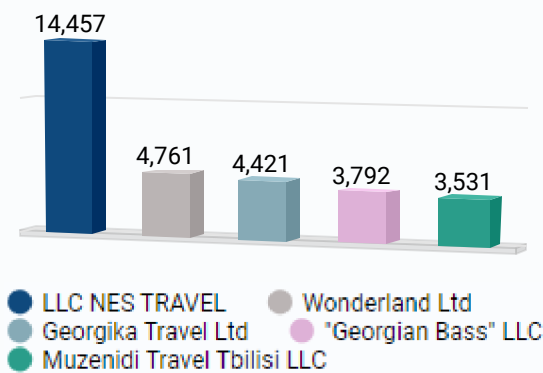
thousand, GEL

Top 5 Companies by Revenue (2020)



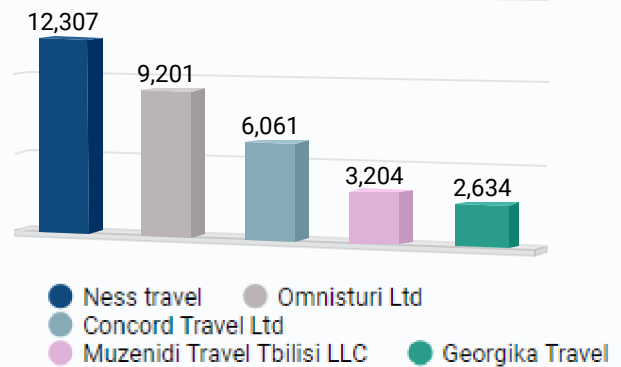
Top 5 travel agencies by assets (2019)

thousand, GEL



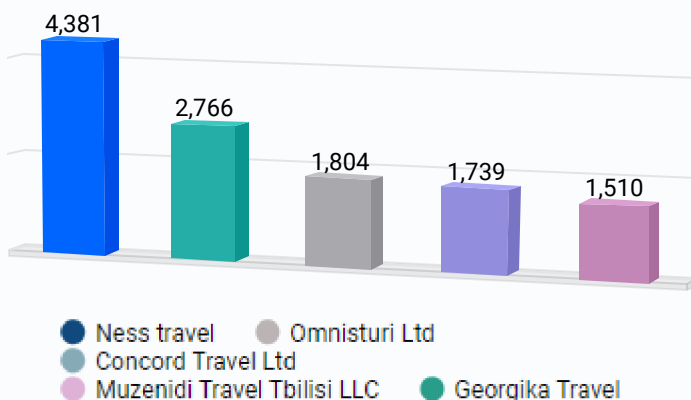
Top 5 travel agencies by assets (2020)

thousand, GEL



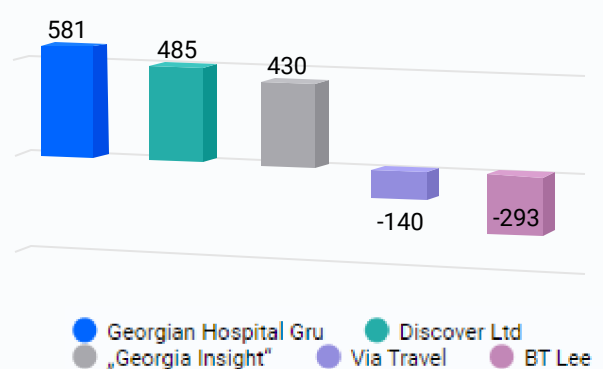
Profit before tax, top 5 travel agency companies (2019)

thousand, GEL



Profit before tax, top 5 travel agency companies (2020)

thousand, GEL

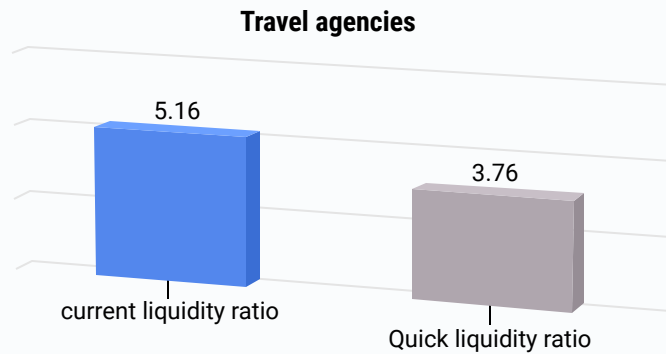




Industry Average Financial Ratios (2019)

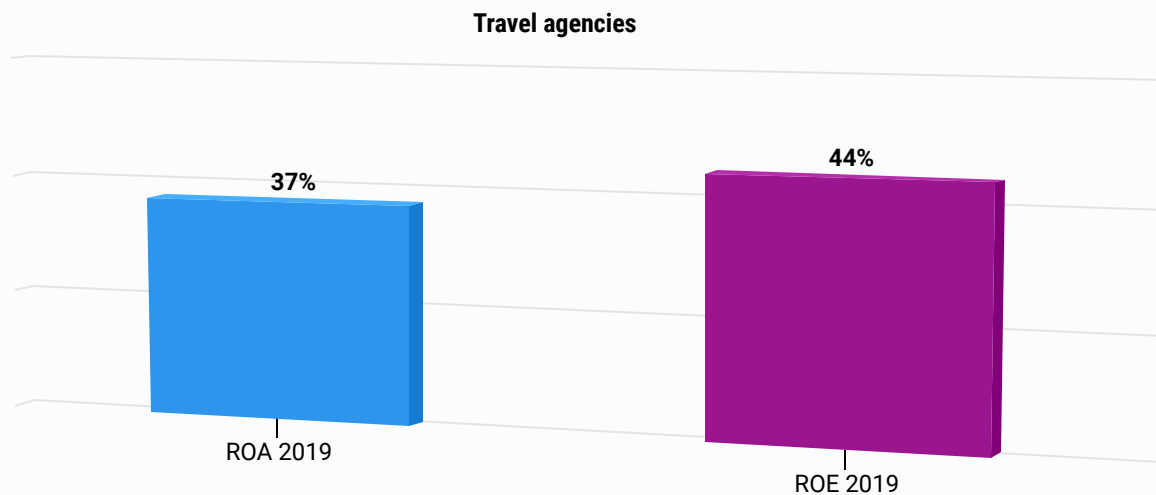
Liquidity ratios

As a result of the research, the liquidity coefficients of tourism agencies were revealed. Current and quick liquidity ratios were 5.16 and 3.76, when the liquidity ratio is greater than 1, the indicator is considered satisfactory.



Profitability ratios

The profitability ratios of the tourist agencies operating in Georgia were as follows: annual return on assets (ROA) is 37%, and return on capital ROE is 44%.

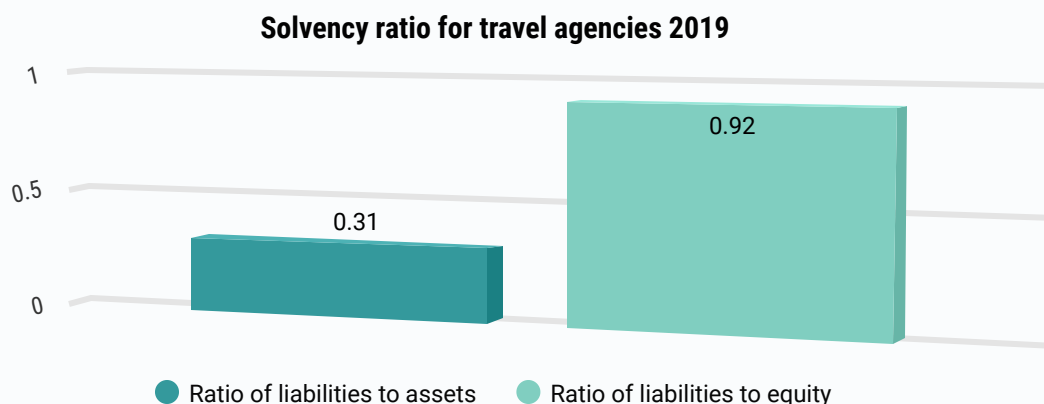




Industry average financial ratios (2019)

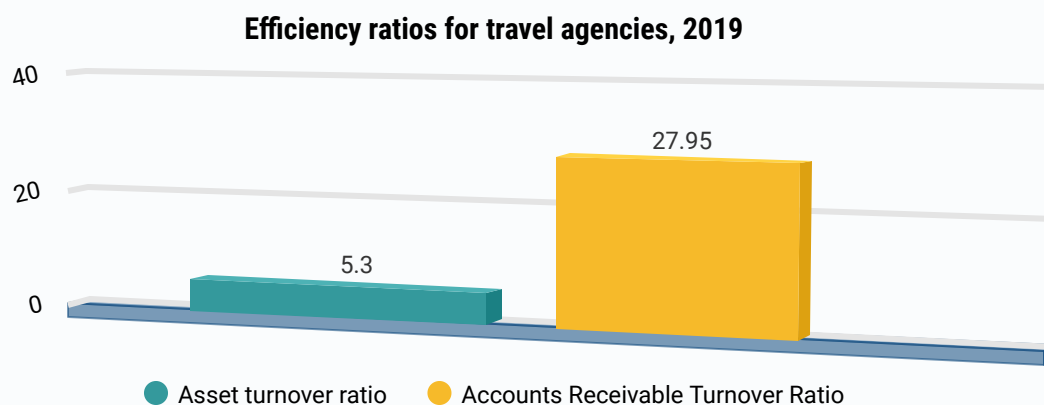
Solvency ratios

The liabilities to assets ratio shows the ratio of total assets to liabilities. For travel agencies, this indicator is equal to 0.31, and it is also worth noting the ratio of liabilities to capital, which is 0.92, which indicates how much liabilities exceed capital expenditures.



Efficiency coefficients

The asset turnover ratio in the case of travel agencies is only 0.65, the higher this ratio, the more efficiently the company is able to use its assets in relation to the sales volume, and the receivable debt ratio was 27.95.



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