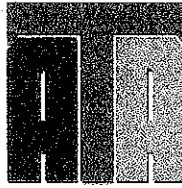




AMERICAN UNIVERSITY OF ARMENIA
College of Business and Management

BUSINESS PROJECT

YEREVAN 1999



ARMENIAN TOURISM ASSOCIATION

October 1999, Yerevan

Business Project Copy Number ____

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Armenia – Destination 2001

Economic Analysis of Tourism Industry in Armenia, Cleanup Acts

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Sponsor: Armenian Tourism Association

ARMENIAN TOURISM ASSOCIATION

Arthur Voskanyan
Chairman



Armenian Tourism Association expresses its gratitude to American University of Armenia for created opportunity to collaborate together. For AUA students it was an useful real practice in Armenian business world, for us it was a good chance to implement contemporary economic and business theories into our everyday activities, for AUA it was another prove of their effective and thankful performance in Armenia.

A handwritten signature in black ink, appearing to read 'Arthur Voskanyan', with a long, sweeping underline.

ARMENIA - DESTINATION 2001

Executive Summary

This project has been developed by Armenian Tourism Association (ATA) to raise equity capital. It describes activities, time schedule of realization and estimated budget. It also clarifies the notion Armenia – Destination 2001. Prior to involving human and other resources in the programs ATA planned to reveal impacts of tourism industry onto Armenian economy. Project includes calculation of multiplier effect of tourism sector on the whole economy of the country. There are descriptions of methodology and limitations of fulfilled works, the main concepts and definitions, statistical data, several illustrations from world practice, figures and highlights, which are presented in comparable bases. The result of this economic study is the calculation of multiplier which determines how much direct expenditures of a tourist generate indirect profit in GDP.

The study is made to have a reasonable basis for fund raising. The results are used in promoting marketing strategy to elaborate with sponsors and advertisement campaign for mass awareness. Much attention paid on sponsors classification and acknowledgement.

Based on the detailed financial projections prepared it is estimated that ~~\$27,100~~ of equity investment is required. The funds received will be used to finance initial activities, to provide Armenian sights in cleaned and ready conditions for tourists.

The research will serve as a tool to achieve the main goal of the association, that is to assure that Armenia is a tourist country and get agreements with different worldwide famous companies to collaborate, use their experience and develop tourism in our country.

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Part One

Goal - Armenia Destination 2001

Introduction

*Մենք ուխտ ունենք, միշտ դէպի լույս
մեր աչքերը միշտ դէպի վեր.
դէպի լույսը մեր ուխտի:*

Սաղմոս, XII դար

*We vow to always seek light,
Our eyes raised high always,
Towards light of our solemn
oath*

Psalm, XII century

Tourism has grown substantially as an economic and social phenomenon throughout the world over the last quarter of the century. In the past, the description of tourism focused on the characteristics of visitors, on the conditions on which they traveled and stayed, on the purpose of visit, etc. There is an increasing awareness nowadays on the role tourism is playing and can play directly, indirectly or through induced effects in the economy in terms of generation of value added, employment, personal income, government income, etc.

Armenia is one of the ancient cradles of civilization. It has many different historical monuments and architectural values, natural beauty and freshness, hospitality and graciousness to present to the world. Prior to the natural and manmade disasters in 1988 and subsequent break down of the Soviet Union, tourism was an important economic activity in Armenia. During 1989-94 the blockade of Armenia and the war between Artsakh and Azerbaijan drastically destroyed the tourism industry in Armenia. After 1994 tourism started to grow slowly and there was small but continuous increment. In 1998 Armenia already had 32,000 international visitors.

This project is initiated and sponsored by Armenian Tourism Association (ATA). ATA is an organization founded on the belief that Armenia is a tourism country and that the development of tourism will solve some not only economical but also political and environmental problems of Armenia. The ATA 's concept is different from traditional tourism concept. It is based on the holistic approach to our country, which emphasizes that if the whole country is clean, it is more likely that people will come, see this country and prefer to visit it next time. Furthermore, since the holistic approach not only requires the operations of just one company but a program including such things as coordination with other Armenian tourism organizations, environmental stimulation, and always clean and attractive sights, ATA intends to deliver the concept through propaganda to our citizens. It will be accomplished through educational, training programs, and publications.

ATA has developed several social and business programs to realize in Armenia during the following two – three years. The main purpose of all of them is development of tourism industry in Armenia. One of them is this project designed to work out realization plan for clean up mass activities in Armenia. ATA also plans to prepare a marketing strategy for sustainable tourism promotion in Armenia.

This project is designed to work out realization plan for clean up mass activities in Armenia, basing on the notion Armenia – Destination 2001. Prior to involving human and other resources in the programs ATA arranges

to reveal impacts of tourism industry onto Armenian economy. Statistical information on the nature, progress and consequences of tourism is, on the whole, scanty and incomplete. Valid information on the role tourism plays in national economy is particularly deficient, and credible data concerning the scale and significance of tourism is urgently needed. It is necessary, from an economic point of view, to observe how the match between demand and supply operates and the incidence such supply has on the basic macroeconomic variables of the compiling economy. How much of Gross Domestic Products (GDP) originates from tourism and what percentage of GDP generates each visitor. The result of this economic study is the calculation of multiplier which determines how much direct expenditures of a tourist generate indirect profit in GDP.

Goal - Armenia Destination 2001

In coming year 2001 Armenia is going to celebrate a great historical data – 1700th Anniversary of Adaptation of Christianity as a State Religion. Armenians are very proud of being the first nation in the world that adopted Christianity as a state religion and they always try to make emphasis on that fact. In 2001 there is a tangible reason to do that.

Many Armenians from Diaspora are impatiently waiting for year 2001 to visit Armenia and take part on celebration ceremonies. Many non-Armenian guests are also expected to be there.

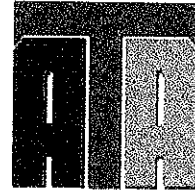
Armenia - Destination 2001 means that we are going to make Armenia the center of attention of the world community. All the ways will lead to Armenia where everybody is going to be accepted and treated.

However, before becoming a real destination we should prepare ourselves. One of the things to be done is "Cleaning up Our Home" as suggests Armenian Tourism Association.

Company Overview

PROFILE

Armenian Tourism Association (ATA) is a non-governmental, professional organization, (equivalent to National Travel Agents Associations) assisting development of tourism in Armenia, shaping and advertising Armenian tourist capacity on both regional and international levels, implementing programs and actions required for the development of international tourism in Armenia. **ATA** was founded in March 1997, and was registered on 07 June 1997 in the Ministry of Justice of the Republic of Armenia (reg. #187).



PHILOSOPHY

ATA is HOME for Armenian Tourist Family. They do not have "far, unwanted or poor relatives". Everybody is equally dear for them like a big, good, traditional Armenian family. ATA is for everybody and everybody is for ATA.

BUSINESS LOCATION

Address: Amiryan 27, Yerevan, Armenia.
Phone: 374-2 53-45-01,
Fax: 374-2 56-35-27
Internet: <http://www.ATA.am/> nta@freenet.am

MANAGEMENT TEAM

The founder and chairman of the organization is Mr. Arthur Voskanyan.

Management team consists of 6 men and 2 women. Their backgrounds consist of on average 7-8 years experience in tourism industry, a chief financial officer with 4 years of accounting and acquisition experience. The working languages are Armenian, Russian and English.

MISSION STATEMENT

ATA 's Mission is to facilitate development of tourism in Armenia and provide innovative, practical and top-quality tourism service ideas.

Through a long-term commitment to this mission, ATA will be known as an organization that unifies and presents interests of organizations in tourism infrastructure and realizes necessary programs for future prospect of this sphere.

GOALS

- The creation and advertisement of attractive tourist image of Armenia as a "Country of Tourism"
- Increasing the number of tourists visiting Armenia.
- Publishing professional issues
- Professional training in the field of tourism
- Business connections and co-operation with international organizations

ACTIVITIES

ATA has participated in EURO-MED congress in Athens (1998 April 24-26) and in the meeting of the Black Sea country Tourism and Travel Associations in Istanbul (1998 May 9). The result of this meetings was the foundation of new organization BSTC (Black Sea Tourism Co-operation). ATA is one of the six board founders/members.



On April-May 1998, ATA worked with International Executive Service Corps volunteer executive Mr. Jean-Pierre Paris (from San Diego). They established the "School of Tourism Management".

ATA participated in the VOYAGER' 98 International Fair and Exhibition in Istanbul (1998 May 8-12). They gained important contacts with other similar associations, business relationships with almost twenty-five countries.

In 1999 summer ATA with IESC organized 2 week seminars on "Development B&B" with Pam and Woren Bowden from South Carolina.

On September 26 1999 ATA organized Cleanup act in the territory of Garni.

Part Two

Tourism Industry in Armenia

The Main Concepts and Definitions*

Tourism - the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The "persons" referred to term "visitors".

International Outbound Tourism (outgoing) - the visits that a person makes from his/her country of usual residence to any other country for any purpose other than exercising a remunerated activity in the country visited.

International Inbound Tourism (incoming) - the visits that a person makes to a country other than that in which he/she has his/her usual residence for less than 12 months and whose main purpose of visit is other than the exercise of an activity remunerated from within the country visited.



Illustration Box 1: Global Tourism Growth 1995-96

Destination	Arrivals	% Change 95/96	Receipts (US\$)	% Change 95/96
WORLD	592,122,000	4.6	423,116,000,000	7.6
Europe	347,437,000	3.6	214,474,000,000	5.9
Americas	115,511,000	4.3	106,378,000,000	6.1
East Asia/Pacific	90,091,000	8.3	82,436,000,000	13.3
Africa	19,454,000	2.3	7,622,000,000	9.2
Middle East	15,144,000	10.5	8,243,000,000	14.7
South Asia	4,485,000	4.3	3,963,000,000	8.8

* Here and after used concepts from World Tourism Organization, see Bibliography.

Visitors – any person travelling to a place other than that of his/her usual environment for less than 12 month and whose main purpose of trip is other than the exercise of an activity remunerated from within the place visited.

Classification of visitors

International Visitors - whose country of residence is different from the country visited; these international visitors also include nationals residing permanently abroad, who may represent an important segment of the market with special characteristics;

Domestic Visitors - whose country of residence is the country visited; they can be nationals or foreigners.

Tourist (overnight visitor) - a visitor who stays at least one night in a collective or private accommodation in the country visited;

Same-day visitors - a visitor who does not spend the night in a collective or private accommodation in the country visited.

Tourism consumption - the total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination.



ILLUSTRATION BOX 3: World Highlights

- The Travel & Tourism Economy will account for 11.7% of world GDP in 1999.
- Travel & Tourism has emerged strongly from the Asia crisis with leisure tourism expected to grow by 4.7% in 1999 and business travel by 4.4%.
- Spending by international visitors will amount to 8% of world exports in 1999 with future impact by export of Travel & Tourism related goods.
- Travel & Tourism related GDP is forecast to increase at 3.0% per annum in real terms.
- Over 8% of all jobs worldwide will depend on travel & tourism this year.
- Travel & Tourism will support the creation of over 5.5 million jobs per over the next decade.

Tourism Industry in Armenia Brief Overview 1988-1999

If all the people employed by the travel and tourism industry lived in one country, that country would rank 10th in population and it would have a GNP of 3.5 trillion dollars, ranking second only to the United States. It would also be the world's fastest growing country in terms of both population and GNP.

World Tourism Organization

Tourism was an important element of State run economic activity in Armenia in the former Soviet Union. As one of the most southern parts of USSR Armenia was in a center of attention of Moscow's leaders. Armenia attracted people with its unique weather, hot summers, green springs, golden falls and snowy winters. The pearl of mountains - Lake Sevan, one of the most favorite sites of tourists, health spas in Dilijan, Jermuk, Hanqavan, sport-complex in Tzaghkadzor, hundreds of historical and architectural monuments, and eventually the traditional hospitality of inhabitants contributed 700,000-800,000 tourists per year in late 1980s'.

Unfortunately, 1989-93 blockade of Armenia and the war between Artsakh and Azerbaijan drastically ruined the economy as well as tourism industry in Armenia. There are not available statistical data for tourist arrivals for that period. However, according to estimations of Tourism Department of Ministry of Industry and Trade of Republic of Armenia there were 9,000 arrivals in 1994. After 1994 tourism started to grow slowly. The newly formed private tourism agencies mainly were engaged in out-bound "shopping" tourism to the Near East, Eastern Europe and China and only a few firms were specializing in inbound tourism. Seventy percent of foreign visitors were from Armenian Diaspora. However, in 1998 Armenia already had 32,000 international visitors¹.

¹ Source: Compendium of Tourism Statistics, World Tourism Organization, Madrid 1999.

As the increase in tendency of tourist arrivals had been noticed, new investments had been made in this sector and tourism industry started to grow. As of March 1999 there are 2760 registered tourist companies officially, while only 130 are actively operating. Sixty five percent of them are in Yerevan. There have been established several tourism public associations, namely Armenian Tourism Association (ATA), Armenian Association of Travel Agents (AATA), Association of Travel Agents "Noy", "Ecotourism Association".

Movements in lodging industry are again visible. Hotels "Armenia", "Ani", "Yerevan" have been privatized and many new private hotels appeared. Now 9 out of 13 operating hotels are private and 6 private hotels are under construction in Yerevan. According to recent official data there are 85 operating hotels and similar establishments (resorts, sanatoriums, etc.) in the country offering 11,740 beds, all owned by both public and private sectors. Some of rooms are temporarily occupied by refugees, some others are in a very poor conditions, particularly outside of Yerevan. Table1 shows number of hotel establishments and available beds in Yerevan and 10 districts.

TABLE 1: Hotels and available beds in Armenia, 1999.

N	District	Number of Hotels and Similar Establishments	Number of beds
1.	YEREVAN	13	2445
2.	Kotayq	19	3587
3.	Gegharquniq	11	1660
4.	Vaiots Dzor	10	1385
5.	Aragatsotn	2	700
6.	Tavush	10	664
7.	Lori	6	469
8.	Siuniq	6	327
9.	Artashat	2	190
10.	Shirak	4	183
11.	Armavir	2	130
	TOTAL	85	11,740

Source: Ministry of Industry and Trade, RA

Restaurants and night clubs are the integral part of tourism and there is a rapid growth in this sector as well.

Compared to past years this year is rich of cultural, sport and business events that are closely connected with tourism industry. The most remarkable events were "All Armenian Olympic Games", "All Armenian Conference", and tourism exhibition "Country of Talking Stones". Many foreigners visited and become familiar with Armenia during these.

It is important to note that in recent years many Armenian schools from Diaspora send their seniors and other outstanding pupils for travel to Armenia in Holidays.

The pointed facts are strong arguments for a viewer from aside that Armenian tourism industry is in a development stage and it will grow steadily and continuously in the near future.

Tourism Economic Benefits

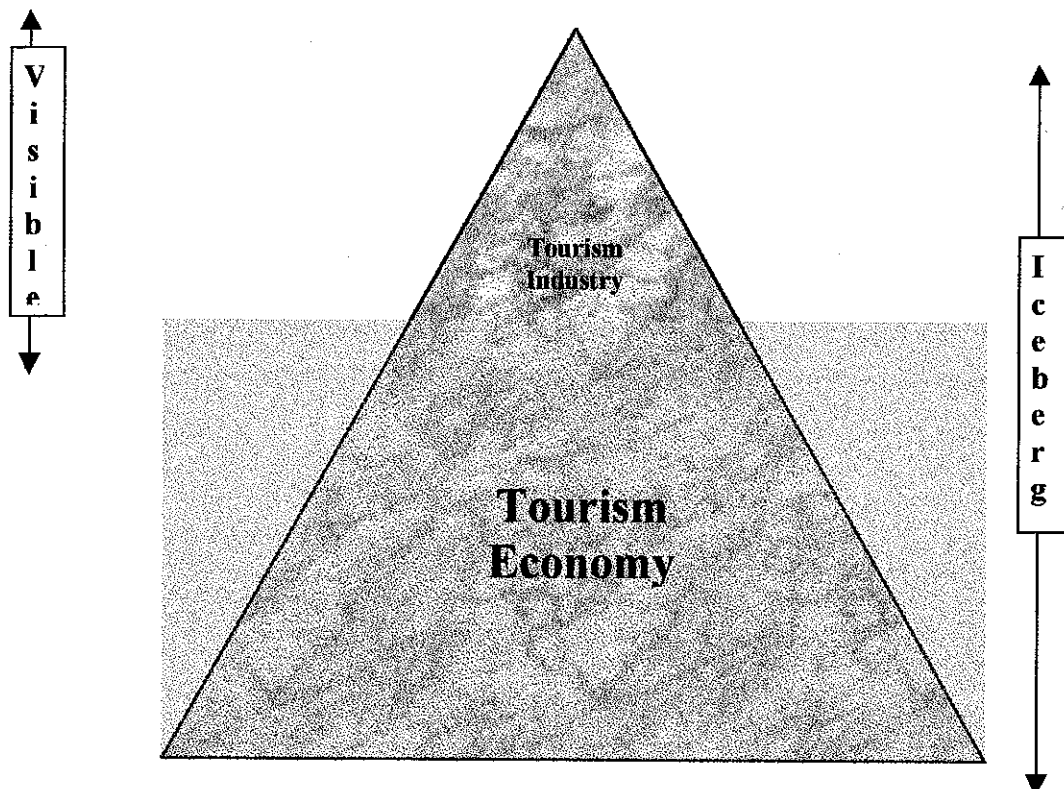
Tourism is an important part of national economies. It has several impacts on the whole economy. Total economic benefits of tourism include the following categories:

1. *Population income (wages, salaries and profits of owners)*

Tourism directly affects population income (wages, salaries).

2. *Employment*

Tourism creates manual work places, as full time or part time, and positively effects employment.



Share of tourism industry in whole economy is like an iceberg, third part is visible and the other two third is not visible, it goes to deep into economy.

3. *Commercial income*

This is connected with capital formed from profits of firms or wages of individuals, which they invest in the country (this is very difficult to estimate, because of non resident companies and also how they will spend their profits).

4. *State income (taxes, commissions, net income of companies)*

State incomes are formed from taxes, fares, visa payments and licensing commissions. At the same time here must be included revenues from state hotels, shops and other state points of sales.

5. Gross Domestic Product (GDP)

GDP is the widest indicator of economic benefits. Increase or decrease in tourism industry has direct and indirect effects on GDP (multiplier effect).

6. Net-receipts in hard currencies

Inbound tourists can be a steady source for foreign currencies in the country.

Each of these categories can provide a wide field for researches in Armenian economy from which we have selected GDP; calculation of multiplier effect of tourism industry on economy and Gross Domestic Product.



ILLUSTRATION NO. 31 **Europe: Tourism Economic Impact**
1999 Estimates

Destination	Gross Domestic Product			Employment			Capital Investment		
	US\$ mln	% Tot	Growth	Jobs '000	% Tot	Growth	US\$ mln	% Tot	Growth
Austria	40,200	17.6	3.1	600	14.5	0.5	11,400	20.1	2.9
France	228,500	14.8	2.4	3,600	14.7	0.7	45,600	16.6	2.3
Germany	251,000	10.8	2.4	3,000	8.9	0.5	55,500	11.4	2.9
Greece	23,600	18.5	2.7	600	16.3	0.0	7,300	22.3	2.7
Spain	137,900	22.7	2.1	3,300	24.3	0.6	36,400	27.5	3.3
United Kingdom	167,000	12.5	2.0	3,400	12.6	0.0	22,600	10.7	2.7
Bulgaria	1,140	9.2	5.2	260.0	8.1	0.6	90.0	6.7	6.4
Former Soviet Union*	53,820	11.3	4.2	17,460	12.3	1.3	13,150	10.9	5.6
Poland	21,080	13.1	5.5	2,110	13.3	1.8	4,230	10.3	6.8

*Former Soviet Union - Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Methodology

The calculation of the multiplier effect on GDP is done with the following step:

1. Estimate Total amount of tourists' direct expenditure in Armenia;
2. Determine contribution of direct expenditures in GDP;
3. Compute the percentage of total imports in GDP;
4. Calculate multiplier
5. Figure the indirect amount of tourists' expenditure in GDP.

Theoretical view on the facts suggests us that we can obtain all necessary data from relevant secondary sources, such as statistical, economical and professional publications. There are lots of available officially published data on main economic indicators (see APPENDIX), but they contain no information on tourists' expenditure in Armenia. That is why to calculate it we should be creative.

First, we determined the categories of tourist's expenditure (see Table2).

Table2: Items of Visitors Expenditure and Relevant Supplier Categories

<u>Visitors Expenditures</u>	<u>Suppliers</u>
Accommodation	Hotels, motels and other accommodations
Food and Beverage	Bars, restaurants, and other relevant places
Transportation	Airplanes, ships, buses, train
Recreational, cultural and sport activities	Tour-Packages, Rest Packages, Rent of recreational inventory, service in sphere of culture, rest and entertainment, others
Shopping	Nightclubs, parks, shows, fairs, etc.
Others	Gifts, souvenirs, clothes, shoes, bags, etc. Operations with real estate, rent of office equipment, employment, foreign exchange, travel insurance, taking photos, other business services

Second, we used depth interviewing method to collect necessary data. We interviewed several specialists of this field. The interviewers were professionals:

- Mr. A. Ghazaryan - Head of Department of Trade, Tourism and Services of Ministry of Industry and Trade,
- Mr. V. Vardanyan - Director of Travel Agency "Ayrarat",
- Mr. K. Grigoryan - Director of Tourist Information Center
- Mr. T. Alikhanyan – specialist in tourism statistics, Ministry of Industry and Trade.

Using and analyzing collected data we estimated expenditure for each category. The estimated figures are presented in "Calculation" part of the project. Finally using these results and statistical data we have computed the multiplier and indirect contribution of tourism industry onto whole economy.

Limitations

Tourism industry consists of outbound, inbound and internal types of tourism. Combination of impacts of all three is the real impact of tourism in a country and GDP. However, the major part of benefits for a country provides inbound tourism. Basing on these arguments we didn't include affect on GDP of outbound and internal tourism.

As already have been noticed another main limitation of the calculation is lack of reliable data on tourist expenditure. The method used in our case is based on individual experiences and opinions of professionals, but quite close to real data. Armenian market is not so big and people engaged in one type of business have enough complete knowledge of their environment.

The goods and services consumed by visitors can be very different in nature, quality and quantity according to the trip destination, the purpose of the visit, and the personal characteristics of each visitor.

Calculation

Expenditure of each tourist consists of (E)

- Accommodation (A)
- Food and Beverage (F&B)
- Transportation (T)
- Recreational, cultural and sports activities (R&S)
- Shopping (S)

$$E = A + F\&B + R\&S + S \quad (1.0)$$

Average expenditure of a tourist per day consists of (see Methodology):

- Accommodation (A) \$63.75
- Food and Beverage (F&B)..... \$20
- Transportation, local (T) \$10
- Recreational, cultural and sports activities (R&S)..... \$ 8
- Shopping (S) \$20

TOTAL **\$121.75**

Average length of stay of tourist in Armenia is 6.5 days. Thus each tourist spends about 791 USD during his stay in Armenia.

$$\$ 121.75 * 6.5 = \$ 791 \quad (2.0)$$

In 1998 total expenditures of 32000 tourists was

$$32000 * \$ 791 = \$ 25.31\text{mln} \quad (3.0)$$

Thus real direct contribution of tourism industry in GDP was 1.34%.

$$\$ 25.31\text{mln} / \$1,883.5\text{mln} = 1.34\% \quad (4.0)$$

In 1998 amount of imports was \$895.7mln, which was 47.5% of total GDP.

$$\boxed{\$895.7\text{mln} / \$1,883.5\text{mln} = 47.5\%} \quad (5.0)$$

Thus only 52.5% of spent amount stays in the country.

$$\boxed{1 - 47.5\% = 52.5\%} \quad (6.0)$$

Multiplier Effect

Initial change caused by tourist consumption = \$ 791

First consumer = 52.5% * \$791

Second Consumer = 52.5% *(52.5%*\$791) = (52.5%)² * \$791

Third Consumer = 52.5% *((52.5%)² * \$791) = (52.5%)³ * \$791

.....

Nth Consumer = 52.5% *((52.5%)^{N-1} * \$791) = (52.5%)^N * \$791

So, total effect equals

$$\begin{aligned} & \$791 * (1 + 52.5\% + (52.5\%)^2 + (52.5\%)^3 + \dots + (52.5\%)^N) = \\ & \$791 / (1 - 52.5\%) = \$1665.3 \end{aligned}$$

Multiplier Equals

$$\boxed{\$1665.3 / \$791 = 2.1} \quad (7.0)$$

Thus the real contribution from tourism in GDP is

$$\boxed{1.34\% * 2.1 = 2.8\%} \quad (8.0)$$

or

$$\boxed{\$25.31\text{mln} * 2.1 = \$53.2\text{mln}} \quad (9.0)$$

Interpretation

We have implemented the concepts of direct and indirect influences onto tourists' consumption and came to multiplier effect. We have each tourist's expenses in Armenia averaged to USD\$791 during his 6.5 days of stay. This amount of money circulates in country's economy, 52.5% of it stays within the domestic economy, the other 47.5% spend on imported goods and services. So the earners of \$415 ($52.5\% * \$791 = \415) spend or invest their money in other spheres of the economy. For simplicity we assume that the whole money stays in circulation. In the next circle 52.5% out of \$415 will be owned by domestic consumers, which is \$218. This process continues endlessly. At the end of the year the GDP of the country will have contribution not only the amount of tourist expenditure, which is \$791, but also the contribution of generated expenditures, which are $\$415 + \$218 + \$114 + \dots$. The total amount of contribution in GDP is 2.1 times of the origin expenditure. Summarizing, we have the following results:

- ↪ Direct contribution of tourism industry in Armenia was 1.34%, which was \$25.31mln, in 1998;
- ↪ Total contribution, direct and indirect, of tourism industry in Armenia was 2.8%, which was \$53.2mln, in 1998;
- ↪ The official data for tourism contribution in GDP is 0.8% for 1998, which is obviously underestimated figure.

Part Three

LET'S TAKE CARE OF OUR HOME!

To Scour Our Nature – Our Home

- ❑ What do hosts do when they want to host a guest?
- ❑ They clean their house first of all.



PLANNED ACTIVITIES

This is a preparation stage of Celebration of 1700 Anniversary of Adaptation Christianity as a state religion in Armenia in 2001. To recover and improve the image of Armenia as a tourism country Armenian Tourism Association decided to conduct the following activities:

1. Clean up act on September 21- 27, 1999
2. Clean up act on March 31 - April 2, 2000
3. Clean up act on September 21- 27, 2000

Why clean-up?

This action can be interpreted as "cleaning home before inviting guests". It will activate masses in Armenia and also will show the world community that we have organized tourism policy in our country.

Clean up act September 21 – 27, 1999

The first act already has taken place on September 26. The details are presented later.

Clean up act on March 31 – April 2, 2000

The act will precede the opening of new tourism season. Surroundings of historical monuments, churches and sights are the main target of "Clean-Up". Four different routes have been worked out, which include mostly visited historical sightseeing. There would be 15 volunteers in each group, they would walk by routes and clean the territory from empty bottles, papers, boxes, stones and other garbage. This act would be thoroughly commented and advertised in newspapers, magazines, by TV and other mass media. The results from the previous clean up will be refreshed.

*Clean up act on September 21-27, 2000*

The act will start on September 21 - Independence Day and will end on September 27 - World Tourism Day. The results from the previous clean up will be refreshed.

Controlling and Monitoring

One of the important parts of cleanup acts are controlling and monitoring. Regularly small groups one or two persons will visit the cleared zones, take care of the territory, and prepare key points for the next cleanup. This is most responsible and necessary activity to be done.

COLLABORATION - PARTNERS

IESC

Ministry of Culture

Ministry of Trade and Industry

Marz (Regions)

Schools, Collages, Universities

Armenian Apostolic Church

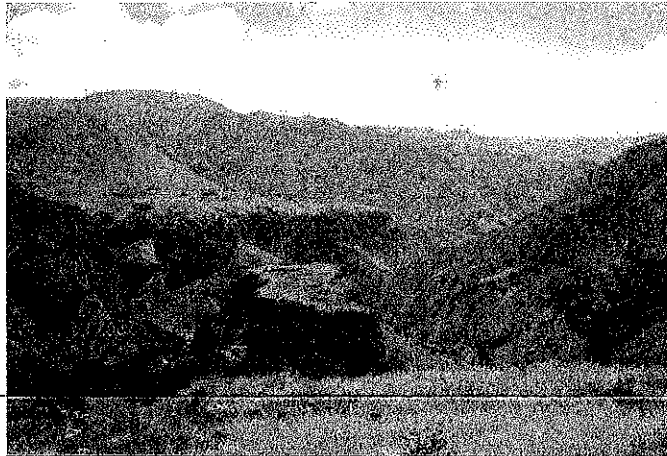
TVs, Radios, Newspapers

Benevolent Fund of Cultural Development

Ministry of Ecology

Routes and regions

There will be four routes, in four directions starting from and finishing in Yerevan.

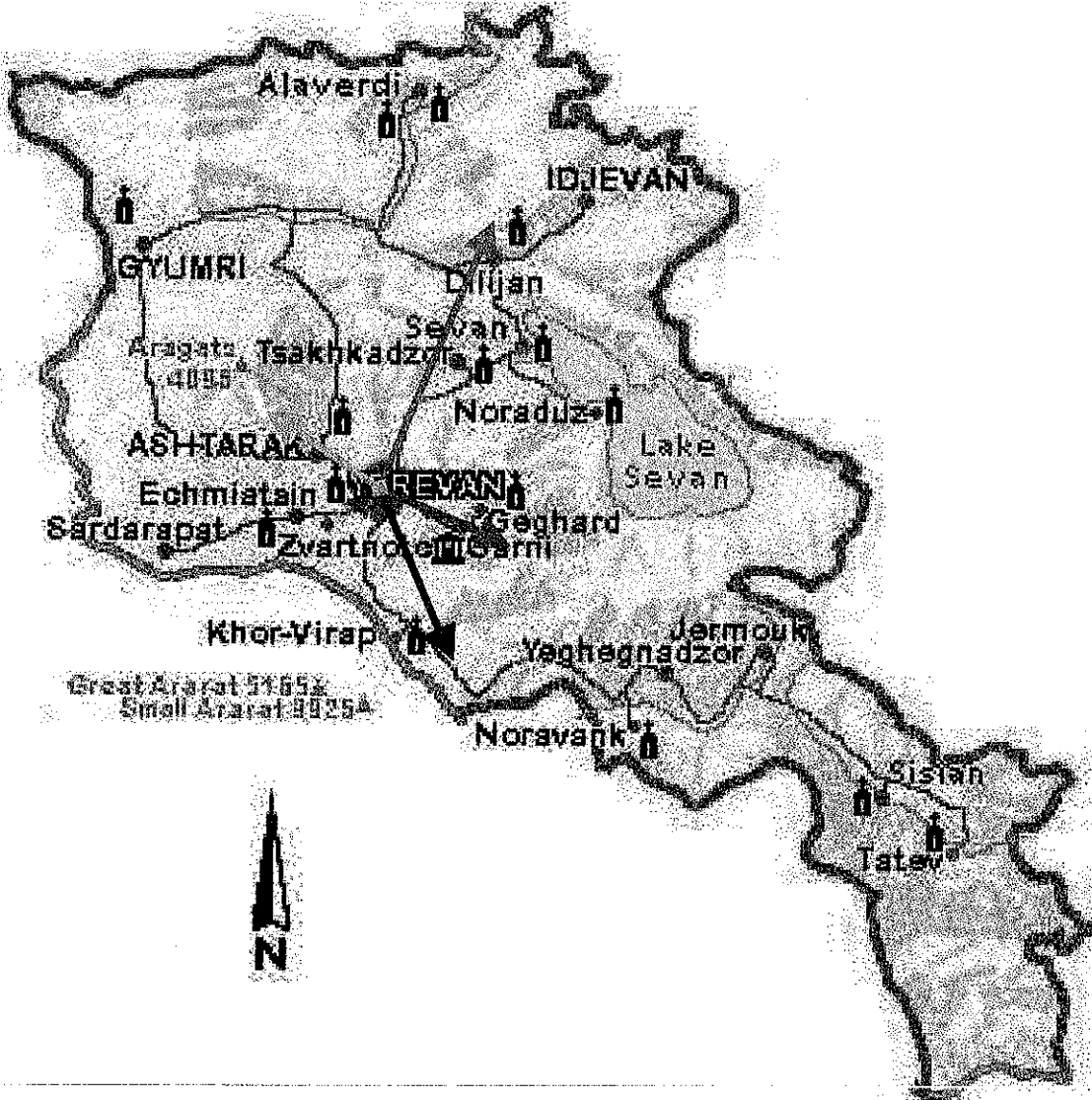
**Central Armenia**





Yerevan /by bus/ - Garni-Havouts Tar--St Stepanos--Geghard--Yerevan /by bus/

(5 days)

1. Garni (night)
2. Havouts Tar - St Stepanos (night)
3. St Stepanos (night)
4. River Azat dale (night)
5. Geghard (night)
6. Yerevan

Routes and Regions



-  4-th Route, North Armenia
-  3-rd Route, South Armenia
-  2-nd Route, Central Armenia
-  1-st Route, Central Armenia

Yerevan – Boujakan – Ch. Astvatsnkal – Ch. Teghenyats – Ashtarak – Ohanavank
– Saghmosavanq – Byourakan – Amberd – Oshakan /by bus/

1. Boujakan (night)
2. Astvatsnkal (night)
3. Ohanavank (night)
4. Amberd (night)
5. Oshakan (night)
6. Ashtarak – Yerevan

South Armenia:

Vaiots Dzor

Yerevan /by bus/ - Khor Virap – Noravank – Tanahat convent – Spitakavor –
Smbataberd – Tsakhats Kar – Shatin – Gndevank – Jermuk – Yerevan /by bus/

1. Khor Virap (night)
2. Noravank (night)
3. Tanahat convent - Spitakavor– Smbataberd – Tsakhats Kar – Shatin (night)
4. Smbataberd – Tsakhats Kar (night)
5. Gndevank – Jermuk (night)
6. Yerevan

North Armenia

Yerevan /by bus/ - Semionovka – Gosh – Lake Parzlich – Haghartsin – Jukhtak
convent – Matosavank – Dilijan – Yerevan /by bus/ (walking or with horses)

1. Gosh (night)
2. Lake Parzlich (night)
3. Haghartsin (night)
4. Jukhtak convent (night)
5. Matosavank – Dilijan (night)
6. Dilijan – Yerevan

MARKETING AND ADVERTISEMENT STRATEGY

Cleanup activities require solid and regular funds, thus one of the important objectives of ATA is to find companies and organizations or individuals, who will sponsor and will make possible all the work to be realized. The strategy to find potential sponsors and grasp their interest on the cleanup acts has been worked out and described below.

The next important part of strategy is propaganda of the idea of cleanup and the consequent benefits to wide masses through mass-media channels. It includes advertisements by TV channels, daily newspapers, magazines. The main meaning they will carry are: "Let's keep clean our home", "Armenia – Destination 2001", "Time to disclose our hospitality and great heart", etc. The next key approach for propaganda are interviews on TV and newspapers, and publications. There will be highlighted main ideas of tourism development, economic benefits of tourism, planned activities, fulfilled activities, results, future expectations. People will become aware of what is going to happen and what actions are expected from them to be done during those changes.

Sponsors' classification and acknowledgment

The following defined types of sponsorship would be needed:

1. Financial sponsorship.
2. Information sponsorship (advertisement, TV, radio and newspapers).
3. Executive sponsorship (specialists who will be involved organizational works requiring qualification and skills).
4. Technical sponsorship (any material and equipment support)

Solicited sponsors will be provided acknowledgement and special recognition in accordance with their made contribution. The following categories of sponsors are defined:

1. Exclusive sponsorship – the largest donation \$7,000-\$10,000 (only 1 sponsor can be in this category)
2. Premier sponsor – the second largest donation \$4,000-\$7,000 (up to 2 sponsors can be recognized for this category).
3. General sponsor- third largest donation \$1,000- \$4,000 (up to 4 sponsors).
4. Sponsor – the donation of any size which is less than the amount defined as "third largest donation"

All sponsors will be awarded with the special diplomas (in accordance with their categories they will be different), where will be expressed sincere gratitude for the donation made.

In addition the following recognition will be provided:

1. Sincere gratitude will be expressed in words to all sponsors and the names of them will be mentioned at least 2 times during the conference.
2. It would be paid special attention to sponsors during different press-conferences, interviews and publications about ATA and its activities.
3. The names of the sponsors will be listed on the booklets, printouts and other walk-in advertisement media.
4. The names of the major sponsors and the sponsors who made the special contribution in the clean up of the care zones will be mentioned on the boards installed in the care zones.
5. Plastic colorful trashcans will be put in care zones with logos of sponsors.

For the sponsors from 1, 2, 3 categories there will be the following additional recognition:

- a) In radio, newspaper and TV advertisements the names of sponsors from first 3 categories will be mentioned and the corporate logos of the sponsors of first 2 categories will be placed.
- b) There will be a special banners with the advertisement of the sponsors from first 3 category.

- a) For the exclusive sponsor on banners (which will be installed in the central place of care zones) will be placed the name of the with the corporate logo next to it and the maximum of 50 words description of the firm or advertisement of its product

- Ձ For the premier sponsor on banners will be mentioned the name of the firm with the corporate logo placed next to it and with the maximum of 30 words description of the company or advertisement of its product

- Ձ For the general sponsor on banners will be mentioned the name of the company with the corporate logo next to it and with the maximum of 20 words description of the company or advertisement of its product.

LIST of POTENTIAL SPONSORS

Coca-Cola B. Armenia	AAL
Air Companies	Brabion
ArmenTel	Grand Tobacco
ARMA MedDetails	Armenia-Lada
Mitsubishi Motors	DAEWOO Motors
Advertising agencies	Banks/ Insurance companies
Yerevan Beer Factory	Ashtarak Kat
Shant	Tamara
KOTAYK	SIL
KRIO	Lavanda

Cleanup 1: Results and Lessons

The first step of planned activities has already taken place in September 26 when twelve students with coordinator went to Kotayq District by the following route: Yerevan – Charentsi kamar (near Voghjaberd village) – Geghard Dzor – Garni (river Azat) – Yerevan. Walking from one care zone to another they cleaned up the territories from garbage, cans and other wastes. The students were very motivated, diligent and the whole working atmosphere was highly cooperative. Participants expressed their willingness to take part in such events in future.



The first step is done, the first fruits are reaped. However, the main reason of lapse from the schedule is the absence of outside financing (sponsors' contribution). As the majority of sponsors explained any application on funds must be addressed prior at least 5-6 months.

The time schedule has been revised considering all these results and conclusions.

Planned Activities and Budget

FINANCING

The detailed list of activities is projected considering the practice from first cleanup in September 26.

Financing of the whole project is budgeted to be \$27,100. It includes clean up acts, advertisements, organizational process, taxes.

Cleanup acts themselves require funds for food, transportation, equipment, tents, etc. The next activity requiring substantial funds is advertising. It is continual process, advertisements will appear regularly in TV, newspapers and as banners in crowded places. Organizational process includes organizing and controlling these activities and also for monitoring in clean zones.

Budget includes twenty percent value added tax and twenty eighth percent payroll taxes.

*** BUDGET (Year 1 by month) ***

	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00
Revenue							
Sponsors	\$1,300	\$700	\$1,000	\$1,500	\$6,000	\$1,700	\$1,700
Total Revenue	\$1,300	\$700	\$1,000	\$1,500	\$6,000	\$1,700	\$1,700
Operating Expenses							
Advertising	\$200	\$0	\$200	\$300	\$500	\$400	\$500
Booklets	\$0	\$0	\$0	\$0	\$400	\$0	\$0
T-shirts, Caps	\$0	\$0	\$0	\$0	\$400	\$0	\$0
Food	\$0	\$0	\$0	\$0	\$1,300	\$0	\$0
Medicine	\$0	\$0	\$0	\$0	\$80	\$0	\$0
Tents	\$0	\$0	\$0	\$0	\$1,200	\$0	\$0
Transportation	\$30	\$0	\$0	\$0	\$200	\$100	\$100
Total Operating Expenses	\$230	\$0	\$200	\$300	\$4,080	\$500	\$600
Administrative Expenses							
Executive Director	\$150	\$100	\$100	\$150	\$150	\$150	\$150
Coordinators, 3 persons	\$240	\$180	\$180	\$240	\$240	\$240	\$240
Designer	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Depreciation	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Office Expenses	\$40	\$40	\$40	\$40	\$40	\$40	\$40
Telephone, Fax, Internet	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Utilities	\$70	\$30	\$30	\$70	\$70	\$70	\$70
Total Administrative Expenses	\$670	\$520	\$520	\$670	\$670	\$670	\$670
Total Expenses	\$900	\$520	\$720	\$970	\$4,750	\$1,170	\$1,270
Net Income/Losses Before Taxes	400	180	280	530	1,250	530	430
Taxes (VAT)	\$260	\$140	\$200	\$300	\$1,200	\$340	\$340
Payroll Taxes	\$109	\$78	\$78	\$109	\$109	\$109	\$109
Net Income After Taxes	\$31	(\$38)	\$2	\$121	(\$59)	\$81	(\$19)
Net Balance	\$31	(\$8)	(\$6)	\$115	\$56	\$136	\$117

*** BUDGET (Year 1 by month) ***

	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Year 1
Revenue						
Sponsors	\$1,500	\$2,000	\$2,000	\$6,000	\$1,700	\$27,100
Total Revenue	\$1,500	\$2,000	\$2,000	\$6,000	\$1,700	\$27,100
Operating Expenses						
Advertising	\$500	\$600	\$600	\$600	\$500	\$4,900
Booklets	\$0	\$0	\$0	\$400	\$0	\$800
T-shirts, Caps	\$0	\$0	\$0	\$400	\$0	\$800
Food	\$0	\$0	\$0	\$1,300	\$0	\$2,600
Medicine	\$0	\$0	\$0	\$80	\$0	\$160
Tents	\$0	\$0	\$0	\$1,200	\$0	\$2,400
Transportation	\$100	\$100	\$100	\$200	\$100	\$1,030
Total Operating Expenses	\$600	\$700	\$700	\$4,180	\$600	\$12,690
Administrative Expenses						
Executive Director	\$150	\$150	\$150	\$150	\$150	\$1,700
Coordinators, 3 persons	\$240	\$240	\$240	\$240	\$240	\$2,760
Designer	\$100	\$100	\$100	\$100	\$100	\$1,200
Depreciation	\$20	\$20	\$20	\$20	\$20	\$240
Office Expenses	\$40	\$40	\$40	\$40	\$40	\$480
Telephone, Fax, Internet	\$50	\$50	\$50	\$50	\$50	\$600
Utilities	\$70	\$70	\$70	\$70	\$70	\$760
Total Administrative Expenses	\$670	\$670	\$670	\$670	\$670	\$7,740
Total Expenses	\$1,270	\$1,370	\$1,370	\$4,850	\$1,270	\$20,430
Net Income/Losses Before Taxes	230	630	630	1,150	430	6,670
Taxes (VAT)	\$300	\$400	\$400	\$1,200	\$340	\$5,420
Payroll Taxes	\$109	\$109	\$109	\$109	\$109	\$1,249
Net Income After Taxes	(\$179)	\$121	\$121	(\$159)	(\$19)	\$1
Net Balance	(\$62)	\$59	\$180	\$20	\$1	\$1

Appendix

Basic facts about the Republic of Armenia, in 1998

Religion	Armenian Apostolic Church
Land Area	29,743 km ²
Population	3,791,200*
GDP per Capita (1997)	429.8 USD**

All data is provided by Ministry of Statistics, State Register and Analysis (MS)

* This is the official figure provided by MS and reflects the results of the 1989 population census.

The authors of NHRD 1998, however, agree with other independent experts that the present population of Armenia is about 3.1 million.

**Economic Trends, Monthly Updates, Tacis, Yerevan 1998;

Land Use

Cultivated	5,570 km ²
Forest and Woodland	115.0 km ²

ECONOMIC INDICATORS			
	Real GDP	1883.5 USDm	
	Real GDP growth (annual % of change)	7.2%	
GDP by main activity			
	Agriculture	30.6%	
	Industry	24.1%	
	Services	29.1%	
	Construction	16.2%	
Inflation	Inflation (end period)	14.1%	
	Inflation (end average)	21.9%	
Government Finances	Total Revenues	257.1 USDm	
	Total Expenditures	299.4 USDm	
	Budget Deficit	42.3 USDm	
External Sector	Balance of Payment		
		Exports (fob)	223.4 USDm
		Imports (fob)	895.7 USDm
		Private Transfers	67.8 USDm
		Current Account	-306.54 USDm
		as % of GDP	-18.7%
		External Debt	692.4 USDm
		as % of GDP	42.0%
	Unemployment	11.0%	

ARMENIA

		1993	1994	1995	1996	1997	1998
		INTERNATIONAL INBOUND TOURISM					
Visitors	Thousands						
Tourists (overnight visitors)	Thousands	9	9	12	13	23	32
		ARRIVALS BY REGION					
Africa	Thousands						
Americas	Thousands			2	1	3	5
Europe	Thousands			8	11	16	23
East Asia and the Pacific	Thousands					1	1
South Asia	Thousands			1	1	2	1
Middle East	Thousands					1	2
		ARRIVALS BY MODE OF TRANSPORT					
Air	Thousands			11	12	20	29
Rail	Thousands					1	1
Road	Thousands			1	1	2	2
		ARRIVALS BY PURPOSE OF VISIT					
Leisure, recreation and holidays	Thousands		8	8	9	18	25
Business and professionals	Thousands		1	2	2	3	5
Other	Thousands		1	2	2	2	2
		NIGHTS AND LENGTH OF STAY					
Nights of inbound tourism in H&S	Thousands						
Nights of inbound tourism in CE	Thousands			78	89	116	161
Nights of domestic tourism in H&S	Thousands						
Nights of domestic tourism in CE	Thousands						
ALS in the country	Nights	5.60	5.90	6.00	6.50	6.50	6.50
ALS in accomodation	Nights			6.00	6.50	6.50	6.50
		ACCOMMODATION					
Number of rooms	H&S					3450	3600
Number of bed-places	H&S					10800	11740
Occupancy rate	Per cent					16%	17%
		TOURISM PAYMENTS					
International tourism receipts	US\$ Million			\$5	\$5	\$7	\$10
International tourism expenditure	US\$ Million		\$1	\$3	\$22	\$41	\$45
International fare receipts	US\$ Million		\$4	\$13	\$6	\$13	\$17
International fare expenditure	US\$ Million			\$9	\$4	\$4	\$6

TCE: International tourist arrivals at CE;

CE: Collective tourism establishments;

H&S: Hotels and similar establishments;

ALS: Average length of stay;

THS: International tourist arrivals at H&S;

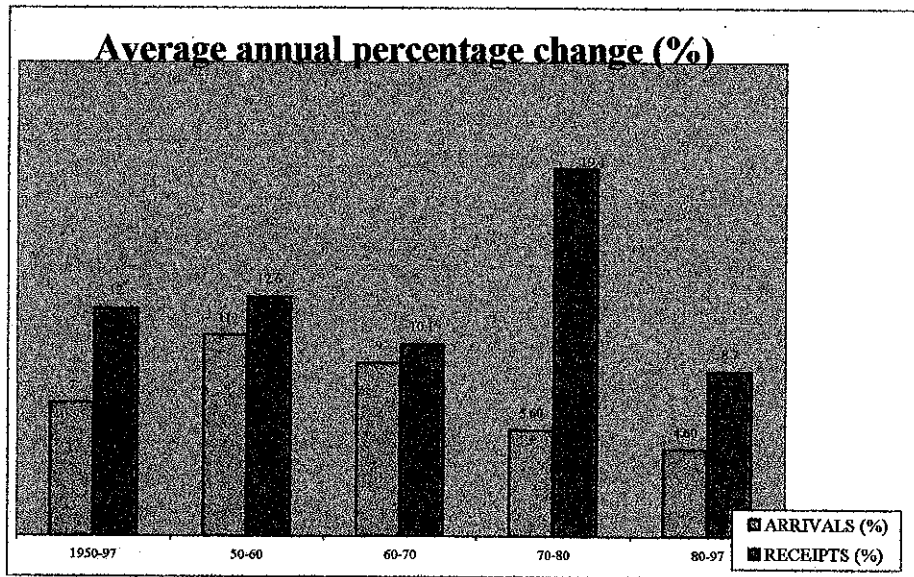
TF: International tourist arrivals at frontiers;

VF: International visitor arrivals at frontiers;

NHS: Nights at H&S;

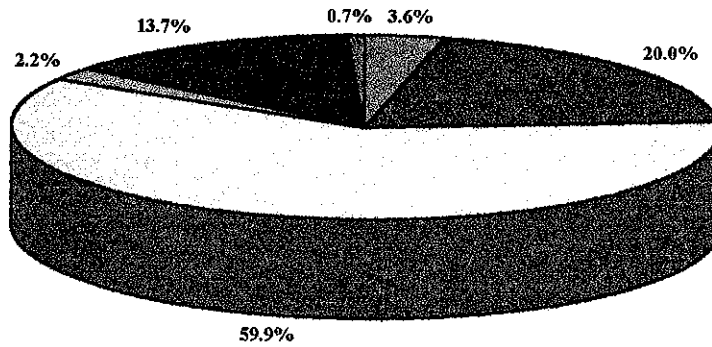
NCE: Nights at CE.

GROWTH RATE OF INTERNATIONAL TOURIST ARRIVALS AND RECEIPTS, 1950-1997

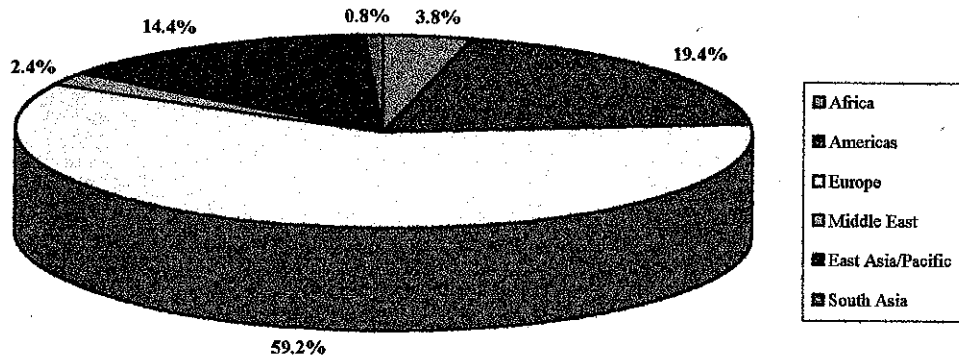


INTERNATIONAL TOURIST REGIONAL MARKET SHARE ARRIVALS 1993-1997

1993



1997



- Africa
- Americas
- Europe
- Middle East
- East Asia/Pacific
- South Asia

WORLD TOURIST ARRIVALS

YEAR	INTERNATIONAL TOURIST ARRIVALS (Thousands)	PERCENTAGE RATE OF CHANGE (%)
1993	519,045 (rf)	3.12%
1994	550,471 (rf)	6.05%
1995	565,495 (rf)	2.73%
1996	596,524 (rf)	5.49%
1997	610,763 (rf)	2.39%
1998	625,236 (pe)	2.37%

(rf) Revised figures

Source: WTO

(pe) Preliminary estimates

WORLD TOURISM RECEIPTS

YEAR	INTERNATIONAL TOURISM RECEIPTS (US\$ Million)	PERCENTAGE RATE OF CHANGE (%)
1993	324,090 (rf)	2.85%
1994	353,998 (rf)	9.23%
1995	405,110 (rf)	1.44%
1996	435,594 (rf)	7.52%
1997	435,981 (rf)	0.09%
1998	444,741 (pe)	2.01%

(rf) Revised figures

Source: WTO

(pe) Preliminary estimates

Tourism Highlights for USA

		1993	1994	1995	1996	1997
INTERNATIONAL INBOUND TOURISM						
Visitors	Thousands					
Tourists (overnight visitors)	Thousands	45,779	44,753	43,318	46,489	47,754
ARRIVALS BY REGION						
Africa	Thousands	169	173	186	204	234
Americas	Thousands	30,786	29,951	26,681	27,948	28,143
Europe	Thousands	8,865	8,348	9,063	10,028	10,735
East Asia and the Pacific	Thousands	5,642	5,972	7,046	7,929	8,201
South Asia	Thousands	144.00	146.00	169.00	202.00	235.00
Middle East	Thousands	172.00	163.00	174.00	178.00	206.00
ARRIVALS BY MODE OF TRANSPORT						
Air	Thousands	23,240	23,721	24,675	27,558	29,402
Road	Thousands	13,880	11,719	11,328	11,303	12,356
Sea	Thousands	440.00	406.00	352.00	432.00	453.00
ARRIVALS BY PURPOSE OF VISIT						
Leisure, recreation and holidays	Thousands	16,882	17,263	17,985	19,722	22,354
Business and professionals	Thousands	3,371	3,603	3,724	4,272	4,728
INTERNATIONAL OUTBOUND TOURISM						
Trips abroad	Thousands	44,411	46,450	50,763	52,311	52,735
TOURISM PAYMENTS						
International tourism receipts	\$ Million	57,875	58,417	63,395	69,751	73,268
International tourism expenditure	\$ Million	40,713	43,782	44,916	48,048	51,220
International fare receipts	\$ Million	16,528	16,997	18,909	20,413	20,895
International fare expenditure	\$ Million	11,410	13,062	14,663	15,818	18,235
NATIONAL ACCOUNTS AND TRADE						
GNP	\$ Million	6,456,564	6,817,511	7,175,157	7,428,808	7,690,105
Exports (F.O.B.)	\$ Million	464,773	512,627	584,743	625,073	688,697
Imports (C.I.F.)	\$ Million	603,438	689,215	770,852	822,025	899,019

(1.2,1.2) Incl Mexicans staying one or more nights in the US;

(3.1-3.4,4.1,4.2) Does not incl the total of Mexicans but only those travelling beyond the 40km border zone;

(3.3) Land; (3.4) Incl arrivals at the Great Lake ports and Puget Sound (Washington State);

(4.1,4.2) By visa type. Canada data excl;

(6.1) Incl Americans staying one or more nights in Mexico.

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CLEANUP ACTS
