

**ARMENIAN INTERNATIONAL VISITOR SURVEY RESULTS  
(September 2006 – August 2007)  
CAPS REPORT**

The purpose of the International Visitor Survey was to identify the profiles, travel behavior, satisfaction and expenditure of foreign tourists visiting Armenia, and the profiles, travel behavior and expenditure of Armenian residents travelling to overseas destinations.

The objective of this short report is to provide a synopsis of the International Visitor Survey results, to Armenia's tourism industry, to help the industry make further decisions regarding their marketing strategies and tactics in promoting their products and services to target markets.

In this regard, this report focuses on information regarding the Leisure/Holiday/Vacation segment (LHV), including the following three main areas:

- Visitor profile/demographic characteristics
- Visitor attitudes/interests/activities
- Visitor behavior

The LHV segment makes up 11.6% of all tourists visiting Armenia. In first place are those tourists that visit friends and relatives - the highest percentage (44.8%) - followed by business visitors (22.4%).

## **VISITOR PROFILE**

### ***Geographic Markets***

The majority of LHV visitors that visit Armenia are from Georgia (18.6%), Russia (11.4%), France (11%), Germany (7.8%) and Iran (4.5%). However, examining the purpose of visit by country, we find that Canada has the greatest proportion of LHV visitors with 36.4% of all Canadians travelling to Armenia for LHV, followed by France (35.9%), Germany (31.1%), Italy (30.8%), the US (24.2%) and UK (22.1%). At the same time, the proportion of LHV visitors amongst all visitors is low from Armenia's neighboring countries; Georgia (7.7%), Iran (6.8%) and Russia (3.8%). Visitors from these three countries mainly come to Armenia to visit friends and relatives, for business and employment. LHV visitors from France, Germany, Italy and the UK are less likely to have Armenian ancestry.

### ***Age/Gender***

The average age for LHV visitors to Armenia is 41. The gender balance is fairly even.

### ***Daily Expenditure***

Those LHV tourists that visit Armenia on a package tour (around 17% of all LHV tourists) spend, on average, 224 USD per day. However, those LHV tourists that come on their own arrangement (83%) spend, on average, 93 USD per day. Within Western European and North American source markets, average daily expenditure of all visitors is highest amongst visitors from of Canadian visitors used tour operators for travel arrangement as compared with 4.9% of UK visitors.

## CONCLUSIONS

Based on research results, the promising geographic markets for the tourism industry to target are the US, Canada, and a few EU markets: Italy, UK, Germany and France. They are also among the highest spenders. The age of the average tourist (41) should be considered while developing a product or preparing a tour package for the target segments. Though the lifestyle of the visitors from this age group might be different, there are likely to be some similarities compared to other age groups. The research showed that only 17% of tourists buy tour packages although they spend twice as much, during their visit to Armenia, than those that make their own arrangements. It could be implied that those tourists visiting Armenia through a tour package are older visitors since they spend more; are less likely to have Armenian ancestry and therefore have less familiarity with the country to organize the trips themselves; and/or are first time visitors.

## VISITOR ATTITUDES/INTERESTS/ACTIVITIES

### *Main motivations for LHV visitors*

The major motivation for LHV visitors to visit Armenia is nature (68.6%), followed by culture/history (59.3%). Niche ecotourism/adventure tourism comprises 12.4% and pilgrimage 8.8%. The first two priorities for all visitors from the larger LHV geographic markets, namely US, Canada, and the EU markets are nature and culture/history. Pilgrimage is the third priority for Canadian (35%) and US (6.4%) LHV visitors. Ecotourism/adventure tourism comes as third priority for tourists originating from France (12.8%), Germany (19.1%) and Italy (20%). An equal number of visitors (3.3%) from the UK come for pilgrimage and adventure tourism.

### *Interest in Visiting Armenia Again*

LHV visitors have significant interest in revisiting Armenia, as the survey results show. From all LHV visitors, 97.3% respond positively. It should be noted that from the selective geographic markets, 10.1% of Germans reply negatively about revisiting Armenia and only 3.6% of them have Armenian ancestry; from French visitors 4.2% are not interested in visiting Armenia again.

### *Recommendation of Armenia as Holiday Destination*

97.8% of LHV visitors will recommend Armenia as holiday destination. Germans are the highest in responding negatively (around 6%). Around 3% of Italians and UK citizens will not recommend Armenia as a holiday destination. The vast majority of tourists from the other selective geographic markets will recommend Armenia as a tourism destination.

### ***Rating of Facilities and Services (excellent 5 – very poor 1)***

LHV visitors rank their satisfaction of attractions (4.7) the highest. Tour operators, hotels and restaurants are also ranked highly, 4.4 and 4.3 respectively. Local roads receive the lowest rank 3.1. Value for money is also ranked low by LHV visitors 3.6.

### ***Places Visited***

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

## **CONCLUSIONS**

Though traditional forms of tourism are still highly favored by LHV tourists coming to Armenia, a few niche tour products are receiving increased interest by this segment – particularly pilgrimage and adventure tourism. The majority of foreign tourists visit the capital and those tourist sites located within a short distance of Yerevan. This could be as a result of other sites not being well developed or promoted as tourism products, or due to the quality of the local roads. This can be implied from the tourist ratings of services and facilities - local roads are ranked the lowest. Though, generally, Armenia's tourism services and facilities are rated highly, value for money is still an issue. This is a crucial factor for most tourists – since, typically, tourists will seek good value-for-money destinations. However, tourists are interested in revisiting Armenia and are ready to recommend Armenia as a tourism destination. This is also an important finding since Word of Mouth (WOM) continues to be the most efficient and cost-effective form of promotion for companies and countries targeting first-time and potential tourists with what is essentially an intangible product. While traditional tourism will likely remain a strong and promotable tourism draw, it is important for continued growth to expand into and promote the newer niche products.

## **VISITOR BEHAVIOR**

### ***Travel Arrangements***

17% of LHV tourists use tour operators for visiting Armenia; the remainder make their own arrangements. From within Western European and North American source markets, Canadians use tour operators the most (9.1%).

## ***Internet Purchases***

Only 2.3% of LHV visitors make online purchases. The British are the highest internet purchasers (8.5%), and yet only 0.7% of French tourists use the internet for online purchases.

## ***Accommodation***

Around 71% of LHV visitors stay in hotels during their trip to Armenia; Diasporan Armenians are slightly less likely (51.9%) to stay in hotels while traveling as LHV tourists. Around 11% of all LHV tourists stay in rental apartments and only 2.7% stay in B&B/hostels. 17.8% stay with friends and relatives. The average number of nights spent in hotels by LHV visitors is 8.3, whereas for those that stay in rental apartments, it is 16. For Western European and North American source markets, hotels are used the most, followed by rental apartments.

## ***Length of Stay***

Around 40% of LHV visitors to Armenia stay for two weeks, followed by those (36.5%) who stay around a week. Almost all visitors from North America and Western Europe stay around 2 weeks in Armenia, however tourists from the US and Germany are the most likely to stay more than 22 nights.

## ***Repeat Visits***

The majority of LHV visitors (around 55%) are first time visitors to Armenia, however the number of tourists that have more than 3 prior visits to Armenia is also relatively high (around 16% of the total). Most visitors from North American and Western European source markets are first time visitors. However, a high percentage of visitors from the US and Germany have more than three prior visits to Armenia.

## ***Travel Information Channels***

The main source for getting information on Armenia is still WOM (relatives and friends); used by 34% of LHV visitors, followed by previous visits (30% of visitors). Traditional media is also a significant information channel used by around 14% of visitors. Only 2.8% of visitors use the Internet as a source of information. Guidebooks are also considered to be a good source of information; 9.2% use them. Tour operators are a source of information for 9% of LHV visitors.

## **CONCLUSION**

Most LHV visitors are first time visitors; although repeat visitation is significant. The majority of LHV visitors are independent travelers. From within the North American and Western European source markets, US and German tourists are appealing in terms of their length of stay. The majority of LHV tourists stay in hotels, although half of the Diaspora tourists also choose to stay in hotels rather than with relatives or friends. Predictably, the majority of LHV visitors rely on WOM in deciding and planning a trip to

Armenia. This might indicate a problem with promotional methods or lack thereof. Generally, along with WOM, travel agents and the internet are considered to be the most important sources of information for travelers in making a decision to choose a destination. In this case, only around 3% of LHV visitors to Armenia use the internet and even less use it for bookings. This may be a result of the fact that there is not enough useful information on the internet concerning travel, no well established e-booking mechanisms in place, and insecurity in purchasing online.

## **FINDINGS IN COMPARISON WITH TACIS STUDY OF 2002**

It is worthwhile to compare the results of this research with the TACIS research undertaken amongst arriving and departing passengers at Zvartnots Airport between April and June 2002 (high season). This research mainly focused on demographic characteristics, tourist expenditure and trip purposes. In 2002, as is the case in 2006/2007, the majority of tourists originated from CIS countries, particularly Russia and Georgia. Visitors from other countries - the US, Canada, and EU countries - were fewer in number compared with those that visited in 2006/2007. Back in 2002, 16.1% of all visitors came to Armenia for recreation and leisure compared to 11.6% in 2006/2007. Note: in the 2002 research results there is no segregation of data for LHV visitors. Visitors spent on average, 749 USD per trip and 49% stayed not more than 10 days in Armenia. In the 2006/7 survey, 21% stayed around two weeks and 35% stayed more than 22 nights. In 2002, the majority of visitors (around 54%) stayed with relatives, 22% stayed in hotels and only 4.9% in rented apartments. In the 2006/7 survey, around 30% of visitors stayed in hotels and 6.9% in rented apartments. As for visitor satisfaction on the services rendered during their stay in Armenia, in 2002, 90% were satisfied with hotel and catering services.

Comparing these two survey results, it becomes obvious that the number and proportion of visitors from EU countries as well as the US, Canada and other non-CIS countries to Armenia has dramatically increased. Even though the visitors in 2002 spent a relatively similar amount during their stay in Armenia, those that visited in 2006/7 stayed much longer in Armenia and most of them in hotels and rented apartments, even in B&Bs and spas, rather than with relatives. This is an important finding which shows that there is a demand for other types of accommodation, like B&B's and spas than only hotels and rental apartments. This could be an important finding for developing an infrastructure for tourist accommodations.

## **RECOMMENDATIONS**

The survey is a good tool for tourism industry stakeholders, particularly, tour operators, to make marketing decisions, particularly targeting, product development, and promotion.

### **Targeting**

Tourism industry representatives would benefit if they apply target marketing. Information provided by the research shows that the geographic markets tour operators and agencies should target are the US, Canada, and EU countries, particularly Italy, France, Germany and the UK. Tourists from these geographic markets are young and middle-aged adults, who are mainly interested in culture/history/religion, nature and, to some extent, adventure. They usually take two week vacations or longer holidays, travel alone and make their own travel arrangements, stay mostly in hotels and spend around \$100 per day. They trust WOM, get information from traditional media and guidebooks, and use tour operators/agencies as a source of information. Use of internet is very low, online booking is even lower. This is a problem since Internet is one of the most popular sources for tourists searching for destination information and the trend continues to grow with more tourists purchasing online.

Tour operators can tailor their products and services if they focus on and target the segment described above in the Western European and North American source markets. The profile of this target segment will help tour operators in developing their products and promotional efforts. Knowing that young to middle aged adults are visiting Armenia who have an interest in culture/history, nature and adventure tourism and turn to using certain sources of information will be useful while the companies make traditional and niche products and focus on targeted promotional vehicles.

Note: This does not mean that tour operators cannot enter other markets; however this could be included in their long-term strategies. It takes at least 3 years to earn profits focusing on a target market.

## **Products**

Since the majority of visitors are mostly interested in traditional tourism products and Armenia is rich in cultural/historical monuments and attractions, it makes sense for tour operators to offer this type of product. However there should be some differentiation added to cope with the changing lifestyles of travelers; tourists want an experience rather than just visit a list of attractions. While developing products, it will be profitable to focus on niche tourism opportunities that the visitors are interested in, i.e. pilgrimage, adventure and nature/ecotourism. Since the value for money is considered low for LHV visitors to Armenia, tour operators must focus more on the benefits of their products offered to the tourists, rather than compete on price.

Note: However, if companies need to diversify their products, it is crucial to have core competencies in the development of new products. This is important because there might be some unmet need for tourists, like pilgrimage and/or adventure and other specific tour products, however the company might have a competitive advantage or gain any when entering this new niche. Either the company can include the diversification in its long term strategy or specialize more and differentiate its existing product in a short term.

## **Promotion**

In order to position the product in the minds of the consumers, integrated marketing communications are the best way to go. In this case, tour operators can benefit from the information provided by this research on the information channels visitors are using to gain awareness about Armenia and actually make a decision to visit. The promotional vehicles that tour operators should focus on are the traditional media outlets (TV and radio), though these are expensive sources of information. Guidebooks could also be used, since visitors rely on this source of information as well. Internet and outbound tour operators are the most important information sources for making an interested individual turn into a purchaser of a tour product. In this case, tour operators have to focus more on the internet, turning their websites from information bearing sites to a marketing tool, using e-marketing techniques. For example with the funding and support of CAPS hotels.am was upgraded and relaunched recently; a step towards giving existing and potential visitors the chance, not only to find information on hotels and other tourism related items, but also to actually make online bookings. This trend should be continued for other sites as well.

A significant proportion of visitors still trust tour operators in making decisions to visit Armenia. Tour operators need to find new partner tour operators, especially in the specified geographic markets, and attend trade shows in those countries, and organize fam trips from those countries.

## **FINAL NOTE**

Though the survey is limited to those that have visited Armenia and not potential customers, this is a good indicator for the profiles, interests, preferences and behavior of potential customers. This is a good resource for tour operators and other tourism related services like hotels, restaurants, B&Bs, etc. while they are making their marketing management decisions.

APPENDIX

PROFILE DIFFERENCES OF SIX SELECTED GEOGRAPHIC MARKETS

| Country                     | Average Age | Cultural/ Historical | Nature | Pilgrimage | Ecotourism/ Adventure | Length of Stay (nights) | Online Purchases | Primary Information Sources (excluding WOM)                                   | Implications for Service Providers  |
|-----------------------------|-------------|----------------------|--------|------------|-----------------------|-------------------------|------------------|---|---|
| USA                         | 43          | 67.9%                | 65.4%  | 6.4%       | 3.8%                  | 19                      | 3.2%             | Travel guidebooks (4.8%), newspapers (2.1%), Internet (1.8%), radio/TV (1.5%) | Tourists from the US are young to middle-aged adults who are mostly Diaspora citizens visiting not only for VFR but also for culture/history and niche tourism. They largely stay in hotels, have a longer length of stay, but are not the highest spenders. They search for information on Armenia in guidebooks, through traditional media and also the Internet. They usually arrange their own travel and make offline purchases. To target this segment, the traditional and niche tourism products should be offered, and traditional media as well as guidebooks should be used as promotional vehicles. |
| USA Diaspora (out of total) | 42          |                      |        |            |                       | 21                      | 2.2%             | Tour operators (1.7%), travel guidebooks and radio/TV (0.6%)                  | US Diaspora visitors tend to stay longer in Armenia though their daily expenditure is not high compared to other tourists. A significant number of Diaspora visitors use hotels for accommodation, as well as rental apartments, though the majority still stays with friends & relatives. Diaspora visitors do use packaged tours but a very small number of them make online purchases. A significant majority of the Diaspora use WOM as a source of information; the use of other promotional   |

|               |    |     |       |       |       |    |      |  |   |
|---------------|----|-----|-------|-------|-------|----|------|--|---|
|               |    |     |       |       |       |    |      |  | vehicles is very inconsiderable. Repeat visitation of Diaspora visitors is high although first time Diaspora tourists still represent an important market segment. To target this segment, it is advisable to use both offline and online promotional tools, however choosing Armenian media and/or websites would be the most effective.   |
| <b>Canada</b> | 47 | 55% | 45%   | 35%   | 0%    | 14 | 3.6% | Radio/TV (3.8%),   | Canadian tourists are mostly middle-aged, first time visitors, visiting Armenia for cultural/history, nature and pilgrimage tours. They are not particularly interested in adventure tours. They usually stay for two weeks and are the highest spenders among other tourists. They choose hotels and rental apartments for lodging. Canadians have high proportion of package tour travelers. They make few online purchases and usually use traditional media as information sources. To target this segment, traditional and niche tourism products could be offered, though adventure was not among their interest. Traditional media should be used as promotional vehicles. |
| <b>France</b> | 43 | 84% | 68.1% | 14.9% | 12.8% | 15 | 0.7% | Radio/TV (7.3%)<br>travel guidebooks (5%), Internet (2.7%) | French travelers are young to middle-aged adults visiting Armenia mostly for traditional tours, however the niche tour products are also of interest for them. They tend to stay for about two weeks but are high spenders - they are the highest among six major source markets that arrange travel through tour operators. They almost always make offline purchases. They use traditional media, travel guidebooks and a small number use the Internet for getting information. To target this segment, service providers need to offer both   |

|                |    |       |       |      |       |    |      |  |  |
|----------------|----|-------|-------|------|-------|----|------|--|--|
|                |    |       |       |      |       |    |      |  | traditional and niche tours and promote their products through traditional as well as online promotional channels.   |
| <b>Germany</b> | 43 | 77.9% | 72.1% | 1.5% | 19.1% | 16 | 2.3% | Radio/TV (9.3%)<br>travel guidebooks (6%),<br>Internet (5.1%),<br>newspapers (3.3%)    | Tourists from Germany are young to middle-aged adults, who visit largely for culture/history, nature and adventure. They do not spend as much on a daily basis compared to other European tourists but stay longer. They tend to make online purchases and a high number use travel agents for travel arrangements. Traditional media are the major source of information for Germans; however they use the Internet more than some other EU countries. To target this segment, service providers need to offer both traditional and niche tour products and use both offline and online promotional tools. The service providers should be very responsive to this segment because, as research results showed, this segment was the highest responding negatively to revisiting Armenia or recommending others to visit. |
| <b>UK</b>      | 42 | 66.7% | 66.7% | 3.3% | 3.3%  | 15 | 8.5% | Travel guidebooks (5.8%),<br>Internet (3.6%),<br>radio/TV (2.2%),<br>newspapers (1.5%) | Travelers from the UK are young to middle-aged adults who visit Armenia mostly for culture/history and natural motivations. They typically spend two weeks and also are the lowest spenders among the six selected source markets. They make online purchases the most and are more likely to make their own travel arrangements, though tend to use packaged tours as well. They largely use guidebooks and the Internet for information. To target this segment, service providers need to differentiate their products so that they do not lose those that are interested in traditional tourism opportunities. However,  |

|       |    |     |     |      |     |    |      |  |   |
|-------|----|-----|-----|------|-----|----|------|--|---|
|       |    |     |     |      |     |    |      |  | since a few are also interested in niche tour products, tour operators need to use aggressive promotion to increase interest and intention to a purchase a niche product. It is desirable to focus on online promotion for this target although traditional media is also a good promotional vehicle, particularly printed media.   |
| Italy | 40 | 65% | 65% | 5.0% | 20% | 14 | 6.2% | Travel guidebooks (9.8%)<br>tour operators (8.2%)<br>Internet (3.3%),<br>radio/TV (3.3%) | Travelers from Italy are largely young adults interested in culture, history, nature and adventure while traveling to Armenia. Their length of stay is the lowest among European travelers although the highest in daily expenditure (after Canadians). They use more B&Bs along with hotels and rental apartments than other travelers from the six major source markets. This segment tends to use tour operators more as a source of information and for travel arrangements. Online purchases are the second highest after UK travelers. This segment relies most on travel agents and tour operators, so among the best channels are trade fairs and direct contacts with Italian travel agents for increasing tourists to Armenia. Apart from this, travel guidebooks and the Internet could be effective promotional vehicles. |