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## **The Impact of Digital Transformation on Tourism and Hospitality in Georgia**

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### **Abstract**

Digital technology is the trend nowadays, and it is almost impossible for companies to be competitive in the market without using digital technologies. In recent years, the tourism and hospitality sector has gained immense popularity. The digital products market has appeared with applications that help the hospitality sector be more flexible and effective. Nowadays, many applications and software are created to help business owners control their businesses and satisfy their customers. With the help of Artificial Intelligence software and applications, the business management process is more complex and flexible and allows hotels to be more customer-oriented. Digital travelers themselves are actively using digital applications while traveling. They are searching to download apps that will help them make the reservation process more flexible and more oriented to their wants and needs. The article aims to study the current situation, challenges, and trends of using digital technologies in the hospitality sector of Georgia, to study current applications and software programs, to find and study Georgian tourism and hospitality market representatives, and to interview them. The article highlights the problems and needs that businesses are facing. A qualitative research method was used to study applications and software enterprises use, and a quantitative research method was used to study how digital transformation has affected their businesses. As a result, the research

showed that in Georgia, in addition to international tools, local digital products are created and widely used.

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**Keywords:** Digital Applications, Smart Tourism, Smart Destinations, Georgian Tourism and hospitality, Georgian digital products

## Introduction

Digital transformation involves integrating and applying digital technologies within a business to gain a competitive advantage. This process offers various benefits, such as improved stakeholder efficiency and increased business agility. Numerous industries, including the Hospitality Industry, are embracing this digital transformation trend. Advancements in technology are constantly evolving, revolutionising how hoteliers oversee their properties and personnel, leading to an improved guest service experience. Embracing technology can streamline and expedite internal operations, facilitate device integration, enhance communication, and enable data analysis. Through these means, management and staff can access state-of-the-art hospitality services, remain current with market trends, and adjust their business and marketing strategies accordingly.

## Literature review

Digital technologies (DTs) are combinations of information, computing, communication, and connectivity technologies, including social, mobile, analytics, cloud computing, the Internet of Things, artificial intelligence, and blockchain technologies (Busulwa et al., 2022).

Digital transformation is revolutionizing the tourism and hospitality industry, driven by various technologies such as artificial intelligence, blockchain, virtual reality, and the Internet of Things (Erdoğan, 2021; Kumar & Sharma, 2024). These technologies enhance customer experiences, improve service quality, and facilitate personalization (Nikolskaya et al., 2021; Erdoğan, 2021). To adapt, organizations must develop digital business capabilities and corresponding management competencies (Busulwa et al., 2022). The transformation occurs in three key phases: sales and marketing, digital business ecosystems, and systems integration (Erdoğan, 2021). International travelers actively use online channels for various stages of behavior and decision-making processes for different purposes: pre-departure information search, evaluation of alternatives, booking, and purchasing services, and post-travel actions (Abashidze, 2023). Digital technologies are crucial for the industry's development, enabling improved service quality, integration, and communication (Nikolskaya et al., 2021).

While artificial intelligence is becoming more sophisticated, it is not expected to completely replace human workers in the sector (Erdoğan, 2021).

The impact of digital transformation varies depending on the location and size of individual hospitality enterprises (Kumar & Sharma, 2024). The industry utilizes various digital technologies, including global distribution systems, booking platforms, and mobile communication systems (Nikolskaya et al., 2021). As the digital transformation of hospitality and tourism accelerates globally, researchers are developing comprehensive frameworks to guide future studies in this field (Cheng et al., 2023).

Digital transformation is significantly impacting tourism and hospitality, particularly in Georgia. The COVID-19 pandemic accelerated this transformation, increasing demand for domestic and rural tourism (Letandze, 2023). In Georgia, adopting digital technologies contributes to the growth of domestic and rural tourism (Letandze, 2023). Smart tourism is emerging, with digital services playing a vital role in expanding business scope and enhancing online marketing (Meladze et al., 2024). This transformation presents challenges and opportunities for the Georgian tourism sector (Meladze et al., 2024).

The explosive growth in digital technology has fundamentally changed how we live, communicate, share information, access entertainment, and shop. Welcome to the age of the Internet of Things (IoT), a global environment where everything and everyone is digitally connected to everything and everyone else. More than 4.1 billion people—54% of the world's population—are now online, with 40% accessing social media on a smartphone. These numbers will only grow as digital technology rockets into the future. 34 Most consumers are smitten with all things digital. Today, most travelers in the United States and elsewhere use their smartphones as an alarm clock, making clocks in hotel rooms obsolete. People in the United States averaged more time daily with digital media (6.3 hours) than viewing traditional TV (3.5 hours).

There is commercial software that produces dashboards for both lodging and food-service operations. Search view by Travel Click Hotels is designed to give an instant update of one's online presence, including production by online travel agencies (OTAs), page presence of these agencies, your star ratings on the OTA, performance of pay-per-click (PPC) activities, and the individual customer ratings and comments. A company can also compare its ratings with competitors on sites like Travel Click. Restaurant dashboards can include sales mix reports, reports on promotions, coupon redemption, information on each comp, payroll costs, and costs of goods sold. (Kotler et al, 2022)

The process of travel planning using digital products can be considered as follows:

1. **Dreaming** is the first stage of the travel planning process, where travelers think creatively about destinations they want to visit. Digital content uniquely fuels these dreams through online searches that match

potential travelers with stories, images, descriptions, and virtual experiences that explore specific destinations, cultures, cuisines, and more.

2. **Planning** travel is the next stage for people who have decided on a general destination or multiple locations. In this stage, travelers analyse available transportation, accommodations, and experiences related to each destination. Online searches can help travelers find the best option that aligns with their preferences through reviews, online and social media presence, and online booking connections
3. **Booking** is the third stage of planning, including the first purchases made toward the travel experience. Travelers often start this step by searching for easy-to-use digital platforms that offer quick and transparent transactions. Digital platforms provide the dual benefits of reduced friction (ease) and pricing transparency in the booking process.
4. **Experiencing** a destination is when a tourist is at their most impressionable state—when the individual examines the accuracy and quality of digital content. Though travelers spend time and money across online platforms dreaming, planning, and booking, the travel experience can be enhanced digitally. Destination-specific digital platforms can access important information such as attraction hours and accessibility, health and safety protocols, emergency services, currency information, and local customs. Digital content can improve the quality of a visitor's experience and increase their spending on the destination.
5. **Sharing** can be the most influential factor in defining a destination's digital presence. The impressions given to traveler across all stages of travel planning can be expressed by their own recommendations and endorsements through reviews on each digital platform used in the process or across social media channels. Social media reaches a wide array of audiences and can serve as unpaid marketing for a destination to reach individuals who have never dreamed of visiting the destination before. How a destination interacts with travelers by sharing their experiences on social media improves the relationship between destinations and travelers and encourages others to begin the travel planning process.

The Georgian Agency for Innovation and Technology is funding various apps and innovations from various fields. Since 2019, projects from hospitality have also been funded (Meladze & Sachaleli, 2023).

The introduction of digital technologies in Georgia is under development. The coronavirus has accelerated the need to introduce digital

services in the tourism industry. We hope that, over time, this direction will improve in Georgia and that the domestic tourism market will actively use digital platforms, systems, and applications (Meladze et al., 2024).

**Georgian products** offer unique features tailored to the local market and cultural preferences; Georgian products allow businesses to showcase local innovation and cater to specific regional needs; Georgian digital products can contribute to a sense of local authenticity and resonate better with domestic customers; adopting Georgian digital products supports the local tech industry, fostering economic growth and innovation within the country. The combined use of international and Georgian digital products in hospitality operations allows businesses to leverage global standards, meet local needs, and create a well-rounded and adaptable digital infrastructure (Meladze & Khakhubia, 2024).

## Methods

The research was conducted using materials provided by articles, research papers, literature reviews, and books by Georgian and foreign scientists. Furthermore, statistical data and additional information were retrieved from Georgia's Innovation and Technology Agency.

The qualitative research method was used to study the challenges of the hospitality business from the programs/applications owners' site, and the quantitative research method was used to study the role of digital technologies in the hospitality sector and highlight the importance of modern technologies (interviewed 32 business owners), who are using software programs. The questionnaire had open questions so that participants could share their views and ideas without limits. Also, there was an option about hotel names, and some decided to stay anonymous.

## Results and Discussion

Technologies are constantly evolving, and the advent of artificial intelligence has made the pace and scale of this evolution unimaginable. A new term has even appeared in the tourism sector: tech-tourism. How does this global industry contribute to progress, and what is the level of technology used in Georgian tourism?

Artificial intelligence significantly increases the quality of service and reduces time, which benefits both the client and the service provider. Artificial intelligence is already actively entering the tourism industry. Large platforms such as TripAdvisor, Booking.com, Airbnb, and others are already discussing the active use of artificial intelligence. This helps the user to navigate the platforms and get the desired service faster, and the business will attract additional customers.

Businesses and the private sector absorb innovations faster than the state. This is actually universal-the private sector adapts to innovations faster than public structures.

To understand the importance of technology for the hospitality sector of Georgia, we should compare not only the world's experience but also how this sector has been developing in our country over the years. For example, 5-6 years ago, there was a very unfriendly environment for technological innovations. Some businessmen believed that Facebook or Instagram pages would be enough for their business. Modern technology is much more, and this view is becoming increasingly popular even in traditional businesses.

The attitude of users towards Booking.com has changed. If earlier tourists used it to book a hotel, now they are more likely to use the website to browse the hotel. Now, a traveler on booking.com often only looks at hotels and then tries to contact them directly. Thus, customers expect that if they contact the hotel in person, they will receive services at a better price, participate in some promotions, have complimentary breakfast, etc. This trend is already widespread worldwide, and Georgia should be ready for it. The hotel should have a website where guests are welcome.

A few years ago, in some hotels in the regions of Georgia, reservations were recorded in Excel, and the location on Google Maps was not marked correctly. It may be easy to work in Excel, but working this way means the business is not thinking about growth because when it is placed on different channels, Excel becomes inflexible. Georgian companies have slowly started to use Channel Manager, an indicator of improvement in business management. The channel manager simplifies work - protects against unnecessary bookings, and puts everything in one space, allowing business to be present on as many platforms as possible. Digitalization saves time and employees' energy, and they, in turn, will be happier and more loyal to customers. Ultimately, the main goal is to increase customer satisfaction.

Georgian businesses and Georgian society are distinguished by their open attitude to the news, reflected in everything from the frequency of use of ChatGPT to social networks and cryptocurrencies. Georgian society is in the early stages of start-ups in the field of tourism. For example, e-consul advises people and provides online assistance in obtaining a visa in countries where Georgia does not have visa-free travel; the demand for their services is relatively high.

The development and implementation of digital technologies are vital for modern business. The Biliki platform is an example of how artificial intelligence can be used in tourism. The beta version of Biliki AI is already in use and allows travelers to plan their entire itinerary based on budget and duration.

There is a need to expand technology penetration in the tourism and hospitality business. The eHotelspace platform helps hotels create websites so that the process is swift and businesses don't have to wait for months. For a long time, medium and small hotel owners considered Booking, Airbnb, Facebook, or Instagram pages as their work platforms. However, they soon saw the need to have a website where eHotelspace could help. Using these modern platforms will save both business time and increase customer satisfaction. The advent of artificial intelligence has completely changed the game's rules and taken it to a new level. Georgia's tourism sector should also follow this trend.

The research revealed that digital products have been developed and used in Georgia in addition to the international and Georgian tools mentioned above. Among them are: self.ge, retain.ge, area.ly, travelgis.ge, LiveCaller.io, wifisher.com, Fina, FMG, Tripcamp.ge and others.

## Conclusions

In conclusion, we can say that using both international and local digital products in hospitality offers several benefits:

- **Global Standards and Local Customization:** International products often adhere to global standards and best practices, ensuring reliability and compatibility with international guests. On the other hand, local products are tailored to specific regional needs and cultural preferences, providing a more personalized experience for local and domestic customers.
- **Enhanced Competitiveness:** By utilizing international products, hospitality businesses can improve their competitiveness on a global scale, meeting the expectations of diverse international guests. At the same time, incorporating local products allows companies to showcase innovation and authenticity, attracting domestic and international customers seeking unique experiences.
- **Economic Growth and Innovation:** Adopting local digital products supports the growth of the local tech industry, fostering economic development and innovation within the country. This, consequently, benefits the hospitality sector and contributes to the overall technological advancement of the region.
- **Adaptability and Flexibility:** Combining international and local digital products enables businesses to create a well-rounded, adaptable, and flexible digital infrastructure. This allows them to meet their customers' evolving needs and stay ahead of the competition.
- **Overall,** using international and local digital products in hospitality operations allows businesses to leverage global standards, meet local



needs, and create a unique and competitive offering that appeals to a wide range of customers.

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