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Go2Armenia: finding focus

“Each one of us can make a difference. Together we make the change.”

- Barbara Mikulski US Senior Senator

“Your Passport please!” – it is the third time this week Katerina Danekina, the CEO of the newly rebranded travel agency Go2Armenia, is arriving at Yerevan Zvartnots International Airport. Go2Armenia is one of the leading companies in the Armenian market of incoming tourism. However, it is not a standard tour agency - specialized in providing tailored tours. The company has limited human resources and in order to ensure high quality and timely service for two VIP clients and one newly arriving group, Katerina will spend the weekend in the office, managing logistics and coordinating the staff work. The employees of the company involved in the preparatory work left the office at midnight, only after Katerina arrived and was briefed on the situation.

“Parpetsi 9” – she said to the driver and closed her eyes, this has been an exhausting week for her, and the end was not so close. She was thinking about the future of Go2Armenia, what would it be like? Will they continue to work on the verge of their capacities; will they finally find the right focus to develop? Importantly, what will that focus be...

Industry overview

The future and the present of Go2Armenia tour agency are directly correlated and are depending on the situation of the tourism sector in general. Therefore, if the sector is in its development stage the company will generate more revenues. To support this statement, economic benefits of tourism should be shown.

Tourism as an economic, social and cultural phenomenon entails the movement of people outside of their usual environment. Representing mass phenomenon, tourism as a sector in Armenia needs a quantitative and qualitative assessment. Within the scope of the national economy, the detailed tourism statistics is necessary

for developing a marketing strategy, identifying trends and niches, strengthening inter-agency relationships, and assessing the efficiency of management decisions.

Tourism has a strong multiplier effect that serves as a major source of economic development in developing countries. Social benefits of tourism are employment opportunities, development of local communities and infrastructure resulting in a supply value chain. The Government of Armenia in its Strategic development plan for 2014-2025 has stated the tourism as the second priority sector for economic development after mining.

Armenia is a country with unique historical monuments and beautiful sites that offer not only cultural and ecological tourism but also an excellent spot for active rest. UNESCO World Heritage Committee has inscribed three cultural-historical and nature monuments among global cultural treasures.¹

As a result of international voting, National Geographic Traveler magazine has included Armenia in its top three countries under the category of "active and extreme rest".

International tourist arrivals have been growing steadily in Armenia well above the world average. From 2012 - 2014, the number of international tourists increased from 687,000 to 1,203,000, an increase of more than 10% each year – more than double the average global tourism growth rate of 4%.

Based on World Tourism Organization's (UNWTO) 2012 statistics for Armenia - the top generating markets, accounting for approximately 71% of total international arrivals, include CIS (41.5%), Iran (18.4%), USA (8.2%), Argentina (3%), France (3%), Lebanon (3%), Germany (2.7%), Greece (1.5%), UK and Italy (1%). Of these visitors, 287,000, thus 34%, came through organized tours. By purpose of visit 22% of all tourists, come on business, 12% for leisure, and 45% to visit friends and relatives.²

According to the United States Agency for International Development (USAID) the Enterprise Development and Market Competitiveness (EDMC) project conducted 2013 International Visitor Survey, among all international arrivals, "Diaspora" visitors, thus those with Armenian ancestry, comprised 66%.

The average length of stay is 17.4 days, but the average varies from 6.2 days for a hotel stay versus 39 days for rented apartments, 12.5 days in a "bed and breakfast" (B&B) and 20 days with friends and relatives.³

Similarly, impressive growth occurred with international tourist receipts more than doubling from US\$220 million in 2005 to US\$408 million in 2010 but then dropped in the following years. With the decline in receipts, the spending per visitor also decreased. Visitor exports (foreign visitor spending or international tourism receipts) are expected to grow by 4.8% in 2016 to 458.6bn AMD (US\$ 945 million), and rise by 3.4% per annum is forecasted reaching 643.1bn AMD in 2026.

The domestic travel spending generated only 13.4% of direct travel and tourism GDP in 2015 compared with 86.6% for visitor exports. Domestic travel spending is expected to fall by 1.2% in 2016 to 67.2bn AMD and is forecasted to rise by 6.8% per annum to 129.5bn AMD in 2026 (see **Exhibit 1**).

Private Investments

According to UNWTO, the number of accommodation facilities in Armenia have increased dramatically in the last six years from 792 to 1,405 hotels, B&Bs, and similar establishments⁴, which is a positive indicator for private tourism investment sector in Armenia.

Another example of investments are major projects with the construction of "Wings of Tatev" ropeway and Tatev Revival Project – a \$22million investment, which is a classical public-private partnership being implemented by the National Competitiveness Foundation of Armenia. The Tatev Revival Project is also

¹ Source: <http://whc.unesco.org/en/statesparties/am>

² Source: <http://mineconomy.am/eng/39/gortsaruyt.html>

³ Source: EDMC 2013 International Visitor Survey

⁴ Source: UNWTO Compendium of Tourism Statistics 2007-2011 and 2008-2012

intended to have a broader impact on the marz by further developing tourism attractions in the surrounding villages.

Travel and tourism have attracted capital investment of 40.6bn AMD in 2015. This is expected to rise by 1.5% in 2016 and by 3.8% per annum over the next ten years to 59.9bn AMD in 2026. Travel and tourism's share of total national investment will rise from 5.0% in 2016 to 5.2% in 2026 (see **Exhibit 2**).

An investment loan project on Local Economic and Infrastructure Development has been approved by the World Bank Board of directors in December, 2015 and, currently, the Armenian Government is in the process of ratifying the loan project. The tool for economic development has been chosen to be tourism and cultural heritage rehabilitation and preservation.

Policy and Investment Climate

In general, there seem to be no serious constraints for tourism investments. In fact, the American Bar Association and KPMG report of 2009 stated the following: "the legal framework for foreign Armenia investors is viewed as being one of the most liberal and successful among emerging market economies."⁵

In 2015, Armenia was ranked 89 out of 141 countries in the World Economic Forum Travel and Tourism Competitiveness Index (WEF TTCI).⁶ The Index summarized the country's tourism competitiveness as more positive than negative.

Armenia's National Development Strategy 2014-2025 highlights tourism as one of five priority sectors for job creation and exports. The main sector policy directions are the improvement of relevant infrastructure through public-private partnerships, particularly policies to reduce high transport costs related to entry and exit from Armenia. With the country's new open skies policy, air transport has been already beginning to progress as of October 2014.

To measure the impact of the sector on the overall economy, it is important to see the total contribution of the tourism sector to GDP as it includes wider effects from investment, the supply chain, and induced income impacts. Total contribution was 660.9bn AMD in 2015 (13.7% of GDP) and is expected to grow by 3.7% to 685.6bn AMD (13.7% of GDP) in 2016. It is forecasted to rise by 3.9% per annum to 1,003.9bn AMD by 2026 (13.5% of GDP) (see **Exhibit 3**).

Travel and tourism generated 40,000 jobs directly in 2015 (3.3% of total employment), and this is forecasted to grow by 1.6% in 2016 to 41,000 (3.4% of total employment). That includes employment by hotels, travel agents, airlines and other passenger transportation services and excludes commuter services. It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. By 2026, travel and tourism will account for 43,000 jobs directly, an increase of 0.5% per annum over the next ten years.

Directions

For marketing stance it is important to mention the directions, which are relatively new for tourism sector in Armenia, that traditionally was anchored on historical-cultural tourism. Lately, some of the following directions of tourism have attracted a significant interest:

Adventure Tourism

Adventure tourism is a type of niche tourism that involves exploration or travel to remote areas, where the traveler should expect the unexpected. Adventure tourism is rapidly growing in popularity as tourists seek memorable holidays, different from typical beach vacation. Armenia can offer a broad range of adventure tourism opportunities, including hiking, biking, climbing, horseback riding, mountain climbing, windsurfing,

⁵ Source: American Bar Association - KPMG Armenia; Investment in Armenia Introduction for foreign companies considering doing business in Armenia; August 2009

⁶ Source: <http://reports.weforum.org/travel-and-tourism-competitiveness-report-2015/>

paragliding and geological explorations. Adventure assets are relatively easy to commercialize. Building Armenia's brand in this niche over time and putting Armenia as an adventurous destination on the international map are the main challenges.

Agro-tourism

The concept of agro-tourism is a direct expansion of ecotourism, which encourages visitors to experience agricultural life at first hand and get in direct contact with rural communities. Visitors have the opportunity to work in the fields alongside real farmers, taste products, live near by the production process and completely feel all the peculiarities of village life. As this kind of tours offer unique experiences for tourists, it can be considered as one branch of adventure's tours. Agro-tourism is gathering strong support from small communities, as rural population has realized the benefits of similar forms of nature travel brings.

Sector-specific information

The World Bank tourism team conducted primary data collection on sector specific information via the survey conducted in September-October 2014 to support Armenia South Corridor Tourism Development Strategy. The questionnaire was sent to 85 operators however, the responses were received from 17 operators. The survey revealed that for most of them, Russia is a principal source market and that all marzes were named as popular destinations. However, as best-selling circuits were mentioned the following routes: Yerevan-Khor Virap-Noravank-Tatev and Yerevan-Garni-Geghard. The operators also reported that Tatev was the most popular attraction for their clients. For the most selling tour offers see **Exhibit 4**.

To reinforce what was mentioned above, the operators indicated that the most appealing aspects of visiting Armenia for their clients were hospitality, food, nature, cultural heritage and quality of service. And the least appealing aspects and main sources of complaints were the road conditions, poor visitor infrastructure, lack and poor state of toilets, lack of information centers and signage/panels, abundant waste both on sites and roads in general. The operators also considered a decrease of airfares and improvements in human resource capacities, education and training as high priorities.

Current market competitors

Armenian tour operators are important to the success and further development of the sector. The number of agencies which are focused on incoming visitors is relatively big. Among them, the biggest agency, which can be considered as the main competitor for Go2Armenia is Hyur Service. Hyur Service offers different types of services like apartments and houses and vehicle rental, transportation provision, catering services, organization of business events and technical support, household services that are more like logistical support services for tourist. Nevertheless, compared to Go2Armenia, Hyur Service is more concentrated on traditional cultural and sightseeing tours.

The next one is Noah's Travel agency, which organizes tours such as grotto tours, horseback riding, cycling, pilgrimage, gourmet and wine tours, ethnographic, hiking, mountaineering- climbing Biblical Mount Ararat.⁷

Regarding offered tours, Noah's Travel and Go2Armenia have much in common. As well as Noah's Travel has focus on main tourist attractions including not only the Republic of Armenia and Artsakh, but also Western Armenia. Although, they do not have key partners like Go2Armenia, nor an established network.

The travel company "Apaga Tour" operates on the Russian market since 2005. Their core business is the promotion of outdoor activities at various levels of complexity in Armenia and Georgia.

Their "stakes" are horseback tours to Dilijan Reserve. They offer mix of eco and extreme tours. The company created its own infrastructure and works mainly on attracting customers to their resort Apaga Active Leisure Club, with their Yell zip line and trips to the forests on foot or horses and visiting a naturally formed cave called

⁷ Source: <http://www.travel.am/yp/tour-operators-and-travel-agencies-in-armenia/noahs-travel/666/>

"Lastiver".⁸ In their case, the agency is focused on attracting tourist to the resort, thus the offered locations are not diversified.

Go2Armenia company overview

The company started operating in 2008 as BAL Company with focus on VIP clients and meetings, incentives, conferences, and exhibitions (MICE) tourism. BAL Company was rebranded and became Go2Armenia travel agency in 2015 and currently has 18 employees. Go2Armenia has become one of the leading companies in the Armenian market of incoming tourism.

Currently, the company provides services inherited from BAL Company i.e. tours for VIP clients, MICE tourism, organization of festivals, concerts, and other major events, excursions as well as expanded its service range with other directions for individual tourism: cultural tours, adventure/extreme tours, eco tours and culinary tours. In other words, full range of services: from booking tickets and hotels at competitive prices and transport support organization of any complexity (motor vehicles, helicopters).

The company operates in B2C segment, offering group and individual tours in Armenia, including the organization of excursion, educational, recreational, adventure and extreme tourism, as well as in the B2B segment, including working towards MICE. Go2Armenia welcomes tourists from Russia, France, Poland, Israel, Ukraine, Germany, India and many other countries.

Go2Armenia is developing interesting tours and each of them has its narrow segment. Adventure tours probably have more potential as it is one of the developing niches of tourism and have on average 3.5 times higher cost than mass directions, therefore, is more preferable for the country. Adventure tourism involves any tourist activity that includes components of physical activity, cultural exchange, and connection with nature. In this framework, Go2Armenia provides following types of tours:

Cultural tours

Cultural tourism is the act of traveling to a location to see that local culture, the history of those people, their art, religions, architecture, and other factors that shaped their history and lifestyle.

Ecotourism

Ecotourism is defined as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education"⁹.

Extreme tours

Extreme tourism includes travel to dangerous (extreme) sites) or participation in dangerous activities. Somehow, this form of tourism can overlap with the extreme sport.

Gastro tours

Gastro tours suggest exploration of food for the purpose of tourism. It is considered a vital component of the tourism experience. Dining out is common among tourists and food is believed to be as important as climate, accommodation, and scenery to tourists. In Armenia there are very affordable food prices, meanwhile, the Armenian cuisine is famous for its diversity and richness. Armenia is also known for its cognac, and an excursion to the Yerevan Brandy Company is one of the most popular in the country. In Armenia, archeologists had found the oldest winery in the world.

Currently, as listed above, the company's activities involve broad range of services, which in combination of established high standards for provided services is facing constrain of limited human resources. To ensure high quality of the provided services Go2Armenia has to evaluate the challenges related with developing its

⁸ Source: <http://www.apaga-tour.com/>

⁹ Source: <https://www.ecotourism.org/news/ties-announces-ecotourism-principles-revision>

business. It can be done considering either to select extensive way of development: it means increasing the staff and keep broader spectrum of services or to narrow down its services and set a focus.

The dilemma for the company is to decide in which direction the development will be most perspective in the context of maximizing the company's contribution to the economic development of the country, which is the declared mission of the company. The comprehensive and multi-dimensional impact study of two optional directions must be done: building business around mass directions and/or tailored client oriented tourism... In the first scenario, the core question which emerges is whether Armenia's market currently has the opportunities and potential for that and whether Go2Armenia expertise gives company a competitive advantage for that direction.

The second scenario assumes targeting individual tailored and VIP tourists (upper class); in this case, the challenge is to develop a strategy for attracting and reaching that target audience. This can be done by expanding the network of partner tour-agencies and designing special products with diversifying of the service package. The focus on some interesting and original programs may attract fewer customers, but they will attract the trendsetters who will spread the word. It is critical as well to evaluate whether these targeted tourists are the ones to bring the most positive impact on the Armenian economy. It is important to mention that this development scenario is yet not covered by current tour agencies in Armenia thus Go2Armenia will benefit from first mover advantage.

The third option that can be combined with either of the scenarios is to focus on corporate clients from all over the world, who as well will spread the word about Armenia among their partners. This direction will need specially designed strategy for reaching and serving corporate clients other than the company's current clients.

Go2Armenia is not solely profit oriented company, in close cooperation with the Foundation "Initiatives of Armenia» (IDeA Foundation) Go2Armenia is engaged in development of tourist destinations in the country, as well as the popularization of Armenia as a destination in foreign markets. It is important for the company to generate activities that will have a positive impact on the sector and overall economy.

However, cooperation with IDeA Foundation is under the framework of social projects done by Go2Armenia. This kind of massive projects need serious human resource allocation, which as mentioned is limited in case of Go2Armenia. As an example, currently, Go2Armenia does mapping project for IDeA Foundation, which assumes "stocktaking" of all resources that will contribute to the brand building of Armenia i.e. from cultural monuments to interesting people. Implementation of this kind of projects puts pressure on the company, and they face a dilemma of either rejecting IDeA Foundation's request for the projects or loosing clients.

There are three possible solutions to this problem. Go2Armenia can change their strategy and step aside of their mission and be solely business oriented company and act as a consultant for IDeA Foundation and charge for the services.

The next option is to do projects with IDeA Foundation free of charge and view as a cost center.

The third option, which is along with the company's mission, is to treat these projects as a part of their Corporate Social Responsibility (CSR) policy and view them as a strategic investment that will have its benefits in the future.

Company products

In its eight years history company has explored almost full capabilities of Armenia and offers tours on year-round bases: in the winter season, there are available ski tours to one of the most popular resorts in the South Caucasus - Tsakhkadzor. In the summer season, customers are offered interesting trekking routes in beautiful natural sites. Armenia has a unique advantage as a tourism destination as each season gives tourists a range of leisure opportunities. In Armenia, the world's leading hotel brands are presented, local hotel chains, as well as small family hotels, motels, home and recreation of different classes at affordable prices.

Products of Go2Armenia

- «Armenia for a week" - 7 nights tour begins on Sunday includes airfare, insurance, group transfers, accommodation in Yerevan (return to the hotel in Yerevan every day after sightseeing tours), meals, excursions to historical and natural monuments, according to the program.
- «Getting to know Armenia» - weekend tour, which takes place from Thursday to Sunday and includes airfare, insurance, group transfers, accommodation, meals, excursions.
- City Tours - with accommodation in the city of Yerevan are available from 3-14 nights and include airfare, insurance, private transfers, accommodation, and meals.

Partners

In the nearly ten-year history, Go2Armenia professional team has accumulated an impressive experience of successful cooperation with leading companies such as Unilever, Red Bull, KIA, Russian Railways, Danon, Sberbank, Ernst & Young, and many others. Company's partners are scattered all over the world (see **Exhibit 5**).

Current political developments impacting the world's well-established directions like Turkey, Tunisia and Egypt are "closed" for Russian tourist and can be considered as an opportunity for Armenia to become a new choice for tourists that usually choose mentioned directions.

Recently Go2Armenia started to cooperate with one of the leading travel company in Russia TUI Russia. The company is part of the largest international tourist holding TUI Group. TUI Russia serves more than 500 thousand tourists annually and has more than 300 travel agencies (their own and authorized).

This is a real breakthrough, which opens the big Russian market for Armenia and the company. Nevertheless, the company is not going to limit itself with this cooperation.

Work in close cooperation with IDeA Foundation is a huge advantage for Go2Armenia. The IDeA Foundation builds locomotives that can attract people to Armenia. Main destinations that have been developed by IDeA Foundation are Tatev and Dilijan. The next move is for Go2Armenia to manage the logistics.

As they work in collaboration, there is also a possibility of feedback from Go2Armenia that can voice about existing needs of the sector. In this case, IDeA Foundation has a possibility to enable its capacities to address the needs.

IDeA Foundation is also providing clients to Go2Armenia. In the framework of big projects many guests arrive in Armenia and Go2Armenia has to handle the logistics. The latest cooperation of this kind was in the framework of Aurora Prize ceremony.

Impacts/Decision tree

As mentioned above, the tourism can be viewed as major contributor to the economy of our country with significant social impact. According to the mission statement of Go2Armenia agency, the company is giving priority to the social impact of the activities generated by the company.

Taking into consideration the above mentioned and the information obtained from the company, the methodology was designed aiming to help in identification of more promising products from the range of the company's offers. The chosen methodology is helping to evaluate the total impact and weight of each product. The main products subject for this analysis are: VIP tours, MICE, mass direction and tailored tours i.e. adventure tours. Each product is evaluated both from social and economic perspective with the score of 100 points.

According to the fact that the company prioritizes the social component of the total impact over the economic impact we denoted 60% (0.6) out of 100 to the social and 40% (0.4) to economic impact accordingly.

The methodology was discussed and agreed with Go2Armenia.

The CEO of Go2Armenia defines social impact firstly as developing the communities outside of Yerevan, achieved by directing the inflow of tourists to the marzes and stimulating them to spend money there, as currently trade and services are dramatically underdeveloped in marzes compared to the capital city.

The social impact of each product made by the company has been analyzed applying an evaluation mark ranged from 1-10. According to this evaluation, four directions have following marks: MICE 4/10, Mass – 5/10, VIP - 7.5/10, Adventure (tailored tours) - 8.5/10. As we can see, adventure and VIP tours have the most positive impact.

The below chart illustrates the revenue distribution and profitability for each product that Go2Aremnia offers calculated according to the information obtained from the company (see **Exhibit 6**).

Category	Profit percentage	Revenue distribution %
MICE	15%	30%
Mass	10%	20%
VIP	25%	30%
Adventure	15%	20%

In order to evaluate the economic impact of each product revenue percentage is considered. The profitability of each product is converted to a grading from 1-10 scope, and the profitability of VIP tours is denoted as 10, as the highest one. The other three products got their weights in comparison to that. Therefore, we have MICE- 6/10, Mass – 4/10, Adventure (tailored tours) 6/10.

The social and economic components of each product are multiplied by their corresponding coefficient in order to get the final grade of the product [0.6 (total social impact)+0.4 (economic impact)]. As an example MICE has 48 points out of 100, according to the following calculations: $0.6*4+0.4*6=4.8$, i.e. 48 converted for 100 point evaluation grade.

The outcomes of the other three categories are generated accordingly. The results are shown in **Exhibit 7**.

Taking into account the obtained outcomes, it will be beneficial for Go2Armenia to focus on providing services to VIP clients and adventure/tailored tours. These two products will assure the sustainability of the company financially and will contribute in fulfilling their mission of having positive social impact on the economy of Armenia.

Directions for future focus

An internationally competitive tourism location relies usually on an industry that offers specialized, unique and demand-driven products and services. Targeted product development and promotional efforts are proven worldwide to have the greatest impact. Armenia must not focus solely on generating worldwide awareness of the country but on creating targeted interest in, and a desire to visit, invest or use the services offered. This is exactly what Go2Armenia is trying to do by developing unique and special tours.

However, there is one unexplored direction for future development and focus; that is spa tours and medical tourism. Mentioned directions are the ones where Armenia has a potential, and this statement is in line with forecasts for 2020 and 2030 made by USAID.¹⁰

¹⁰ Source: http://mineconomy.am/uploads/Armenia_Tourism_Strategy_with_logo.pdf

Wellness and spa centers are a rapidly growing sector of the tourism industry. They attract tourists from all over the world. The geographical location of Armenia, its mineral waters, air, nature, and climate is favorable for the health industry in all four seasons. As well as it is worth to mention that in Soviet times health tourism was most developed direction centered around mineral water resorts, these centers were refurbished, as well equipped to modern requirements and thus provide quality services. Armenia provides a wide range of wellness spa centers where one can have healthy rest, full relaxation as well as restore good health. These centers offer spa and wellness services, physical fitness activities as well as healthful cuisine. Such areas include Tsaghkadzor, Jermuk, Dilijan, Arzni, Hankavan, Dzoraghbyur, etc.

This type of tours are in line with the mission of the company, as a tourist staying in marzes will contribute to the regional development and therefore high social impact can be achieved and it will contribute to the development of the marzes.

The second direction, which can be combined with the first one, is medical tourism. Armenia's unmatched tech skills made Yerevan an ideal place to start a health-disruption tech startup. Armenia has much more to offer for patients than affordable medical solutions. People that visit Armenia to get medical treatment can also enjoy all the products Armenia offers to regular tourists.

Based on patients' preferences, here are some reasons why Armenia can become the new hub for medical tourism.

Having professional doctors is one of the crucial elements for a country to be ranked as a medical tourism destination. This is one category where Armenia excels. Armenia is well known for the unrivaled quality of its medical staff.

Despite its size, Armenia has heavily invested in the refurbishment of hospitals particularly the private ones, as well as in purchase of next-generation medical equipment and necessary training of staff and their certification. Low operational cost leads to the situation when Armenian doctors can use modern medical equipment than their counterparts in developed countries.

This assures that patients diagnostic and treatment can receive the best care available. In most cases, innovations in these practices allow for reduced cost, as well as minimize the time for treatment.

One of the main driving factors for medical travel in the first place is competitive prices. To have many medical procedures, it is more cost-efficient and often quicker in Armenia than visiting the local doctor.

Armenia already is a well-established destination for dental and plastic surgery tourism, but there is much more to be offered. On average, costs for surgeries in Armenia range between 40 - 50% lower than they would in North America or Western Europe. Low taxes combined with reasonable labor costs make Armenia highly competitive location in the region for medical tourism. Full checkups at competitive prices are available in Armenia. An average X-ray typically costs less than \$30 as opposed to the \$200 or more in the United States. There is also a possibility to keep the medical reports for future visits.

It is worth mentioning that not least important is the competitiveness of Armenia compared to similar centers in East Asia, Latin America in its proximity as it is situated at the crossroads of Europe and Asia. Yerevan is easily accessible for travelers, which makes it more convenient to fly to Yerevan for a weekend operation than to see overpriced doctors at home or look for other destinations in developing world. Must also be underlined the other positive aspects: developed insurance system, security aspects in the country, as well as the clean environment. All mentioned aspects are nicely complementing the low prices of medical treatment.

There is also an ongoing project implemented by the Ministry of Economy of RA along with the Ministry of Healthcare and National Competitiveness Foundation of Armenia: Project of the establishment of the Armenian Centre of Excellence in Oncology. In case of successful implementation of the project, Armenia will become new center for diagnosing and treatment of cancer.¹¹

¹¹ Source: <http://mineconomy.am/eng/41/text.html>

This type of services make it worthwhile to visit Armenia for medical tourism. However, this type of tourism needs further advertisement and evaluation of needs and gaps.

Covering new markets will contribute to company's goal to serve six times more tourists than they had in 2015.¹²

¹² Note: approximate number of served customers was 2.500-3000 in 2015 according to the information obtained from Go2Armenia

Exhibit 1. Travel and tourism's contribution to GDP: domestic vs. foreign, 2015

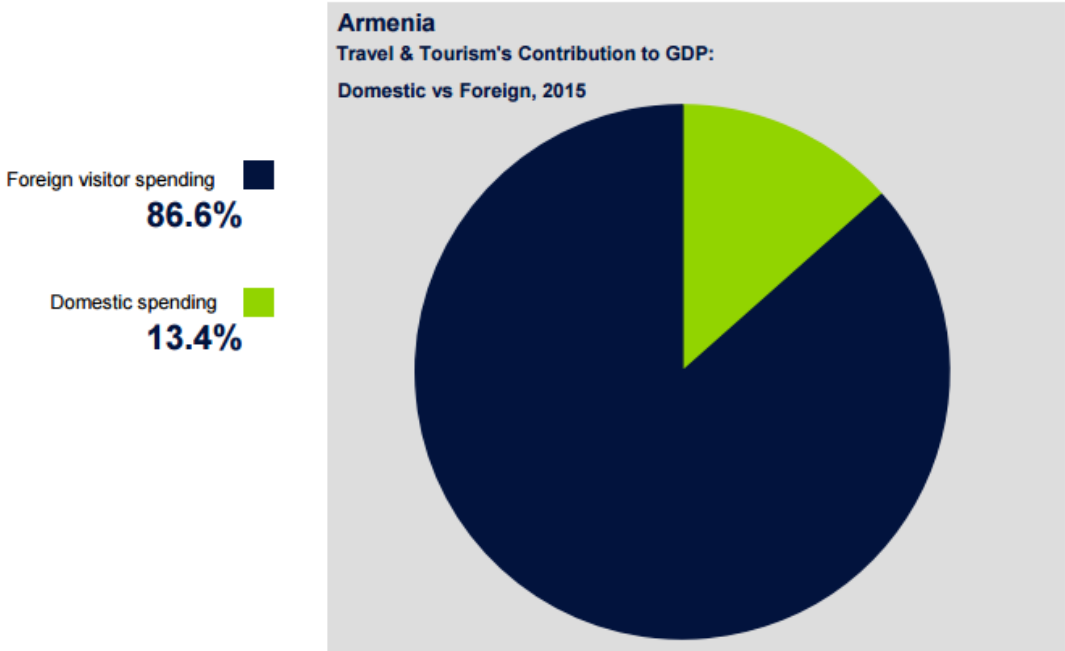
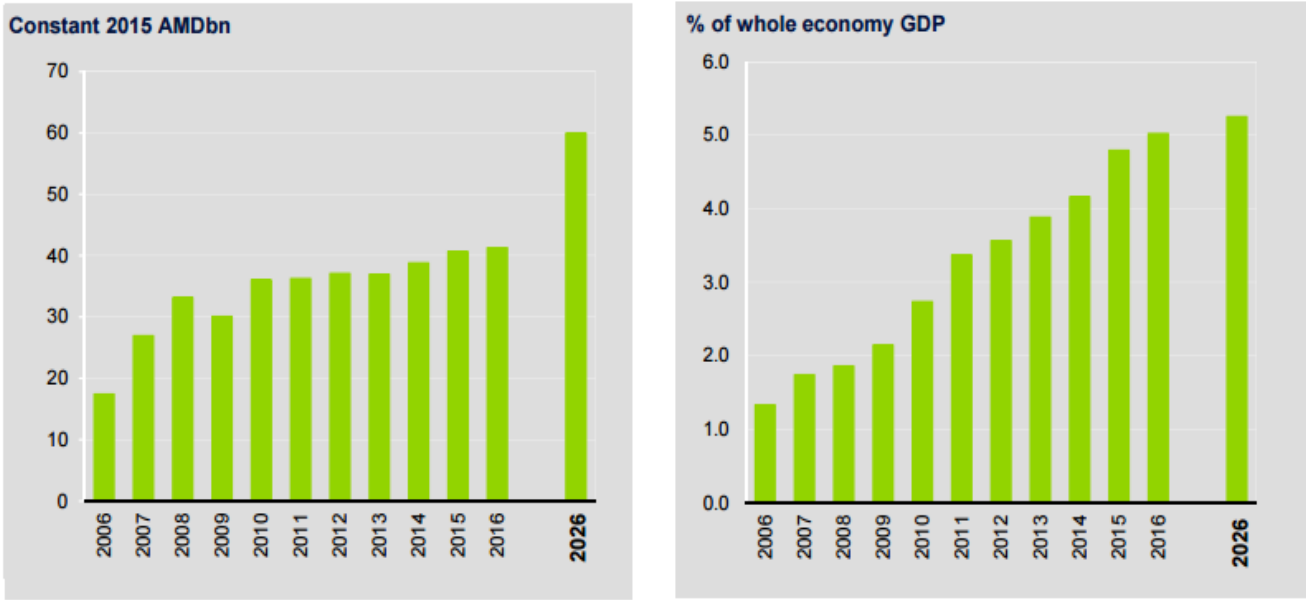
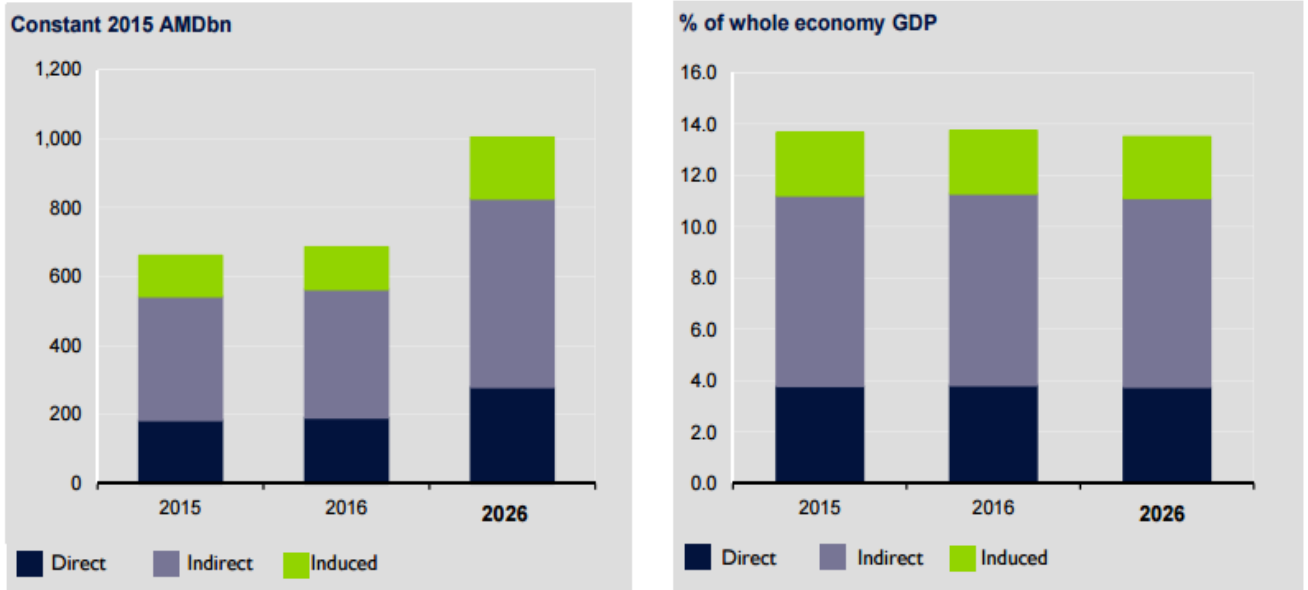


Exhibit 2. Capital investment in travel and tourism, Armenia



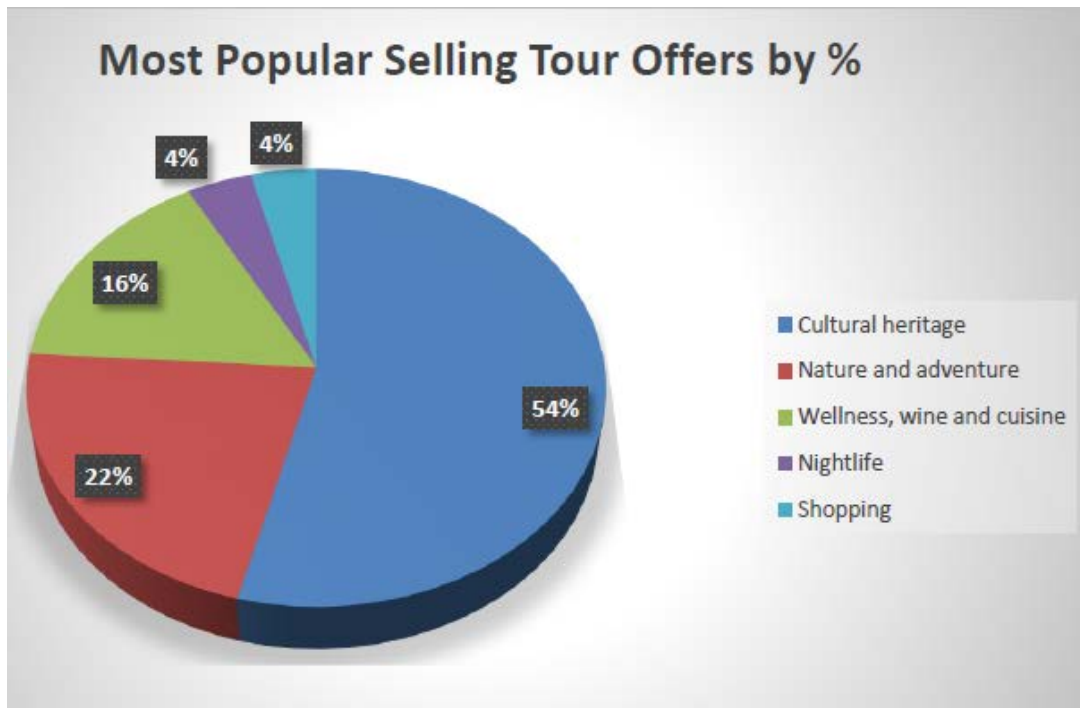
¹ All values are in constant 2015 prices & exchange rates

Exhibit 3. Total contribution of travel and tourism to GDP of Armenia, 2015, 2016 and 2026



¹ All values are in constant 2015 prices & exchange rates

Exhibit 4. Most popular tour activities among Armenian operators¹³



¹³ Source: Armenia Tour Operator Survey September/October 2014

Exhibit 5. The main clients and partners of Go2Armenia

IDEA Foundatin
Unilever
Red Bull
KIA
Russian Railways
Danon
Sberbank
Ernst & Young
TUI Russia



Exhibit 6. Revenue Distribution

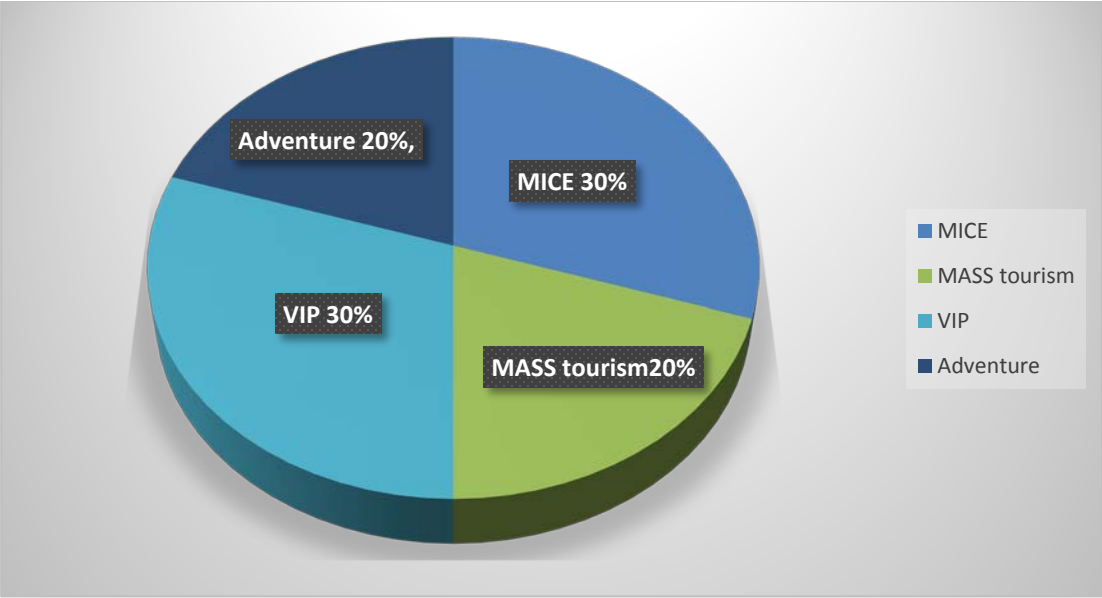


Exhibit 7. Decision tree

