



How to cite this paper: Orbelyan, G. (2025). Hotel Infrastructure in Yerevan: Benefits and Challenges. *Messenger of ASUE*, 1(79), 99-113.
DOI: 10.52174/1829-0280_2025.1-99

Received: 21.03.2025. **Revision:** 10.04.2025. **Accepted:** 23.05.2025.

GEVORG ORBELYAN

*Researcher of the Chair of Management at the
European University of Armenia,
Curator at Yerevan History Museum*

 <https://orcid.org/0009-0006-5790-9567>

HOTEL INFRASTRUCTURE IN YEREVAN: BENEFITS AND CHALLENGES

The hotel industry is a key part of Armenia's economic infrastructure, especially in Yerevan, and plays a significant role in tourism development, both directly and indirectly. This study aims to assess the strengths and weaknesses, benefits, and challenges of managing Yerevan hotels, thereby analyzing the industry's current state and proposing possible approaches to sustainable development. The study focuses on how Yerevan, an emerging urban tourism destination, can expand its hospitality industry by leveraging its unique cultural, economic, and geographical capabilities. A mixed-method strategy that combined theoretical analysis and empirical investigation was employed to accomplish this objective. The Armenian National Statistical Service, the Armenian Tourism Development Agency, and UNWTO publications were among the official sources of quantitative data. International case studies, comparative studies with other cities, and a review of academic publications all bolstered the qualitative analysis. Pricing strategies and the variety of hotel services were also examined using data from the Internet sites such as Booking.com.

The results show that Yerevan has several competitive advantages, including low operating costs, a thriving tourism industry, decent wages, and a vibrant cultural environment that regularly attracts tourists. The ability to collaborate with nearby businesses also offers opportunities to improve the visitor experience and engage the community. However, challenges remain, such as seasonal income fluctuations, limited infrastructure, labor shortages, and administrative barriers. The study concludes that strategic investments in tourism infrastructure, staff training, and policy development,

such as the introduction of a tourism tax, can significantly improve the performance of the hospitality sector. By integrating international best practices and focusing on sustainable development, Yerevan's hotel industry can become a driving force for the city's socio-economic growth and its global tourism presence.

Keywords: *hotel management, Yerevan tourism, operational costs, seasonality challenges, infrastructure limitations, strategic planning.*

JEL: L83, O18

DOI: 10.52174/1829-0280_2025.1-99

INTRODUCTION. Yerevan, the capital of Armenia, is a dynamic city known for its unique architecture, warm culture, and rich historical heritage. Cultural wealth, beautiful landscapes, and stormy city life have made it a popular vacation spot for foreigners for the past ten years. According to the Law of the Republic of Armenia on Tourism, hotels are places that provide temporary accommodation in addition to basic amenities, such as daily service. Usually, they consist of such premises as reception rooms, kitchens, toilets, and vestibules.

Hotels, motels, sanatoriums, hostels, specialized camps or guest houses, boarding houses, camping sites, tourist houses (B&B), and guest houses are just some of the many types of hotel establishments in Yerevan. Each type serves different niches of the tourist market, implementing tactics aimed at meeting the unique needs of different types of tourists (UNWTO, 2020).

Hotels in Yerevan have a long history, going back to the 19th century, when they played an important role in providing accommodation to tourists and contributed to the development of the city as a center of trade and culture. Hotels have become an integral part of the tourist experience due to the growing popularity of the city, which has led to the colossal growth of the hospitality industry in recent years.

The management of hotel facilities in Yerevan is associated with both opportunities and difficulties. A positive point is that the growing attractiveness of the city, supported by state travel promotion programs, contributes to the creation of a favorable environment for the hospitality industry. The need for first-class accommodation increases even more due to the influx of tourists attending international conferences, corporate events, and cultural festivals.

However, the sector faces certain obstacles, such as seasonal fluctuations in the number of visitors, inadequate infrastructure, and the complex problem of balancing regional customs with world standards of hospitality. Emphasis on the distinctive features and difficulties of hotel management in Yerevan, a city with a rapidly developing tourism industry due to its rich cultural heritage and modern goals, makes this article scientifically novel.

Considering the advantages and disadvantages, this manuscript delves into the complex world of hotel administration in Yerevan. The purpose of research is to conduct a thorough analysis of the current situation in the industry and offer

tactical solutions to its problems. Thus, the study hopes to support the long-term growth of the hospitality industry in Yerevan.

LITERATURE REVIEW. In the larger framework of tourism growth, hotel facility management is crucial, especially in cities like Yerevan, where the hospitality industry is expanding. Numerous studies highlight the hotel industry's dual nature of possibilities and problems. Hotels provide services that improve the guest experience while promoting economic growth, making them essential to the infrastructure of the tourism industry, according to the UNWTO (2020). Seasonal variations in demand, competitiveness, and preserving service quality in the face of operational limitations are some of the persistent issues that hotel management encounters worldwide (Jones et al., 2014). These problems are made worse in emerging markets by the lack of infrastructure and the requirement for sustainable practices (Boon et al., 2021). The conflict between standardization and personalization has also been studied by researchers, with managers attempting to strike a balance between local and worldwide service standards. The conflict between standardization and personalization has also been studied by researchers, with managers attempting to strike a balance between local cultural authenticity and worldwide service standards (Kandampully et al., 2018). Historical and cultural settings have a significant impact on hotel development, according to research. For example, Yerevan's development into a center of industry and culture in the 19th and 20th centuries laid the groundwork for its foundation in Armenian tourism (EVN Report, 2022). Research by Pizam and Shani (2009) has also demonstrated how cultural values are reflected in hospitality services, a feature that is apparent in Yerevan's hotels, which place a high priority on providing individualized service to ensure client pleasure. Yerevan's hotel operations have been greatly impacted by the global reach of international hotel chains (UNWTO, 2024) and the competitive pressures from websites like Airbnb (Guttentag, 2015). Additionally, reports from the European Commission have examined how seasonality, political events, and economic situations affect the varying nature of tourist arrivals (2021). Customs that have been formed over a nation's history are intimately linked to the hotel sector, which essentially represents the heart of that nation's, region's, or city's hospitality system. These customs include how the nation greets visitors, how it arranges their greeting, how it offers them particular services, etc. (Adamyan, 2021).

RESEARCH PURPOSE AND METHODOLOGY. The main goal of this research is to examine the growth dynamics, challenges, and opportunities in managing hotel facilities in Yerevan, Armenia, within the broader context of urban development and tourism expansion. The research seeks to answer the following core questions: What are the key advantages and disadvantages of hotel facility management in Yerevan?

How has the structure of the hotel industry changed in terms of accommodation types and capacity in Yerevan city?

What are the patterns and external variables that influence the performance of city hotels? How does the infrastructure and cost of hotels in Yerevan compare to other cities in the region and abroad?

This study uses a mixed-methods approach that combines theoretical analysis and experimental research to answer the questions mentioned above.

The literature review examined the conceptual foundations of hotel management, the benefits and challenges of urban tourism, and the development of the hospitality sector in Yerevan. Sources included academic books, journal articles, and policy documents.

The development of the hotel sector in Yerevan was tracked through quantitative data analysis from 2016 to 2023. Key variables, including the number of hotel establishments and rooms, were collected from the National Statistical Service of Armenia. This showed a shift towards smaller establishments and contributed to the discovery of a disproportionate increase in the number of hotels compared to the number of rooms.

For the comparative analysis, the secondary data from UNWTO statistics, publications from the Armenian Tourism Development Agency, and real-time data from Booking.com (2023) were used. This allowed us to examine the infrastructure, pricing policy, and market positioning of hotels in similar cities such as Paris, Baku, Tbilisi, Helsinki, etc. To assess regulatory, infrastructure, and workforce issues, the qualitative analysis included the examination of industry research, expert opinions, and policy assessments.

By linking local data with global trends and providing useful information for future development initiatives, this methodological framework was chosen to provide a comprehensive and multifaceted understanding of hotel management in Yerevan.

Historical Background. At the beginning of the 19th century, Yerevan was a massive mercantile town.

Bargainers and travelers who went throughout the Great Silk Road to Artashat town also visited Yerevan. To accommodate these visitors, simple rest houses were built offering basic lodging with minimum comfort (EVN Report, 2022).

A lot of foreigners visited Yerevan from the end of the 19th century to the beginning of the 20th century, since it was turning into an industrial and trading center.

This heightened demand for better conveniences of accommodations was the reason for the first hotels' construction process (Sargsyan, 2006). "The Yerevan hotel," erected at the end of 1920 by one of the famous Armenian architects, Nikolay Baev, was one of the first hotels in Yerevan.

During Soviet times (1920-1991), Yerevan was subjected to intensive urbanization and swelling in population that spurred the Government to invest in the building and construction of hotels. Significant hotels by this time are “Armenia”, “Hrazdan”, “Ani”, and “Dvin”. Each of these hotels is famous for its grand construction and warmly welcoming atmosphere.

Following the independence of Armenia in 1991, some problems arose in the tourism sphere because of the difficult political situation and economic woes. However, in proportion as the situation had been sweetened, more visitors came to Yerevan. Thanks to this increase, Yerevan opened a lot of different types of new hotels accessible to different people. During recent years, the growth of tourists and business trips has been observed in Yerevan. In Yerevan's current pipeline, international hotel chains and the city could boast different types of accommodation fit every taste, from posh options to budgetary ones. The Government initiatives inside infrastructure modernization and the development of the tourist sphere have more consolidated Yerevan's hotel sector.

The Present Hotel Insight in Yerevan. The Republic of Armenia's “Law on Tourism” states that short-term lodging facilities that offer hotel services and carry out daily upkeep must have a lobby, reception area, kitchen, and restroom. Hotels, motels, health resorts, hostels, specialized camps or hotel houses, vacation homes (pensions), camping, tourist houses (B&B), and guest houses are the several categories into which they are separated. Every hotel has a unique clientele, and they all use different tactics. (The Republic of Armenia's 2024 Law on Tourism).

Yerevan now provides a wide range of lodging options, combining upmarket, modern hotels with contemporary conveniences with old buildings. This scene demonstrates the city's continuous development as one of the South Caucasus' top travel destinations. Yerevan offers both group and private lodging choices, so visitors can select what suits their needs and tastes. Hotels, hostels, and rental apartments are the most popular lodging options in the city (UNWTO, 2024).

Due to websites like Airbnb, which debuted in August 2008, there has been a global trend in recent years toward renting private apartments (Guttentag, 2015). Conventional hotels now face competition from this trend. Nonetheless, as they provide services catered to their particular needs, hotels continue to be the go-to option for business visitors.

According to the Law on Tourism of the Republic of Armenia, the premises or accommodations with facilities for short-term stay, which provide hotel services and perform daily maintenance, consist of a lobby, reception, kitchen, and bathroom. They are divided into: Hotel, Motel, Health Resort, Hostel, Specialized camps or hotel houses, holiday houses (pension), Camping accommodation, tourist house (B&B), guest houses. Each of the hotels has its

consumer market, where various tactics are used. (The Law of the Republic of Armenia on Tourism 2024)

Nowadays, Yerevan offers a diverse selection of accommodations, integrating historic establishments with modern, upscale options equipped with modern amenities. These transformations show Yerevan's rising importance as a leading tourist destination in the South Caucasus. There are hotels at different prices and levels of quality in Yerevan. Most hotels are situated in or near the city center, making it easy to walk to popular tourist attractions. Location, season, and the services provided are just a few factors that affect pricing.

Challenges In Hotel Management

Seasonality

Seasonality has a significant impact on the hotel industry, reflecting changes in supply and demand throughout the year. Due to this, the year in the hospitality sector is divided into "low season" and "high season" to describe the ups and downs resulting from many factors that are unique to each business and region. Seasonality can occur at different times of the year in different countries; for example, April can be considered a 'quiet' month in some countries, but a high season in Armenia.

Hotels usually set their occupancy rates at the beginning of the year, considering both the internal and external factors affecting the prices, such as predicting the expected demand for different times of the year, vacation periods, local activity levels, as well as economic and political conditions.

External Pressures

An example of how external factors can influence the hotel industry occurred in 2020, when the COVID-19 pandemic and Armenia's political and economic instability following the war led to a sharp decline in tourist arrivals, resulting in fewer hotel bookings (European Commission, 2021).

In general, the hotel industry reflects the hospitality traditions of the nation, showcasing its cultural values. Armenian hospitality has deep roots, focusing on respect and care for the guests. This tradition is seen even in the hotels of Yerevan, offering different hospitality services.

It's accepted internationally to use the star rating as an indicator of a hotel's service level and available amenities. Yerevan offers accommodations across various star ratings and classes to meet the needs of a diverse range of tourists based on their budgets and preferences. In Armenia, the classification and regulation of hotels are governed by the Law of the Republic of Armenia **"On Tourism and Tourism Activities"**. Articles 1 and 2 of Article 9 of this law, along with Government Resolution No. 946-N of July 10, 2004, outline the procedures and conditions for providing hotel services. This framework ensures that hotels meet specific quality standards and undergo a qualification process to maintain consistent service levels (Government of the Republic of Armenia, 2004).

This structured approach not only increases the reliability of the hospitality industry of Yerevan but also ensures that visitors receive high-quality services, strengthening the city's image as a tourist-friendly destination. As a result of the growing demand for tourism services, the number of accommodations in Yerevan has recently increased significantly.

By July 2016, there were 173 hotels in the city, representing a 29.5% increase compared to the same period in 2015. These hotels offered a total of 4,194 rooms (National Statistical Service of Armenia, 2016).

According to the statistics of 2023, there are currently 618 hotel establishments in Yerevan, providing 5,933 rooms. (National Statistical Service of Armenia, 2023).

Among these, famous hotel chains such as Armenia Marriott Hotel Yerevan, Hyatt Place Yerevan, Best Western Congress Hotel, Radisson Blu Hotel Yerevan, DoubleTree by Hilton Yerevan, Ibis Yerevan, Holiday Inn, and Ramada Hotel & Suites by Wyndham Yerevan have their presence in Yerevan (Armenian Tourism Development Agency, 2023).

It's worth noting that most hotels in Yerevan have their official websites. Besides this, they have a presence in online booking platforms, such as Booking.com and TripAdvisor, making it easier for tourists to find accommodation options in advance that meet their expectations and needs (Booking.com, 2023).

The Armenian hotel industry has been the subject of numerous domestic and international studies over the years. The most significant scientific research on this topic is "Tourism and Development Trends in the Republic of Armenia" (Suvaryan Yu. et al, 2014) as it describes the impact of tourism and hospitality sectors, giving examples from other cities. The hotel rates of different cities were compared with Yerevan hotels' rates to see the price variations. The study was conducted by examining the rates of economy and luxury hotels (Figure 1). When developing the pricing strategy, it is important to consider the seasonal factor, yet economic conditions also play an important role. Such research is important for policymakers to recognize the tourism and hospitality sectors' growing impact on economic development. It will ensure better planning and decision-making to promote sustainable tourism development. For example, the local government or municipal authorities in Yerevan must analyze hotel pricing data to shape tourism-related policies and regulations. These could include zoning laws, tax structures, and other measures that directly or indirectly impact the hospitality industry and the local economy. By using such studies, authorities can craft strategies that foster growth in the tourism sector while addressing the needs of businesses and visitors alike.

Hotel Pricing Comparison

City	Marriott	Best Western	Budget Hotel	Budget Hotel
			Ibis	Holiday Inn
Yerevan	230	113	95	142
Tbilisi	279	72	71	118
Baku	140	n/a	61	130
Istanbul	332	173	100	122
Moscow	142	122	92	69
Paris	357	179	125	165
London	354	154	110	159
Rome	252	173	127	157
Helsinki	180	n/a	n/a	145
Prague	529	224	98	131
Berlin	320	95	97	130
Dubai	212	n/a	62	87
Copenhagen	469	244	353	n/a
Average	292	155	115	129

Source: created by the author.

Figure 1. Hotel prices in different cities

Ongoing research highlights that hotel management in Yerevan is continuously adapting to meet the growing demands of the tourism sector and the changing expectations of travelers. Hotels in Yerevan can broadly be categorized into three main types:

Types of Hotels in Yerevan

International Hotel Chains and Locally Inspired Hotels

This type of hotel in Yerevan brings global service standards and management practices to the city. They cater primarily to business travelers, international tourists, and MICE attendees, offering high-end amenities and a consistent quality of service. Various types of hotels in the city give visitors a genuine local experience, emphasizing Armenian cultural aspects and customs. They often attract visitors looking for a closer connection with hospitality and cultural identity (Richards, 2015; Robinson, 2019). For example, hand-carved wood, stone accents, and traditional carpets of the Yerevan boutique hotel,

Historic Tufenkian Hotel, demonstrate Armenian craftsmanship. Combining modern and new with historical charm, the design of the hotels sometimes offers the visitors a "special" authenticity of Armenian heritage. For example, the Armenian Royal Palace Hotel is a unique personification of medieval Armenian architecture, emphasizing the grandeur and heritage. Thanks to the hotels' design filled with traditional Armenian decorations and patterns, guests can fully experience Armenian history and culture. For example, Delenda Villa family-run hotel, showcases Armenian cultural heritage by using antique furniture, regional crafts, and traditional decorations in its restored historic building.

Another hotel located in the center of Yerevan, the Hin Yerevantsi Boutique Hotel, also brings Armenian culture and history to the forefront. Through its architecture and individualized guest services, this hotel has a comfortable atmosphere. These hotels give visitors an unforgettable stay in Yerevan by showcasing Armenians' cultural identity through regional design features, customs and creativity in their offers the incorporation of regional design features, customs, and creativity into their offers.

Hostels

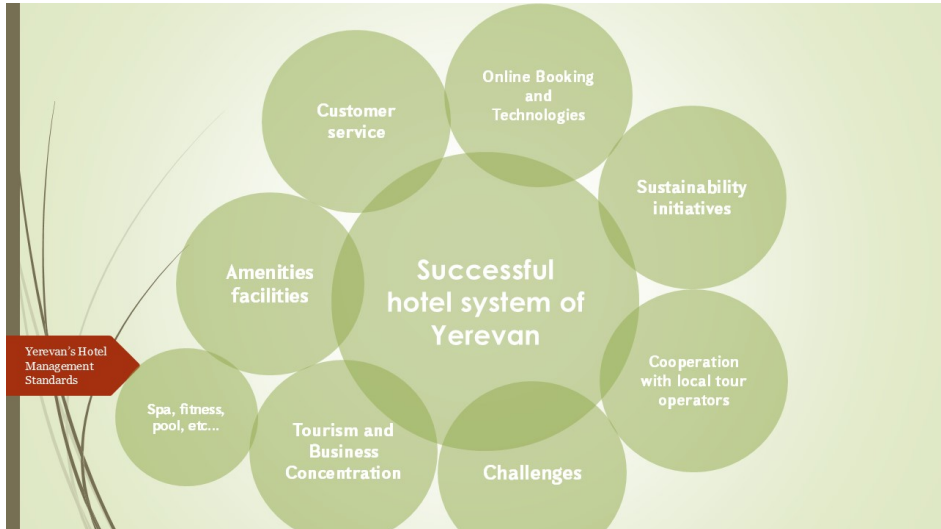
In recent years, hostels (in Yerevan) have emerged spontaneously over time, offering limited budget accommodation, and are very popular among young travelers and backpackers. It is known that effective hotel management plays an important role in ensuring a positive traveler's experience, encouraging repeat visits, and facilitating word-of-mouth recommendations. To achieve this, hotel management must prioritize guest satisfaction, invest in staff training, and implement effective marketing strategies to attract a diverse clientele (Kotler 2016). The diversity of many hostels sometimes creates a chaotic situation in the city of Yerevan, not to mention universal design and accessible environment, barrier-free entry for people with disabilities, which is considered a big problem in hostels. Several variables of hotel service providers were part of the Armstat statistical monitoring for 2021-2023. In the entire city of Yerevan, only 20 rooms for people with disabilities were available.

Strategic Considerations of Hotel Management

It is clear that there are a number of factors in hotel management, for example, the main factor for achieving success is the priority of guests' needs, their comfort and sense of satisfaction, and the desire to return and stay in the same hotel again. The next important factor is the continuous training of hotel staff so that high standards of service are always accompanied by professional development.

The next important factor is related to marketing strategies. Our studies show that the hotel management sector in Yerevan faces such challenges as, maintaining the quality of service, taking into account the city's weather conditions, the issues of managing seasonal fluctuations in tourism, and in the management of force majeure situations, and political instability is driven by the

situation in the region. According to the constantly changing data on international travel, as a result of which there is a publication, (Figure 2), (Ministry of Economy of the Republic of Armenia, 2024) Yerevan hotels make a great contribution to customer improvement, as they try to provide personal attention to guests, trying to increase guest satisfaction. This commitment to high-quality service makes Yerevan an attractive destination for both domestic and international travelers (Tovmasyan, 2020).



Source: created by the author.

Figure 2. Yerevan's Hotel Management Standards

Hotel Amenities

Yerevan hotels offer a range of amenities designed to provide guests with a comfortable and enjoyable stay, including:

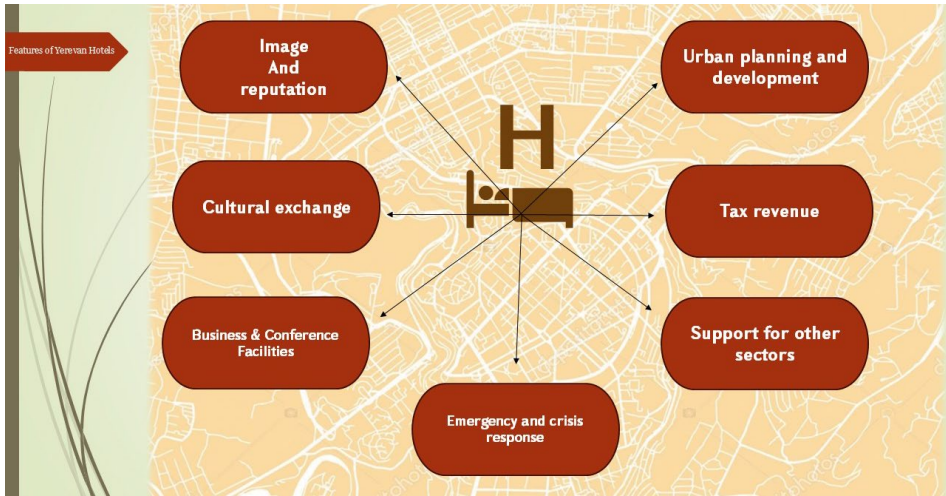
1. Restaurants, spas, and fitness centers
2. Business and conference rooms
3. Online booking platforms to simplify bookings and increase convenience.

Partnerships with local tour operators and airlines are another feature of Yerevan's hospitality industry. These partnerships allow hotels to provide guests with comprehensive travel packages, including excursions to explore the city and its surrounding attractions.

To reduce their environmental impact and promote global campaigns encouraging responsible travel, a number of hotels in Yerevan have implemented sustainable practices. A great example is the approach taken by the IBIS Yerevan Hotel chain, which has implemented some environmental impact programs in the city.

Hotels make a significant contribution to urban development and enhance Yerevan's attractiveness as a tourist destination, making them an integral part of the city's tourism infrastructure.

Hotels in Yerevan stand out due to several unique characteristics (Figure 3).



Source: created by the author

Figure 3. *Features of Yerevan Hotels*

The quality and reputation of a city's hotels play an important role in shaping its image as a tourist destination. Well-kept and highly-rated hotels increase the attractiveness of the city, positively impacting the city's image and attracting more visitors. The positive impression these establishments create can shape tourists' perceptions, making them recommend the city to others. It is commonly accepted that hotels, where guests from different backgrounds stay, are places for cultural exchange. During their stay, they get acquainted with the local traditions, cuisine, and customs.

Some cities, as "special destinations," have hotels equipped with business and conference facilities, especially catering to business travelers. These cities aim to develop MICE (conferences, seminars, and networking opportunities) tourism and enhance the city's business ecosystem.

From the point of view of urban rejuvenation, hotels can influence urban development by reconstructing the old buildings and infrastructures and improving the surrounding public areas, which will ultimately enhance the city environment as a whole. "A special" example of such architecture includes the hotels "Holiday Inn" on Amiryan Street and "Alexander Hotel" on Abovyan Street in Yerevan.

Through those fees (including sales tax, occupancy tax, and hotel employee income tax), hotels also make a significant contribution to local government tax revenues. As it is known, this money is often used to support community initiatives, public services, and urban infrastructure. Hotel development can make improvements in other fields of the economy by increasing demand for local products and services, food, entertainment, transportation, and tourist attractions. Hotels also increase the city's revenue through various taxes, such as sales taxes,

occupancy taxes, income taxes, and so on. The collected amount is often invested in the development of urban infrastructures and public services.

During emergencies, hotels can play a vital role by providing temporary shelters to displaced individuals, relief workers, and others in need.

Tourism Taxes in the Global Context

Nowadays, many cities worldwide apply different approaches to raise their revenues to develop tourism infrastructures. One of those approaches is collecting tourism-related taxes, such as city taxes or tourist taxes.

On behalf of local authorities, hotels collect these taxes, generally including them in room rates. This tax can be named differently depending on the city (bed tax, occupancy tax, hotel tax, etc.) and is mainly invested in public services and infrastructure development, such as parks, roads, schools, and public safety. Unlike regular taxes, these taxes are paid by tourists, giving the host city additional income. In some European cities, tourist taxes are either a fixed amount per night per room or calculated as a percentage of the room rate. Often charged per person per night, this fee is sometimes known as a hotel tax or tourist tax. It is known that overnight stays are subject to the tax, which is collected by the accommodation provider and then remitted as a municipal tax to the local community (European Travel Commission, 2023). In 1910, the hotel tax was first introduced in Italy as a special levy on resorts and coastal attractions. It was later extended to all tourist facilities. This tax is currently levied in 21 of 30 European countries, and rates often vary depending on the time of year (European Travel Commission, 2023). In addition, hotels and other accommodation establishments may levy room, bed, or occupancy taxes as a type of tax. Each tax depends on the policy. The tourist or, in certain situations, the owner of the property can pay the tax directly.

The main purpose of hotel or tourist taxes is not only to raise money, but also to reinvest it in improving infrastructure, preserving the environment, and promoting tourism. These investments create a multiplier effect, increasing the attractiveness of the city to tourists. Local hospitality and tourism organizations then earn more money as a result of the increased tourism.

For example, three-star hotels cost two euros per night in Italian cities such as Rome, Milan, and Venice, while four- and five-star hotels cost between three and five euros. As for the “accommodation tax”, sometimes called the “cultural promotion tax”, this is a 5% daily levy on hotel stays in German cities such as Berlin, Dresden. However, business travelers are not subject to this levy.

Our research has shown that, for example, hotel taxes in Spain range from 0.5 to 2.5 euros per night. In Croatia and the Czech Republic, taxes range from 0.3 to 1.8 euros, depending on the city and time of year. In 2018, Greece introduced a hotel tax of 0.5 to 4 euros per night. And the tourist tax in Paris was set at 5.20 euros per person per night for three-star hotels and 8.13 euros per person for four-star hotels from January 1, 2024 (Government of France, 2024).

Minors under the age of sixteen are exempt from this tax in some cities. Arrival and departure taxes, which are collected from passengers, are another type of tourist tax. This money is used to pay for infrastructure, improve maintenance.

Yerevan's Potential for Tourism Taxes

There is no tourist tax in Yerevan yet. The possibility of introducing a hotel tax in Armenia has been and is being discussed in recent years with local government representatives. The project “Democratic Development, Decentralization and Good Governance in Armenia”, funded by the Yerevan Office of the Council of Europe, is working on a draft proposal for amendments and additions to the “Tax Code” from 2022 (Council of Europe, 2023).

There are notable differences between Yerevan's hotel industry and other cities. Yerevan does not have many resort hotels, long-term stay options, or hotels near the main train station of the city, but there are many budget, business, and boutique hotels. In Yerevan, attempts to raise management and service standards through hotel education and training have also been unsuccessful.

According to our research, the hotel tax rate in Yerevan should be between one and two euros, with a zonal system that sets higher charges in central areas (e.g., two euros in the central administrative district). The experience from other cities shows that the introduction of such a tax can increase the financial capacity of local communities and offer a significant incentive for institutional growth.

CONCLUSION. In conclusion, hotels make a significant contribution to the local economy. Hotels' revenue is generated through charges of accommodation, food and beverage services, conference and events hosting, and various additional services. Apart from this, hotels create employment opportunities for local workers in the hotel or related industries, such as transportation, housekeeping, hospitality, etc. The development of distributed hotels can improve the socio-economic condition of Yerevan and increase the city's revenue. This, in turn, can support local businesses and offer new job opportunities, as well as promote sustainable development. Effective collaboration of local authorities and private businesses is important to gain significant outcomes from the tourism and hospitality sectors in Yerevan. These sectors should commit to the rules of sustainable development standards to ensure benefits for both residents and visitors. So, a city tax can be introduced in the city to significantly increase the city's budget and promote sustainable development. This additional revenue would enable the city to manage the tourism sector and national infrastructure more effectively. Such a system could support the development of urban spaces, improve transportation networks, and fund promotional activities to attract more visitors, thereby creating a sustainable cycle of growth.

Managing hotel facilities in Yerevan comes with a unique set of advantages and disadvantages, shaped by the city's cultural, economic, and infrastructural context. One of the advantages of the hotels in Yerevan is the city's rich cultural

and historical heritage, which attracts tourists with different interests. The increasing number of domestic and international tourists creates new opportunities for generating revenue and developing the economy. According to the findings of our research, we can conclude that making investments in tourism infrastructures, marketing, and staff training, can increase the attractiveness of Yerevan as a unique tourist destination. It will lead to economic growth and success, which will have a significant impact on the improvement of tourist's experiences, tourism, and city development as a whole. We are sure that introducing a tax strategy for city hotels will increase the financing and investments for targeted projects of urban tourism development, further strengthening the city's advantages. By using the cultural resources of the city, implementing innovative strategies, and developing partnerships, the hotel sector of Yerevan can play a transformative role in the socio-economic development of the city, enriching both the local community and the experience of visitors.

References

1. Adamyan G.A., (2021). Science and Education: A New Dimension. Humanities and Social Sciences, IX (44), I.: 249, 2021, Feb., pp. 46-48, https://seanewdim.com/wp-content/uploads/2021/04/hum_ix_249_44.pdf
2. Armenian Tourism Development Agency (2023). *Tourism in Armenia: Hotel Industry Overview*, <https://www.armeniatourism.am/>
3. Booking.com (2023). *Booking Trends in Armenia*, https://www.booking.com/index.en-gb.html?label=gen173nr-1BCAEoggI46AdIM1gEaAeIAQGYAQm4ARfIAQzYAAQHoAQGIAGGoAgO4Ar_-38EGwAIB0gIkMDJlOTgwMTktNzE3MC00NTgzLWlyMDMtNWVzMjRkZGZINWRj2AIF4AIB&sid=6a72b734a8a908729f5351a3345d170f&keep_landing=1&sb_price_type=total&
4. Boon E.,(2021). Climate Risk Management: Does Transformational Adaptation Require a Transformation of Climate Services? <https://www.frontiersin.org/journals/climate/articles/10.3389/fclim.2021.615291/full>
5. Council of Europe (2023). *Democratic Development, Decentralization, and Good Governance in Armenia*. Yerevan Office, <https://www.coe.int/en/web/yerevan/democratic-development-decentralisation-and-good-governance-in-armenia-phase-ii>
6. European Commission (2021). *Impact of geopolitical instability on Armenia's tourism sector*, https://european-union.europa.eu/index_en
7. European Travel Commission (2023). *Tourism taxes and cultural promotion*. <https://etc-corporate.org/>
8. EVN Report, (2022). *Grand Hotel Yerevan: A Living Legend of the City*. Retrieved from, <https://evnreport.com/>
9. French Government. (2024). *Tourism Taxes in France*. Ministry of Tourism, Paris, <https://www.authentic-europe.com/travel-info/during-your-tour/tourist-taxes#:~:text=From%201%20January%202024%2C%20the,and%20must%20be%20paid%20locally>

10. Government of the Republic of Armenia (2004). *Government Resolution No. 946-N of July 10, 2004*, <https://www.gov.am/am/>
11. Government of the Republic of Armenia (2024). *Government Resolution No. 1613 of October 10, 2024*, in advertisements of hotel services or statements, <https://www.arlis.am/DocumentView.aspx?docid=198375>
12. Guttentag, D. (2015). *Airbnb: Disruptive innovation and the rise of the sharing economy*. International Journal of Hospitality Management, https://www.researchgate.net/publication/271624904_Airbnb_Disruptive_innovation_and_the_rise_of_an_informal_tourism_accommodation_sector
13. Jones P., (2014). Sustainability in the global hotel industry. International Journal of Contemporary Hospitality Management, https://www.researchgate.net/publication/263041090_Sustainability_in_the_global_hotel_industry
14. Kandampully J., (2018). International Journal of Contemporary Hospitality Management, Customer experience management in hospitality: A literature synthesis, new understanding and research agenda, <https://www.emerald.com/insight/content/doi/10.1108/ijchm-10-2015-0549/full/html>
15. Kotler, P., Bowen, J., & Makens, J., (2016). *Marketing for Hospitality and Tourism* (7th ed.), https://www.researchgate.net/publication/270960614_Marketing_for_Hospitality_and_Tourism
16. Ministry of Economy of the Republic of Armenia (2024). *Tourism Growth Strategies in Yerevan*, <https://www.mineconomy.am/en>
17. National Statistical Service of Armenia (2016). *Statistical Yearbook of Armenia 2016*, Yerevan, Armenia, <https://armstat.am/en/?nid=586&year=2016>
18. National Statistical Service of Armenia. (2023). *Statistical Yearbook of Armenia 2023*, Yerevan, Armenia, <https://armstat.am/en/?nid=586&year=2023>
19. Richards, G. (2018). *Cultural Tourism: A Review of Recent Research and Trends*. Journal of Tourism, Culture & Communication, https://www.researchgate.net/publication/326247209_Cultural_Tourism_A_review_of_recent_research_and_trends
20. Richard W. Butler (1999). Sustainable tourism: A state-of-the-art review, https://www.researchgate.net/publication/232818446_Sustainable_tourism_A_state-of-the-art_review
21. Robinson, P. (2019). Operations Management in the Travel and Tourism Industry, https://www.researchgate.net/publication/257603542_Operations_Management_in_the_Travel_Industry
22. Sargsyan H., (2006). "From a caravan to a modern hotel", Yerevan Collection of Scientific Articles, Yerevan 2006, pages 187-189.
23. Suvaryan Yuri, (2014). "Tourism and development trends in the Republic of Armenia", "Economist" publishing house, pp. 3 -124, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://asue.am/upload/files/ner-git_dram_Suvaryan.pdf
24. The law of the Republic of Armenia on tourism 2024, <http://www.parliament.am/legislation.php?sel=show&ID=9039&lang=arm>

25. Tovmasyan, G. (2020). Evaluating the quality of hotel services based on tourists' perceptions and expectations: The case study of Armenia, https://www.researchgate.net/publication/340498790_Evaluating_the_quality_of_hotel_services_based_on_tourists'_perceptions_and_expectations_The_case_study_of_Armenia
26. UNWTO (2024). *Tourism statistics and trends for Armenia*. United Nations World Tourism Organization, <https://www.unwto.org/>
27. UNWTO (2020). *Tourism and Hotel Industry: Trends and Analysis*. United Nations World Tourism Organization, <https://www.unwto.org/>