

A Review Of The Pandemic Experience Of Tourism and Hospitality Sector In Albania. Methods To Be Followed For Its Recovery, Towards Sustainable Tourism.

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Abstract: The COVID-19 catastrophe had a variety of detrimental repercussions on human endeavors, including the travel and tourism industry. The tourism sector experienced its worst crisis ever in 2020. Due to the COVID-19 pandemic's impact on tourism, several places are being forced to reconsider their business strategies and put a stronger emphasis on sustainability and innovation. This study's goal is to provide a summary of Albania's experience with the pandemic that affected the travel and hospitality industries. The application of methodology takes into account a number of top priorities, including governance principles and stakeholder suggestions for reviving the tourism and hospitality sectors. Data were gathered for this work utilizing a dual method, which included information published from a variety of sources, including, among others: academic publications, sector regulators, and industry experts. The paper performed a perception survey to supplement the previous conclusions, asking representatives of hotels and other lodging facilities surveyed in Albania about their thoughts on the probable effects of COVID-19 on the country's tourism industry, including operational and financial results. . In Albania as well as in many other countries tourism is one of the hardest-hit sectors by this pandemic and will most likely be the last sector to recover once this story is over. It is clear that recovery requires coordinated actions by all stakeholders.

Keywords: Tourism industry, Sustainable tourism, Hospitality;

1.INTRODUCTION

The pandemic has affected important aspects of the economy, society and ways of living, and is expected to have prolonged effects on the well-being of citizens and the adequacy of healthcare and social protection systems. Tourism is one of the hardest-hit sectors by this pandemic and will most likely be the last sector to recover once this story is over.

There is a great deal of uncertainty as to what will happen in the future, and this depends mainly on external factors such as the health situation in the markets of major suppliers, and the psychological approach to long-term travel in segments like leisure-travels, business-travels, and mass events. It is clear that recovery requires coordinated actions by all stakeholders.

Tourism in Albania plays a significant role and is considered a segment that provides economic development and economic growth. According to the World Travel and Tourism Council (WTTC) income from tourism is high, and the direct effect of tourism on GDP is more than 70 billion ALL, with the total effect on the economy more than 250 billion ALL. The tourism industry offers job vacancies, including more than 20% in workplaces. The accommodation

and food services sector includes restaurants and other food facilities, as well as hotels, guesthouses, hostels, etc. This sector in 2020, according to the data from the Institute of Statistics, numbered about 17.773 units, representing about 17.5% of the entire service sector and 10.5% of all economic activities in Albania.¹

Accommodation and tourism services have been gradually improving their standards. Compared to other countries in the region and in the Western Balkans, the development of tourism in Albania is still far from reaching the potential represented by the natural, historical and cultural resources of the country. Infrastructure, accommodation capacities, quality of services, tourist offer and tourism products are all factors which affect the sustainable development of tourism in Albania, even endangering its sustainability in the long run. One of the biggest problems of the tourism sector, especially for operators running their activities along the coast, is its seasonality and the small number of days the tourists stay.COVID-19 is expected to have a big impact on the Albanian tourist industry and on the economy as a whole. The World Travel and Tourism Council released its annual report, analyzing figures relating to tourism in Albania during 2019. It found that tourism's contribution to the country's GDP rose by

¹ <http://www.instat.gov.al/en/home.aspx>

8.5% in 2019, and that tourism contributed 21.2% of the total economy. It brought some 275.5 billion ALL (€ 2.2 billion) into the country, accounting for 48.2% of all exports. People working in the tourism sector also accounted for 22% of the total number of employed individuals in the country.

2. INTERNATIONAL TOURISM: ONE OF THE HARDEST HIT SECTORS AMID THE COVID-19 PANDEMIC

The pandemic caused an unprecedented disruption to tourism, with a massive fall of international demand amid widespread lockdowns and travel restrictions put in place by countries in order to contain the spread of the virus. This resulted in huge economic and social impacts, placing over 100 million direct tourism jobs at risk, especially in micro, small and medium sized enterprises (MSMEs) which represent 80% of the sector and employ a high share of women and young people.

International travel plunged by 72% in 2020, the worst year on record for tourism, resulting in 1.1 billion fewer international tourists worldwide (overnight visitors), putting the number of traveler back to levels of 30 years ago. International tourism experienced a 5% increase in 2021, 22 million more international tourist arrivals (overnight visitors) compared to 2020 (427 million versus 405 million). However, international arrivals were still 71% below the pre-pandemic year of 2019. International tourism rebounded moderately during the second half of

2021. The uplift in demand was driven by increased traveler confidence amid rapid progress on vaccinations and the easing of entry restrictions in many destinations. However, the pace of recovery remained slow and uneven across world regions due to varying degrees of mobility restrictions, vaccination rates and traveler confidence. Europe and the Americas recorded the strongest results in 2021 compared to 2020 (+19% and +17% respectively), but still both 63% below pre-pandemic levels.

The coronavirus pandemic caused a 72% decline in international tourist arrivals in 2020 and 71% in 2021, compared to 2019. This represents a loss of 2.1 billion international arrivals in both years combined. As a result, export revenues from international tourism plunged 63% in 2020 and 61% in 2021 (real terms) which amounts to a combined loss of US\$ 2.1 trillion in this two-year period.² The recovery of domestic tourism in some markets and a moderate rebound in international travel during the northern hemisphere summer season explain this modest improvement, as well as higher average spending per trip. Domestic travel contributed to a greater extent, given its size and faster recovery. In number of trips, domestic tourism is over six times the size of international tourism and spending by domestic traveler exceeds the earnings generated by inbound travel in many markets. Growth in domestic travel during 2021 was driven by large pent-up demand and a preference for shorter trips and destinations closer to home, often in rural and coastal settings, as well as the restrictions still in place for international travel. (UNWTO)

	2019	2020	2021
International tourist arrivals(overnight visitors)	1.5 billion	405 million	427 million
Export revenues from international tourism (international tourism receipts + passenger transport)	USD 1.7 trillion	USD 649 billion	USD 713 billion
Tourism Direct Gross Domestic Product (TDGDP)	USD 3.5 trillion	USD 1.6 trillion	USD 1.9 trillion

Source: UNWTO, * Pre-pandemic year, ** Preliminary results³

3. THE TOURISM INDUSTRY IN ALBANIA

In line with the global tourism sector, the Albanian tourism sector has shown considerable and sustained growth. Tourism is a pillar of the Albanian economy, with substantial direct and indirect contributions towards employment and investment in tourism infrastructure. The increase in the tourism sector was also in line with a general economic growth across all

key economic sectors in Albania. Based on the challenges of medium and long term developments of the Albanian economy, tourism is considered as one of the most potential sectors to achieve a higher economic growth and with positive effects on employment growth and real income. This assessment of the impact of tourism on the Albanian economy is also based on the conclusion of international studies that despite the fluctuations in

2 <https://www.unwto.org/impact-assessment-of-the-covid-19-outbreak-on-international-tourism>

3 <https://www.unwto.org/impact-assessment-of-the-covid-19-outbreak-on-international-tourism>

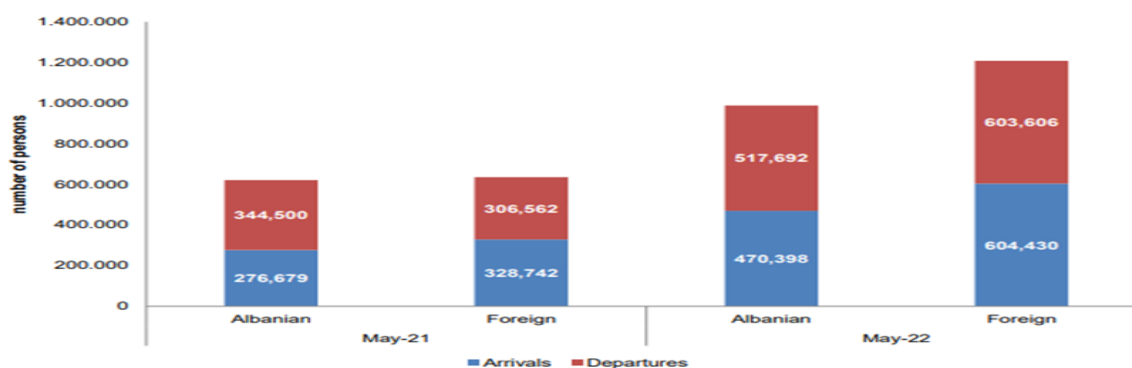
the world economy, tourism has shown a stable balance to economic and social change. This is reflected in the report of the World Tourism Organization (UNWTO), where in 2017 the number of international tourists increased by 14% and continued in 2018 by 15%. In 2018, there were 5.34 million tourist arrivals resulting in direct spending levels of 2.3 billion US\$ into the Albanian economy. Some studies indicate the sector's contribution at around 15 to 20% of GDP, including direct, indirect, and induced effects from other sectors such as retail and transport. Thus, this makes this sector one of the key components of the national economy. Despite the legacy of the past, which presents many shortcomings such as seasonal tourism, quality of service, low average costs and substandard staff, Albania's

position in the international tourism market has grown and has become more stable.

Movements of citizens in Albania May 2022

Arrivals of Albanian and foreign citizens to the territory of Albania, in May 2022 are 1,074,828. Compared to May 2021, this indicator increased by 77.5 %. In May 2022, arrivals of foreign citizens to the territory of Albania are 604,430. Compared to May 2021, this number increased by 83.9 % (tab.1). Citizen's arrivals During the first five months of 2022, among the countries with the highest inflows of citizens in Albania, Greece has had the largest increase of 5.6 times, while Kosovo had the lowest growth with 9.5 %, compared with the same period of 2021 (tab.2).⁴

Fig. 1 Movements of citizens in Albania



Source: General Directorate of State's Police, INSTAT calculations

Citizen's departures Albanian and foreign citizen's departures from the territory of Albania during May 2022 are 1,121,298 marking an increase by 72.2 %, compared to the same period of the previous year. Departures of Albanian citizens from the territory of Albania during May 2022 are 517,692. Compared to May 2021, this number has increased by 50.3 %.

Departures of foreign citizens from the territory of Albania during May 2022 are 603,606. Compared to May 2021, this number increased by 2.0 times (tab.1). The number of Albanian citizens leaving the territory of Albania during the first five months of 2022 is 2,020,676 increasing by 51.8 %, compared with the same period of 2021 .

Tab 1. Movements of Albanian and foreign citizens

Period	May 2021	May 2022	Annual change (%)	January- May 2021	January- May 2022	Annual change (%)
Total Arrivals	605,421	1,074,828	77.5	2,232,568	3,453,732	54.7
Albanian	276,679	470,398	70.0	1,148,967	1,776,041	54.6
Foreign	328,742	604,430	83.9	1,083,601	1,677,691	54.8
Total Departures	651,062	1,121,298	72.2	2,336,723	3,746,140	60.3
Albanian	344,500	517,692	50.3	1,331,373	2,020,676	51.8
Foreign	306,562	603,606	96.9	1,005,350	1,725,464	71.6

Source: General Directorate of State's Police, INSTAT calculations

⁴ Source: General Directorate of State's Police, INSTAT calculations

Accommodation Establishments April 2022

In April 2022, the occupancy indicators of accommodation establishments are presented as below:

The number of total arrivals has increased by 35.1 %, compared to April 2021. The same trends follow the two below indicators:

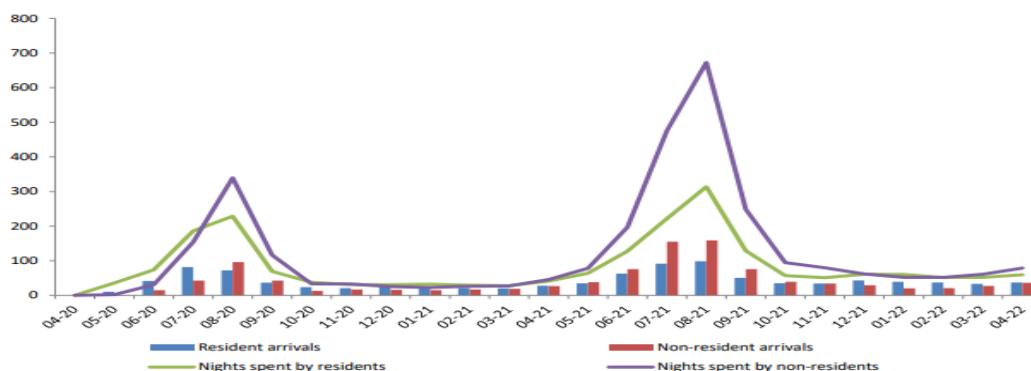
- number of resident arrivals increased by 34.5 %;

- number of non-resident arrivals increased by 35.7 %;

The number of total nights spent has increased by 59.0 %, compared to April 2021. The same trends follow the two below indicators:

- number of nights spent by residents increased by 44.2 %;
- number of nights spent by non-residents increased by 72.3 %;

Fig 2 :Total arrivals and nights spent (number in thousand)



Arrivals

During April 2022, there was an increase in the number of total arrivals by 35.1 %, compared to April 2021. The number of resident arrivals who were accommodated in the Northern Region marked the highest increase of 62.0 %. In Coastal areas this indicator has increased by 56.0 %, compared to the same period of the previous year. The number of resident arrivals who were accommodated in the “Camping grounds, recreational vehicle parks and

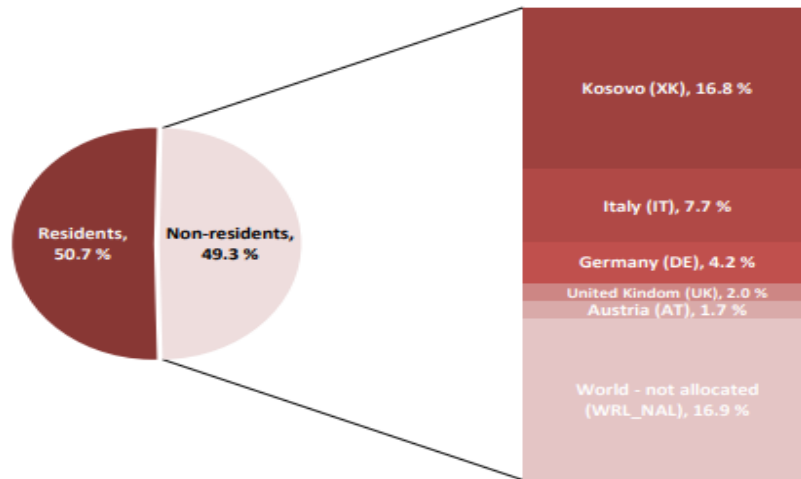
trailer parks” marked the highest increase of 2.6 times.

In April 2022, the highest number of visitors results:

- by regions in the “Center Region” (50.1 %);
- by location close to the sea in “Non-coastal areas” (58.9 %);
- by type of accommodation establishments in “Hotels and similar accommodation”(97.3 %);

Tab 2 :Arrivals by region, location close to the sea and type of accommodation

	Resident			Non-resident		
	April 2020	April 2021	April 2022	April 2020	April 2021	April 2022
Regions						
Northern region	0	6,880	11,146	0	5,100	7,214
Center region	0	11,320	14,596	0	18,326	22,456
Southern region	0	9,665	11,747	0	3,430	6,773
Type of location close to the sea						
Coastal area	0	9,917	15,475	0	16,313	14,911
Non-coastal area	0	17,948	22,014	0	10,543	21,532
Type of accommodation						
Hotels and similar accommodation	0	26,777	36,080	0	26,293	35,874
Holiday and other short-stay accommodation	0	1,052	1,315	0	556	510
Camping grounds, recreational vehicle parks and trailer parks	0	36	94	0	7	59
Total	0	27,865	37,489	0	26,856	36,443

Fig 3 .Non-residents arrivals by country of residence(%)⁵

Nights spent

During April 2022 the total number of nights spent increased by 59.0 % compared to April 2021. The number of nights spent by residents who have been accommodated in Northern Region has marked the highest increase by 72.4 %. In Coastal areas has increased by 52.6 %, compared to the same period of the previous year. The number of nights spent by residents who have been accommodated in “Camping grounds, recreational vehicle parks and trailer parks” has marked the highest increase by 2.7 times. In April 2022, the highest number of nights spent was realized:

- by regions in the “Center Region” (54.2 %);
- by areas of proximity to the coast in “Non-coastal areas” (55.3 %);
- by type of accommodation structures in “Hotels and similar accommodation” (96.5 %)

METHODOLOGY

Data for this work were collected using a dual approach as described below: Materials published from a wide range of sources including, inter alia: academic literature, sector regulators, industry specialists, international organizations such as the OECD and governments abroad. To complement the

existing conclusions, the paper conducted a perception survey, where representatives of hotels and accommodation units interviewed in Albania gave their perception on the potential impact of COVID-19 on the Albanian tourism sector, including operations and financial performance.

CONCLUSIONS

The COVID-19 pandemic created a global, complex crisis, without a clear end in sight, presenting an existential threat to many hospitality businesses. Accordingly, the pandemic exacerbated the already existing sustainability challenges of the tourism industry. Consequently, this paper identified the following Albanian tourism factors that have influence the sector

- Medical treatment for COVID-19 : In Albania, as in the rest of the world, any implication on the tourism sector depends on finding medical treatment for COVID-19. Everything else is related to this reality. This is the most important factor for people to be psychologically convinced to travel.
- Domestic Tourism: More and more experts are promoting domestic tourism so that tourism-related businesses can withstand the effects of COVID-19. This is not relevant for Albanian small market and the large hotels. That is why most of

⁵ General Directorate of State's Police, INSTAT calculations <http://www.instat.gov.al/media/10128/accommodation-establishments-april-2022>

the respondents declare a drop in income to the level of 70% and see the difficult recovery to be realized within the year.

- Purchasing Power: Seeing that more and more people are budgeting less for holidays because their incomes are falling, this will lead to small movements in other countries.
- Competition/New Offers and Packages/Increasing Marketing Budget: Countries will seek to increase marketing budget in order to attract as many tourists as possible, especially in this “new war” that seems to be repositioning tourism-related businesses.
- Governments Support: Governments around the world are increasingly supporting the tourism sector as it is one of the hardest hit sectors. Albanian Government support measures ineffective, and this is unacceptable considering the importance of the sector in Albanian economy (15% -20% of GDP).
- Marketing improvement. Another very important aspect in the recovery of the activity of the hotels and the hospitality industry is the marketing improvement to attract the attention of foreign tourists and thus improve their income.

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