

Hospitality and Tourism in Transition in Central and Eastern Europe

Hospitality and Tourism in Transition in Central and Eastern Europe:

A Comparative Analysis

Edited by

Maria Vodenska

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FOREWORD

Through their own initiative, eleven members of the “Fondation Family” have undertaken to chronicle the hospitality and tourism changes over the 1990-2015 period following the fall of Communism in their countries. While we live in a world in which change is ever quickening, one could scarcely have imagined what was to happen in the intervening quarter century so lucidly described by the members from within.

The INTRODUCTION which follows prepares the reader for a fascinating read – one which lends credence to the validity of democracy, as imperfect as it may be, in comparison with the alternatives experienced by civilizations over eons past.

The Fondation is very pleased to see this initiative emerge, inspired and described by those who have lived through the transition, increasingly *au courant* with the benefits and follies of the world’s market economies. We are confident that our members will continue to march forward with best efforts to educate the next generation of hospitality managers in their countries and we will continue to support them to this end.

Victor Emery, MBA Harvard, April 2018
Founding Trustee and Treasurer,
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This book would not be published without the efforts and the hard work of many people across Europe.

First of all, our extreme gratitude goes to La Fondation pour la Formation Hôtelière (FH), in particular: Michel Rey; Jenifer Emery; Victor Emery; John Thurso; Jurg Conzett; and Alistair Emery. Their continuous, generous support for, and interest in, Central and Eastern European projects have made it possible for such an international project to be conceived and accomplished.

Second, we are very grateful to the FH Board, assisted by Nestlé Pro Gastronomie Foundation through their Executive Director Christian Perrette and his assistant Micheline Asfa-Vaudroz, for their backing and financial sponsorship that have enabled the development and conduct of the constituent research in the 11 participating partner countries.

We also extend our sincere gratitude to Margaret Georgiou, Executive Administrator of the FH Board, for her dedicated, extremely competent and very professional assistance and encouragement.

The book would not have been possible without the efforts and the hard work of its authors – 35 researchers and university lecturers from 11 countries have contributed to make it a leading example of cross-boundary co-operation in the field of hospitality and tourism research. Here, only the names of the eleven national coordinators, whose task was to coordinate each of the chapters, are mentioned: Albania – Esmeralda Shkira; Bulgaria – Maria Vodenska; Croatia – Milena Peršić; the Czech Republic – Zdenka Petrů; Hungary – Klára Morvay Karakas; Latvia – Daina Vinklere, Macedonia – Mirjana Sekulovska, Montenegro – Andriela Vitić-Četković, Romania – Valentin Nita, Serbia – Bojana Kalenjuk, and Slovenia – Miha Lesjak.

The concentrated and precise efforts of Melanie Smith and Matthew Yap who were involved in the final proofreading and standardisation of the text were exceedingly helpful and duly appreciated; each had their specific tasks and they deserve praise for their dedicated hard work.

Special thanks are addressed to Elizabeth Ineson for her continuous support and commitment to the project throughout the whole process of its implementation.

Maria Vodenska

INTRODUCTION

Dear readers,

The book you are holding in your hands is the result of the joint efforts of hospitality and tourism academicians from 11 countries in Central and Eastern Europe, united by their mutual aspiration for a better and improved quality of hospitality and tourism education in the colleges and universities of their home countries. All these people are members and partners of La Fondation pour la Formation Hôtelière (FH), based in Switzerland, which for more than 20 years has supported the development and the evolution of hospitality and tourism education in 39 educational institutions in the following countries: Albania; Bulgaria; Bosnia and Herzegovina (Republica Srpska); Croatia; Czech Republic; Estonia; Hungary, Latvia; Lithuania; Macedonia; Moldova; Montenegro; Poland; Romania; Russia; Serbia; Slovakia, Slovenia; and Ukraine. After many years of coaching and training using various tools such as training seminars for lecturers and hospitality and tourism industry personnel, publications, provision of hospitality facilities, book donations, the organisation of and participation in various conferences, culinary festivals, etc., the idea of a joint publication was put forward and accepted by FH, and the FH partners were invited to contribute.

A project proposal was developed by Bulgarian academicians and was approved and financially supported by the FH Board of Directors. An extremely interesting time period was chosen – the transition of these countries from centralised to market economies. The proposal included a mapping of the chapter content, with suggested indicators and issues that needed to be highlighted in each country's contribution.

The analysis aimed at revealing hospitality and tourism development in the studied countries during the period of transition (1990-2015). First, various aspects such as supply (including resources, accommodation, transport, and services et al.), demand (in all its spatial and structural aspects), marketing, management, tourism impacts (economic, social and physical), seasonality, etc., are analysed, country by country. Then, to examine and consider the impact of the period of transition as a whole, a comparative analysis is conducted, indicator by indicator, and general conclusions are drawn.

Special attention is given to the changes in hospitality and tourism education in these countries during the period of transition, with a final emphasis on the role of FH activities, initiatives and funding in the development of education and training.

The key research questions addressed in the text are:

- What happened to hospitality and tourism in the Central and Eastern European (C&EE) countries after the turmoil of 1990?
- Are the changes in hospitality and tourism development and policy positive or negative?
- Are the C&EE countries following a similar developmental path, or are there any differences? If the latter, what are the causes of the differentiation?
- What is the impact of the above changes on human resources in the hospitality and tourism industries? How are these changes being addressed by individual companies, tourism policies and educational policies?
- In this developmental context, which FH activities have contributed to positive change?

The analytical structure for each country includes:

1. Introduction
 - General information about the country
 - Political structure; important changes
 - Administrative-territorial structure; important changes
2. Hospitality and Tourism Development and Importance
 - Historical development of hospitality and tourism until the beginning of transition (e.g. main features and trends up to 1990)
 - Hospitality and tourism; economic importance; percentage of GDP and of overall employment; time dimensions; see for e.g. the WTTC reports
3. Tourism Demand; changes during the Transition Period (spatial, temporal, etc.)
 - Structural characteristics and their dynamics in the period of transition
 - Main tourism markets and their changes during the transition period (e.g. top five markets)
4. Hospitality and Tourism Supply – changes during the transition period (spatial, temporal, etc.)

- Main services, transport, accommodation, and catering
- Tourism packages and their changes during the transition period.
Dynamics in the supply chains and their functions
- 5. Tourism Types (products) and Destinations
 - Hospitality and tourism personnel
- 6. Tourism Policy, Planning and Management
- 7. Tourism Impacts and their Manifestation in the Transition Period
 - Economic
 - Social
 - Physical
- 8. Hospitality and Tourism Education
 - Situation before the transition period
 - Changes in the transition period
 - FH impact on these changes; which FH partnership activities have brought about changes in the educational process?

All FH partner countries were invited to take part in the project on a voluntary basis; eventually 11 countries (more than half of all partner countries) – Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Latvia, Macedonia, Montenegro, Romania, Serbia and Slovenia took part in this analysis, which is the first of its kind in Europe. The main advantage of the book is that the analysis of each country is done from the inside – by native hospitality and tourism researchers and specialists. Another special feature is that it is a brilliant example of the understanding and cooperation of hospitality and tourism educational institutions across international boundaries.

The comparative analysis revealed many common features in the development of hospitality and tourism over the study period in most of the researched countries but it also revealed many differences. Their analyses, with further explanation and justification, are not the subject of this publication but the topic is ripe for future researchers.

This book is designed to address a large audience of lecturers, researchers, students and managers in hospitality and tourism across Europe and worldwide in addition to any individuals who are interested specifically in the general and specific development of C&EE countries during the transition period.

Enjoy your reading!

Sincerely yours,

Maria Vodenska, Bulgaria

Sofia University

Editor-in-Chief and Project Coordinator

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1. Introduction

1.1. General information

Albania is a small country, located in South Eastern Europe. It lies between latitudes 39° and 43° N, and mostly between longitudes 19° and 21° E (a small area lies east of 21°). The total area of Albania is 28,748 square kilometres. The length of its coastline is 476 km extending along the Adriatic and Ionian Seas. It is bordered by Montenegro to the northwest, Kosovo to the northeast, the Republic of Macedonia to the east, and Greece to the south and southeast. In the Western part, Albania has a coast on the Adriatic Sea and in the southwest, a coast on the Ionian Sea. It is less than 72 km from Italy, across the Strait of Otranto which connects the Adriatic Sea to the Ionian Sea. Albania is a strategic point at the crossroads between Europe, Asia and Africa.

The three largest and deepest tectonic lakes of the Balkan Peninsula are partly located in Albania. Shkoder Lake, situated in the country's northwest, has a surface which can vary between 370 km² and 530 km². One third of this lake belongs to Albania and the rest to Montenegro. The Albanian shoreline of the lake is 57 km. Ohrid Lake is situated in the country's southeast in the city of Pogradec, and it is shared between Albania and the Republic of Macedonia. It has a maximum depth of 289 metres and a variety of unique flora and fauna, including "living fossils" and many endemic species. Because of its natural and historical value, Ohrid Lake is under the protection of UNESCO. Prespa is the name of two

fresh water lakes in the southeast of the country shared between Albania, Greece, and the Republic of Macedonia. In 2014, the Ohrid-Prespa Trans-boundary Reserve between Albania and Macedonia was added to UNESCO's World Network of Biosphere Reserves.

Albania has a high number of climatic regions for so small area. The coastal lowlands have typically Mediterranean dominated weather with mild, wet winters and warm, sunny, and rather dry summers; the highlands have a more continental influenced climate. In both the lowlands and the interior, the weather varies from north to south. The higher areas above 1,500 m are rather cold and frequently snowy in winter; here cold conditions with snow may linger into spring.

The modern-day territory of Albania was at various points in history part of the Roman provinces of Dalmatia (southern Illyricum), Macedonia (particularly Epirus Nova), and Moesia Superior. The modern Republic became independent after the collapse of the Ottoman Empire in Europe following the wars. Albania declared independence in 1912 and was recognised the following year. It then became a Principality, Republic, and Kingdom until being invaded by Italy in 1939, which formed Greater Albania. The latter eventually turned into a Nazi German protectorate in 1943. The following year, a Socialist People's Republic was established under the leadership of Enver Hoxha and the Party of Labour. Albania experienced widespread social and political transformations during the communist era, as well as isolationism from much of the international community. In 1991, the Socialist Republic was dissolved and the Republic of Albania was established.

Albania is a parliamentary republic. The country's capital, Tirana, represents its financial and industrial heartland, with a metropolitan population of almost 800,000 people out of around 2.9 million Albanians. Free-market reforms have opened the country to foreign investments, especially in the development of energy and transportation infrastructure. Albania has a high human development index and provides a universal health care system and free primary and secondary education (United Nations Development Programme, 2015).

Albania is a country with a middle-income level that has made big leaps towards the establishment of a reliable, multi-party democracy and market economy during the last twenty-five years. The economy of the country is dominated by the service sector, followed by the industrial sector and agriculture.

Before the global financial crisis, Albania was one of the fastest-growing economies in Europe, enjoying average annual real growth rates of 6%, accompanied by rapid reductions in poverty (World Bank, n.d.).

Nevertheless, average growth decreased by half after 2008 and Albania faced macroeconomic imbalances in the public and external sectors. The rate of growth was reflected in poverty and unemployment: the poverty of the country was diminished between 2002 and 2008 (to about 12.4%), but in 2012 it grew up again to 14.3%. Unemployment went from 12.5% in 2008 to 17.6% in 2014, and 17.3% in 2015. Youth unemployment was 32.1% during the same period.

The recuperation of the growth rates above 3% in 2011 softened in 2012 and 2013, mirroring the declining situation in the Eurozone and that in the energy sector. Beginning from 2014, the new government undertook a number of important structural reforms, in areas including public financial management, energy, and pensions. These reforms brought fiscal consolidation and helped to create conditions for the reappearance of business credence and domestic demand.

Albania is a member of the United Nations, NATO, the Organisation for Security and Co-operation in Europe, and the World Trade Organization. It is one of the founding members of the Energy Community, the Organization of the Black Sea Economic Cooperation and the Union for the Mediterranean. It is also an official candidate for membership of the Union. The Albanian republic is a parliamentary democracy established under a constitution renewed in 1998.

Albania is divided into 12 administrative counties. Since June 2015, these counties have been divided into 61 municipalities. These counties were further divided into 36 districts which became defunct in 2000. The government introduced a new administrative division for implementation in 2015 whereby municipalities were reduced to 61 in total, while rural ones called *komuna* were abolished. There are overall 2980 villages/communities in Albania, formerly known as localities. The municipalities are the first level of local governance, responsible for local needs and law enforcement. As part of the reform, major town centres in Albania are being physically redesigned and facades painted to reflect a more Mediterranean look. Albania's transition from a socialist centrally-planned economy to free-market capitalism has been successful. There are signs of increasing investments, and power cuts are reduced to the extent that Albania is now exporting energy. In 2012, her GDP per capita (expressed in Purchasing Power Standards) stood at 30% of the EU average, while AIC (Actual Individual Consumption) was 35% (Albanian Institute of Statistics, 2016). Albania has shown potential for economic growth, as more and more businesses relocate there and consumer goods are becoming available from emerging market traders as part of the current massive global cost-cutting exercise. Transport in Albania has undergone significant changes

in the past two decades, vastly modernising the country's infrastructure. Improvements to the road infrastructure, urban transport, and air travel have all led to a vast improvement in transportation. These upgrades have played a key role in supporting Albania's economy, which in the past decade has come to rely heavily on the construction industry.

Tourism is gaining a fair share of Albania's GDP with visitor numbers growing every year. As of 2014, exports seem to have gained momentum and have increased 300% from 2008, although their contribution to GDP is still moderate (the exports per capita ratio currently stands at 1100\$). Although Albania's growth slowed in 2013, tourism is expanding rapidly and foreign investments are becoming more common as the government continues the modernisation of Albania's institutions.

2. Hospitality and Tourism Development

2.1. Tourism development before the Transition

If we look at the chronological development of tourism in Albania, it could be divided into the following periods:

Years 1915-1938: These are the first years of Albania as a tourist destination. In this period the frequentation of visits to the beaches of Durres and Pogradec began and increased as these were considered to be the favoured cities in terms of climate. Climate tourism also took place in the cities of Korça, Mount Dajti and Thethi, and in the Spas of Elbasan and Kruja. In 1929, the data collected showed that Albania had 27 hotels in total. Three of them were located in the beach area of Durres. Two of the hotels built in this period that still exist are: hotel "Dajti" in Tirana and hotel "Adriatic" in Durres. The domestic market was very limited, consisting mainly of a few wealthy people in Albania with a Western culture. As for foreign tourists, they were mainly foreigners coming for business (Italians) and a limited number of curious tourists. The advertising of Albania in the foreign markets mainly emphasised the idea of an unknown, exotic place, of a country which was part of Europe but with a very restricted lifestyle and a high influence from the eastern culture. The favourite destinations for foreigners were Durres beach and the lake of Pogradec. Cities like Kruja and Saranda (Butrinti) were known as places with a long and ancient history. This period ended with the occupation of Albania by Italy.

Years 1945-1960: At the end of the first period, when demand for tourism began to crystallise and the basis for better development was cast, the country was placed under a socialist regime and isolation policies. The new order not only did not encourage the development of tourism, but also

prevented it, by giving more emphasis to the development of other branches of the economy, such as heavy industry.

The key element in the development of tourism in Albania was the ideological stance of the clique in power. For 45 years, Albania was developed as a typical socialist economy. The political factor was at the centre of every development, starting from tourist propaganda, the trend in the number of foreign tourists and the tourism infrastructure (lack of investment in hotels/restaurants) to the economic income. Private tourism development was prohibited. There were still some international tourists, but they were almost all, with insignificant exceptions, from the former communist eastern bloc.

In 1955, the Department of Albtourism was created, which was dependent on the Ministry of Domestic Commerce. Its main activities were the reception, accommodation and organisation of tourist trips in Albania. However, the tourist products did not take advantage of the rich offer of natural, cultural and historic attractions due to the fact that the centralised economy did not stimulate tourism development. Tourism was focused mainly on classical forms, such as coastal, natural, cultural and curative tourism. In 1956, the number of foreign tourists in Albania was 280 and the number of nights booked in hotels was 3612.

Some of the characteristics of tourism development for this period were:

- Very few investments; insufficient host capacities;
- Lack of proper education of tourism-related human resources;
- Tourism was never treated as a priority sector for the country's development;
- Lack of a strategy for tourism development;
- Natural, historic, artistic and cultural resources were never treated as potential assets with a great value;
- Lack of tourist ports; a very small airport; inadequate road infrastructure;
- Industrial and agricultural production did not support tourism development;
- Artisan and traditional products were very limited.

Years 1960-1990: In the years after the split with the Soviet Union (1961) and China (1977), over 90% of tourist contingents were from Western Europe (mostly French, Italians, Swedes, and Austrians). Self-organised trips were not allowed. Organised groups of tourists were preferred. These groups of tourists used to combine sun and sea holidays

with visits to touristic cities like Kruja, Berat, etc., or visits to the historic castles. Albtourism was responsible for all the details of these visits. The state began to stimulate tourism because of the entry of foreign currency into the country. In 1965, the number of tourists was 1203 and the number of nights booked in hotels was 5775. After the summer season, the only forms of organisation were visits to the most interesting cities of Albania, mainly the southern and south-eastern cities, while cities in the north began to feature on tourist itineraries. In 1990, the number of tourists was 10,000 while the number of overnight stays was 28,000. Up until the 1990s, in Albania there were only 16 hotels, all owned by the state.

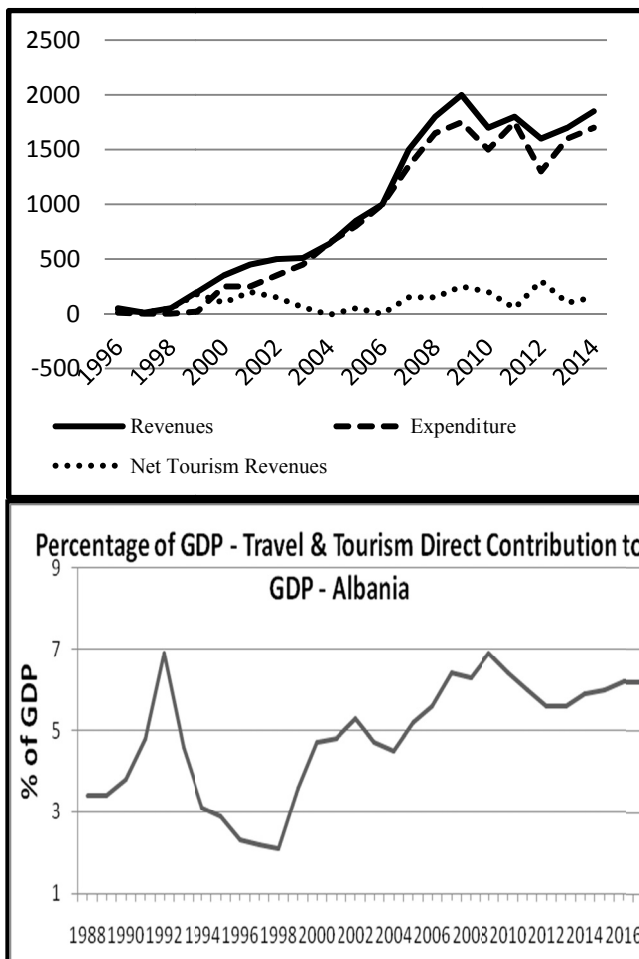
Some of the characteristics of tourism development for this period were:

- After the 1970s, a hotel was built in the centre of every main city;
- Domestic tourism was predominant, mainly in the form of social tourism. By the end of the 1970s and during the 1980s organised tourism began. The main form of accommodation was in the houses of the residents in the chosen destination;
- In every main destination, a social vacation building was built for the best workers. In some of the cities some vacation areas were built for children;
- Another form of accommodation was vacation booths located in the seaside towns of Durres, Vlora and Shëngjin. As their capacity was limited, the selection of families that could go to these places was made by the management of the organisations for which they worked;
- Another form of tourism was the organisation of visits of working collectives to the main centres at the time (mainly Tirana or Kruja);
- High seasonality. Mass holidays in Albania were mainly for sun and sea. Other forms of tourism existed too, but mainly in name.

2.2. Tourism economic importance

In 2014, revenue from tourism in Albania, according to the World Bank, was 1 billion 849 million dollars, while expenditures were 1 billion 689 million dollars. Net income from tourism was estimated at 160 million dollars. According to the World Travel and Tourism Council (WTTC), tourism revenues fell in 1997 (the year of the pyramid crisis) and increased significantly from 1998 to 2009, culminating in an income of 2 billion dollars. In 2014, they reached the level of 2009. Income from tourism in Albania in 1997 was less than 1 million dollars while in 2014 it was 1 billion 850 million dollars.

Figure 1. Net Tourism Revenues and the Direct Contribution of the Travel & Tourism Sector to GDP in Albania (1990-2015)



Source: WTTC (2015: 4), World Bank,¹ World Data Atlas²

¹ <http://data.worldbank.org/indicator/ST.INT.RCPT.CD?locations=AL>.

² <https://knoema.com/atlas/Albania/topics/Tourism/Travel-and-Tourism-Total-Contribution-to-GDP/Total-Contribution-to-GDP-percent-share>.

The number of Albanian tourists spending time abroad between 1996 and 1999 was very small. After 1999, numbers began to rise and peaked in 2009 with about 1 billion 700 million dollars. According to WTTC statistics provided by Tourism Satellite Accounting, the contribution (direct) of the travel & tourism sector to the GDP of Albania increased from 0.06 billion USD in 1990 to 0.889 billion USD in 2010. This 20-year period was not stable for the sector due to its sharp increases and decreases affected by the politico-economic situation of the country. Albania reached its highest real growth in tourism in 1999 by 67.1%, but unfortunately it was followed by a sharp decrease in 2003 with a negative value of 6.4%. 2003 was the last year with negative values in tourism growth, and it was followed by more stable increases (Kruja, 2012).

3. Hospitality and Tourism Demand

Since 1999, the number of international visitors to Albania has increased significantly to a level of 1,000% with total arrivals resulting in over 3.6 million visitors in 2014. According to the statistics from the Ministry of Tourism, the number of incoming foreigners increased with an average annual rate of 18.61% from 1999 to 2009. Meanwhile from 2000 to 2004, there was an average annual rate of 20%. In 2012, the number of international tourist visitors grew by 25.7% compared with the year 2011. In 2013, there was a small decrease and in 2014, the total number of foreign tourists was about 3.6 million (Albania Institute of Statistics, n.d.).

Figure 2. International Visitors for the Period 1999-2014

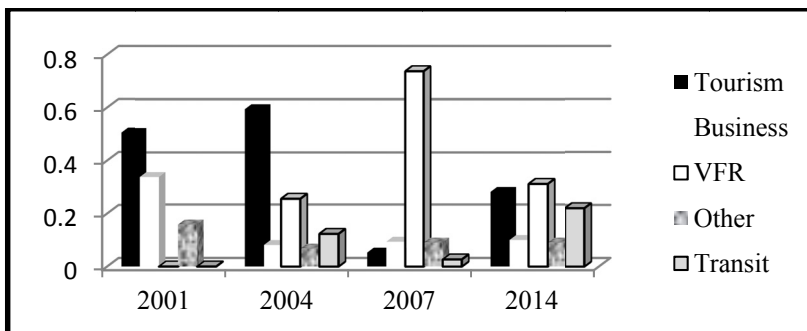


Source: Albania Institute of Statistics³ (tab-3xlsx)

³ <http://www.instat.gov.al/al/themes/turizmi.aspx?tab=tabs-3xlsx>.

The motivation of travellers arriving in Albania has changed over time (Figure 3). 50% of visitors in 2001 came for tourism, 33% for business and 15% for other reasons. While in 2004, 60% came for tourism, 8% for business, 25% for VFR and 12% were in transit. From 2005 to the present, the structure has changed dramatically: in 2007, 73% came for VFR and 10% for business. In 2014, 28% came for tourism, 31% for VFR and 22% were in transit. If we evaluate the changing motivations of international tourists during this period, we can observe a significant reduction in the motivation for "tourism" and "business" and an increase in the motivation for "VFR". This shows that the majority of incoming tourists were Albanians residing abroad who came for a vacation to Albania. After 2007, the reasons "for holidays", "VFR" and "transit" become more proportionate.

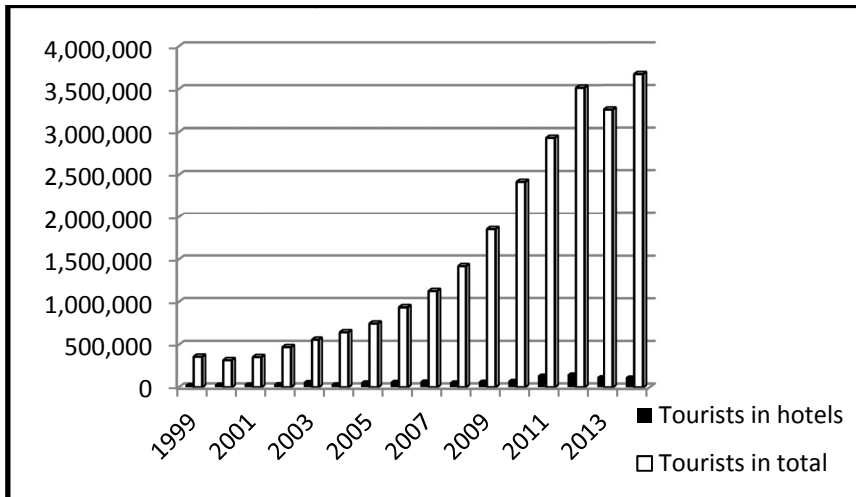
Figure 3. Travel Motivations



Source: Ministry of Urban Development and Tourism (p. 12)

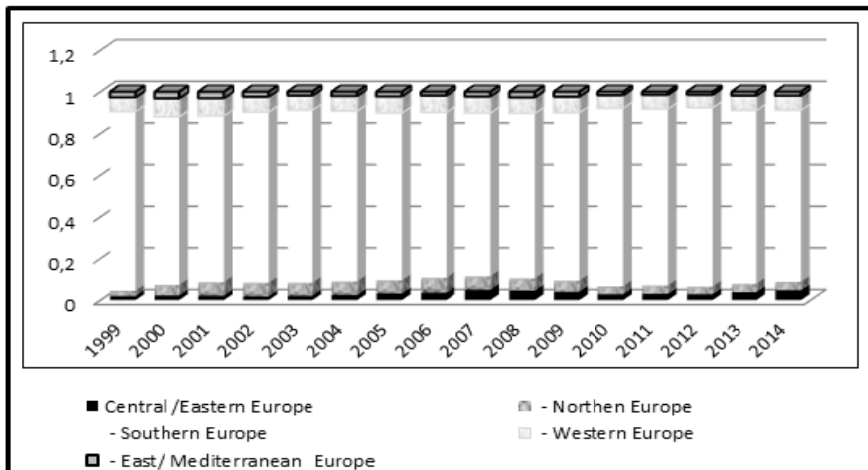
Foreign visitors by country of origin (Figure 4): 90% of arrivals in Albania come from Europe. Besides the United States, other markets outside Europe are negligible for Albania. Most of the European market is dominated by neighbouring countries and southern Europe. More distant markets, beyond neighbours and beyond "Albanian visitors" represent a small percentage of the total number of visitors. It is important to note that growth has come from all regions.

Figure 4. Foreign Visitors by Region/Country



Source: Albania Institute of Statistics⁴ (tab5xlsx)

Figure 5. Foreign Tourists in Albania/Foreign Tourists in Hotels

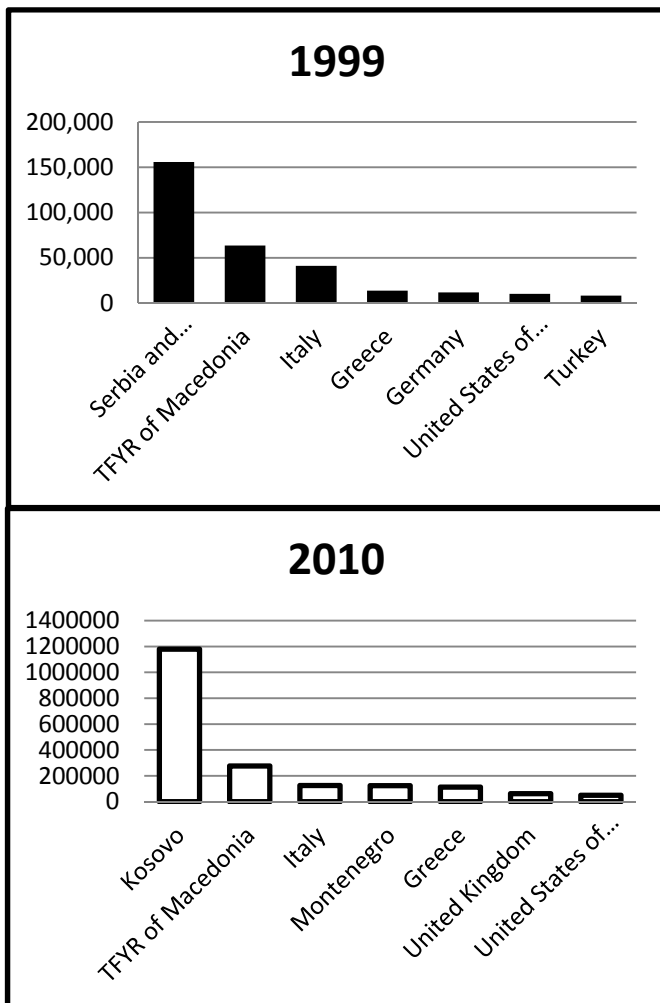


Source: Albania Institute of Statistics (INSTAT,tab4.xlsx)

⁴ <http://www.instat.gov.al/al/themes/turizmi.aspx?tab=tabs-5>.

Visitor numbers have more than doubled from Northern Europe and Central Europe/Eastern Europe since 2005, and almost quadrupled from Western Europe. This is because Albania is still a new destination in the international market.

Figure 6. Top International Tourist Markets



Source: Open data Albania⁵

⁵ <http://www.open.data.al/sq/lajme/lajm/id/79/Vizitore-nga-Turizmi-ne-Shqiperi>.

Less than 10% of tourists arriving in Albania are accommodated in hotels. This very low percentage has decreased over the years, reaching 3% in 2014 and 2015. This situation can be explained after taking into consideration two main reasons: first, the high number of VFR tourists, who are accommodated in the homes of their friends and relatives and secondly, the high rate of informality in the accommodation sector. The capacity of the beds registered in the accommodation facilities represents only 7.4% against 92.6% of bed capacity not registered (Council of Ministers, 2013).

Top international tourist markets: the origins of the main tourists for Albania in 1999 were the neighbouring countries of Serbia & Montenegro and Macedonia (tourists from these countries mainly frequented the seaside), Italy and Greece (mainly for business purposes and VFR), and then Germany, the USA and Turkey. In 2007, Serbia and Montenegro was dissolved into three origins: Kosovo, Montenegro and Serbia. Kosovo has been the main origin of tourists for Albania since 2010. The construction of the Rrëshen-Kalimash dual carriageway from 2007 to 2010 linking Albania with Kosovo has significantly affected the number of visitors, increasing the number of people coming from Kosovo from 473,422 in 2009 to 1,179,327 in 2010. After 2010, the number has continued to grow with about 260,000 tourists per year. The Macedonian market is the second one after Kosovo with 6 times fewer tourists. Both countries continue to visit Albania for vacations, mainly for "sea and sun". Then comes the Italian market with the primary motivations of business and VFR, the Montenegrins who come mostly for business and less for VFR, the Greek market for business and VFR, the United Kingdom for vacations and VFR and the USA mainly for VFR (Zoto & Nene, 2013).

4. Hospitality and Tourism Supply

4.1. Main hospitality and tourism services

- **Transport**

Transport in Albania has undergone significant changes in the past two decades, vastly modernising the country's infrastructure. Improvements to road infrastructure, urban transport, and air travel have all led to a vast improvement in transportation. These upgrades have played a key role in supporting Albania's economy, which in the past decade has come to rely heavily on the construction industry.

Albania has a strategic geographic position. This is because it is in the centre of major transit corridors in Europe. Albania connects Western

European countries with Asian countries. It is also a connection point between Europe and North Africa.

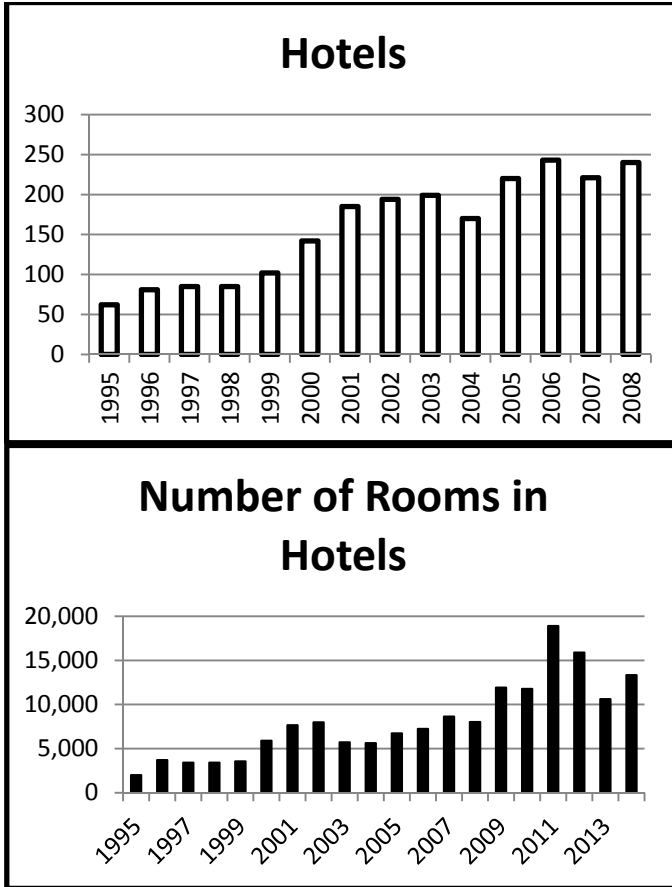
From 1945 to 1990 the national road network in Albania increased by 2,800 km to 7,450 km. While in 1945 only 400 km were paved, in 1990 2,850 km were paved. In 2016 our country has 20,000 km of roads, of which 3,848 km were national roads. The main points of entry in Albania are: from Greece the entry points are Kakavija and Kapshtica, from Kosovo the main entry point is Morina, from Montenegro the entry points are Muriqan and Hani Hoti, and from Macedonia the entry points are Qafe Thane and Tushmeshit. All border crossings have increased their host and processing capacity since 1990. In Albania three main corridors were built after the year 1990. They are the east-west corridor, the north-south corridor and Durres-Morine ("Street of the Nation", 170 km long connecting Albania and Kosovo). The rail network in Albania consists of 441 km of main railway and 230 km of secondary railways. It is linked to the international railway network through the Bajze-Podgorica line, in Montenegro and the ports of Durres and Vlora in Albania. In Albania, the current priority is road and port infrastructure, so the rail network is not in optimal condition for tourist transportation.

The country has 440 km of coastline and a strategic position in two seas, the Adriatic and Ionian Seas. This gives Albania an advantage to benefit from the proximity to the markets of neighboring countries such as Italy and Greece and even Croatia. Also, Albania is a transit country for neighbors such as Macedonia and Kosovo to have access to the sea. Maritime transport in Albania is carried out via 4 ports: Durres, Vlora, Saranda and Shengjin. The largest and the most important is the port of Durres, which derives 81.8 per cent of all maritime transport. It is also the first point for the Durres-Kukes-Morina-Prishtina corridor. The Durres port is the gateway to Corridor VII. The port of Shengjin is only a small one with a modest processing capacity in the northern area of the country while the port of Saranda is a touristic port with a small capacity for processing. In 2012 an apron was built for anchoring cruisers. The main ports in Albania are well-established but their processing capacity is only 6 per cent of total tourists arriving in Albania. Albania is situated along one of the four corridors of European interest related to the concept of "Highway of the Sea".

Under a concessionary agreement the airport "Mother Teresa" is the only functioning international airport. It has a capacity of over 1 million passengers per year. Another airport has been built near Kukes but it is not functional as a result of this agreement. Also the construction of an airport in Saranda is planned.

- **Accommodation**

Up until the 1990s, there were only 16 hotels in Albania. In 1993, the number of hotels was 27, while the number of beds was 3,000. The development of accommodation during the 1990s was influenced by several factors, such as: support of investments by law, the allocation of land, an investment incentive climate, decentralisation of the economy, privatisation of the public sector, etc. During the years 1992-1996 the first foreign investments in tourism were conducted, such as the construction of the hotel "Rogner" and hotel "Sheraton", the reconstruction of hotel "Tirana", the construction of "Chateaux Linza", the construction of the resort in Robi Mountain, etc. Permissions were also given for the construction of the port of marinas in Vlore and for three tourist villages in the area around Butrint. Investments were made by local businesses in Golem after the urban plan was designed. The events of 1997 interrupted the course of development. After 2000, Albania witnessed a boom in construction in the tourism sector. Most of these constructions were small hotels (1-20 rooms). In 2003, the number of hotels was estimated at about 260, a number that was almost tripled in 2005. In total, the number of hotels was estimated at 637, of which about 80% had a low capacity (1-20 beds). Likewise, the number of beds in 2003 was 11,000 while in 2005, this number reached 20,000 beds. The investments of this period were not based on careful analysis, and mainly they were illegal constructions (without construction permissions). They did not meet the market demand and had no standard, unqualified human resources, low capacity utilisation and unclear revenues. The situation was similar for hotels in mountainous areas. Studies carried out for the period after 2000 showed that factors that increased the capacity of the accommodation units were foreign investment and the increase of tourists from Albanian-speaking territories (Kreshova, Shkira & Zoto, 2015). Other factors were the increase of free business initiatives, low land prices, the increase of the real estate market, strengthening of the construction sector, etc. (Bakui, 1996). Most of the accommodation units (hotels) were concentrated in Durrës, Tirana, Shengjin, Velipoja, Saranda, and Golem. About 99% of them are independently managed. Prices ranged from 20 to 25 euros for single rooms, as well as doubles.

Figure 7. Number of Hotels and Number of Rooms in Albania

Source: Albania Institute of Statistics⁶ (tab2.xlsx.)

According to the statistics compiled in 2012 by the Tourist Information Office, the capacity of the accommodation consists of 27,716 beds in 670 hotels. However, the real figures should be much higher due to the high informality of the sector. The accommodation in Albania is characterised by the following:

⁶ <http://www.instat.gov.al/media/222858/tab2.xlsx>.