Tourism and Hospitality in Albania 2022

An assessment of tourism trends and performance

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December 2022

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Abbreviations

ALL	Albanian Lekë
BoA	Bank of Albania
EU	European Union
MoTE	Ministry of Tourism and Environment
GDP	Gross Domestic Product
INSTAT	The Albanian Institute of Statistics
WTTC	World Travel and Tourism Council
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organization

Glossary Of Key Terms

Glossary	Definitions
International Tourism Arrivals	include all entries by non-Albanian citizens in the country's border points (by air, sea and land). Multiple entries by the same individual within the period of reference are counted as new entries. Administrative data from the Ministry of Internal Affairs, periodically published by INSTAT.
Visitor	is a traveler taking a trip to a main destination, outside his/her usual residency, for less than a year, with a "non-profit activity" as the main reason for travelling (INSTAT definition).
Overnight stays	is defined as the number of nights spent (sleeping or staying) by guests in a tourist accommodation establishment or non-rented accommodation (INSTAT definition).
Resident	is considered a person who has resided in Albania for more than 12 consecutive months (INSTAT definition).
Non - Resident	is considered a person who has not resided in Albania for more than 12 consecutive months (INSTAT definition).
Net occupancy rate of bed places	measures the percentage of occupied bed places for hotels and similar accommodations (INSTAT definition).
Net occupancy rate of bedrooms	measures the percentage of occupied bedrooms for hotels and similar accommodations (INSTAT definition). Data is periodically published by INSTAT.
Balance of payments	A statistical statement that summarizes transactions between residents and non-residents within a given period. It consists of the goods and services account, the primary income account, the secondary income account, the capital account, and the financial account (UNWTO definition).
Domestic tourism expenditures	refers to tourism expenditures of resident visitors within the economy of reference (UNTWO definition).
Domestic tourism	comprises the activities of a resident visitor within the country of reference, either as part of a domestic tourism trip or part of an outbound tourism trip (UNWTO definition).
Domestic travel and tourism spending	refers to spending within a country by that country's residents for both business and leisure trips. Multi-use consumer durables are not included since they are not purchased solely for tourism purposes. Outbound spending by residents abroad is not included (WTTC definition).
Inbound tourism	comprises activities of non-resident visitors within the country of reference on an inbound tourism trip (UNTWO definition).
Inbound tourism expenditures/ travel receipts/tourism exports	refers to tourism expenditures of non-resident visitors within the economy of reference (UNWTO definition).
Outbound tourism	comprises the activities of resident visitors outside the country of reference, either as part of an outbound tourism trip or as part of a domestic tourism trip (UNWTO definition).
Outbound tourism expenditures/tourism imports	represents tourism expenditure of resident visitors outside the economy of reference (UNWTO definition).
Occupancy rate	refers to the percentage of occupied rooms at any given time compared to the total number of available rooms at that time.
RevPar	Revenue per available room is calculated by multiplying a hotel's average daily room rate by its occupancy rate.

Introduction

The economic prosperity of Albania has been tied to the development of tourism, which is one of the country's most important sectors and has a significant multiplier effect on economic activity.

In the last few years, the direct contribution of travel and tourism to Albania's GDP has been in the range of **8.5-8.7%**. However, when multiplier effects from indirect sources are considered, the total contribution is almost three times higher, amounting to more than **20%** of the GDP, making this sector one of the key growth drivers. In 2019, travel and tourism played the role of a major economic engine and employment generator, accounting for 20% of the Albanian economy and creating **244,000 jobs** (Source: WTTC). The World Tourism and Travel Council estimates that **one in five jobs in Albania is linked to tourism, travel, and related activities.**

However, in 2020, the sector took a significant hit from the devastating earthquake and the ensuing Covid-19 crises. International arrivals dropped by **-59%,** while travel receipts decreased by -51% during this period (Source: INSTAT and BoA). As a result, the contribution of Tourism to Albania's GDP decreased from 20.5% in 2019 to 10.3% in 2020 (Source: WTTC). The sector was beginning to show gradual signs of recovery in 2021 and the beginning of 2022, when the emerging conflict in Ukraine and the ensuing inflation crises created new concerns for a hindered progress. In this context, UNDP Albania commissioned an in-depth study to assess performance and trends in the sector, focusing on the industry's main developments and challenges. The study's main goal is to offer comprehensive insights on the Albanian hospitality sector focusing on the most relevant actors along its value chain and integrating research on the sector's supply as well as demand side. These insights will help the sector with short-term actions and long-term planning. In keeping with the 2030 Agenda, it also attempts to offer policy recommendations to address challenges and promote sustainable growth.

Methodology

The research is based on four main components:

1. Desk Research and Analysis

Relevant strategies, documents, laws, bylaws, national and international reports on the global and local trends in the tourism sector were consulted. In addition, key trends were analysed based on data from INSTAT, BoA, MoTE, UNWTO, WTTC and other relevant sources. Findings from this research component are elaborated in Chapter 1 and Chapter 2 of this report.

2. Survey and focus groups discussions with the hospitality Industry

a) **Two survey waves with representatives of the hotel industry** were undertaken respectively in July and September-October 2022. A quota sampling methodology was employed, based on six of Albania's most important touristic destinations: Durrës/Kavajë, Shkodër/Lezhë, Vlorë/Sarandë, Berat/Gjirokastër,
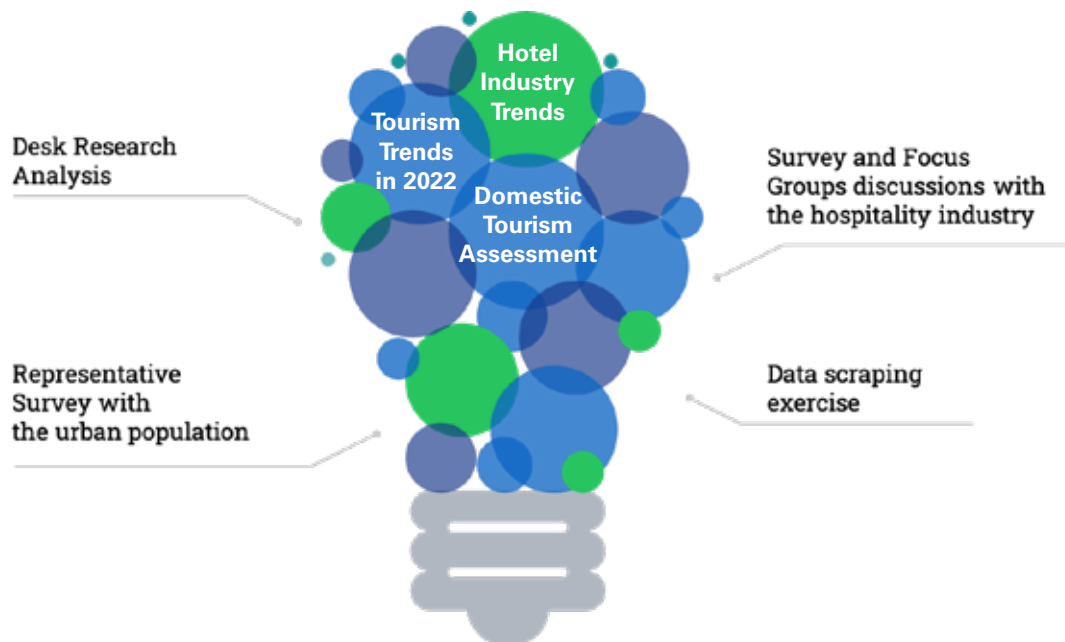
Pogradec/Korcë and Tirana. Both survey waves were initially administered through a Computer-Assisted-Web-Interview method (CAWI), with the support of the Albanian Tourism Association. To achieve required destination quotas, at a second stage, questionnaires were also administered on-field through Computer-Assisted-Personal interviews (CAPI).

Survey with Accommodation Units

Wave	Sample Size	Fieldwork	Sampling Methodology
1	N=216	15-18 July	Quota Sampling
2	N=174	15 September 28 October	Quota sampling

b) **The Focus Group Discussions** aimed to explain and complement the quantitative results of the survey. Under this component, six (6) focus group discussions were organized with hotel owners and managers, as well as tour operators and guides as per the following structure. Findings from the survey and focus groups are elaborated in Chapter 3 of this report.

Focus Group Discussions

Fg.	Participants Profile	Business Location	Date
1	Hotel Operators	Southern Coast	5 October
2	Hotel Operators	Tirana	7 October
3	Inbound Tour Operators & Guides	Mixed	8 October
4	Hotel Operators	Northern Coast	10 October
5	Outbound Tour Operators	Mixed	11 October
6	Hotel Operators	Gjirokastër - Berat	12 October

3 . Representative survey with the urban population

A representative survey of the urban population of Albania, aged 16 years and older, was conducted through Computer-Assisted Personal Interviewing (CAPI). The survey consisted of 1000 respondents selected at random through a carefully designed sampling methodology. The Margin of error for the sample is ±3.1% with a confidence interval of 95%. The survey was conducted in September-October 2022. Survey findings are elaborated in Chapter 4 of this report.

4. Data scrapping exercise on Booking.com platform

Booking.com is one of the largest and most popular marketplaces for established brands and small and medium-sized hotels, facilitating accommodation units worldwide to reach a global audience. The platform is also widely used by hotels in Albania. Two data scrapping exercises were conducted on the platform, respectively in June and October 2022 to obtain information regarding the number of Albanian hotels registered in the platform, type, location, reviews, size, and price. Findings from this exercise are elaborated in Chapter 2.

A detailed overview of the methodology and sampling approach can be found in the Annex to this report.

Key Takeaways

International Tourism

- Albania has seen **a record-breaking tourist season in 2022**, despite the initial insecurities stemming from the war in Ukraine and inflation. UNWTO ranked it as the country with the best post-pandemic recovery in the world among countries with more than 5 million annual tourists.

- The sector is expected to generate 3.6 billion Euros in 2022, +30% more than in 2019, with ~80% of it coming from non-residents.

- The unprecedented **post-pandemic demand, increased air connectivity and the hike in the use of international booking platforms** (Booking.com, AirBnb etc.) by the hospitality sector **are the key factors contributing to the surge in international arrivals.**

- It is estimated than **+70% of all non-resident visitors are of Albanian origins**, including, Albanians from the region (Kosovo, Montenegro and North Macedonia) and those from the diaspora (Italy, Greece, USA, UK, Germany etc.)

- **Kosovo** is the main market for tourism in Albania, **accounting for 45% of all international arrivals. The country's tourism sector is therefore highly dependent on tourists from Kosovo.**

- **2022's novelty in the sector is the emergence of new or little-known markets.** Albania is seeing a notable increase in visitors from many European countries, **especially high-income ones**, such as Spain (+57%), Belgium (+23%) and the Netherlands (+36%). These markets are more oriented towards cultural and adventurous tourism.

3.6 €

Billion Euros expected to be generated by the tourism sector in 2022, +30% over 2019

Post-pandemic demand, Increased air connectivity, Online booking platforms are the key factors contributing to the surge in international arrivals

45%

of all international tourists from **Kosovo**

- While the Russia-Ukraine conflict had no impact on well-established Eastern European markets (Poland, Czech Republic), it has significantly affected Ukrainian tourists' numbers. This year, **Albania missed out on almost 70,000 Ukrainian visitors**, a market the size of Poland which Albania had managed to gain access to such a significant degree only during 2021.

Domestic Tourism

- **39.5% of the surveyed urban population in Albania did not go on vacation during the summer of 2022.** While 24.5% did not take any form of leisure or holiday travels, 15% reported to have been only on daytrips. Economic-related reasons (inflation etc.) are cited as the main reason for not being able to take a vacation.

- On the other hand, **60.5%** of the surveyed urban population in Albania reported to **have been on vacation this summer. 73%** of them declared to have taken only **one vacation trip.** They spent on average **8 nights of vacations in total.**

- **44% of all respondents have spent their vacations in Albania,** while **12% have travelled abroad** and another **5% have travelled both in Albania and abroad.** Budget is the main reason for choosing Albania. On the other hand, travelling abroad is mostly preferred for "the quality of service", "the quality of tourism infrastructure" and the "opportunities for leisure and cultural activities".

- **Seaside destinations** are by far the most preferred holiday destinations by urban Albanians. The southern coast (Vlorë – Himarë – Sarandë) was the main preference for half of the surveyed sample, while 30% chose the bay of Durrës (Durrës, Golem, Qerret) and another 11% chose to vacation in northern costal areas (Velipojë, Shëngjin).

- Among urban Albanians vacationing abroad this summer, **Greece was the most preferred destination** (35%), followed by **Turkey, Italy (**17% each) and **Montenegro** (10%).

- Youngsters (age group 16-34 years old) and **middle to high income families prefer to stay in hotels** while vacationing in Albania. Whereas **rentals** (apartments, rooms-to-let) are mostly preferred by those **aged over 34 and low-income families.**

39.5%
did not go on vacation

5% travelled both in Albania and abroad

12% travelled abroad
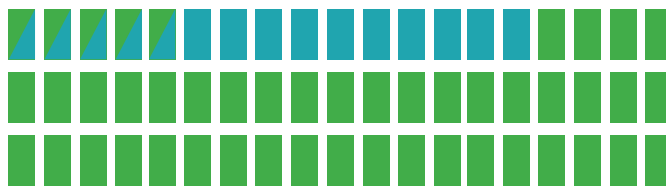
44% of all respondents have spent their vacations in Albania

60.5%
have been on vacation this summer

Albanians vacationing abroad this summer

35%
Greece

17%
Italy

17%
Turkey

10%
Montenegro

Hospitality Sector

- Along with increases in tourist numbers, **competition in the hospitality sector has intensified significantly.** Albanian hotels and other accommodation facilities are increasingly present in global booking platforms such as Booking.com and AirBnB.

- While increased access to global booking channels has boosted tourism in Albania, it has also **created a fertile ground for the informal market**. It is estimated that one third of all accommodation units listed on Booking.com are not registered/licensed. In addition, the number of rental flats listed on AirBnB has increased by more than 70% since 2019. It is estimated that the home-sharing market operating through AirBnB generates annual revenues of 20 million Euros.

- **Surveyed accommodation units confirmed that 2022 has been the best year in terms of tourist numbers.** They also concurred relying mostly on non-resident clientele, except for Pogradec accommodation units that mostly depend on domestic guests.

- **Challenges related to staff, such as "finding and retaining staff" (56%) and "unqualified staff" (27%) are cited as the most prominent issues currently facing the hospitality sector.** 75% of the surveyed hotels claimed that, at the peak of the tourist season, they would need approximately +35% more employees that they are able to find. "Rising prices", "global challenges", "unfair competition" and "poor infrastructure" are also cited as major challenges facing the sector.

- When asked about their needs for government support, more than half of the surveyed hotels stated that **the government should focus on promoting Albanian tourism around the world,** leaving thus behind needs for financial incentives.

- The most frequently cited government initiative having a favorable effect on the hospitality sector is "**the reduction of VAT to 6%**" (67%) followed by the "**visa-free program**" (39%) and the "**increase in the number of flights**" (33%).

2022
the best year for the hospitality and tourism sector

Main Challenge: Finding and retaining staff

56% of the hospitality sector find it hard to find and retain staff

27% cited "unqualified staff" as one of the most prominent issues

Government Initiatives having a positive effect

the reduction of

VAT **VISA**
free program

increase in the number

FLIGHTS

Conclusions And Recommendations

Short Term

a) Tackling labor shortages, reskilling and upskilling

Tourism is facing a labor shortage crises and the issue is bound to persist in the upcoming years, given current demographic and emigration trends. The sector's sustainability depends on building capacities to address this issue. It is imperative for the tourism business to take action to make the sector more attractive for workers by involving local communities, undertaking initiatives to upskill and reskill the workforce and promote training and apprenticeships programs. The government also has a role to play in working with the sector to address structural issues and support them through financial and other forms of incentives (salary subsidies etc.)

b) Upgrading current infrastructure

Upgrading current infrastructure is essential to the sector's growth. While the study indicates that there is a need to work on upgrading the whole spectrum of public services, **immediate attention is required especially in advancing transportation connectivity across air, sea and roadways as well as improving waste management infrastructure.**

c) Tackling informality

Tourism in Albania seems to be affected by high rates of informality. Increased usage of international booking and travel platforms such as Booking.com, AirBnB and TripAdvisor in the last few years seems to have exacerbated the situation further. On the one hand, these channels offer important opportunities for growth for the Albanian hospitality industry. Yet, because of the low entry barriers, they are also fostering unfair competition and informality. Developing regulations and monitoring mechanisms to ensure a fair and competitive business environment seems to be essential in this regard.

Short Term Recommendations

1 Tackling labor shortages, reskilling and upskilling

2 Upgrading current infrastructure

3 Tackling informality

4 Diversifying market and tourism offer; curb seasonality

5 Effectively promote Albania overseas
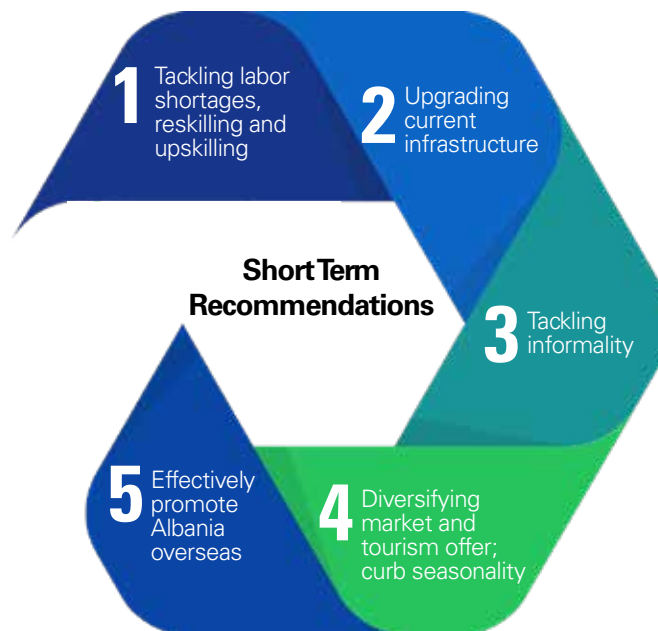
d) Diversifying market and tourism offer; curb seasonality

Tourism in Albania is currently characterized by two main elements: i) t**he sector is highly dependent on tourists of Albanian origins, with Kosovo tourists alone constituting 45% of the entire market ii) the main tourist product is highly correlated with "sea, sand and sun", despite the vast opportunities for a rich product mix.** The former is creating significant risks for the sector, raising important questions on the not-so-dis

tant future: Will Kosovo residents still choose Albania as a vacation destination once Kosovo is granted visa-free travel in the EU countries? Whereas the second is very much related with the need to manage seasonality challenges, attract tourists throughout the year and "keep" them in Albania for longer.

e) Effectively promote Albania overseas

Given the limited capacities of the sector for effective marketing, as shown by survey results, **it is imperative for policymakers to intensify efforts in terms of promoting the country more extensively and effectively**. Given the emergence of new tourism markets in Albania (Spanish, Scandinavians etc.), post-pandemic shifts in tourists' behavior, and an increasing overall customer sensitivity for green and sustainable tourism, it is imperative to develop a new, more inclusive and research-based marketing strategy to promote the Albanian tourism brand.

Medium Term

a) Engage with digital transformation

As the digital world evolved, tourists' behavior around the world began to shift towards expecting a more customer-centric experience, from selecting accommodations with a few clicks to receiving detailed information on the lodgings, reviews, activities, opening hours etc. Hotels, on the other hand, focusing on streamlining procedures, as well as developing the technical tools required to operate more effectively However, it seems that the Albanian hospitality businesses are still making their way into the new realm of digitization. **While the whole sector must adapt to new technological developments, reconsider plans, and alter the way they operate and provide services, it is imperative for policymakers to provide support to tourism businesses of all sizes to effectively engage with the digital transformation.**

Medium Term Recommendations

1 Engage with digital transformation

2 Collect data and promote data-driven decision-making

3 Involve local communities

b) Collect data and promote data-driven decision-making

All actors in the tourism ecosystem can benefit from the availability and exploitation of tourism data to optimize their

operations, refine their strategies and improve their offer. In this context, the ability to collect, curate and utilize data for strategic decision-making is key for the dwevelopment of a sustainable sector. **The availability of easily accessible tourism-related data in Albania is limited and new efforts shall be placed towards better leveraging existing and novel data sources (transaction data, user-generated data, data from devices) as well as orienting the whole ecosystem towards data-driven decision-making.**

c) Involve local communities

The survey with the urban population revealed **most citizens (68%) do not perceive tourism to be boosting their personal or family incomes, although the majority agrees that the sector is bringing positive developments to the Albanian economy.** Promoting socio-economic equity and enabling a fair distribution of socio-economic benefits stemming from tourism, including stable employment and income-earning opportunities as well as better services for host communities will be crucial to the sustainable growth of the sector.

Long Term

Promoting strategies aimed at building a resilient, inclusive and sustainable sector

The Covid-19 pandemic and the several other crises of the last few years brutally revealed the vulnerability of the sector to disaster and human-induced shocks. **Considering how important tourism is to the Albanian economy, it becomes thus imperative to engage all ecosystem actors in designing and implementing sustainable tourism strategies and models, taking into consideration social, environmental and economic perspectives.**

Considering how important tourism is to the Albanian economy, **it is important to engage all ecosystem actors in designing and implementing sustainable tourism strategies and models,** taking into consideration social, environmental and economic perspectives.

1

Tourism in Albania

Recent Trends

Content:

- Pre-pandemic trends
- 2020 - When the world stood still
- 2021 – Beginning of the recovery
- 2022 – Unexpectedly better

International arrivals and travel receipts in 2010-2021

International Arrivals
(2010-2019)
▲+165%

Travel Receipts
(2010-2019)
▲+63%

Source: INSTAT and Bank of Albania (International Arrivals and Travel Receipts)

Trade deficit and travel export support
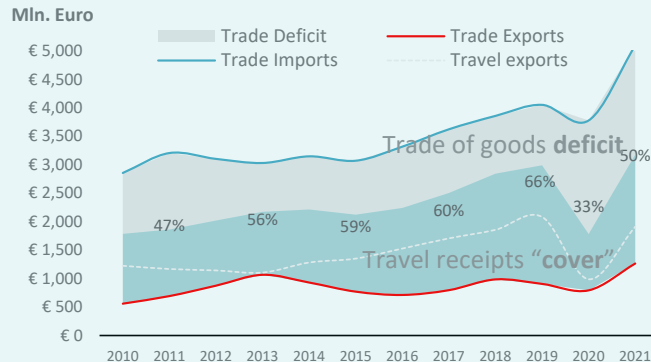
Source: Bank of Albania, Balance of Payments, 2010-2021

Before The Pandemic Tourism In Albania Was Experiencing A Golden Age

Albania has experienced **a decade of steady growth in international tourist arrivals** and tourism receipts in the period 2010-2019. The number of incoming tourists **almost tripled during this period**, increasing from 2.4 million in 2010 to 6.4 million in 2019, while **travel receipts almost doubled**, increasing from 1.3 billion Euro in 2010 to 2.2 billion Euro in 2019. Tourist income constitutes a large fraction of total exports (44% on average, over the period 2010–2019), helping to reduce Albania's trade deficit, stemming mostly from the country's comparatively high negative trade balance in goods. Between 2010 and 2019, travel receipts "covered", on average, 65% of the trade of goods deficit, indicating that tourism was the largest "funding" source for it over this period.

2019 – The record-breaking year

2019 was a record year for tourism in Albania, as 6.4 million tourists visited the country, which translated into 2.2 billion Euro in tourism receipts. In 2019, travel and tourism played the role of a major economic engine and employment generator, accounting for 20% of the Albanian economy and creating 244,000 jobs, over 20% of total employment in Albania (Source: WTTC). The World Tourism and Travel Council estimates t**hat one in five jobs in Albania is linked to tourism, travel, and related activities.** This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes activities of restaurants and leisure industries directly supported by tourists.

Number of international arrivals
In million, monthly
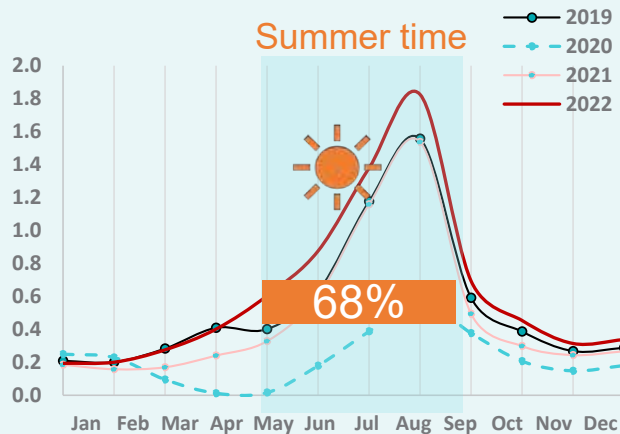
Source: INSTAT, International Arrivals

Market share, 2019 data

Kosovo **35%**
2,246,540

N.Macedonia **12%**
753,533

Other **22%**

Montenegro **6%**
366,817

Poland **2%**
132,403

Greece **9%**
596,884

Germany, UK, USA **7%**
418,057

Italy **7%**
467,745
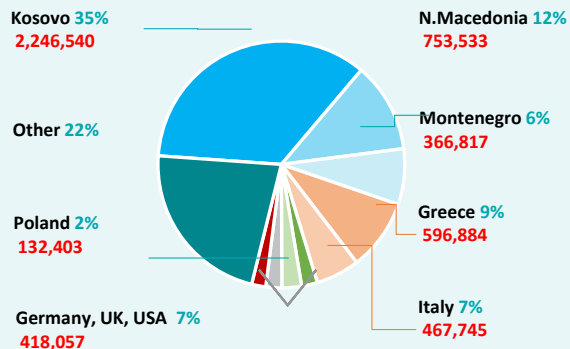
Source: INSTAT, Arrivals of Foreign Citizens

Pre-Pandemic Characteristics Of the Albanian Tourism Industry

Regional tourism: More than half of all tourists come from nearby countries (especially Kosovo and North Macedonia). **Kosovo is Albania's most "treasured partner" in the industry** because it accounts for the majority of all inbound tourists.

Albanian diaspora: Albanians residing abroad in countries like Switzerland, Greece, Italy, UK, and the United States constitute **the second-largest group of visitors.** They frequently travel to Albania to visit family and friends.

Personal reasons: "Leisure" or "other personal reason" are the primary factors attracting travelers to Albania. **95% of all international arrivals visit "for leisure" purposes** or in order to visit family and friends.

Summer season: Tourists' flows follow a seasonal pattern, since the country is mainly a summer destination, indicating that **the Albanian tourism product is highly correlated to "sea, sand and sun".** Approximately 68% of annual international arrivals happen between May and September.

Foreign tourists-dependance: International visitors account for more than **77%** of total spending, whereas domestic visitors typically contribute only around **23%** of all tourism-related spending (Source: WTTC). Foreign spending per person is 51 Euros per night.

2020: When The World Stood Still

The COVID-19 pandemic resulted in global challenges, an economic and healthcare crises, and had a knock-on effect on many business sectors, with the tourism industry being particularly hit. Starting from March 2020, most countries closed their borders, suspended hotel operations, banned travelling and imposed quarantine restrictions, with these measures being eased and altered over time depending on the epidemiological situation. **International arrivals decreased as a result, falling by -59% in Albania and by -74% globally, resulting in a sizable** decline in GDP (Source: INSTAT and UNWTO).

The contribution of tourism to Albania's GDP decreased from 20.5% in 2019 to **10.3% in 2020,** according to WTTC, while the proportion of tourism receipts to exports of goods and services decreased from 50% to 1/3. Because of the pandemic, **tourism exports accounted for only 33% of all exports of goods and services in 2020,** covering the trade deficit by only 33% or half of the decade's average.

International arrivals in 2020 and 2021
MoM % change vs. 2019

Arrivals

| 2.6 mln | ▼ - 59 % | 5.69 mln | ▼ -11 % |
| € 1.1 bln | ▼ - 51 % | € 2.1 bln | ▼ -4 % |

Tourism exports

Source: INSTAT, International Arrivals

Visitors as % change from 2019
Residents vs. non-residents

Non-residents
294K ▼ - 62 %   **685K ▼ - 13 %**   2022 (Jan-Aug)
372K ▼ - 20 %   **546K ▲ +20 %**   **642K ▲ +8%**
Residents   **485K ▲ +51%**
                                         Residents
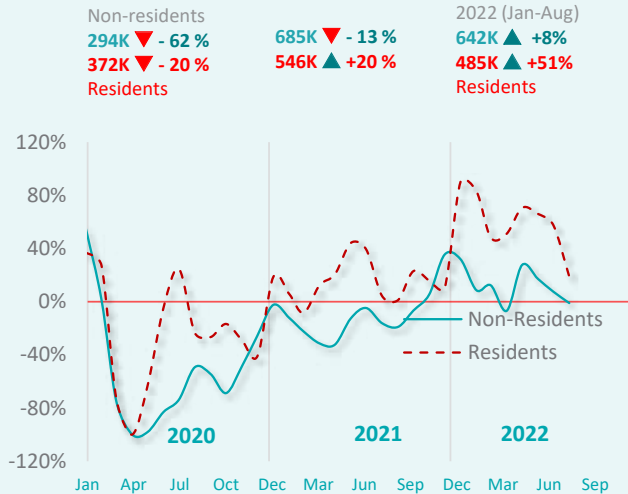
Outbound tourists and outbound expenditures in 2010-2021
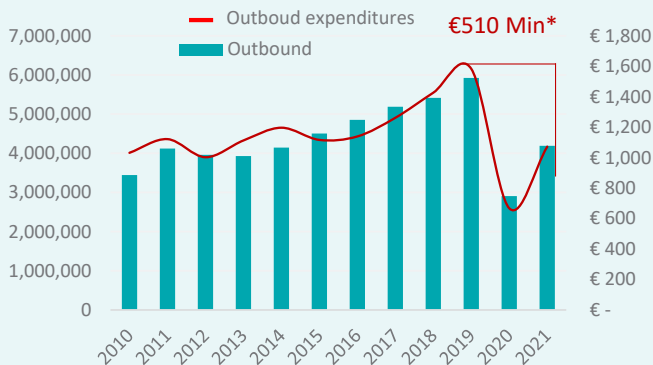
€510 Min*

2021: Beginning Of The Recovery

Amid the pandemic's setbacks, **Albania's tourism sector has shown strong signs of resilience.** The early lifting of travel and quarantine restrictions in June 2020, the relatively softer Covid-19 regulations, the increase in air connectivity (24 new air routes were added), and the rise of information services delivered via digital platforms (Booking, Airbnb) represent just some of the factors contributing to the swift recovery in 2021. The mid and post-pandemic recovery is also related to the country's dependence on regional tourism and its accessibility by car from neighboring countries.

Domestic tourism also played a key role in supporting Albania's tourism recovery in 2021. A combination of stricter Covid regulations for outbound travel and ongoing concerns about Covid-19 **kept the majority of Albanians vacationing in Albania during 2021.** The number of visitors in formal accommodation units was 20% higher in 2021 compared to 2019, particularly during the summer. **It is projected that around 510 million Euros remained in the country in 2021, due to the fact that 1.8 million Albanians did not travel abroad.**

The unexpectedly high number of tourists visiting Albania in 2021, along with domestic tourism, significantly boosted the sector's contribution to the economy. WTTC estimates that in 2021, tourism contributed 17.4% of the total GDP.

With a drop in foreign visitors of only **-11%** from 2019 to 2021, Albania was recognized by UNWTO as **the third-least affected country in the world and the least affected country in Europe by the pandemic** (Source: UNWTO).

2022: Unexpectedly Better

The tourism industry was showing encouraging trends since 2021. However, official data confirmed the prospects of a full recovery only in 2022. Albania welcomed approximately **6.4 million international visitors between January and September 2022,** the same number as the entire year of 2019, marking also an increase of +18% over the same period in 2019. The overall number of foreign arrivals in 2022 is forecasted to r**each 7.4 million, setting a new record for Albania.** This reflects a rise in arrivals of more than 1 million from 2019.

The recovery of tourism accelerated as Covid-related restrictions were eased and travelers' confidence was restored. During the first quarter of 2022, when many European countries were still imposing Covid-related restrictions, the number of international arrivals remained lower than in 2019 (-3%). Largely due to the relaxation of restrictions starting from May 2022, in the second quarter of 2022 foreign arrivals increased by +33% compared to the same period in 2019. May alone recorded +50% more international arrivals vs. May 2019, partly due to the **Roma – Feyenoord soccer finale,** that was played in Tirana. The **month-on-month increase in arrivals** compared to 2019 **persisted throughout the summer,** although it slowed down from +40% in June to +10% in August. Given that Kosovo nationals make up the majority of foreign arrivals, the slowdown in July and August is likely connected to the fact that, as of July 2022 and throughout the peak season, they were no longer required to register at the border and, as a result, were not recorded.

According to UNWTO, **Albania scored top internationally** in terms of the increase rate of foreign tourists compared to 2019, citing Albania **having the best post-pandemic recoveries in the industry.**

Evolution departures and arrivals
MoM % change vs. 2019

- Inbound - Internationals
- Outbound Albanians

Arrivals		
2.6 mln ▼ - 59%	5.69 mln ▼ -11 %	6.4 mln ▲+ 18%
€1.1 bln ▼ - 51%	€2.1 bln ▼ -4 %	€2.9 bln ▲+ 30 %
Tourism exports		Tourism exports (Arrivals (Jan-Sep, 2022))
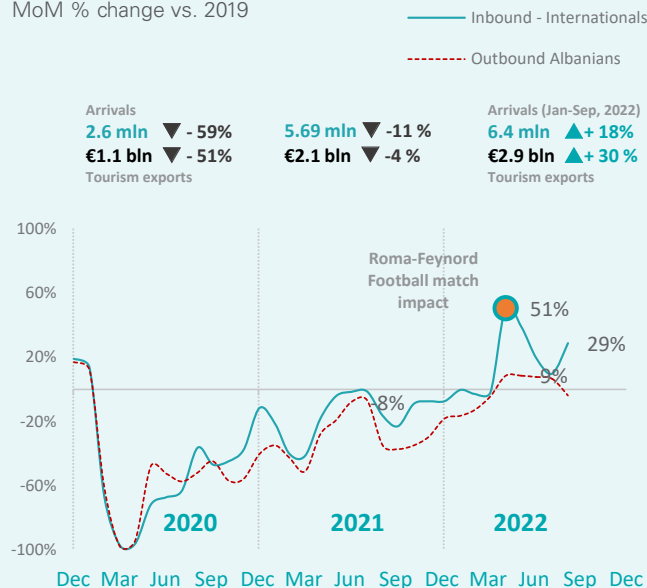
Source: INSTAT, Arrivals and Departures

	2019	2020	2021	2022*
International Arrivals (in millions)	6.4 M	2.7 M ▼-51% (vs. 2019)	5.7 M ▼-11% (vs. 2019)	7.4 M ▲+18% (vs. 2019)
Total contribution (in billions euro)	€2.9 bln	€1.4 Bln ▼-53% (vs. 2019)	€2.6 Bln ▼-10% (vs. 2019)	€3.6 Bln ▲30% (vs. 2019)
Share of **expenditures by foreign tourists**	77%	70%	80%	81%
Jobs created	244,000	178,600	226,000	250,000
GDP total contribution	20.3%	**10.7%**	17.4%	24%

*Estimation by the author based on official statistics, WTTC and UNWTO estimates

Arrivals by means of transportation (% change vs. 2019)
Albanians and Internationals, Air vs. Sea vs. Terre

Low-cost airlines IMPACT
24 new routes added

78%
62%
27%
25%
30%
-33%
-40%
-65%

2020   **2021**   **2022**
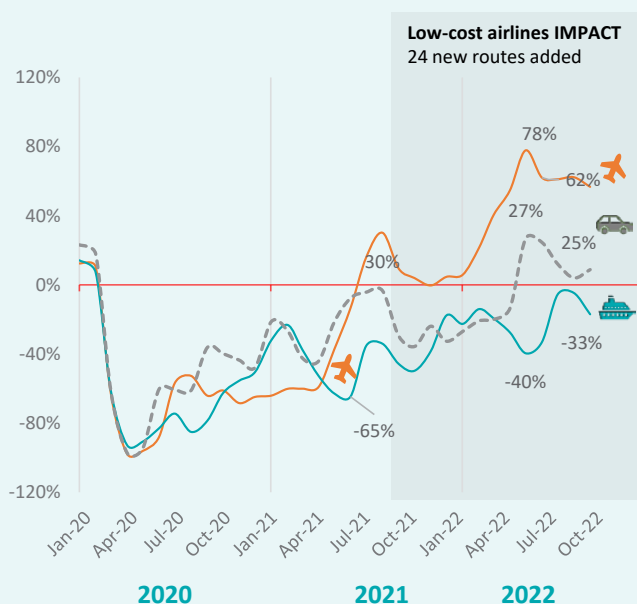
Source: INSTAT, Arrivals and Departures by means of transportation

Share of arrivals by means of transportation, Jan-Sep 2022

7,941,189	1,951,374	588,359
▲3% vs. 2019	▲53% vs. 2019	▼-16% vs. 2019
75%	20%	4%

Source: INSTAT, Arrivals and Departures by means of transportation

2022: Unexpectedly Better

Furthermore, Albania experienced a very strong trend in terms of spending by foreign visitors (tourism exports), with a +32% increase from 2019 for the months of January to June, placing Albania in fourth place globally. According to projections, tourism (domestic and international) will generate roughly 3.6 billion Euros overall in 2022, with around 2.6 billion Euros coming from exports (in this calculation, domestic tourism is equated to the level of 2019).

In terms of outbound tourism, the inclination of Albanians to travel abroad has mostly stayed stable at levels witnessed in 2019. 4.4 million Albanians traveled abroad between January and August 2022 compared to 4.5 million in 2019 (a -5% decline).

One of the elements that has greatly influenced the **increase in arrivals' numbers is increased air connectivity.** Tirana Airport now offers twice as many flight routes as it did in 2019 (72 vs. 36 air routes). As a result, from January to September 2022, there were +53% more domestic and international air travelers than there were in 2019 (1.95 million vs. 1.27 million).

The launch of new routes by low-cost carriers signaled **the rebound of air travel in 2021,** despite the continued restrictions caused by Covid-19. **Air traffic increased significantly starting from July** (+10% compared to July 2019) following the launch of 15 new air routes by a specific low-cost airline in the spring and summer of 2021. Yet, August was the month that outperformed 2019 levels by a substantial +32%. Since then, air passenger numbers have been steadily increasing.

Although **cars remained the preferred mode of transportation** for international arrivals in 2022, the trend is changing due to improved air connectivity. As a result, the proportion of international passengers flying increased from 12% in 2019 to 20% in 2022 (Jan-Sep 2022). This indicates that the country's tourism industry is expanding beyond the traditional neighboring markets.

International arrivals from Europe
% change, 2022 vs. 2019

% change vs. 2019 (Jan-Sep)
■ < -5   ■ -5–0   ■ 0–20   ■ 20–30   ■ ≥ 30
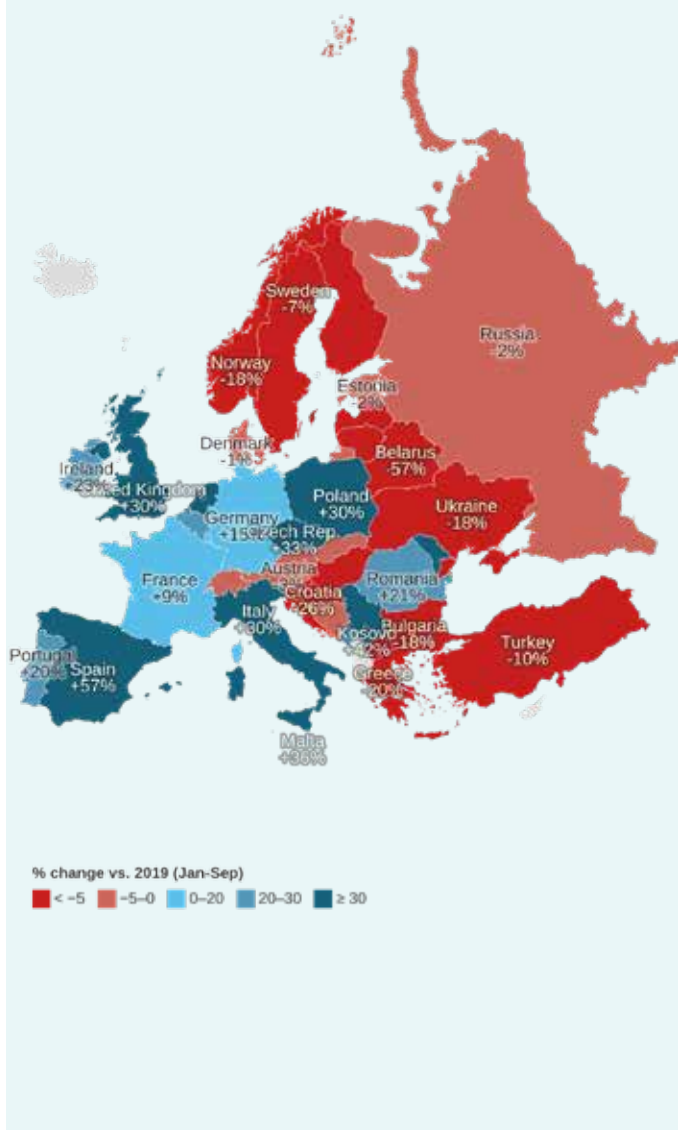
2022: The Year Of The Recovery

New markets

Regional tourism remained dominant in 2022, with Kosovo, North Macedonia, and Montenegro continuing to account for the majority of foreign arrivals (60%). Arrivals from Kosovo increased by more than +40% in January-September 2022 vs. the same period in 2019. Arrivals from Montenegro increased by +20%, while those from North Macedonia decreased by -15%.

Arrivals from countries home to the Albanian diaspora —the second-largest category of international tourists—also marked a significant increase of more than +20% when compared to the same period in 2019 (Italy +30%, UK +30%, Germany +15%, USA +17%). **Greece is the only country that deviates from this pattern,** with arrivals actually declining by a significant -20% during January-September 2022 compared to 2019.

2022's novelty is the emergence of new or little-known markets in the Albanian tourism sector. Since the previous decade, Albania has experienced a steady increase in tourists from Eastern Europe such as Poland, the Czech Republic, and Ukraine. However, since the beginning of 2022, Albania is seeing a notable increase in visitors from many other European countries, especially high-income ones, such as Spain (+57%), Belgium (+23%), the Netherlands (+36%) etc.

Thanks to the "Visa-free travel" programme, which allows citizens of eight countries to travel freely to Albania, there were almost twice as many travelers from these countries in 2022 as there were in 2019 (70 thousand vs. 38 thousand). Particularly, visitors from Saudi Arabia, India, or Egypt have increased by ten-fold compared to 2019.

*The Albanian government has temporarily lifted tourist visa requirements for citizens of Saudi Arabia, Bahrain, Egypt, India, Qatar, Oman, Russia, and Thailand.

European Markets
International arrivals from European countries, Jan-Sep 2022

Arrivals ('000), Jan-Sep 2022
< 30K   30K–50K   50K–100K   100K–200K   ≥ 200K
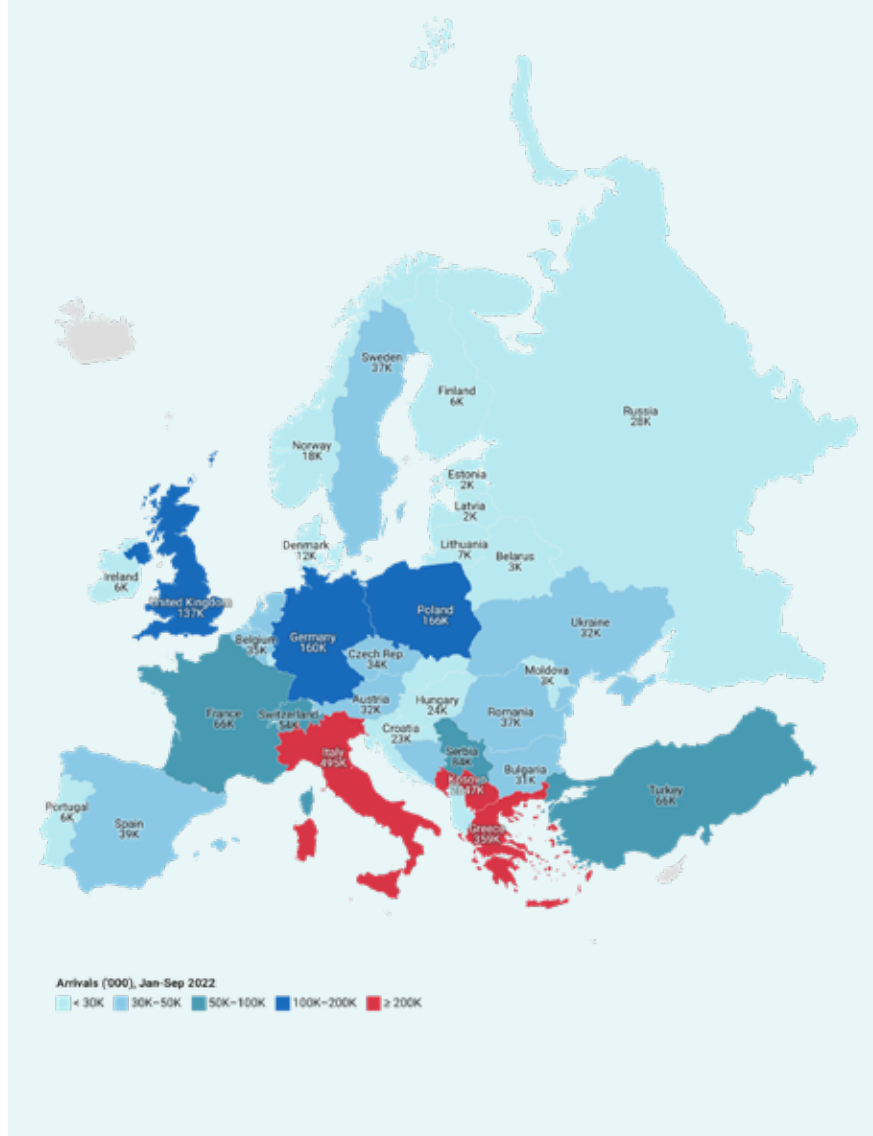
Based on official statistics from 2022, the majority of international visitors to Albania continue to come from Kosovo and other neighboring nations.

Kosovo is the main market for tourism in Albania, accounting for 45% of all international arrivals. The country's tourism sector is therefore highly dependent on tourists from Kosovo.

Arrivals from North Macedonia - around 545,000 or 8.6% of the total market – are in second place.

Top 10 markets
International arrivals in January -September 2022

	Arrivals	Share
Kosovo	2,847,803	**45.0%**
North Macedonia	541,988	**8.6%**
Italy	495,897	**7.8%**
Greece	359,142	**5.7%**
Montenegro	330,284	**5.2%**
Poland	166,749	**2.6%**
Germany	160,994	**2.5%**
United Kingdom	137,490	**2.2%**
United States	119,208	**1.9%**
Serbia	84,921	**1.3%**

Russia-Ukraine Conflict Impact

With the start of the war in Ukraine in February 2022, uncertainty set in with regards to the influx of tourists from Eastern European markets. In fact, arrivals from Poland decreased by -40% immediately after the start of the war. However, Polish arrivals progressively recovered during the summer, leading to a +30% increase vs. 2019 (January-September).

It appears that the conflict had little to no impact on well-established markets (e.g., Poland, Czech Republic). However, it did have a very obvious adverse effect on Ukrainian visitors.

This year, Albania missed out on almost 70,000 Ukrainian visitors, a market the size of Poland, to which Albania had managed to gain access to such a large degree, only during 2021.

Arrivals from Ukraine and Poland
% change, 2022 vs. 2021
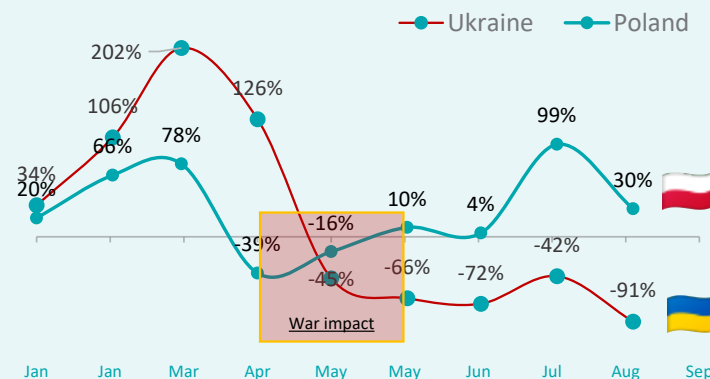
Arrivals (Jan-Sep)	2019	2021	2022
Poland	128,552	107,265	166,749
Czech Rep.	26,393	19,484	34,992
Ukraine	39,440	107,292	32,533
Lithuania	9,349	1,605	7,905
Belarus	7,988	2,144	3,469
Estonia	2,360	681	2,314
Latvia	4,252	988	2,256
Georgia	2,482	918	1,557
Russia	28,832	29,321	28,284

2

Hotel Industry

Key Figures

Content:

- Investments in the sector
- Capacity utilization
- Booking.com and informality
- Home-sharing and short-term rentals

Investments In The Sector

The hotel industry, one of the key drivers of Albania's tourism infrastructure, responded quite adequately to the increase in international visitors. INSTAT reports that there were **1,632 officially registered hotels** as of 2021, an increase of **+70% from 2010.** At the same time, the overall capacity in terms of available beds has nearly tripled since 2010, indicating an upgrade in hotels capacities over the years. Hotel capacities have expanded from an average of **10-15 rooms** at the beginning of the 2010s, to **25-30 rooms** by 2020.

The substantial investments that began in the hotel industry in the early 2000s appear to have supported hotel expansion, both in terms of the number of new hotels built as well as the average hotel size. However, following the establishment of several tax incentives in 2018, it appears that a new era of significant investments in hotel infrastructure has begun.

Fiscal Incentives introduced on January 1st, 2018

- Value-added tax (VAT) reduction to 6% for all accommodation structures;
- Exemption from a series of taxes, including the profit tax for a period of 10 years for all entities that have been granted 'special status' by December 2024;
- Exemption from tax on new constructions for 5-star hotel facilities awarded with the 'special status' and that are holders of a registered and well-known trademark i.e. brand name.

2019 set a record for investments in hotel infrastructure, with a total of 110 million Euros invested in the construction of 67 hotels with a combined surface area of nearly 419,000 square meters. Due to COVID-19, investments in the hotel industry drastically decreased in 2020-2021, picking up again in 2022.

Also noteworthy is the recent expansion of various international hotel chains into the Albanian market. Horwath LLC, a consulting firm, reports that since 2018, the number of chain hotels has nearly doubled (23 properties with a total of 1,277 rooms currently vs. 12 properties with a total of 736 rooms in 2018).

Accommodation capacities in terms of rooms and beds 2010-2020

| Hotels | - | - | 946 | 876 | 1,116 | 1,301 | 1,421 | 1,433 | 1,372 | 1,371 |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017* | 2018 | 2019 | 2020 |
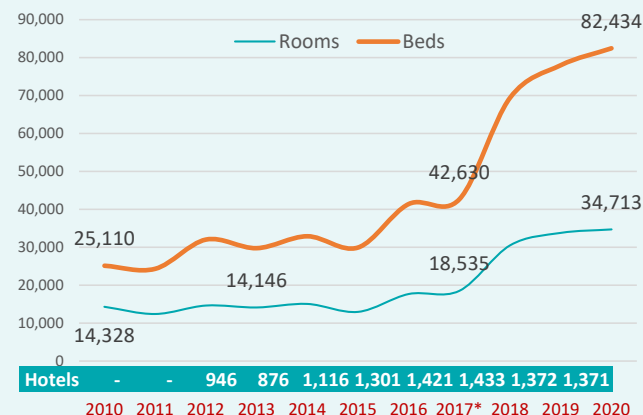
*2017 data was missing, calculated by the author based on the number of hotels as of INSTAT
Source: UNWTO

	2017	2018	2019	2020	2021	2022*
Investments (mln. Euro)	€20.9	€29.4	€109.9	€22.7	€41.7	€38.32
Construction Permits (#)	53	75	67	23	33	31
Surface (000s m²)	89	122	419	76	144	128

*2022 – data represent only the first six months of the year
Source: INSTAT, Construction permits for hotels, approximate value

Overnight stays as % change from 2019
Residents vs. non-residents
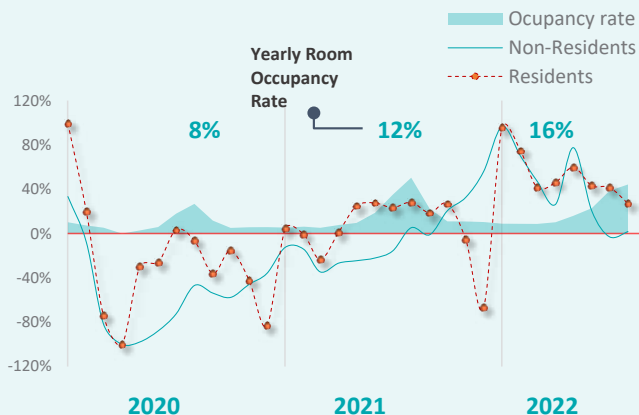
Source: INSTAT, Accommodation Structures Survey

Share of non-resident visitors in hotels
as % of total international arrivals, Jan 2019-Aug 2022
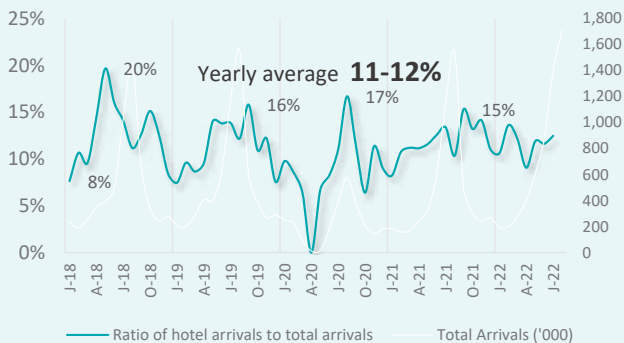
Source : INSTAT, Accommodation Structures Survey, International Arrivals

Capacity Utilization

A total of **3 million overnights** were spent in hotels between January and August 2022, representing a **+21% increase** vs. 2019. However, the average yearly occupancy rate in bed spaces has stayed at **16–18%** since 2018, indicating that Albania's **"capacity utilization" continues to be limited despite the increase in international arrivals** (+18% vs. 2019), the increase in overnight stays (+21% vs. 2019), and upgrades in hotels size and quality. By contrast, the average bed capacity utilization in the EU27 is 50%.

The hotel industry's low capacity utilization is confirmed by a second indicator, **the ratio of non-resident hotel guests to all foreign arrivals.** Despite the increase in international arrivals, the ratio has remained constant at a level of **11–12%** over the past five years, highlighting once more the relatively "limited use" of hotels. This demonstrates that, when compared to alternative forms of lodging like second or family homes and rooms-to-let, **hotels represent a small portion of the hospitality industry in Albania.**

The two indicators highlight four key features of the Albanian tourism sector:

1. **Seasonality** – In most of the destinations, arrivals are not uniformly distributed throughout the year, with the summer months seeing the highest concentration.
2. **"Patriotic tourism"** – Given that the bulk of foreign visitors (estimated as 70%) are of Albanian descent, it is likely that they primarily stay in their personal or family homes.
3. **Low budget markets** – The bulk of international visitors to Albania are from neighboring countries and Eastern Europe. As such, they typically spend less and favor less expensive lodging choices like home-sharing and rooms-to-let.
4. **Informality** – Informality and a possible underreporting of the real number of guests could also be a factor in explaining the limited level of hotel utilization.

Hospitality Presence In Booking.com

Booking.com is one of the largest and most popular market-places for hotels worldwide. Hotels in Albania also make extensive use of this platform. As such, harnessing data from it can provide very useful insights on the hotel industry in Albania. In June 2022, a data scraping exercise using a web-crawler was conducted to gather information about hotels and guesthouses listed in the platform.

After the scraping exercise, **a total of 2,169 accommodation units (1,555 hotels and 614 guesthouses)** resulted to be listed in the platform on the night of June 29-30, 2022. Specific information on each such as the lodging's name, type, location, number of reviews (numerical and categorical), size and price were collected.

The distribution of hotels is depicted on the Albanian map to the left, with **the reddish-hued municipalities having the highest concentration.** The counties with the **highest share of hotels** listed on Booking.com are **Vlora (43%)** and **Tirana (15%).** In Saranda alone, there are more than 500 hotels spread across its 60 km2 (804 hotels/100 km2). **60% of the lodgings are found near the seaside**, 26% are found inland, and the remaining lodgings are found in Tirana.

A standard hotel room for two guests would cost **50 Euros** per night between June 29-30, 2022. Himara had the most expensive lodging (around 250 Euros), while Berat had the least expensive one.

There are reportedly **150,000 bed spaces** available in hotels and guesthouses listed on Booking.com.

Density of hotels and guesthouse listed in booking.com, June 2022

Capacity
~ 60,000 rooms*
~ 150,000 beds**

Grades share (stars)

★	0%
★★	2%
★★★	67%
★★★★	29%
★★★★★	3%

(as rated by Booking.com)

Avg Price/standard room (29 June 2022)
~ 40 Euro in Guesthouses
~ 51 Euro in Hotels

Avg reviews score: 8.9 (Fabulous)

Quick facts
Overall   7.8 Hotels/100 km2
Saranda 804 Hotels/100 km2

The data used to build this map are collected from the web page Booking.com (29 June 2022) using a web-crawler. Accommodations are searched separately for every Albanian county in order to collect more data due to a limit of 1000 results per search.Only "hotels" and "guesthouses" were selected in the search criteria

*Estimates of room capacity are based on an average of 30 rooms per "hotel" and 6 rooms per "guesthouse"**Estimates of bed capacity are based on the coefficient 2.3 beds/room.

Number and type of accommodation units licensed and certified by the Ministry of Tourism and Environment

Type	#
5 Star Hotels	5
Agrotourism	39
Hostels	90
Dormitory	18
Camping	10
Hotels	935
Motels	26
Resorts	12
Guesthouses	327
SPAs	16
Total	**1478**

1,478 Units

Source: Ministry of Tourism and Environment, Monthly Bulletin, May 2022

Booking.com

2,169 Units

Booking.com vs. Official data

Although measuring the level of visibility of Albanian hotels on Booking.com was the main objective of the data analysis, it also yielded some interesting results.

Based on scrapped data from Booking.com, there is **a significant difference** between the official number of lodging units reported by the Ministry of Tourism and Environment and those registered in the platform. The MoTE's monthly bulletin for May 2022 contained a list of **1,478 certified and licensed lodging establishments,** including hotels, guesthouses, bed and breakfasts, campgrounds, motels, resorts, and agrotourism units. However, there were 50% more of these units available on the global platform: **2,169 in June 2022** (restricted to hotels and guesthouses).

The significant gap between actual and official figures raises concerns on the existence of informality in the hotel industry.
Internet booking platforms enable companies like hotels, guesthouses, and tour operators to sell directly to customers who would otherwise be difficult to reach; yet, because of the low barriers to entry for these channels, they also foster informality. Booking.com requires new users to go through a lengthy verification process in order to assure location accuracy, **but it does not appear to verify the formal status of accommodation units** (whether they are a certified or licensed).

Data from Booking.com were once more scraped on October 20, 2022, employing the same technique. There were **1,132 "hotels"** and "guesthouses" available to clients this time around, which represents a **-50% decrease from June.** The decrease can be attributed to the time period during which the data was collected, demonstrating that some lodging options are only accessible during the summer and that small, family-run hotels are more likely the places where informality might occur.

Home-Sharing And Short-Term Rentals

As was previously noted, a large number of hotels or other lodging establishments listed on Booking.com may not possess a valid license to offer lodging services, leading to unfair competition in the industry. AirBnB rentals paint a similar picture.

The impact of AirBnB on the hotel industry in Albania was assessed using data from AirDNA, a short-term rental data analytics tool that collects data on the global home-sharing platform. Currently, 10 Albanian destinations are tracked by AirDNA.

The table on the left displays key data about Albanian house rentals obtained from AirDNA. The table includes the number of rentals available in the third quarters of 2019 and 2022, as well as the median monthly occupancy rate, average price, and median monthly revenue for 8 locations, representing the country's top tourist destinations.

In the third quarter of 2022, **Vlora County,** which has the most properties posted on AirBnB compared to other counties, had over **7000 apartments listed**, a **+77%** increase from the same period in 2019. About 40% of this country's rentals, are located in Saranda (2,745), with the latter showing the highest concentration of such rentals. The number of rental units increased significantly in each of the locations in 2022 as compared to 2019, but **Tirana city set the record with a number that was twice as high.**

Tirana appears to have the highest occupancy rate in comparison to other locations, demonstrating its all-year-round appeal. While the lowest occupancy rates are displayed by Elbasan and Korca counties, at 13% and 17%, respectively. An apartment located in the southern coastline or downtown Tirana would typically generate over 450 Euros/month in rent, whilst an apartment located farther north or in a historic city would bring in 20–40% less.

Overall, based on available data, it is estimated that **the home-sharing and short-tern rentals' sector generates annual total revenues of around 20 millions Euros.**

Key figures for rentals in Airbnb in Albania, AirDNAdata

Table data are built on the web-scraped Airbnb data available from AirDNA (AirDNA is a short-term rental (Airbnb) data analytics tool that obtains data through web scraping). The table displays the most key information on Albanian housing rentals, including the number of rentals available in the third quarters of 2019 and 2022, the median monthly occupancy rate, the average price, and the median monthly revenue for 8 destinations.

	Tirana city	Vlorë county	Durrës county	Shkodër county	Golem area	Korcë county	Berat city	Elbasan county
# of rentals Qrt 3, 2019	1,452	3,953	913	347	372	263	117	75
# of rentals Qrt 3, 2022	**2,944**	**6,991**	**1,573**	**641**	**619**	**453**	**234**	**105**
Growth rate (vs. 2019)	**103%**	**77%**	**72%**	**85%**	**66%**	**72%**	**100%**	**40%**
% of rentals booked for up to 90 days	78%	92%	89%	88%	96%	95%	84%	98%
% of rentals booked for 91-180 days	15%	7%	10%	11%	4%	4%	13%	2%
Occupancy Rate	**50%**	**41%**	**39%**	**31%**	**29%**	**17%**	**27%**	**13%**
-Lowest occ.rate	35%	11%	18%	12%	11%	7%	13%	6%
-Highest occ.rate	63%	65%	61%	61%	48%	26%	40%	28%
Average Daily Rate (€)	€40	€52	€52	€39	€55	€42	€31	€42
Median monthly revenue (€)	€423	€490	€444	€306	€416	€206	€241	€120

Source AirDNA

Estimation based on the above data

	Tirana city	Vlorë county	Durrës county	Shkodër county	Golem area	Korcë county	Berat city	Elbasan county
*Revenue for rentals booked for 90 days (mln. Euro)	€2.91	€9.45	€1.86	€0.52	€0.74	€0.27	€0.14	€0.04
**Revenue for rentals booked for 91 to 180 days (mln. Euro)	€1.12	€1.44	€0.42	€0.13	€0.06	€0.02	€0.04	€0.00
***Total revenues/year (mln €)	€4.03	€10.89	€2.28	€0.65	€0.80	€0.29	€0.19	€0.04

* Estimation based on the % of booked rentals for up to 90 days and the median monthly revenue (% booked for up to 90 days x # of rentals x monthly revenue x 3 months)
** Estimation based on the % of booked rentals for 91- 180 days and the median monthly revenue x # of rentals x monthly revenue x 3 months).
***The total is calculated as the sum of Estimation 1 + Estimation2. Revenues from rentals booked for more than 180 days are not included.

3

Tourism and Hospitality Perspective

Survey and Focus Groups

Content:

- Capacities, Amenities and Seasonality Patterns
- Reservation Channels
- Clientele Nationality
- Marketing, Products and Pricing
- 2022 Season Performance
- Expectations on the future
- Main Challenges
- Promoting Factors
- How can the government support?
- Government initiatives with a positive impact

Accommodation Unit Type
N=216

Sample distribution by accom. unit size
By room capacity

- Small (up to 15 rooms)
- Medium (16-30)
- Large (30+)

	Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirok.	Pogradec Korçë	Tiranë
n	31	40	69	23	28	24
Large (30+)	48%	43%	29%	4%	25%	42%
Medium (16-30)	29%	40%	29%	26%	21%	33%
Small (up to 15 rooms)	23%	18%	42%	70%	54%	25%

Hotels **81%**

Resorts **10%**

Guesthouses **8%**

Facilities

	Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirok.	Pogradec Korçë	Tiranë
Bar	87%	74%	87%	61%	89%	96%
Restaurant	77%	79%	64%	48%	68%	67%
Beach parasol	48%	51%	39%	0%	21%	0%
Other (MICE, lounge	39%	15%	21%	9%	25%	38%
None of the above	13%	18%	13%	35%	7%	0%

% of hotels operating year-round

75% 52% 52% 83% 96% 100%

- All-year round
- Spring/Summer/Autumn
- Only summer/winter

% of seasonal employees

Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirok.	Pogradec Korçë	Tiranë
41%	73%	60%	43%	30%	3%
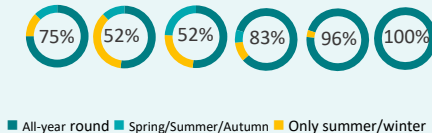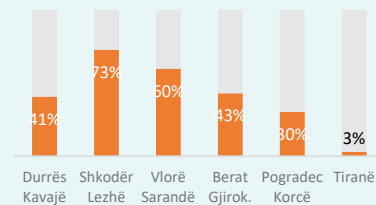
Meeting, Incentives, Conferences and Exhibitions

Capacities, Amenities And Seasonality Patterns

In order to understand the profile of the surveyed lodging units, key characteristics regarding their amenities, prices, occupancy rates, employees, type of clientele, and seasonality patterns were gathered through the survey. When comparing these characteristics across the six main destinations of interest, interesting differences emerged.

Capacities

Hotels constitute 81% of the sample, followed by resorts (10%) and guesthouses (8%) (based on self-declarat). The distribution of accommodation units by size (in terms of number of rooms and beds) suggests that large hotels — those with a capacity of 30 rooms or more —are concentrated mostly in Tirana (42%), Durrës/Kavajë (48%) and Shkodër/Lezhë (43%). In the regions of Pogradec/Korçë and Vlorë/Sarandë, the share of large hotels is lower, at 25% and 29%, respectively. On the other hand, historical cities like Berat and Gjirokastër are typically characterized by small, family-run accommodation units.

Services

In all six destinations of interest, the majority of surveyed accommodation units have facilities like bars and restaurants. MICE (Meetings, Incentives, Conferences, and Exhibitions) services are mostly provided by hotels in Tirana (38%) and Durrës/Kavajë (39%), indicating that these locations are the most convenient for business guests given their proximity to Tirana.

Seasonality

More than 50% of the hotels along the shore, particularly those in Vlorë/Sarandë and Shkodër/Lezhë, are seasonal, in contrast to hotels in Pogradec/Korçë, historical sites (Berat, Gjirokastër) and Tirana, which operate year-round. The proportion of seasonal employees (employees hired only during the summer) is likewise relatively high for hotels located in Vlorë/Sarandë and Shkodër/Lezhë (respectively 60% and 73%). It is interesting to note that, despite operating year-round, hotels located in Pogradec and Berat/Gjirokastër tend to hire extra staff in the summer. Whereas, hotels located in Tirana, although open year-round, do not seem to display such seasonality pattern.

Reservation Channels

Reservation Channels

Preferred reservation channel
Albanian vs. International tourists

Albanians
- Direct contact **53%**
- Social media **19%**
- Booking.com **14%**

Internationals
- Booking.com **69%**
- Tour operator **12%**
- Direct contact **10%**
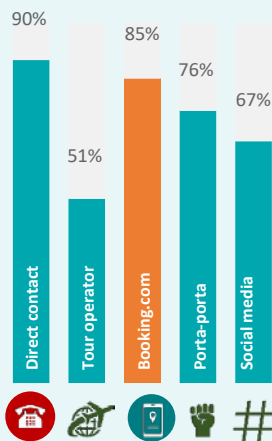
Albanians' preferred reservation channel

Internationals' preferred reservation channel

	Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirok..	Pogradec Korçë	Tirana
☎ Direct contact	87%	93%	89%	81%	100%	87%
✈ Tour operator	**80%**	**30%**	**48%**	**57%**	**36%**	**74%**
🌐 **Online platforms**	**90%**	**63%**	**92%**	**100%**	**71%**	**96%**
⛴ Porta-a-Porta	77%	85%	72%	81%	61%	83%
# Social networks	83%	68%	65%	67%	71%	48%

Reservation Channels

Hotels were asked on the most common reservation channels used by their guests. Most of them claimed that their guests use both **direct contact with the hotel via phone or website (90%)** as well as **global booking platforms like Booking.com or Tripadvisor.com (85%).**

Booking.com seems to be wildly used across all destinations, aside from Pogradec/Korçë and Shkodër/Lezhë where the platform seems to be used at a lower rate (63% and 71% respectively).

It's interesting to note that **more than two thirds of the hotels reported getting booking inquiries via social media** (Facebook, Instagram). Although this booking channel is considered "direct contact," it shows how much effort lodging establishments are putting into being visible and reachable by social media users.

Additionally, 80% of hotels in Durrës/Kavajë and 74% of those in Tirana **claim to be receiving reservations also through tour operators,** indicating a stronger relationship among hotels, tour operators, and travel agencies in these locations compared to other destinations.

When asked about the most popular reservation channels among their Albanian guests, half of the surveyed accommodation units identified "direct contact" (53%), followed by "social media" (19%) and booking.com (14%). **International guests**, on the other hand, seem to prefer "Booking.com" (69%).

Clientele Nationality

In order to determine differences in terms of clientele nationality across the six destinations (internationals vs. domestic), accommodation units were questioned on the type of clientele they are hosting. In addition, they were specifically asked on the proportion of Kosovo Albanian tourists among their customers.

Aside from **Pogradec/Korçë** region, which seems to be more **dependent on domestic tourism**, accommodation units in the other five regions reported relying mostly on international guests. Tirana hotels, in particular, host the highest share of international guests (82%). Shkodër and Lezhë hotels, on the other hand, are mainly dependent on visitors from Kosovo.

Focus group discussions confirmed the increasing trend in the number of foreign tourists, especially those from EU countries, especially during 2022. According to focus group participants, this is primarily due to the introduction of low-cost flights to Tirana Airport and an overall increase in the number of incoming flights in the country. Another key factor identified is the intensified promotion of Albania as a tourism hotspot in many western media outlets.

The **increase in the number of international tourists** is perceived as a key factor in extending the tourist season duration, something that according to providers in the sector is much needed for the survival and development of the industry. While Albanians favour the summer, particularly August, for travelling, **foreigners typically visit Albania from early spring to late fall.** Inbound tour companies, hotel owners in non-coastal districts, particularly in Berat and Gjirokastër, as well as large hotels along the Durrës-Kavajë coast, appear to be the main beneficiaries from this.

Distribution of surveyed accommodations by clientele nationality International vs. domestic guests (N-216, W1 data)

■ % of Kosovo Albanians ■ % of Internationals ■ Albanian residents

	Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirok.	Pogradec Korçë	Tiranë
Albanian residents	26%	38%	31%	27%	63%	18%
% of Internationals	74%	62%	69%	73%	38%	82%
% of Kosovo Albanians	27%	50%	35%	10%	13%	27%
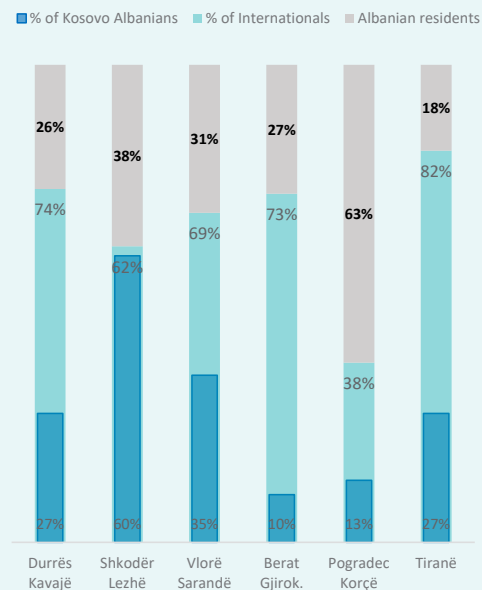
Focus Group discussions with accommodation units and tour operators allowed for a deeper dive into the different types of tourists visiting Albania and their respective impact in different regions of the country.

Eastern European tourists

Based on the tour operators accounts, but also accounts from hotel owners and managers, Eastern European tourists are usually part of organized trips in large groups, put together by local providers in co-operation with tour operators in their home countries. They mainly prefer the seaside and tend to visit the north and central coast, as well as large seaside cities in the south such as Sarandë and Vlorë. **Poland is a key origin country for this type of visitors.** While this year absences from Ukraine were compensated by the new tourists' groups coming from the Czech Republic. Belarussians and Russians also tend to visit in organized tour groups, but their numbers are way smaller. Based on accounts from the participants, these groups typically stay in one place, or visit few destinations for an average of 5-7 nights in total.

Western Europe tourists

Hotel owners **reported seeing an increasing number of guests from Western Europe this year,** primarily individuals or small groups, not organized by operators. Italians appear to be the predominant nationality in this group, while the Netherlands, France, Germany, Belgium, and the UK are also frequently cited. **This year, travelers from Spain were a "new entry",** which was commonly remarked with surprise by the participants. This appears to be influenced by the introduction of direct low-cost flights from Spain to the airport Tirana.

Quotes From Focus Groups Discussions

"Foreign tourists are the bulk of our business" - Hotel Owner, Golem

"There has also been good marketing for Albania abroad these last years. So many articles in foreign newspapers saying you should visit Albania" – Hotel Manager, Gjirokastër

"All m maga thing the C other

"One important reason [for the increase in foreign visitors] is the availability of cheaper flight tickets to Tirana… for the first time there were many tourists from Spain and I think that's because WizzAir introduced a direct flight to Tirana " – Hotel Manager, Sarandë

"Large groups are n Eastern Europe, the or Nordic Countries typical for these gro

"In our city there are three waves of foreign tourists, first in spring, then summer, then fall. We're still working" – Hotel Manager, Berat

"Foreign Tourists tend to go either north or south, and then they divide their journey 2 days here, 1 day there in order to see everything. If they come south, they go to Berat then Gjirokastër then Sarandë or Vlorë for the beach…" – Hotel Owner, Gjirokastër

"We mainly operate with local customers or tourists from Kosova…the proper workload is only in August" – Hotel Owner, Velipojë

> "...major newspapers and ...azines are writing good ...gs about us. Lonley Planet, ...Guardian, the NYT, and many ...s" – Tour Guide

> "This year we had visitors from countries that had never visited us before. From Spain, from Belgium, the Nordic Countries" – Hotel Owner, Berat

> "...mainly from Poland or ...re are also Germans ...s, but the east is ...ups." – Tour Guide

> "One very important improvement [in the tourism sector] in Durrës is that we're not sesonal businesses anymore. We are open year-round. And it's because of the foreigners. I just had a very large group come today from Germany… it's late October, who would have thought this would be possible a few years ago. We need to be grateful for this" – Hotel Manager, Golem

> "[Foreign] Tourists are our main focus from April until October. But also Albanians are present in my hotel. And they are important in the winter months over the weekends. They keep us 'afloat' during winter" – Hotel Owner, Gjirokastër

> "It's a very good sign for us that more and more "quality" tourists are coming to Albania. It shows that Albania as a tourism product has gone up the ladder a step or two" – Tour Operator

Operators across the field appear to be satisfied with the rise in visitors from Western Europe, who are seen as "better quality" travelers and are perceived to spend more on tourism-related services. According to the participants, this particular category of tourists tends to travel more while in Albania and chooses to visit cultural, natural, and seaside locations during this time. Their stays in each hotel are thus shorter.

Regional & domestic tourists

The bulk of service providers in the tourism industry do not seem to currently view **visitors from the region (Kosova, North Macedonia, etc.) and Albanian tourists as their primary priority, despite acknowledging their significant contribution during "the pandemic years".**

However, in a number of locations, such as the southern coast (village settlements from Llogara down to Sarandë), some hotels in Durrës, and the northern seaside communities of Shëngjin and Velipojë, Albanian and regional tourists seem to constitute the primary source of income for the hospitality sector. These travelers typically spend less money but stay longer than other international travelers, according to the descriptions offered during the focus group discussions.

Business owners and managers who serve local or domestic tourists are concerned about a shorter tourist season, primarily concentrated during the height of summer (late July and August). The majority of them claim to be seasonal enterprises that don't operate outside of the summer.

Domestic tourists, on the other hand, seem to be a significant source of business for hotels in Gjirokastër and Berat during the winter months, according to hotel owners in those cities.

Marketing channels

By size (number of employees) (N-216, W1 data)

○ 1-6 empl. (n=65) ● 6-15 empl. (n=84) ● 15 + empl. (n-65)

Social Networks	**81%** ... 39% ... 93%
Google search	42% ... 51%
Marketing through Tour Operators	33% ... 28%
Marketing through VIPs, bloggers or...	18% ... 25%
Promotion through e-messages/whatsapp	17% ... 4%
Other	3% ... 3%
None of the above	10%
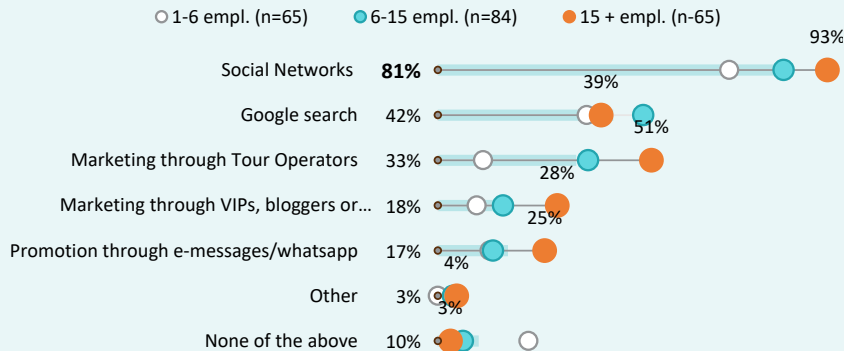
Touristic products

N=216, W1 Data

Better prices for early reservations	55%
Free products for guests with longer stays	33%
Special holiday packages (New Year, November...	23%
Loyalty program for regular customers	20%
Itineraries in tourist attractions (museums)	17%
Tasting (wines, local food)	12%
Other	3%
None of the above	26%
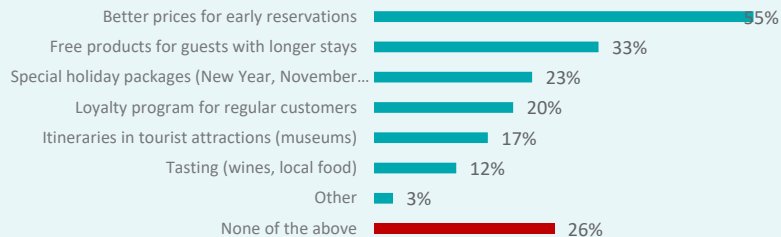
Pricing -Do you change room prices depending on the following

N=216, W1 Data

... on the season	63%
... on the length of stay	51%
... on the packages (eg discounts if many people, or...	39%
... on demand	37%
... on the competition	29%
... on the client	27%
... on the flexibility to cancel the reservation	13%
We never change them	13%
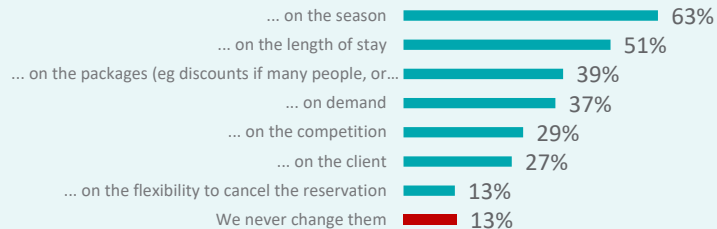
Marketing, Products And Pricing

Marketing Channels

Hotels overwhelmingly stated that **they use social media** when asked about their strategies for attracting clients. The hotel size, however, seems to determine the type of marketing strategy employed. Larger hotels report to be making use of VIPs/Influencers/bloggers or tour operators to a significantly higher degree than smaller hotels.

Touristic products

When asked to name specific touristic packages that they had launched in the last few years, 55% of the hotels mentioned **"better prices for early reservations",** followed by **"free products for longer stays"** (33%) and "special holiday packages" (23%).

It is interesting to note that only **one-fifth of hotels offer "loyalty programs",** regardless of their size or location. Furthermore, only 17% of surveyed hotels offer itineraries to tourist places. Packages that incorporate wine tasting and culinary activities are even more uncommon.

Pricing Policies

When asked about the factors influencing their room rates, **"the season"** was the most commonly cited factor (63% of the surveyed hotels), followed by the "length of stay" (51%) and "discounts for groups or families with kids" (39%).

2022 Season Performance

Accommodation units were questioned on their monthly occupancy rates from May to August and their average rate for a standard double room (in both survey waves).

Occupancy rates in all six destinations increased steadily during over the summer, reaching the peak in August. In hotels along the shore, **they almost tripled in August, rising from ~30% (May) to 83–90% (August), indicating thus a significant demand during this month.**

Whereas in Tirana, occupancy rates increased by +13% in August, after essentially remaining constant between May and July. Similar trends may be observed in Berat and Gjirokastër, where occupancy rates peaked in August at 76%, increasing by +25% from May. With a maximum occupancy rate of 65% in August, hotels in the Pogradec/Korçë region seem to have performed worse in comparison.

Price/Room and monthly RevPAR
Based on the survey data, t**he most expensive hotels seem to be those in Vlorë/Sarandë** (95 Euro/night in August), followed by Durrës/Kavajë and Tirana. While the least expensive ones seem to be those in Berat and Gjirokastër. The regions of Durrës/Kavajë and Vlorë/Sarandë show the highest increase in standard double room rates compared to July 2019 (+21%). While in Berat/Gjirokastër and Tirana, room rates seem to have increased only by 9% and 7% respectively.

The highest average monthly Revenue per Available Room (RevPar) is generated in hotels of Vlorë/Sarandë (1,630 Euro), Durrës/Kavajë (1,340 Euro) and Tirana (1,260 Euro), followed by Shkodër/Lezhë (940 Euro), Berat/Gjirokastër (720 Euro) and Pogradec/Korçë (700 Euro).

Occupancy rate, May-August 2022
N=217, W1 Data (May, June), N=174, W2 Data (July, August)
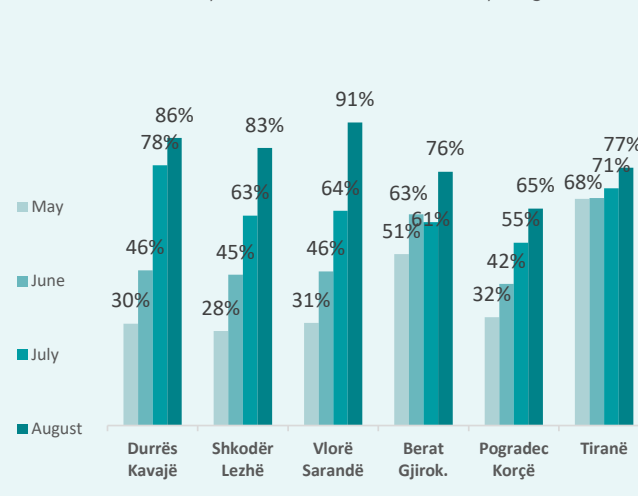
Price	Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirok.	Pogradec Korçë	Tiranë
July '19	52€	45€	62€	33€	38€	54€
July '22	63€	51€	75€	36€	43€	58€
Increase	**+21%**	**+13%**	**+21%**	**+9%**	**+13%**	**+7%**
August '22	**71€**	**50€**	**95€**	**39€**	**47€**	**63€**
Summer avg. monthly RevPAR*						
(calculated as avg. of Jun-Aug, rounded fig.)	**1,340 €**	**940 €**	**1,630 €**	**720 €**	**700 €**	**1,260 €**

*RevPAR formula:
RevPar June: Price June*Occupancy rate June*30 days
RevPar July: Price July*Occupancy rate July*30 days
RevPar August: Price August*Occupancy rate August*30 days
Summer avg monthly RevPAR= Average (RevPAR June, RevPAR July, RevPAR August)
– rounded to 10.

Occupancy rate, May-August 2022
N=217, W1 Data (May, June), N=174, W2 Data (July, August)

Legend:
- Hotel opened in 2022
- Not sure
- 2022 - best year
- 2021 - best year
- 2019 - best year

Chart data by destination:

Durrës Kavajë: 2022 - best year 27%, 2021 - best year 27%, 2019 - best year 33%

Shkodër Lezhë: 2022 - best year 44%, 2021 - best year 32%, 2019 - best year 12%

Vlorë Sarandë: 2022 - best year 41%, 2021 - best year 28%, 2019 - best year 21%

Berat Gjirok.: 2022 - best year 53%, 2021 - best year 3%, 2019 - best year 30%

Pogradec Korcë: 2022 - best year 46%, 2021 - best year 11%, 2019 - best year 39%

Tiranë: 2022 - best year 59%, 2021 - best year 7%, 2019 - best year 21%

Polled accommodation units were asked to evaluate the best tourist season for their business, among 2022, 2021 and 2019. **Tirana hotels appear to be the most satisfied with 2022, followed by Berat and Gjirokastër,** with respectively 59% and 53% of hotels in each destination stating that "2022 was the best season among the three".

Focus group talks found that 2022 is viewed as being quite a unique year in terms of how difficult it was to predict business and how dynamic and unexpected it has been.
In some cases, worries about the conflict in Ukraine and the ensuing price crisis were proven unfounded, while for others, the absence of domestic tourists, who were a major source of revenue in the previous years, significantly hurt this year's performance.

Accommodation units' perceptions of 2022 as a whole, appear to be heavily influenced by the increase in international visitors. In this regard, focus group participants expressed happiness with the higher numbers of foreign visitors as well as the greater "quality of visitors", suggesting visitors who have a tendency to spend more.

Even operators who believed that 2022 would only be an "ok year" anticipated that revenues for 2022 would be favourable. The increase in the prices they charge starting from 2022 appears to be the main contributing element in this regard.
A common denominator for providers who were satisfied with 2022's performance was that they all operate in regions where the tourist season lasts longer and rely heavily on foreign tourists for revenues.

While **Tirana's emergence as a summer tourist destination for foreign visitors,** which according to managers is a phenomenon that occurred in the last two years and was particularly felt in 2022, appears to be an important positive development for hotels in the capital.

Quotes From Focus Groups Discussions

"The first word that comes to mind [when talking about the 22' season] is unpredictable…started in a way and ended up completely different" – Hotel Manager, Llogara

"It's been the best year ever, more foreign visitors and better "quality" customers" - Hotel Manager, Tirana

"When it comes to revenue it will be higher, regardless of the number of tourists, because everybody increased their prices" – Hotel Manager, Tirana

"This has been one of the best years for Gjirokastra. We were very unsure in the spring because of the war and many cancellations, but then in the summer, we had so many [tourists] that it made up even for the losses in the spring. And they [foreign toursists] are still coming, its not finished yet" – Hotel Owner, Gjirokastër

"Summer used to be a "sleepy period for us"…we would let our staff go work in the seaside areas because the influx was lowest in the summer…however, last year, because of Middle East tourists and this year's many Western [Europe] tourists, summer has become the most important season" – Hotel Manager, Tirana

How do you expect the number of International & Domestic Tourists to change over the next three years?
Wave 1 and Wave 2 data

Legend:
- DK/NA
- Hard to predict
- They will decrease a lot
- They will decrease
- Equal
- They will increase
- They will increase a lot

International:
- 15% (Hard to predict)
- 0%
- 5% (They will decrease)
- 9%
- 52%
- 17%
- Increase **69%**

Domestic:
- 10%
- 4%
- 14%
- 40% — The same **40%**
- 27%
- 3%
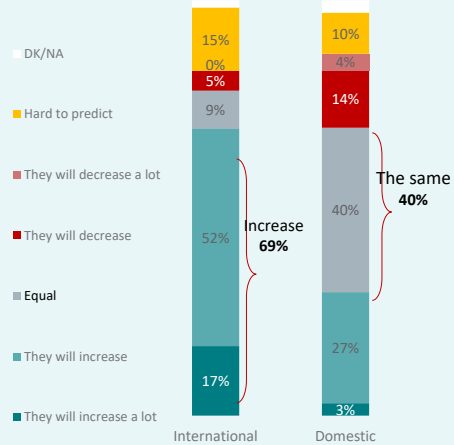
Quotes From Focus Groups Discussions

> "It's the most difficult business to be in because you can not predict anything. We thought we weren't going to have any tourists this year when the war started and there were many cancelations and then we got many in the summer. Now the situation looks very good but who knows… god forbid there's an even bigger war…" – Hotel Owner, Gjirokastër

> "From bookings for next year it looks very good, but you never know. As we explained this is a very risky business" – Tour operator

Expectations On The Future

Expectations on the number of tourists over the next three years
When asked on their expectations for the influx of international tourists over the next three years, s**urveyed hotels show optimism;** about 70% of them think that the number of foreign visitors would increase.

On the other hand, when it comes to **domestic tourists,** there seems to be disagreement: **40% of hotels expect the influx of domestic visitors to remain the same**, 30% believe the number will increase and 18% state that it will decrease.

Focus group discussions reveal that operators are hesitant to make predictions on the future. The vast majority state that the industry is difficult to predict and vulnerable to many external factors such as the pandemic, wars and economic crisis.

The only participants who could somehow make an analysis of the 2023 season were tour operators and large hotel owners and managers, who have already started closing their bookings. They believe that next year promises to be lucrative, just as 2022 or even better.

Main Challenges

Labor shortages

Challenges related to staff, such as "finding and retaining staff" (56%) and "unqualified staff" (27%) are cited as the most prominent issues currently facing the hospitality industry. In fact, 75% of the polled accommodation units claimed that, at the peak of the tourist season, they would need approximately +35% more employees that they are able to find. Concerns on the issue are confirmed by focus group discussions. During the discussions, hotel representatives stated that although industry salaries have been steadily rising over the past few years, to the point where previously low-paying jobs in the sector are now being paid more than office jobs, this still hasn't solved the issue.

Hotel representatives claim that **skilled workers migrating, primarily seasonally, to work in the tourism business in the EU and surrounding countries, is the primary reason for labor shortages in the sector.** The general **emigration of young people** is another factor mentioned. Representatives from hotels point out that there are severe labor shortages, particularly in sanitary posts, which were previously filled by middle-aged women who are now retiring. Despite rising wages in recent years, young people do not favor this form of labor.

The majority of surveyed hotels claim to be paying "**salaries higher than the market**" (53%) and **"offering salaries throughout the year"** despite seasonality (45%) to cope with labour shortages. It is interesting to note that **5% of the surveyed hotels claimed to have turned to international labor markets** (mostly from South-East Asia based on focus groups discussions) to cope with labor shortages. However, there seems to be disagreement on this solution's efficacy. The majority argued that hiring foreign workers is unproductive due to the higher costs of housing and related expenses as well as the difficulties international workers encounter in "learning local customs and ways of work."

The fact that foreign workers commonly used Albania as a stopover on their way to the EU or other western nations was brought up as another problem, eventually leading to the same challenge as local workers.

What are the three main challenges your business is currently experiencing?
W1 and W2 average (W1, N=216; W2, N=174)

Challenge	%
Finding and Retaining Staff	56%
Rising Prices	49%
Global challenges (Inflation, Covid, war etc)	40%
Unfair Competition	31%
Unqualified staff	27%
Infrastructure (roads, 24/7 power, 24/7 water)	26%
Informality	11%
Corruption	7%
Demanding customers	6%
The Online reputation of the business	3%
Internal management problems	2%
Lack of liquidity	2%

75% need apprx. +35% more staff
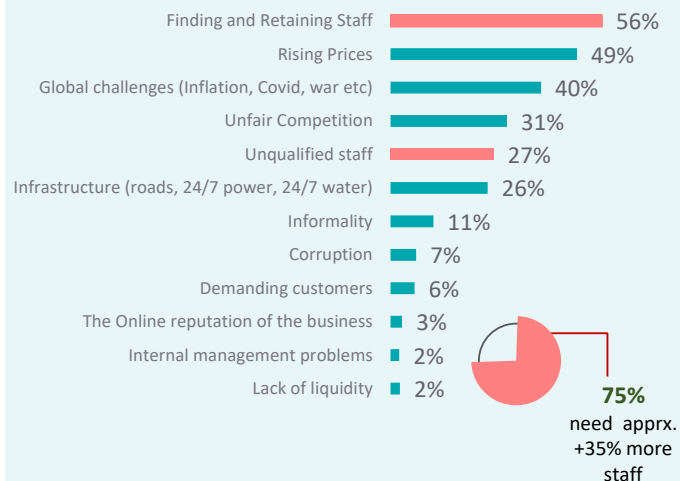
What measures are you taking to retain staff?
W1 and W2 average (W1, N=216; W2, N=174)

Measure	%
Salaries higher than the market	53%
Salary throughout the year	45%
Extra benefits	28%
Workload reduction	22%
Continuous Training	19%
DK/NA	12%
No measure	6%
We employ foreign staff	5%
Other	4%

Quotes From Focus Groups Discussions

"Garbage…a major problem. Its worthless that we keep our spaces clean, they [foreign tourists] find garbage as soon as they are outside the hotel door" –Hotel Manager, Golem
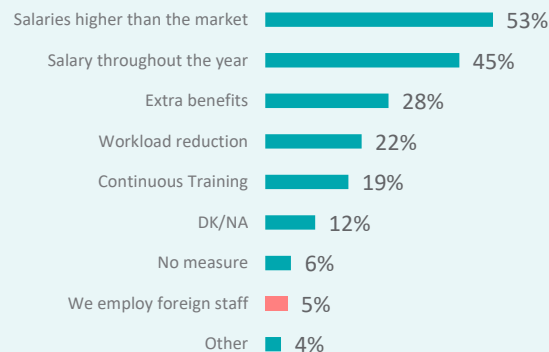
"We are categorized as a large business by the government [tax authorities] and as such from January first we have been paying energy bills at market price, which is 4 or 5 times higher than it was last year" – Hotel Manager, Tiranë

"We need roads. Can you guess how long it can take a tourist to come from Muriqan to Velipojë….up to 5 hours. Can you imagine. It's a tourture, why should they [tourists] come" – Hotel Owner, Velipojë

"I have felt the war, or better say the inflation because of the war… I work with large groups and bookings for the year are concluded the previous fall… I've lost so much because every ingredient's price has increased and also because we operate in Euros which is now worth much less" – Hotel Owner, Durrës

"The government have made some good investments in infrastrucutre but sometimes it takes such a long time to finish public works. The underground parking here [Gjirokastra] is taking forever. And meanwhile it is complete chaos. Guests have to come through some roads that aren't meant for cars to the hotel because there's no other way" – Hotel Owner, Gjirokastër

Rising prices and the war
"Rising prices" (49%) and "Global challenges" (40%) are identified respectively as the 2nd and 3rd most cited challenges of the sector. During focus group discussions, hotel owners and managers indicated that current price rises are lowering their profit margins. Nearly everyone voiced anxiety about the future and how potential price hikes, particularly those related to electricity, could endanger their very survival. Participants stated that increasing prices due to inflation rather than investments could threaten one of Albania's primary competitive advantages in the tourism market—the perception that it is a low-cost destination.

Hotels that work with tour operators to bring large groups of tourists on "holiday packages" sold a year in advance, keenly felt the fast rise in prices over the preceding 7-8 months. Tour operators and guides also showed strong concerns regarding the rise in gasoline prices as they saw an increase in their transportation expenses. Due to labor shortages, large hotel owners were also particularly affected by the rise in fuel prices because they must transport their staff daily from their villages to the resorts and back.

Unfair competition
"Unfair competition" (31%) and "Informality" (11%) are also identified as important challenges, mentioned frequently even during focus group sessions, especially by small-scale hotel proprietors and tour guides. The former claim that informal activities are common and run well "with the support" of Booking.com and Airbnb. Tour guides, on the other hand, were particularly worried about tour operators using unlicensed guides in order to cut their costs.

Better infrastructure
According to **26%** of the hotels surveyed, **"infrastructure" is a key challenge.** While acknowledging the advantages of several infrastructure projects (roads in the coastal south mainly), many focus group participants complained about unfinished or long overdue projects in the heart of tourist hotspots that caused traffic and chaos during the season.

The state of **urban waste in touristic areas** was a major point of concern, that came up frequently during focus group discussions. Hotel proprietors, tour guides, and tour operators all related tales of disgruntled visitors as a result of poor waste management. According to them, the perception of Albania as a "not clean" country is widespread among foreign visitors and one of the main drawbacks of their experience in Albania.

The lack of a regular public transportion system, with an easily-accessible, well-defined schedule, was another point of concern which, according to focus group participants was shared by foreign tourists coming to Albania. This absence was felt both in urban as well as interurban transport.

Which of the following incentives best promotes an increase in tourist numbers?

	Durrës/Kavajë	Shkodër/Lezhë	Vlorë/Sarandë
❶ Maintaining a good quality of service	65%	68%	59%
❷ Better infrastructure	63%	63%	55%
❸ Cultural/musical activities and festivals	34%	30%	33%
❹ Lower Prices	20%	31%	22%
❺ Airport near destination	8%	12%	63%
❻ More museums & cultural attractions	31%	7%	11%
❼ More flights	28%	10%	16%
❽ Statistical data on tourism	3%	19%	9%

	Berat/Gjirokastër	Pogradec/Korçë	Tirana
❶ Maintaining a good quality of service	71%	41%	64%
❷ Better infrastructure	34%	41%	43%
❸ Cultural/musical events and festivals	61%	39%	38%
❹ Lower Prices	10%	50%	22%
❺ Airport near destination	20%	20%	6%
❻ More museums & cultural attractions	39%	32%	20%
❼ More flights	35%	4%	45%
❽ Statistical data on tourism	3%	5%	8%

Promoting Factors

Hotel owners were asked to select three out of a list of eight incentives that they believed would help promote tourism. The majority regardless of size or location, concur that **"better infrastructure"** and **"maintaining a good quality of service everywhere"** are the two main drivers contributing to an increase in tourism. However, interesting differences can be noticed among hotels in different locations, providing further insights in terms of the challenges they are experiencing.

About two-thirds of **Vlora County hotels rated "having an airport near their destination"** as the primary tourist driver. Together with **"better infrastructure"** which was also rated as being of high importance, these two drivers suggest that Vlora hotels view infrastructure as essential for the growth of tourism in their region.

On the other hand, **half of the surveyed hotels in Pogradec/Korçë** concur that maintaining "lower prices" will attract more tourists, indicating that they see the rise in prices as an important issue.

In contrast, Berat and Gjirokastër hotels appear to be far more interested in **hosting more cultural events or musical festivals (61%), as well as more museums and cultural attractions, (39%)** than hotels in other regions. This was also noted during focus group discussions, where hotels from these regions provided examples of how similar events had increased tourists' influxes. They also recommended that such events be planned more carefully in order to draw travelers even outside of the normal tourist season.

Hotels in Berat (35%) and Tirana (45%) identify **"more flights"** in particular as a key contributor to the expansion of tourism.

53%
Promotion
of tourism

49%
Tax reductions

43%
Electricity
subsidies

37%
Financial aid
packages

32%
Control
informality
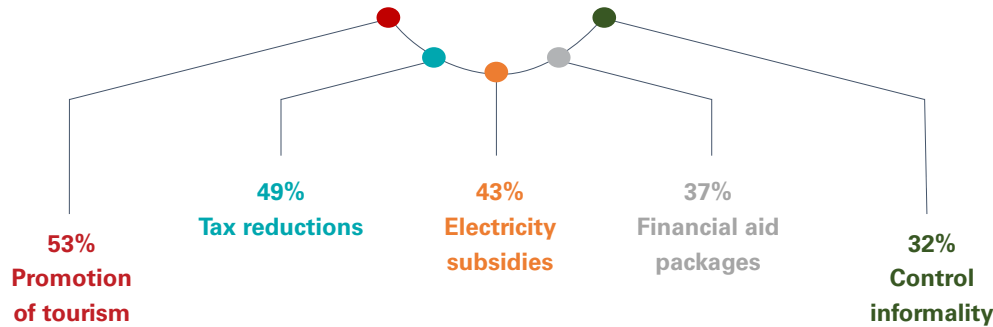
How Can The Government Support?

When asked about their needs for government support, more than half of the surveyed hotels stated that **the government should focus on promoting Albanian tourism around the world,** leaving behind needs for financial incentives. This demonstrates that despite the undeniable necessity for financial incentives, **hotels continue to believe that international promotion plays a key role in fueling tourism growth.**

In terms of financial incentives needed from the government, hotels cite **"tax reductions"** (49%), **"electricity subsidies"** (43%) and **"financial aid packages"** in times of crisis (37%). Tackling informality seems to be important as well, as indicated by 32% of the surveyed hotels.

Promoting Albania internationally as a driver of growth
Focus group participants agreed that a better marketing of Albania as a tourist destination around the world, particularly in the western countries, was directly responsible for the rise in the number of foreign visitors.

They cited articles from prominent American and European newspapers and magazines, TV shows and other media outlets that had covered Albania. Social media "influencers", who are said to be traveling to Albania in increasing numbers, appear to have played a substantial role in addition to traditional media. Tourism operators, believe that Albania's portrayal as an inexpensive, "still wild" adventure destination is a great advantage in this regard.

Tour operators specifically underlined t**he need for participation in international tourism fairs**, and they stated that the government and Ministry of Tourism should promote and facilitate participation.

Which of the following government initiatives has had an impact on your business?
W1 and W2 data

Reduction of VAT to 6%	① 67%
Visa Free Program	② 39%
Increase in the nr. of flights	③ 33%
Removal of property tax	④ 20%
Urban Renaissance	⑤ 19%
Creation of new airports	⑥ 13%
AZHBR funds	⑦ 6%
Other	⑧ 4%
None of the above	11%
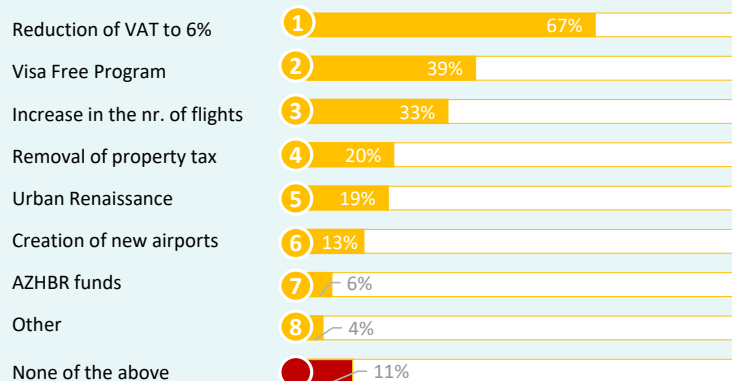
	Durrës Kavajë	Shkodër Lezhë	Vlorë Sarandë	Berat Gjirokast.	Pogradec Korçë	Tirana
Reduction of VAT to 6%	75%	64%	63%	64%	54%	83%
Visa Free Program	33%	29%	44%	37%	30%	57%
Increase in the number of flight	47%	17%	26%	38%	18%	56%
Removal of property tax	31%	8%	24%	17%	18%	23%
Urban Renaissance	13%	17%	24%	31%	16%	8%
Creation of new airports	8%	9%	26%	12%	7%	4%
AZHBR funds	6%	11%	6%	6%	7%	0%
Other	3%	13%	0%	8%	2%	2%
None of the above functions'	6%	14%	13%	11%	20%	2%

Government Initiatives With A Positive Impact On The Sector

Surveyed accommodation units were asked to select the three government initiatives with the most positive impact on their businesses, out of a list of 7 government policies.

The most frequently cited government initiative having a favorable effect on the hospitality sector is **"the reduction of VAT to 6%"** (67%) followed by the **"visa-free program"** (39%) and the **"increase in the number of flights"** (33%). Hotels in all six touristic destinations agree that these three regulations are the most impactful.

Hotels in Tirana seem to be the most satisfied with the outcomes of these three policies, as they mention them more frequently than hotels in any other region.

The majority of participants in focus groups expressed the opinion that, although tourist policies were excellent on paper, execution remained challenging. Regulations governing the employment of licensed guides, which, according to tour guides, are being disregarded by tour operators, were used to illustrate the statement.

4

Urban Population Survey

Findings Report

Content:

- Ratio of Vacation-Making
- Non-Vacationers Profiles
- Vacations in Albania
- Vacations Abroad
- Perceptions Towards Tourism

Have you been on vacation this summer (May-September 2022)?
Urban Population (N=1000)

No, I haven't
been on vacation
39.5%

No trips
24.5%

Overnights &
daytrips
27.3%

Only daytrips
15.0%

Only
overnights
33.2%

Yes, I have been
on vacation
60.5%
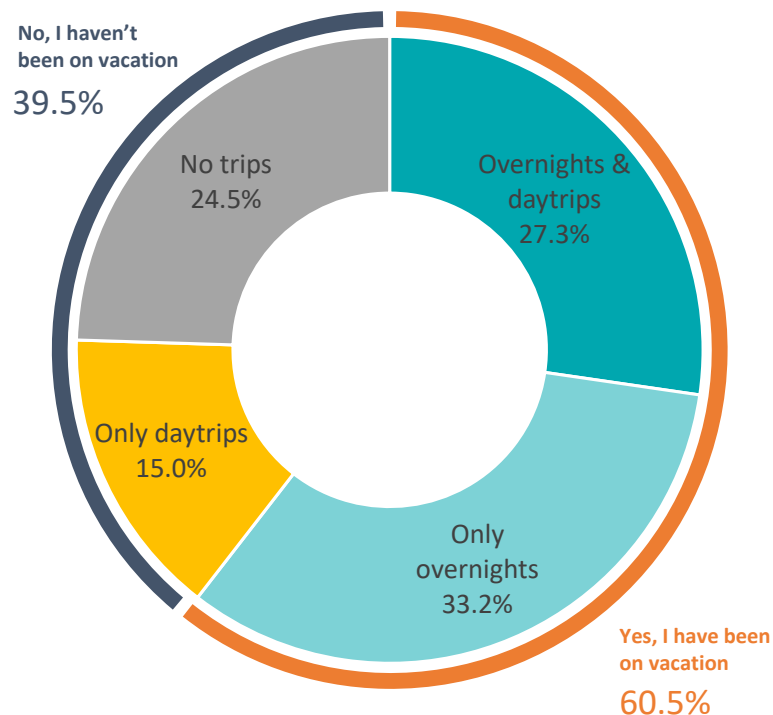
Ratio of VACATION-making*

60.5% of the sample declared to have been on vacation during this period. Almost half of the them, meaning 27.3% of the total, stated to have been on both overnight stays and daytrips.

39.5% of the surveyed urban population in Albania did not go on vacation with at least one overnight stay during the summer of 2022.

While 24.5% did not take any form of leisure or holiday trave;s 15% reported to have been only on daytrips.

*For the purpose of this study, vacations are defined as all journeys for pleasure including at least one overnight stay. Hence, daytrips are not considered vacations.

Distribution of respondents who did not go on vacation during summer of 2022 (no overnight stays)
By socio-demographic variables (N=395)

Only daytrips   No trips

Agegroup			
16-34	16% 15%	**31%**	**52%**
35-59	17% 27%	**44%**	**38%**
60+	8% 48%	**56%**	**14%**

Family income			
Up to 50,000 ALL	15% 41%	**56%**	**27%**
50,000 - 100,000 ALL	17% 16%	**33%**	**52%**
Over 100,000 ALL	11% 6%	**17%**	**65%**

Region			
Center	13% 20%	**33%**	**39%**
North	16% 35%	**51%**	**31%**
South	18% 22%	**40%**	**45%**
National Average	15% 25%	**39.5%**	**38%**

No vacations 39.5%

Likelihood of going on day trips
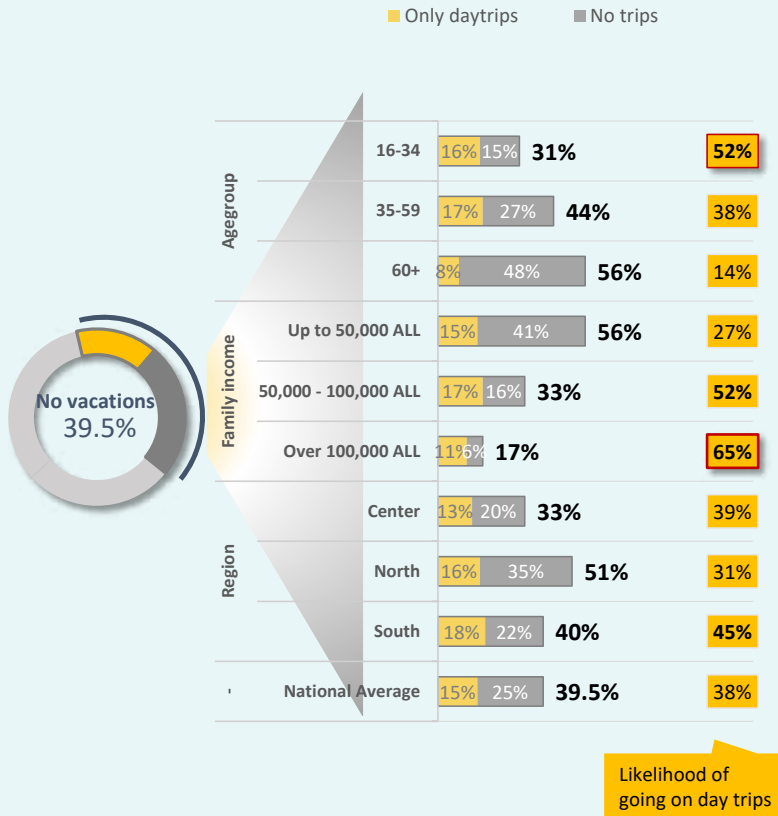
Non-Vacationers Profiles

The rate of those not going on vacation is considerably higher among the elderly. **As such, more than half of those over 60 years of age declared not to have had vacations.** Among them, 48% stated not to have had any daytrips either in the same period.

As might be expected, the rate of "non-vacationers" is also significantly high among low income families. 56% of those living in families with monthly income of 50,000 ALL or lower declared of not having been on vacation during the summer of 2022, with 41% saying they had no trips at all.

The rate of non-vacationers is also high in the Northern counties of Albania, with roughly half of respondents not having been on vacation.

Among the "non-vacationers", **young people and people with higher income are the two groups more likely to take daytrips, followed by people living in the South.** The likelihood of going on daytrips has been calculated as the ratio of respondents who have been on daytrips over the whole group of non-vacationers.

Reasons For Not Going On Vacation

According to this open survey question, economic related reasons such as the increase in prices due to inflation constitute the main motivation for the vast majority of respondents **(57%)** for not taking vacations this summer.

Almost ¼ of **the same sub-sample declared they had to prioritise work and other income producing activities** (such as owning and operating a business) over vacations.

Economic reasons are particularly dominant among those aged over 60 and those living in low income households, standing at **72%** among non-vacationers from both groups.

As expected, economic reasons are much less frequent among high income households. For individuals who did not go on vacation in this group, work reasons are the primary impediment (67%).

Not going on vacation because of work is also comparatively high among youngsters (16-34), while still not at the level of the high income group.

Reasons for not going on vacation during summer 2022
Non-vacationers subgroup (N=395)

- Economic reasons
- Working/No time
- Other

	Economic reasons	Working/No time	Other
Age group			
16-34	45%	38%	18%
35-59	61%	24%	14%
60+	72%	8%	20%
Family Income			
Up to 50,000 ALL	72%	13%	15%
50,000 - 100,000 ALL	51%	34%	15%
Over 100,000 ALL	20%	67%	13%
Region			
Center	64%	23%	14%
North	59%	27%	14%
South	48%	28%	24%
National Average	57%	26%	17%
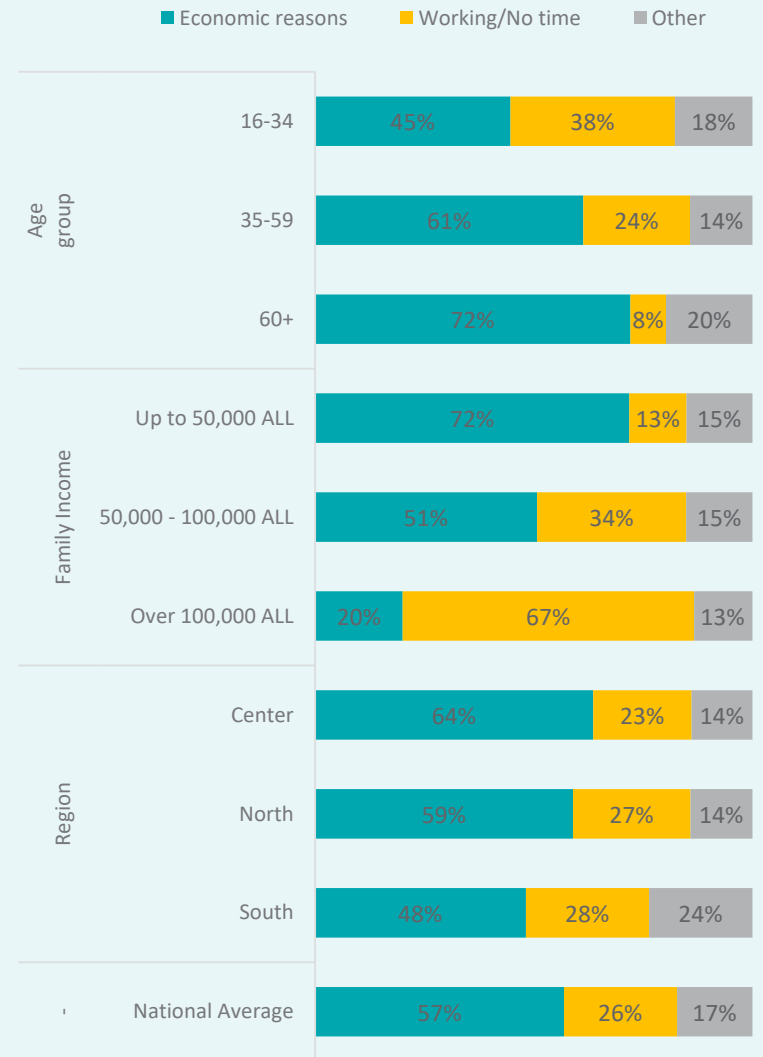
Distribution of respondents that went on vacation during summer 2022
By socio-demographic variables (N=1000)

■ One trip only ■ Several trips

		One trip only	Several trips	Total	Average holiday duration
Agegroup	16-34	49%	20%	69%	7.8
	35-59	41%	15%	56%	8.0
	60+	36%	8%	45%	8.3
Family income	Up to 50,000 ALL	37%	7%	44%	6.7
	50,000 - 100,000 ALL	48%	19%	68%	7.9
	Over 100,000 ALL	48%	35%	82%	10.0
Region	Center	47%	21%	67%	8.7
	North	33%	16%	48%	7.7
	South	51%	10%	61%	6.8
	National Average	44%	16%	60.5%	**8.0**

Been on vacation 60.5%
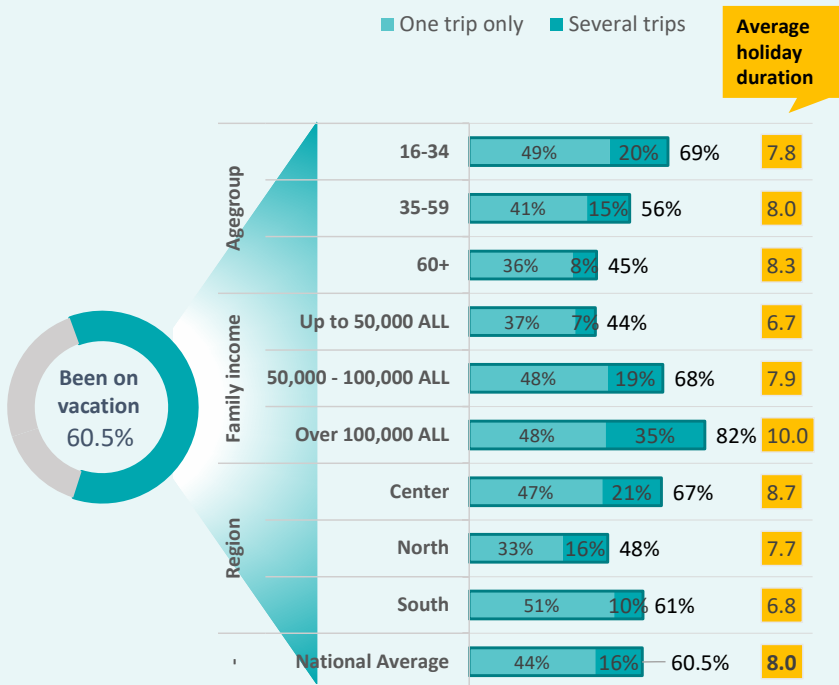
Vacationers Profiles

60.5% of the interviewed sample de-clared to have gone on vacation during the past summer.

The average holiday duration is **8 days.** The vast majority of vacationers **(73%) only had one trip with at least one over-night stay.**

The likelihood to go on holidays is de-fined by income and age and, to a cer-tain degree, by the location of residence:

- **82% of people with monthly house-hold income of 100,000 ALL or high-er have been on vacation,** with 35% declaring of having been on several trips.
- **69% of youngsters have been on vacation,** albeit the majority of them said to have had one vacation only.
- 48% of residents of the **North** have been on vacation, making it **less likely compared to the other regions.**

When compared to the national average, overnight trips are high also for those living **in the centre** region (67%) and those living in **mid-income families (**68%).

Duration Of Vacations

"Vacationers" spent an average of 8 nights away from home during the summer of 2022, while the median is 7 nights. Almost ¼ of the subsample declared to have spent less than 4 nights on holidays this summer, while almost half said to have spent between 5 to 10 nights. On the other hand, **27% declared to have spent more than 10 days on vacation.**

The shortest average duration of vacation refers to the groups with a monthly income lower than 50,000 ALL (6.7 nights), living in the south (6.8 nights), and those who only vacationed in Albania (7.2 nights).

On the other hand, those who travelled both in Albania and abroad (13.9), those with a monthly income over 100,000 ALL (10 nights), and those living in the centre region (8.7 nights) have the longest holiday durations among different demographic groups.

People travelling abroad for holidays seem to have a tendency to spend more nights on holidays compared to those travelling in Albania. As expected, overnight stay duration increases in parallel with household income, while contrary to holiday spending habits, people of an older age tend to have longer vacations.

When asked to compare with last year's holiday duration, almost 1/3 of the respondents who had taken overnight trips stated that it remained the same, while almost ¼ declared that it had increased by more than 30% and 12% stated that it had increased between 5-10% from last year's duration.

Average number of nights spent on vacation during summer 2022
By destination, household income, age, region (N=605)

Been on vacation 60.5%

		Nights
Agegroup	16-34	7.8
	35-59	8.0
	60+	8.3
Family income	Up to 50,000 ALL	6.7
	50,000 - 100,000 ALL	7.9
	Over 100,000 ALL	10.0
Region	Center	8.7
	North	7.7
	South	6.8
Abroad vs internally	In Albania	7.2
	Abroad	8.5
	Albania & abroad	13.9
	National	**8.0**
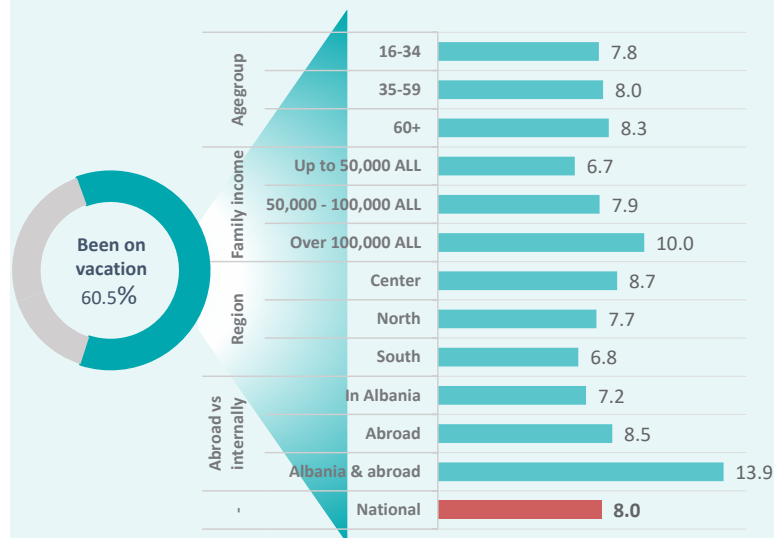
Duration of vacations compared to last year
Vacationers subgroup (N=605)

- ■ Increased a lot (more than 30%)
- ■ Increase slightly (5-10%)
- ■ Remained the same
- ■ Decrease slightly (5-10%)
- ■ Decrease a lot (more than 30%)
- □ Didn't go on vacations last year

Duration vs. 2021	23%	12%	27%	17%	16%	4%
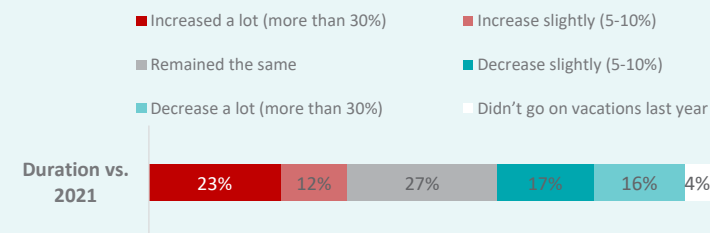
With whom did you go on vacation this summer?
By socio-demographic variables (N=605)

■ Family members   ■ Alone   ■ Friends

Been on vacation
60.5%

Agegroup		
16-34	66%	
35-59	91%	
60+	97%	

Family income		
Up to 50,000 ALL	85%	
50,000 - 100,000 ALL	78%	
Over 100,000 ALL	76%	

Region		
Center	79%	
North	87%	
South	71%	
National Average	79%	
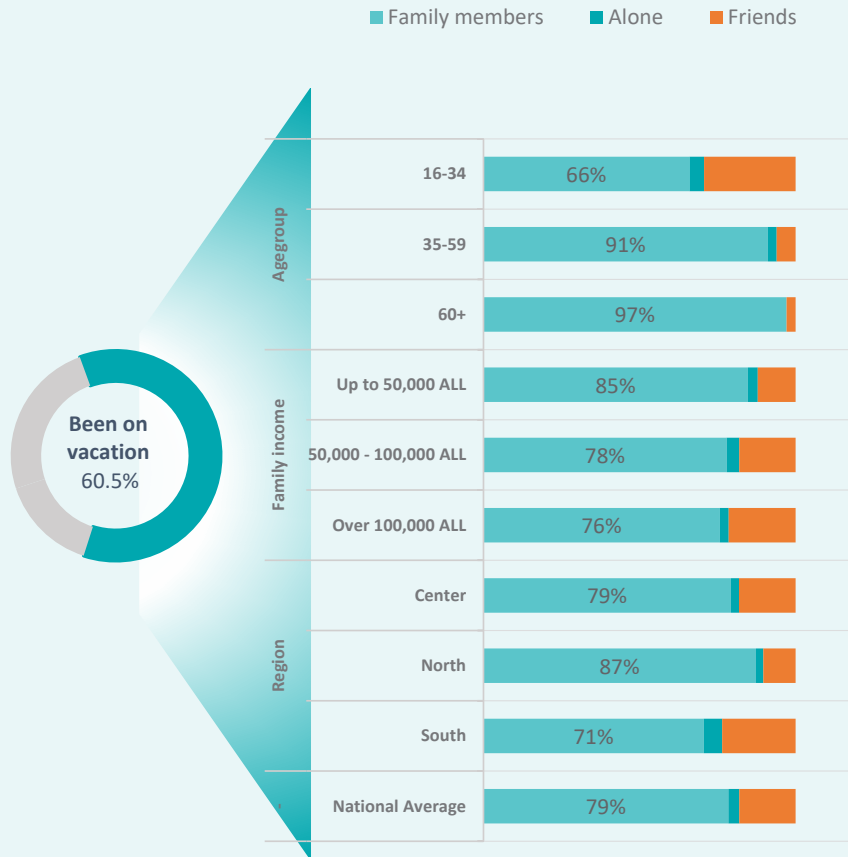
Vacation Companions

When asked about their vacation companions, the vast majority (almost 80%) of respondents said to have been with family members.

Spending vacations with family is higher among the elderly, urban residents in the north, and those living in low monthly income households of 50,000 ALL or less.

Meanwhile as might be expected, spending vacations with family is not as common among younger respondents. While still being the most frequent companions for holidays, family members are relatively low (66%) among respondents aged 16 to 34 years of age in comparison to the national average while there is a higher ratio of vacations spent with friends.

Vacation Spending

40% of "vacationers" declared to have spent between 50,000 – 100,000 ALL in total for all their vacations during the summer, comprising the largest group in this subsample. Almost a quarter of the same subsample stated to have spent more than 100,000 ALL and 36% less than 50,000 ALL.

As expected, members of high income families tend to spend more on their vacations. Almost half (46%) of the respondents in this group said to have spent more than 100,000 ALL in total on their overnight trips in the summer. Almost the same ratio among individuals in low income households said to have spent less than 50,000 ALL in total.

Those who travelled for their overnight holidays abroad have spent significantly more than those who travelled in Albania.

When asked to compare the vacations spending with the previous year, almost 80% of the respondents stated that their costs increased, with 56% of them declaring that there has the rise in costs has been higher than 30%. A minority of 13% declared to have had the same expenditures as last year, while even less (7%) stated that vacation expenses decreased.

Distribution of total spending
By family income (N=605)

Legend:
- More than 100,000 ALL
- 50,000 - 100,000 ALL
- Less than 50,000 ALL

Up to 50,000 ALL: 8%, 39%, 53%
50,000 - 100,000 ALL: 25%, 41%, 34%
Over 100,000 ALL: 46%, 36%, 18%
National: 24%, 40%, 36%

Family income (monthly)
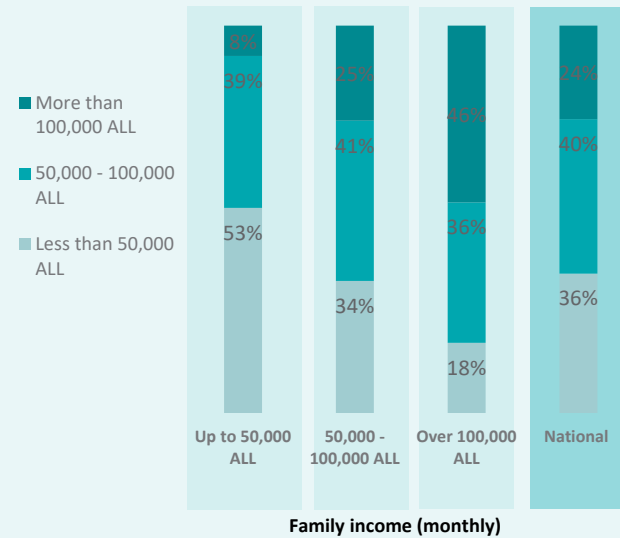
Total spending compared to last year (summer 2022 vs.2021)
(N=577)

Legend:
- Increased a lot (more than 30%)
- Increase slightly (5-10%)
- Remained the same
- Decrease slightly (5-10%)
- Decrease a lot (more than 30%)
- Didn't go on vacations last year

Spending vs. 2021: 56%, 20%, 13%, 4%, 3%, 4%
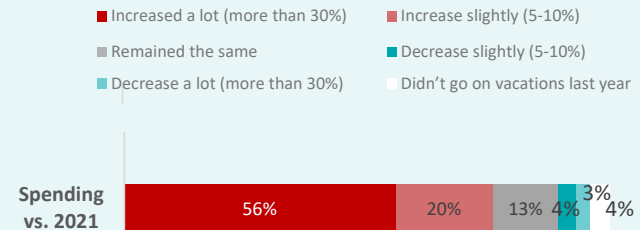
Distribution of respondents that went on vacation in Albania (with at least an overnight stay)
By socio-demographic variables (N=1000)

		In Albania	Abroad	Avg # of nights
Agegroup	16-34	48%	21%	7.7
	35-59	42%	15%	8.0
	60+	36%	8%	7.9
Family income	Up to 50,000 ALL	36%	8%	6.4
	50,000 - 100,000 ALL	51%	17%	7.9
	Over 100,000 ALL	47%	35%	10.2
Region	Center	48%	20%	8.8
	North	34%	14%	7.7
	South	46%	14%	6.3
	National Average	44%	17%	7.8
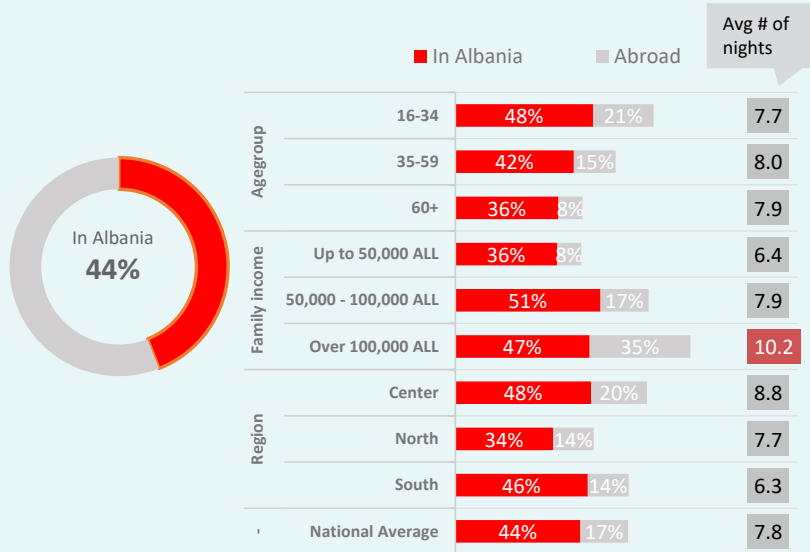
In Albania **44%**

From the following expenditures, what was the costliest for your holidays in Albania?
Subgroup vacationing in Albania (N=438)

Food & drinks	45%
Accommodation	32%
Travel (Car fuel, Bus, Car rental, etc.)	17%
Holiday/Tourism Packages	3%
Holiday related products (i.e. materials for…	2%
Other expenditures	1%
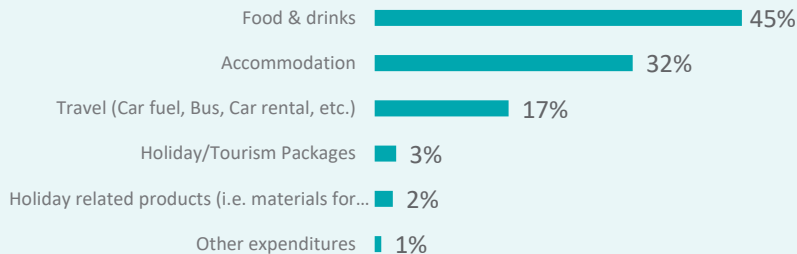
Vacations In Albania: Profile & Main Expenditures

44% of the total surveyed sample, or 73% of vacationers, declared to have spent their holidays in Albania.

Albania is a predominantely high choice among those living in families with a monthly income between 50,000 ALL and 100,000 ALL, and the elderly.

The average of nights on vacations spent in Albania is slightly lower than the total sample average of nights spent on vacation (8 days). The highest duration for holidays in Albania is again higher among those living in high income families.

Spending on food and drinks was considered by the majority as the costliest expenditure during their holidays in Albania. Accomodation was the second most frequently mentioned exenditure and travel costs were third.

Vacations In Albania: Accomodation

Hotels are the most used accommodation in Albania, used by 44% of those who declared to have spent their vacations domestically. This is followed by house rentals, standing at almost 37%. Personal or family-owned holiday homes were the main accommodation for 17% of this sub-group.

Hotels are the most used accommodation for those aged 16 to 34 (50%) and those living in households with middle (44%) to high income (56%).

Rentals (rooms, apartments), on the other hand, are the predominant accommodation for the majority of those aged over 35 (42%) and those with a monthly household income of 50,000 ALL or lower.

Regarding your accommodation during your summer vacations in Albania, did you stay mostly in
Subgroup vacationing in Albania (N=438)

Accommodation	%
Hotel	44%
Rented house	37%
Holiday homes	17%
Hostel/guesthouses	3%
My house	2%
Camping	2%
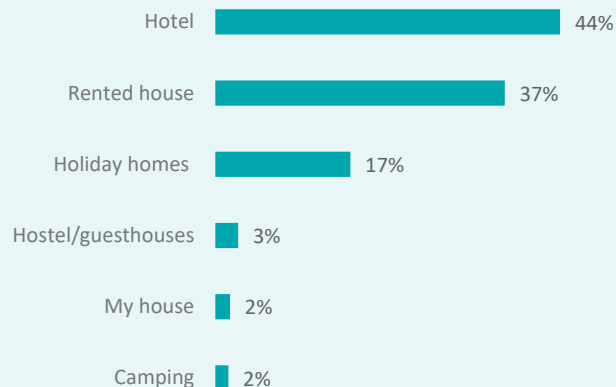
Accommodation in Hotels and Rented houses in Albania
By socio-demographic variables (N=438)
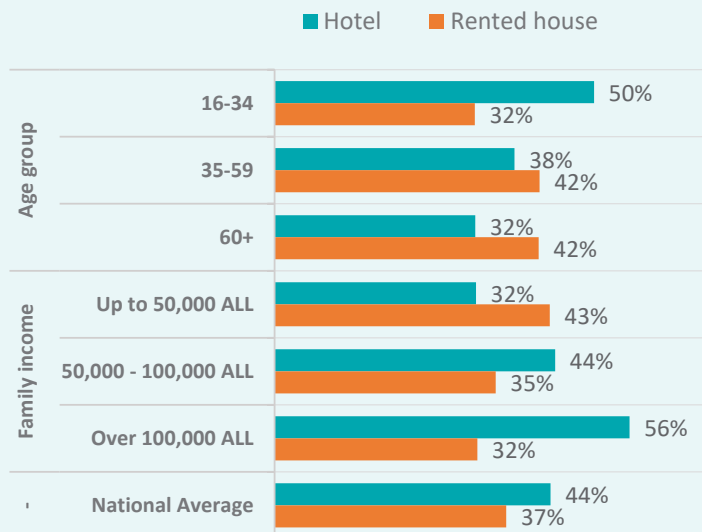
■ Hotel   ■ Rented house

		Hotel	Rented house
Age group	16-34	50%	32%
	35-59	38%	42%
	60+	32%	42%
Family income	Up to 50,000 ALL	32%	43%
	50,000 - 100,000 ALL	44%	35%
	Over 100,000 ALL	56%	32%
	National Average	44%	37%

Distribution of total spending on vacations in Albania
By socio-demographic variables (N=438)

Legend: ■ Less than 50,000 ALL ■ 50,000 - 100,000 ALL ■ More than 100,000 ALL

Category		Less than 50,000 ALL	50,000 - 100,000 ALL	More than 100,000 ALL
Age group	16-34	33%	40%	27%
	35-59	46%	37%	18%
	60+	42%	37%	21%
Family income	Up to 50,000 ALL	58%	34%	8%
	50,000 - 100,000 ALL	35%	40%	24%
	Over 100,000 ALL	21%	38%	42%
Region	Center	36%	42%	22%
	North	35%	33%	32%
	South	47%	36%	17%
	National Average	39%	38%	23%
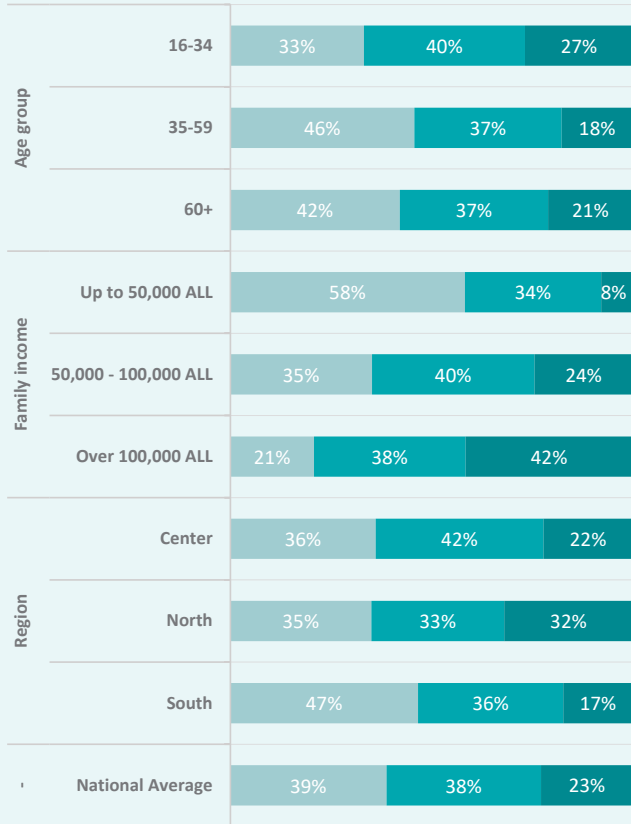
Vacations In Albania: Total Spending

Almost 80% of those spending their holidays in Albania for overnight trips, declared to have spent less than 100,000 ALL in total. These are equally divided between those who spent less than 50,000 ALL in total and those who spent between 50,000 and 100,000 ALL.

There are no significant shifts in these levels when analyzed by the respondents age groups, only a very slight increase in the level of less than 50,000 ALL spenders among those aged between 35-59.

When analyzed by household income, as might be expected, **there are shifts among the two extremes of this scale.** As such, almost 60% of the individuals living in households with a monthly income of 50,000 ALL or less spent up to 50,000 ALL on their vacations in Albania. More than 40% of those living in a household with a monthly income of over 100,000 ALL declared to have spent more than 100,000 ALL on their vacations.

Residents living in the Northern counties of Albania have slightly higher rate of expenditures of more than 100,000 ALL on vacations compared to the national average.

Vacations In Albania: Destinations & Factors Influencing Travel

The southern costal areas, including Vlorë, Himarë, Dhërmi, Sarandë, Ksamil, etc. have been the primary destination of choice for half of those travelling in Albania for their summer vacations. The second most preferred destination, chosen by almost 1/3 of the same subsample, is the bay of Durrës, including Durrës, Golem, Qerret, etc.

The Southern coast was highly preferred among those living in the South, those with the highest family incomes, and those of a younger age.

Durrës was a significantly more frequent destination than the national average among residents in the counties of Tirana and Elbasan (center region) and those with low family income.
As might be expected the Northern coast (Shëngjin, Velipojë, etc.) is the most frequent choice compared to the national average for residents living in the North, standing at 32%.

Economic reasons are mentioned as the most important reason for those choosing to travel in Albania for overnight holidays this summer. The climate (23%) and short distance from home (21%) are the two other most commonly mentioned factors, influencing those who chose Albania as their holiday destination

Destinations in Albania
By socio-demographic variables (N=438)
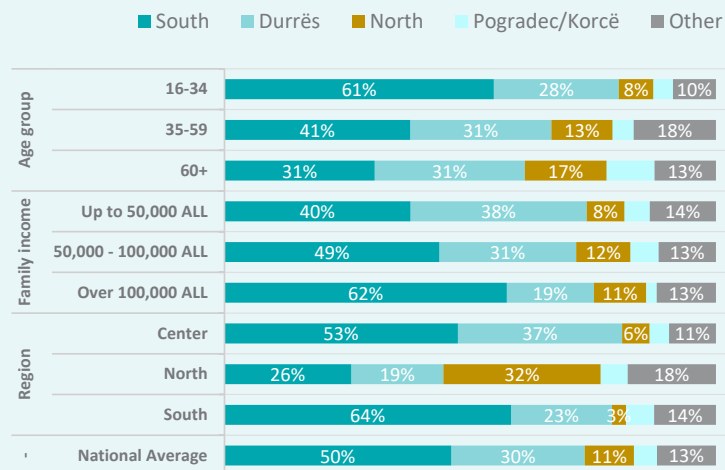
Legend: ■ South ■ Durrës ■ North ■ Pogradec/Korcë ■ Other

Category	Group	South	Durrës	North	Pogradec/Korcë	Other
Age group	16-34	61%	28%	8%		10%
	35-59	41%	31%	13%		18%
	60+	31%	31%	17%		13%
Family income	Up to 50,000 ALL	40%	38%	8%		14%
	50,000 - 100,000 ALL	49%	31%	12%		13%
	Over 100,000 ALL	62%	19%	11%		13%
Region	Center	53%	37%	6%		11%
	North	26%	19%	32%		18%
	South	64%	23%	3%		14%
	National Average	50%	30%	11%		13%

What are the most important factors that influenced you in choosing your holiday destination in Albania this summer? N=438

Factor	%
Budget	44%
The climate	23%
Travel time to my trip destination	21%
Personal connection to the destination/…	18%
The quality of food	17%
The quality of service	14%
Opportunities for leisure or cultural activities	11%
Value for money	10%
The quality of tourism infrastructure	8%
Other	5%
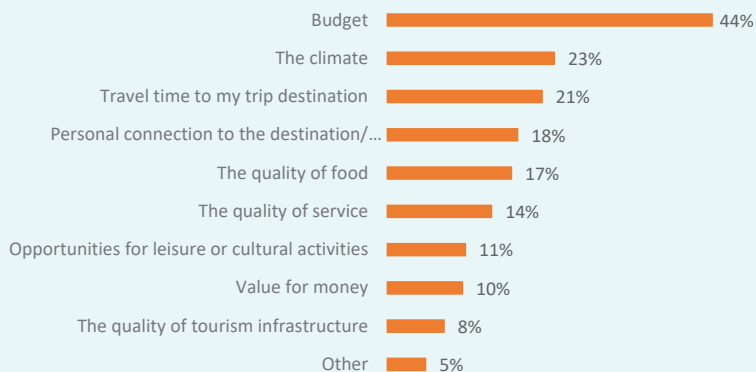
What are the 3 best aspects about spending your vacations in Albania?
(N=438)

Aspect	%
Clear sea/pristine beaches	30%
Quality of food	25%
Climate	24%
Low prices	21%
Closeness from where I live/travel time do destination	16%
Natural landscapes	12%
Communication in native language	8%
Tranquility	8%
Opportunity to spend time with family/friends/relatives	7%
Cleanliness (air, water, etc.)	7%
Being in my country	7%
Quality of service	6%
Used to the destination/vacation spot	4%
Hospitality	3%
Spending money in my country will help local economy	2%
Other	15%

What are the 3 worst aspects about spending your vacations in Albania?
(N=438)

Aspect	%
Price increase/abuses	50%
Quality of service	20%
Dirtiness/pollution (beach, sea, air, waste)	18%
Nothing negative	9%
Tourism Infrastructure	6%
Damaged roads	4%
Noises/disorder/lack of tranquility	4%
Quality of food	4%
Traffic	3%
Insecurity from jet ski and lack of lifeguards	3%
Other	11%
DK/NA	12%

Vacations In Albania: Best & Worst Aspects

When asked to mention the best and worst aspects of having a vacation in Albania, the three most frequently mentioned responses are connected more to natural and traditional elements than policy or infrastructure.

30% of overnight tourists who spent their holidays domestically mentioned the pristine sea and beaches as the main advantages of holidaying in Albania. The quality of food followed, mentioned by 25%, and the climate, with the 24%.
The low prices are the next most frequent advantage, mentioned by 21%, while the closeness to one's residence (16%) and the beauty of the natural landscapes (12%) follow.

The increase in tourism related prices and a perceived abuse in pricing on behalf of tourism operators is by far the main disadvantage of going on holidays in Albania, as mentioned by more than half of respondents.

The quality of service (20%) and pollution and dissatisfaction with waste management (18%) are the next two main disadvantages mentioned by tourists who spent their holidays in Albania in 2022.

Vacations Abroad: Destinations & Main Factors Influencing Travel

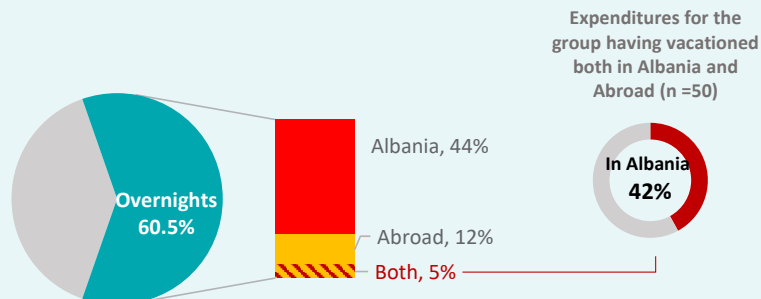**Only 12% of the surveyed urban population sample, declared to have spent their vacations abroad.**

Another 5% of the sample have spent their vacation both in Albania and Abroad. Those who travelled both nationally and internationally, declared that vacations abroad took on average 58% of their vacation spendings. The average number of nights spent on vacations abroad seems to be slightly higher for the same group, with 8.2 nights being the average number of nights spent abroad, and 7.5 the average number of nights spent in Albania.

Neighbouring countries seem to be the main destinations for abroad overnight travellers. **Greece was the top holiday destination (35%),** while Turkey (17%), Italy (17%), and Montenegro (10%) were ranked second, third, and fourth respectively.
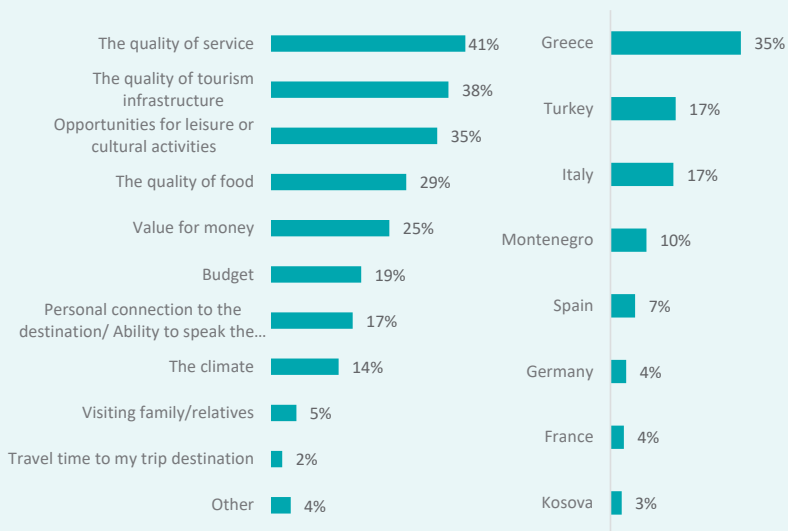
When asked on the factors that affected their decision to take a vacation abroad, **41% mentioned the quality of service** as the main factor. **Tourism infrastructure** was the second most mentioned factor, by 38% of the same subsample, and **opportunities for leisure or cultural activities** (35%) abroad are ranked 3rd.

Other important factors mentioned are the quality of food, value for money, personal budget, and a connection to the location on a personal level.

Breakdown of Vacation-making in Albania vs. Abroad (N= 1000)

Expenditures for the group having vacationed both in Albania and Abroad (n =50)

In Albania **42%**

Overnights **60.5%**

Albania, 44%
Abroad, 12%
Both, 5%

What are the most important factors that influenced you in choosing your holiday destination ABROAD this summer? (N=167)

Factor	%
The quality of service	41%
The quality of tourism infrastructure	38%
Opportunities for leisure or cultural activities	35%
The quality of food	29%
Value for money	25%
Budget	19%
Personal connection to the destination/ Ability to speak the…	17%
The climate	14%
Visiting family/relatives	5%
Travel time to my trip destination	2%
Other	4%

Top destinations ABROAD (N=167)

Destination	%
Greece	35%
Turkey	17%
Italy	17%
Montenegro	10%
Spain	7%
Germany	4%
France	4%
Kosova	3%

Distribution of respondents that went on vacations abroad with at least an overnight stay
By socio-demographic variables (N=1000)

■ Abroad ■ In Albania

Likelihood of going abroad

Abroad 17%

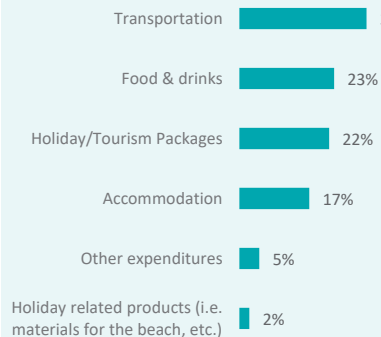|		Abroad	In Albania	Likelihood of going abroad
Age group	16-34	21%	48%	31%
	35-59	15%	42%	26%
	60+	8%	36%	19%
Family income	Up to 50,000 ALL	8%	36%	19%
	50,000 - 100,000 ALL	17%	51%	25%
	Over 100,000 ALL	35%	47%	43%
Region	Center	20%	48%	29%
	North	14%	34%	29%
	South	14%	46%	24%
	National Average	17%	44%	27%
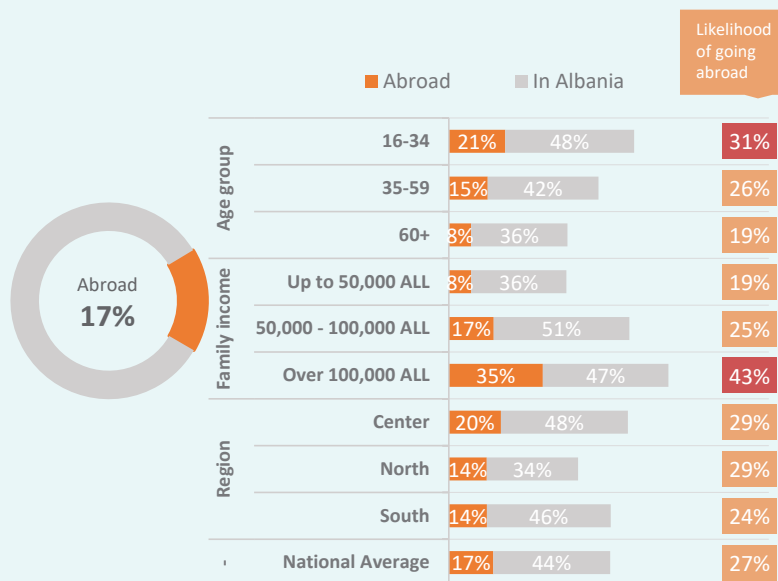
From the following expenditures, what was the costliest for your vacations abroad? (N=167)

Transportation	31%
Food & drinks	23%
Holiday/Tourism Packages	22%
Accommodation	17%
Other expenditures	5%
Holiday related products (i.e. materials for the beach, etc.)	2%

How did you book your accommodation during your travel abroad? (N=167)

Through a travel agent	37%
Didn't book, stayed at family/friends' home	35%
Through direct contact with accommodation	15%
Through the internet (Booking, Airbnb, etc.)	14%
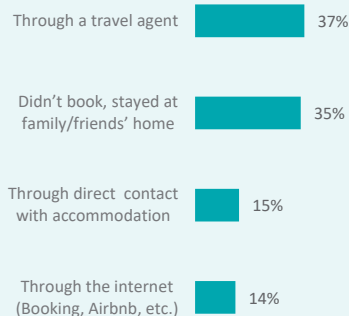
Vacations Abroad: Profile & Main Expenditures

Tourists from families in the uper income bracket and youngsters are more likely to have travelled abroad for overnight vacation trips during the summer of 2022 then other groups. 35% of the over 100,000 ALL monthly income household members declared to have travelled for vacations abroad this summer, while the same rate among those aged 16-34 is 21%.

In comparison to the national average of 17%, low-income family members and those over 60 y.o. have the lowest rate of abroad visiting tourists, only 8%.

Transportation (31%), expenditures on food and drinks (23%), and cost of holiday package (22%) are the three costliest items for those who chose to travel abroad this summer.

The low impact of accommodation costs for those travelling abroad seems to be influenced also by the fact that a considerable part choose to visit friends and family. Such, when asked about their method of booking their accommodation for their overnight travel, 35% of the respondents who had overnight travels abroad said they didn't book because they stayed with friends or family living in the areas they visited. While 37% of the same group had booked their accommodation through a travel agent. The level of reservation through internet services such as Booking or Airbnb for abroad travel is relatively low at 14%.
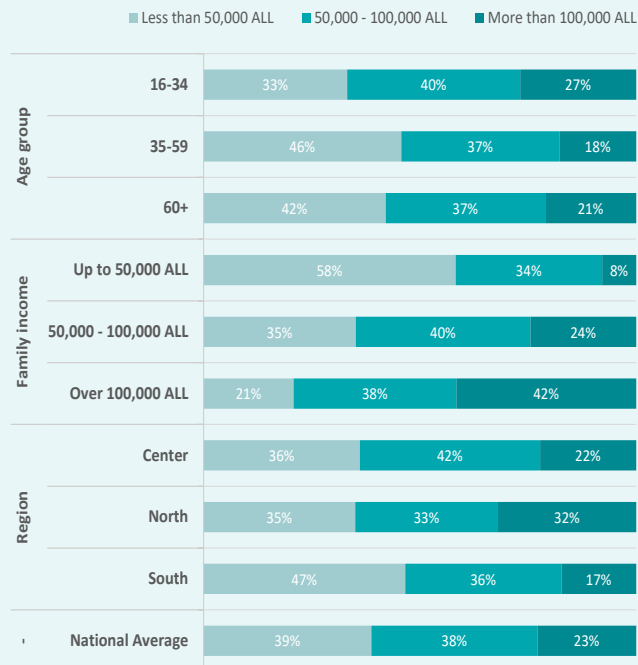
Vacations Abroad: Spending

Spending on vacations abroad is understandably higher than spending on vacations in Albania. Almost 46% of those who traveled abroad for their summer holidays said to have spent between 50 to 100 thousand ALL in total on their holidays, while another 1/3 of the same sample said to have spent over 100,000 ALL.

The highest spenders, when analyzed by socio-demographic variables, are those respondents living in high income families. As with other tourist groups, people living in families in the highest income bracket have the largest share of high spenders (57% spending more than 100,000 ALL) also in the group of tourists who travelled abroad for their summer vacations.

Other socio-demographic groups that have a significantly higher than average spending for their vacations abroad are those aged between 35 and 59 (37%), and those living in the southern counties of Albania.

Distribution of total spending on vacations abroad
By socio-demographic variables (N=167)

Legend: Less than 50,000 ALL | 50,000 - 100,000 ALL | More than 100,000 ALL

Category		Less than 50,000 ALL	50,000 - 100,000 ALL	More than 100,000 ALL
Age group	16-34	33%	40%	27%
	35-59	46%	37%	18%
	60+	42%	37%	21%
Family income	Up to 50,000 ALL	58%	34%	8%
	50,000 - 100,000 ALL	35%	40%	24%
	Over 100,000 ALL	21%	38%	42%
Region	Center	36%	42%	22%
	North	35%	33%	32%
	South	47%	36%	17%
	National Average	39%	38%	23%

What are the 3 best aspects of spending your vacations abroad?
(N=167)

Aspect	%
Value for money	39%
Possibility to visit a new place/city	33%
Quality of service	29%
Better touristic infrastructure	20%
Quality of food	17%
Tranquility	14%
Cleanness (air, beach, water, etc.)	11%
Culture	11%
Meeting family/relatives	7%
More…	7%
Climate	7%
Natural landscapes	4%
Other	15%
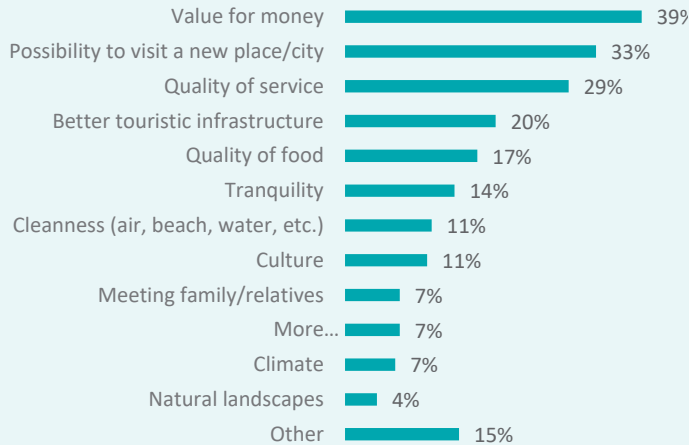
What are the 3 worst aspects of spending your vacations abroad?
(N=167)

Aspect	%
Nothing negative	37%
Communication in foreign language	26%
Distance	21%
High prices (flight, accommodation,…)	8%
Quality of food	5%
Flight/travel delays/problems	5%
Cold-hearted people	2%
Quality of service	0%
Other	5%
DK/NA	9%
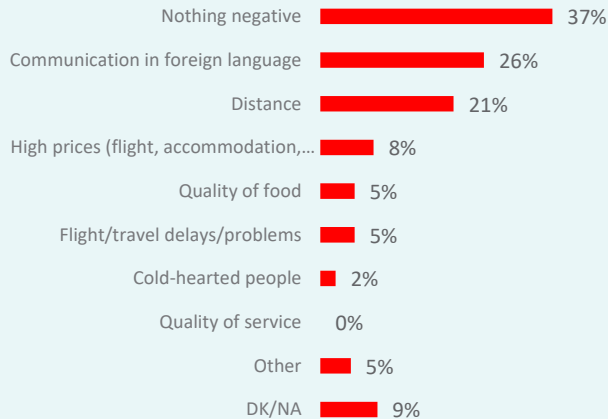
Vacations Abroad: Best & Worst Aspects

When asked to mention the three best aspects of vacationing abroad, almost 40% of the overnight tourists who travelled abroad mentioned **value for money.**

Possibility to visit a new place was mentioned as an advantage to travelling abroad by 1/3 of this subsample, while **quality of service** was chosen by 29% of abroad travelling tourists.

Better tourism infrastructure, quality of food, and tranquillity of holidays are given as the next group of advantages to travelling abroad.

On the other hand, 37% of those who took vacations abroad say that there is nothing negative about vacationing abroad.

Communication in a foreign language and distance to the holiday destination are given as the two most common disadvantages to travelling abroad, with respectively 26% and 21%. High prices of travel, accommodation, etc. were given as a negative aspect of traveling abroad by 8% of the respondents in this group.

Impact Of Tourism On Income & Impact Of Inflation On Holidays

The vast majority of the surveyed urban population (68%) think that tourism activities in Albania do not influence either directly nor indirectly their personal and family income. 20% of the respondents think that it improves household income while 11% think that it makes it worse. There are no significant changes from the norm when analysing this result by demographic factors such as household income, age, region, etc.

Asked to rank the influence of recent phenomena on their holiday plans, urban residents stated that **inflation and the increase in prices was the main impactful event** in this regard.

When asked about how specifically inflation impacted their vacations this summer, more than half (54%) of the respondents declared that it had a big impact or even forced their decision not to go on holidays at all. Meanwhile, other frequently mentioned answers were that it affected holiday duration (14%), or the spending budget while on holidays (9%).
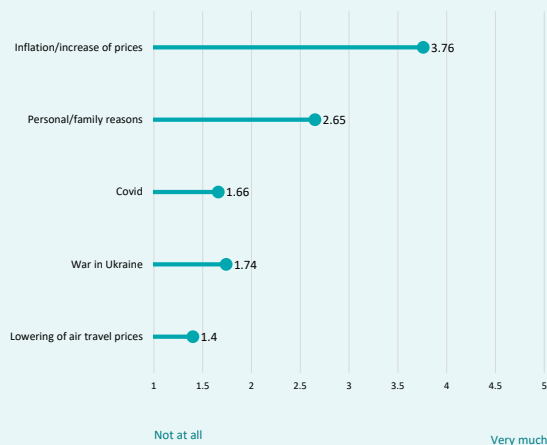
Other external factors such as the COVID-19 pandemic, war in Ukraine, lower prices and greater availability of air travel tickets seem to have played no important role in the holiday decision-making processes.

In your perception how does the tourism sector in Albania influence your family's economic situation directly or indirectly?
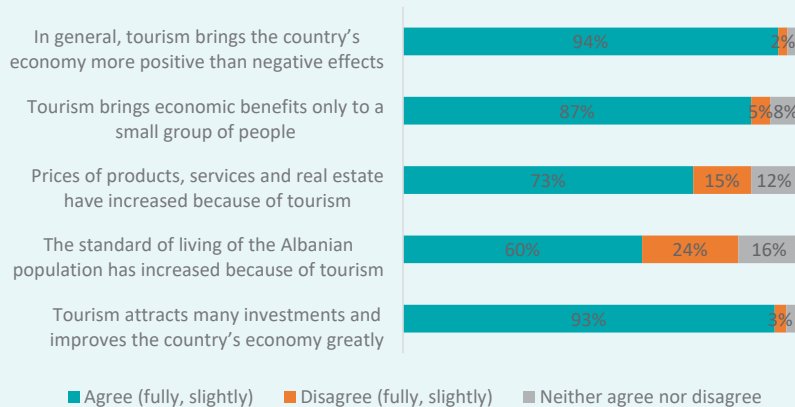Urban Sample (N=1000)
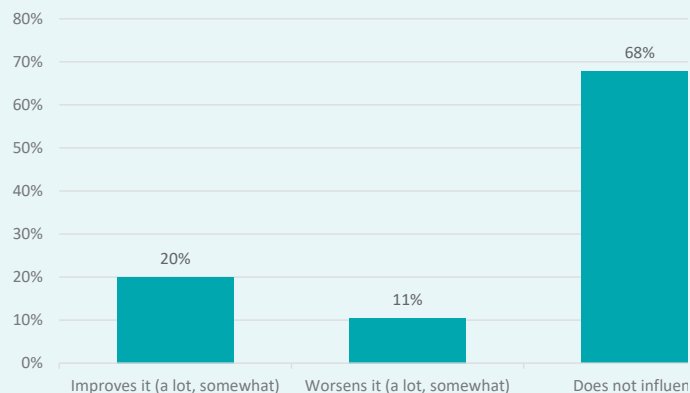
On a scale from 1 to 5, where 1 is "not at all" and 5 is "very much", how much did each of the following issues influence your summer vacations/vacation plans this year? (N= 1000)
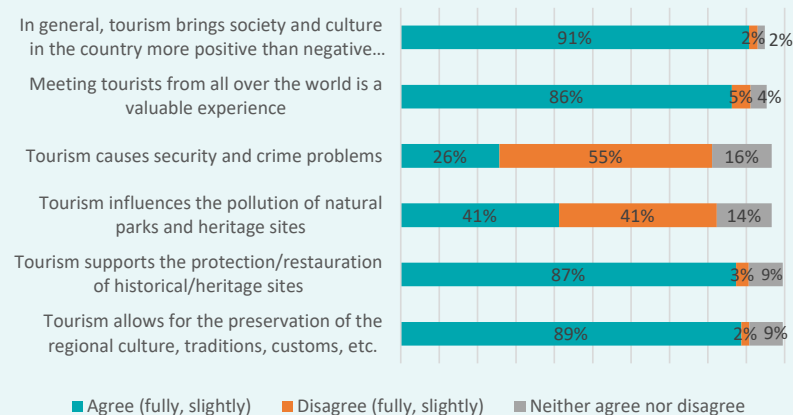
Economic Impact - How much do you agree with the following statements?
Urban Sample (N=1000)

Statement	Agree (fully, slightly)	Disagree (fully, slightly)	Neither agree nor disagree
In general, tourism brings the country's economy more positive than negative effects	94%		2%
Tourism brings economic benefits only to a small group of people	87%	5%	8%
Prices of products, services and real estate have increased because of tourism	73%	15%	12%
The standard of living of the Albanian population has increased because of tourism	60%	24%	16%
Tourism attracts many investments and improves the country's economy greatly	93%		3%

■ Agree (fully, slightly) ■ Disagree (fully, slightly) ■ Neither agree nor disagree

Social Impact - How much do you agree with the following statements?
Urban Sample (N=1000)

Statement	Agree (fully, slightly)	Disagree (fully, slightly)	Neither agree nor disagree
In general, tourism brings society and culture in the country more positive than negative…	91%	2%	2%
Meeting tourists from all over the world is a valuable experience	86%	5%	4%
Tourism causes security and crime problems	26%	55%	16%
Tourism influences the pollution of natural parks and heritage sites	41%	41%	14%
Tourism supports the protection/restauration of historical/heritage sites	87%	3%	9%
Tourism allows for the preservation of the regional culture, traditions, customs, etc.	89%	2%	9%

■ Agree (fully, slightly) ■ Disagree (fully, slightly) ■ Neither agree nor disagree

Economic & Social Impact Of Tourism Activities

Even though the majority of respondents don't think that tourism directly or indirectly affects their household income, almost **95% of them thinks that tourism brings the country's economy more positive than negative effects,** with a similar level of those who think that the tourism sector attracts investments and helps improve the national economy.

Also, the majority of the surveyed population agrees with regards to other positive economic impacts of tourism, such as the increase of real estate value and the improvement of living standards. However, t**here's a belief that tourism economic activity brings benefits only to a minority,** thus mainly explaining the feeling **that the majority of tourism shares do not impact their household income.**

On the other hand, when it comes to the social impacts of tourism, the vast majority of the respondents agree with the positive effects of tourism in culture diversity, protection of heritage and historic sites, and promotion and preservation of local culture and tradition.

However, there is a concern from a considerable level of respondents (41%) when it comes to the negative impact that the tourism sector can have on environmental preservation through an increase in pollution.

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Annex

Research Methodology
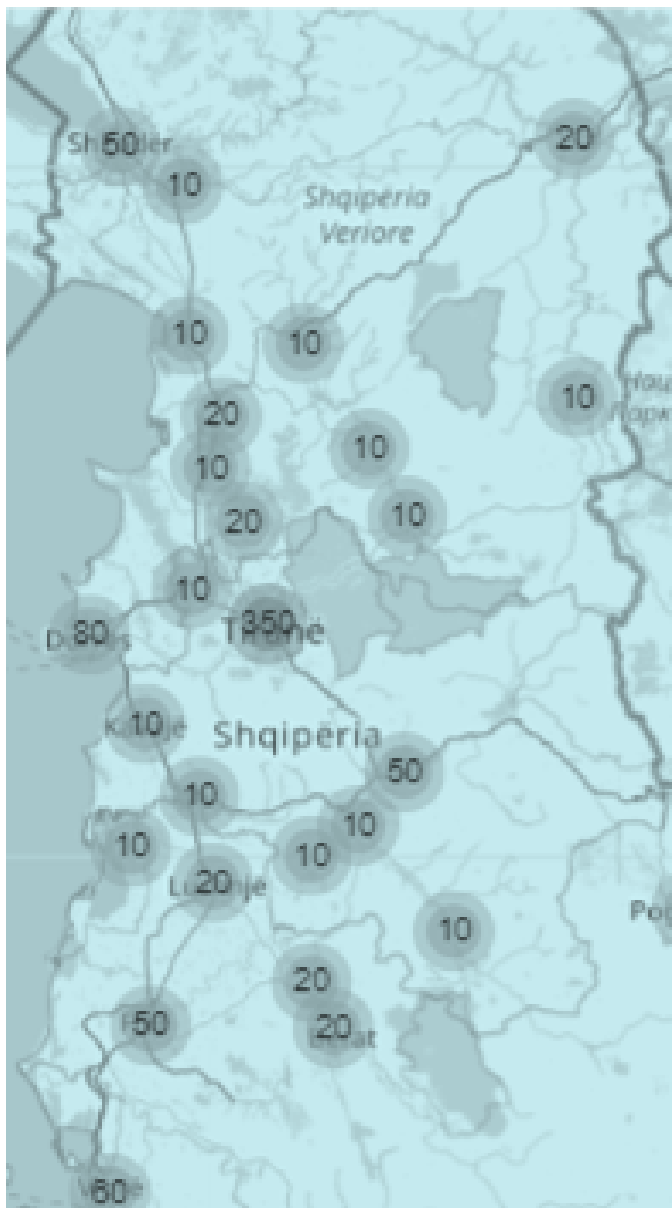
Methodology: Urban Representative Survey

Survey type: Computer Assisted Personal Interviewing (CAPI) survey
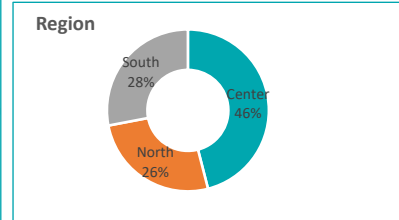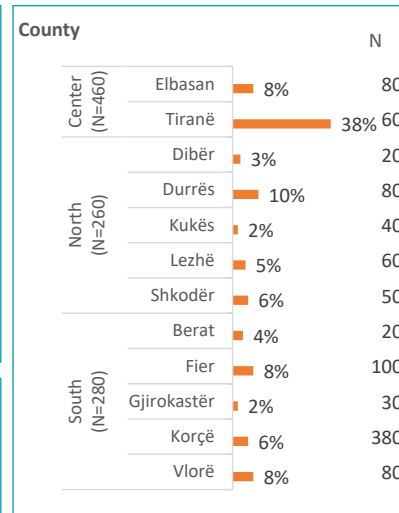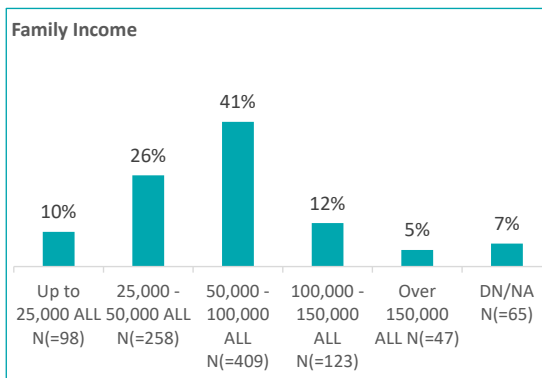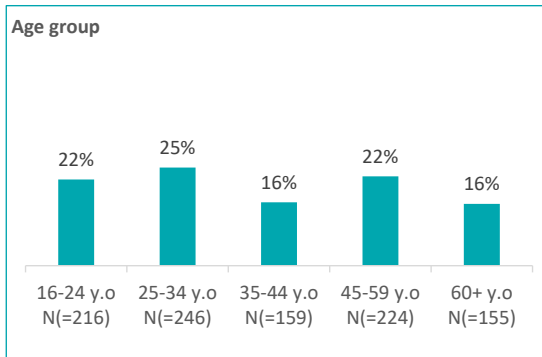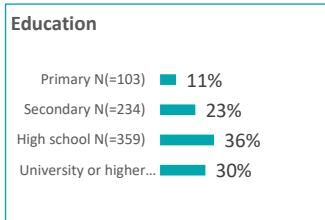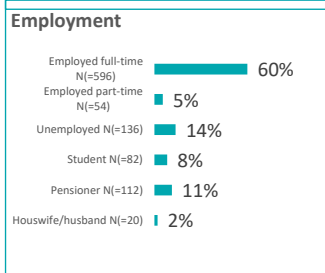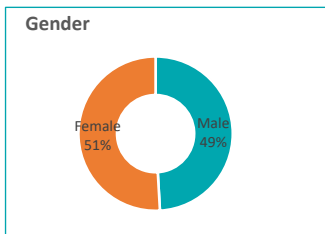
Sample Size: 1000 interviews

Sample representativeness: Data valid for the 16+ urban population of Albania

Sampling method: Multi-stage stratified cluster sampling with the geographic areas of polling centres, as established by the Central Election Committee for the 2021 general elections, serving as the Primary Sampling Units (PSU). A Probability Proportional to Size (PPS) method was employed in the selection of the PSU, based on the number of registered voters for each polling centre (Measurement of Size), stratified by region. Interview starting point within each selected PSU was defined using RV. Uniform function of SPSS software package, generating random numbers denoting distance in meters, and letters denoting geographic directions, to specify distance and direction from polling centre venue. Lastly, when at the starting point in each PSU, enumerators estimated the number of households (HH) within the area and defined the "every n-th household" rule for HH selection based on the total number of interviews to be completed in that PSU.

Margin of error: Based on the sample size and a confidence level of 95% the estimated margin of error is +/- 3.1%

Data Ponderation: There was no need for statistical weighing as there were no observed differences between the sample and population in terms of key demographic variables such as region, gender and age.

Urban Representative Survey - Sample Composition (n=1000)

Gender

Female 51%
Male 49%

Employment

- Employed full-time N(=596): 60%
- Employed part-time N(=54): 5%
- Unemployed N(=136): 14%
- Student N(=82): 8%
- Pensioner N(=112): 11%
- Houswife/husband N(=20): 2%

Education

- Primary N(=103): 11%
- Secondary N(=234): 23%
- High school N(=359): 36%
- University or higher...: 30%

Age group

Age	Percentage
16-24 y.o N(=216)	22%
25-34 y.o N(=246)	25%
35-44 y.o N(=159)	16%
45-59 y.o N(=224)	22%
60+ y.o N(=155)	16%

Family Income

Income	Percentage
Up to 25,000 ALL N(=98)	10%
25,000 - 50,000 ALL N(=258)	26%
50,000 - 100,000 ALL N(=409)	41%
100,000 - 150,000 ALL N(=123)	12%
Over 150,000 ALL N(=47)	5%
DN/NA N(=65)	7%

County

Region	County	%	N
Center (N=460)	Elbasan	8%	80
	Tiranë	38%	60
North (N=260)	Dibër	3%	20
	Durrës	10%	80
	Kukës	2%	40
	Lezhë	5%	60
	Shkodër	6%	50
South (N=280)	Berat	4%	20
	Fier	8%	100
	Gjirokastër	2%	30
	Korçë	6%	380
	Vlorë	8%	80

Region

South 28%
Center 46%
North 26%

Methodology: Accomodation Units' Survey And Focus Group Discussions

Survey with Accommodation Units

Survey Type: Computer-Assisted Web Interviewing (CAWI) and Computer-Assisted Personal Interviewing (CAPI).

Sample selection: Quota sampling.

Sample Size and Data Collection period:
Wave 1: 15-28 July 2022; sample = 216
Wave 2: 15 September - 28 October 2022; sample = 174

Destinations explored: Durrës/Kavajë, Shkodër/Lezhë, Vlorë/Sarandë, Berat/Gjirokastër, Pogradec/Korçë, Tiranë.

Data collection period: September-October 2022

Focus group discussions

Size of Qualitative Study: 6 Focus Group discussions: 4 focus groups with hotel owners and managers, 1 focus group with outbound tour operators and 1 focus group with inbound tour operators and guides.

Group Size: 8 participants per group.
Group composure: Homogeneity for each group discussion based on recruitment criteria.

Discussions duration: 90 min per focus group discussion session.

Participant recruitment: Recruitment was carried with the help of the Albanian Tourism Association, through the use of Digital Bee's FG recruitment database where applicable, and through direct contact with relevant sector actors.

Moderation: The moderation of the discussions was carried out by the qualitat\ive analyst.

Fieldwork period: 5-12 October 2022