



# Weekly Briefing

## **Albania social briefing:**

### **A summer without vacations: tourism in Albania 2022**

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## **A summer without vacations: tourism in Albania 2022**

### **Summary**

*A strange phenomenon is happening this summer of 2022 in Albania – deserted seashores all around the country. Tourism, the pride of many locals, is being crippled by a series of intertwined events that apparently, in a domino effect are escalating in a situation not witnessed in decades. The current situation in the economic realm is by all considerations the main factor for this occurrence, however, this year it seems to go deeper. The tourism industry, as many others in Albania is mostly rooted in the concept of turbocapitalism in the sense of greed prevailing and the winner takes it all approach. Yet, the customers - namely most of the Albanian society - have now made their stance clear by simply not vacationing any longer.*

### **Introduction**

If there is something that Albanians are proud of is the wonderful nature and landscape that always has attracted tourists from near and far. From the high mountains to the deep valleys, to the most alluring seaside, nothing is missing for Albanian tourism to flourish, besides tradition in the service industry. The latter is in deep need of reforms and upgrades since avidity has overcome business logic. Albanian summers are the season when the traffic of exit and entry in the country reaches its peak. The seaside cities this year in June and July are not exceeding 50% of their capacities, which means that in economic terms for the locals this is a true abyss.

### **Cause and consequences**

After almost two seasons filled with uncertainties due to the Covid-19 restrictions, it was hoped that 2022 would be the year of rebound for the Albanian tourism sector. In spring, there were some positive signs, especially from tourists coming from abroad (despite the rise in prices due to high inflation). Based on the data from spring, it was predicted by the tourism managers that summer would finally revive the trend of pre-pandemic years, but it did not happen.

The first cause that has stepped back the visitors appears to be high-priced overall vacations. This is applied firstly to transportation, then food and accommodation. Transportation costs have been increasing exponentially due to fuel prices rising. Many Albanians argue that they cannot fuel the car for holiday travel due to the high price, and thus

it impacts their overall decision to vacation or not. The fuel prices rise, combined with the rise of prices in the food sector makes for a destructive combination for customers.

On the other hand, accommodation prices have risen as well. Owners and managers argue that since all prices have risen due to electricity, maintenance, staff, and so on, they are obliged to increase their prices for customers. The economic difficulties of Albanian families have made many cancel altogether plans for the summer holidays. Nevertheless, this is not only an Albanian phenomenon. The lack of foreign tourists is also noted in the Albanian tourism sector this summer. Indeed, high fuel and food prices have made also European families spend more of their monthly budget on essentials, and leave nothing for vacations.

When deciding where to go on summer vacations, Albanian citizens choose different areas where prices vary, but still, remain expensive. This was also warned from a survey conducted in June by the Balkan Barometer for 2022 and demonstrated that 60% of the Albanians surveyed claimed that they could not afford the expenses for one week of vacation per year. This was the highest percentage in the region.

The percentage of the population who cannot afford to take time off increased in 2022, as in 2021 only 39% of respondents claimed they could not afford a 7-day vacation. Furthermore, the survey found that 44% of respondents in Albania complained that their families were not able to keep their homes adequately warm, during the past winter, and 27% of them confessed to having difficulties with these payments. While food and clothing were unaffordable (at least once) for 18% of Albania's population (from 14% in 2020).<sup>1</sup> With this kind of data, it was somehow understood that there would be fewer vacationers this year, but not to the extent witnessed in July 2022.

### **The downturn of 2022**

The economic hardships inflicted all over Europe as a consequence of the Russia-Ukraine conflict, are being felt the most at the peak of the summer season. The more is spent during the previous months, the less is spent during summer. To add to these uncertainties, the projections for fall and winter 2022 are gloomy, thus citizens tend to put something aside for dire times since it seems that those dire times are what to expect in the months to come.

The major expenses needed for families due to the rise of prices in basic needs have not left much for other expenses. A recent survey in Albania showed that 50% of the citizens in the

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<sup>1</sup> Revista Monitor (2022, June 27). 60% e shqiptarëve nuk bën dot një javë pushime këtë vit, më keq se Rajoni. Available at <https://www.monitor.al/60-e-shqiptareve-nuk-ben-dot-nje-jave-pushime-kete-vit-me-keq-se-rajoni/>

county have an average income of 9 Euros per day.<sup>2</sup> This would make for an average of almost 300 Euros per month. If we apply the basic rule 50/30/20 to divide a monthly income into three spending categories: 50% for needs, 30% for wants (including holiday spending), and 20% for savings or paying off debt then maybe there is some income left for vacations. However, this rule is usually applied to advanced economies, but in Albania, there is a different reality. Official data demonstrate that more than 50% of the monthly income of citizens goes to food only. Now if we add to this utility, rent, clothing, mortgage, etc., the above rule does not apply because most than 70% of income goes to needs. Consequently, the sacrifice will be done on “wants”, shortly leisure, and vacations. As the prices have risen in recent months, salaries have not, thus it becomes difficult to afford a decent vacation as well (or any vacation at all).

### **When enough is enough – a long game of absurd prices?**

Recent reports about the Albanian seaside are not optimistic due to the lack of tourists. The fluctuation of prices from one season to the other, and sometimes from one month to the other, finally frustrated vacationers. However, this frustration was a long time coming because for years Albanian citizens have been complaining but this year’s economic downturn was what finally triggered the abandonment of the Albanian riviera.

Experts have warned for a long time that this price fluctuation might turn into a boomerang, and so it happened. Low income and high prices are a disastrous combination, but how much of all this is also fueled by speculations? - For many Albanian citizens the prices have been unaffordable for years, not only this summer. There are certain areas at the seaside, which would charge for a night’s accommodation a price equal to the average monthly salary, thus it is intended for the top richest of the country or other wealthy foreigners. However, this business model that caters only to the wealthy cannot be sustained in the long run, especially in a developing country. Furthermore, it is not something of choice for the massive tourism that the country is aiming for.

Is greed killing tourism in Albania? – To most citizens, yes! There are many “hidden costs” that vacationers face while going to the seaside. Most sites have become private; citizens have to pay for the sunbed and umbrella. The prices change by the day, very often according to the mood of the owner. This instability has many times ruined the experience of the customers, who in return write reviews and share their experiences with others. Consequently, their reputation has proceeded them, bad reputation. When it comes to some days of vacations a year, citizens at least need to get what they are paying for, and, at the Albanian seaside, they are not.

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<sup>2</sup> ABC News (2022, June 30). “Sa kushton të pushosh në Shqipëri”, ekspertët diskutojnë në “Log.” Available at <https://abcnews.al/sa-kushton-te-pushosh-ne-shqiperi-ekspertet-diskutojne-ne-log/>

The sensation of abuse is quite present this summer of 2022. It might also be an accumulation of high prices due to inflation plus some abusive practices within the private sector, however, whatever the reason is the combination is destructive.

For some government officials, wanting to justify this downturn, tourism is not a necessity but a luxury commodity. It is a service that is offered in modern times but is not a given right. However, the authorities have many faults of their own when it comes to supporting the tourism sector. First of all infrastructure: local authorities do not support businesses in this realm and many times, there have been scandals of corruption, abusive buildings, and overlap of property documents. In addition, the other issue is the lack of foreign investments in this sector, due to the above. This makes for a lack of competitive advantage when it comes to neighboring countries in the same sector.

### **Conclusion**

Citizens claim that their summer plans have been affected by rising costs of living, especially in the first half of 2022. It is assumable that most of them are dipping into their vacation budget to help pay for other bills. Albanians are thrifty on their summer vacation, as most fear they will not be able to afford even a short getaway due to inflation. “Sacrificing” vacations is just another addition to a long list of activities that citizens are being used to living without. The more time goes by and the more this list is getting longer, wondering if a person is only living with essential, basic things that life has to offer. At this point, Albanian society had to be thriving, instead, it is surviving.