



CASE STUDY

INNOVATION FOR EMPLOYMENT IN ALBANIA'S TOURISM SECTOR

In partnership with:



Implemented by:





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TABLE OF CONTENTS

INTRODUCTION.....	4
BACKGROUND.....	5
TOUR OPERATORS AS THE PIONEERS FOR TOURISM GROWTH AND INNOVATION.....	7
RISIALBANIA'S APPROACHES TO WORKING WITH 'PROACTIVE INNOVATORS' IN TOURISM	10
RURAL AND FAMILY BUSINESSES AS THE GENERATOR OF YOUTH EMPLOYMENT	14
EMERGING IMPACT OF STIMULATING INNOVATION THROUGH TOUR OPERATORS.....	16
REPLICATION AND GROWTH: HOW TO CHANGE AN INDUSTRY.....	19
LESSONS AND CONCLUSIONS.....	20

WORKING WITH INNOVATIVE TRAVEL OPERATORS TO STIMULATE YOUTH EMPLOYMENT IN SUSTAINABLE TOURISM IN ALBANIA

Tourism is one of the largest and fastest growing sectors of the global economy. According to the World Travel and Tourism Council (WTTC) the global tourism industry supports one in ten jobs (330 million jobs) and generates 10.3% of global GDP ¹. In the 5 years prior to 2020, one in four new jobs that were created were in the travel and tourism sector ² making it one of the most important sectors for employment generation.

In 2019 the sector grew 3.5%, outpacing global economic growth for 9 years in a row. Despite the major downturn in 2020 due to the Covid-19 pandemic, tourism has a history of resilience and will undoubtedly bounce back as a major economic sector and a major source of employment.

The RisiAlbania Project is supported by the Swiss Agency for Development and Cooperation (SDC) in partnership with the Ministry of Finance and Economy, and implemented by a consortium consisting of HELVETAS Swiss Intercooperation and Partners Albania. The project focuses on youth employment in Albania and aims to generate quality employment for young people aged between 15 and 29 in a country where unemployment is fuelling migration from rural to urban areas, as well as overseas migration. Youth unemployment rates in Albania stand at 22% compared to overall unemployment of 12% ³.

The case study looks specifically at the work that RisiAlbania is undertaking in partnership with innovative national tour operators who are working to open up niche 'sustainable tourism' in areas that are off the main and established tourism hotspots of Albania. Working with tour operators aims to harness the deep sectoral knowledge and linkages of Albanian tour operators and their interest to develop new destinations that will generate employment among local small businesses providing tourism services such as accommodation, food, local guiding and experiences. This case study will highlight why such tourism can be highly 'pro-youth' in countries like Albania as it creates employment that avoids the negatives of high seasonality, insecurity and low-wages that the tourism sector is often accused of generating.

This case study also makes the case for a stronger focus by development projects on niche tourism that avoids the increasingly recognised negatives of over-tourism and mass tourism. Tourism does not only have the potential to create economic benefits and employment but can also support environmental protection through eco-tourism and cultural preservation through authentic cultural product development. The biodiversity and rich cultural and living heritage of Albania can set the foundations for a sustainable tourism that provides the country with a unique niche in the global tourism market.

1. World Travel and Tourism Council, WTTC Research 2019

2. World Travel and Tourism Council, WTTC Research 2019

3. INSTAT, 2020

1

SECTION 1: BACKGROUND

Tourism in Albania

Despite Albania being an emerging tourism destination, it is one that is growing extremely quickly. International tourism arrivals increased more than 6-fold between 2007 (1.1 million) and 2019 (6.4 million) and almost doubled within the last 5 years (from 3.7 million in 2014) ⁴. While tourism in Albania has grown to include some niche tourism around the mountains, adventure tourism and rich culture and history of the country, the large bulk of this growth has been driven by coastal, beach tourism and organised tourism that focuses on a small number of tourist attractions such as the UNESCO listed archaeological site of Butrint and the UNESCO listed historic centres of Berat and Gjirokastra. This has resulted in concentrating tourism in a limited number of locations with the resulting impact of over-tourism. It has also resulted in a tourism that is highly seasonal with 'resorts' packed during the summer months but becoming almost deserted between September and April despite Albania's highly favourable climate in autumn and spring.

As an emerging destination in Europe with a very distinct history and culture, Albania has the potential to create a strong niche in the international tourism market. This potential is in danger of being undermined with a growth of mass-tourism attracted only to the more generic attractions of being a beach location on the Mediterranean. In some areas, such as the coastal city of Vlora, Albania has become synonymous with 'cheap Mediterranean' stimulating the growth of large tourism developments along the coast. Despite this, much of Albania remains relatively untouched by tourism – particularly areas away from the coast and in Albania's mountainous interior.

Albania offers a traveller who is willing to venture away from the tourism hubs an opportunity to experience stunning mountain scenery, unique and living village cultures and traditions, undiscovered ancient history and insights into a turbulent modern history. Despite these opportunities, innovation in the Albanian travel industry has been limited and has seldom tapped into Albania's huge potential for niche tourism. Travel companies predominantly focus on offering tours around the established attractions, more often than encouraging tourists to travel across the whole country or even the wider Balkans.

Tourism – generating quality employment?

The tourism sector is recognised as a major employer particularly of young people, but it has been criticised for creating low waged, seasonal and insecure employment. This insecurity and low wage employment is particularly prevalent in areas of mass tourism which relies on low price packages and in positions with a low-skill base. It is much less of an issue in areas

Innovation in the Albanian travel industry has been limited and has seldom tapped into Albania's huge potential for niche tourism

4. INSTAT (Albania Institute of Statistics) 2020

of niche tourism which relies on a skill-base – such as those of skilled guides – and when linking into smaller owner-managed businesses that provide niche services. Insecurity of employment is also substantially reduced when seasonality is reduced.

RisiAlbania – Youth employment through sustainable tourism

The RisiAlbania project has recognised tourism as a key sector that has employment generation potential in Albania. The project made a strategic choice not to focus on the mass tourism sector, but on deepening Albania’s tourism offer by focusing on developing tourism away from the ‘beaten’ tourism trail. RisiAlbania explicitly focuses on tourism where tourists:

- Stay longer: Moving from the predominantly single night stays of touring around established tourist attractions to spending multiple nights within locations
- Travel deeper: Travelling away from established tourism locations and the bigger towns to experience off-the-beaten-track and authentic locations and experiences.
- Spend more widely (and locally): Ensuring that tourist spend and economic benefit is spread to more and smaller businesses and communities
- Come throughout the year: Arriving outside summer which had been the dominant season for Albania’s growing tourism.

This focus is a form of niche ‘sustainable tourism’ which focuses not just on tourism that preserves natural environments, wildlife and natural resources, but also on providing authentic tourism experiences that celebrate and conserve heritage and culture and on tourism that creates socio-economic benefits for local communities through employment.

Sustainable Tourism:

- Protecting natural environments, wildlife and natural resources when developing and managing tourism activities
- Providing authentic tourist experiences that celebrate and conserve heritage and culture
- Creating socio-economic benefits for communities through employment and income earning opportunities

The Travel Foundation

Travelling slower by spending more nights in one place, travelling deeper by to make a bet for getting off track? Else, what about “getting off the beaten track”, spending more widely and locally and coming outside the main travel peak times is a way of enhancing the economic benefits to more people and more communities. Combining a local community socio-economic focus with a focus on authentic experiences and environmental tourism creates effective sustainable tourism that enhances conservation and development. Sustainable tourism therefore resonates with wider development priorities in tourism.

A key rationale for supporting employment generation in Albania is to reduce emigration from the country. Albania has the highest migration levels in Central and Eastern Europe⁵. Since 1980 it is estimated that a third of Albania's population has left the country⁶. This migration is driven by lack of economic opportunity and employment and is particularly prevalent among younger people who face higher levels of unemployment. Tourism that creates quality employment has the potential to reduce this outward migration. It also has the potential to reduce the rural to urban youth migration which increases urban unemployment.

2

TOUR OPERATORS AS THE PIONEERS FOR TOURISM GROWTH THE INTERMEDIARIES BETWEEN LOCAL SERVICE PROVISION AND INTERNATIONAL MARKETS

Tourists can be categorised into two broad categories.

There are the Fully Independent Tourists, known as FITs in the tourism sector. FITs are those who self-organise their travel and accommodation using predominantly online booking portals or occasionally relying on finding accommodation after arrival in their destination.

The other group are those that utilise international and local tour operators to organise their journeys. Such tour operators can offer a wide spectrum of support from highly packaged tours where clients will join tour groups on fully predefined journeys, to more bespoke and tailor-made tours for families or smaller numbers of travellers.

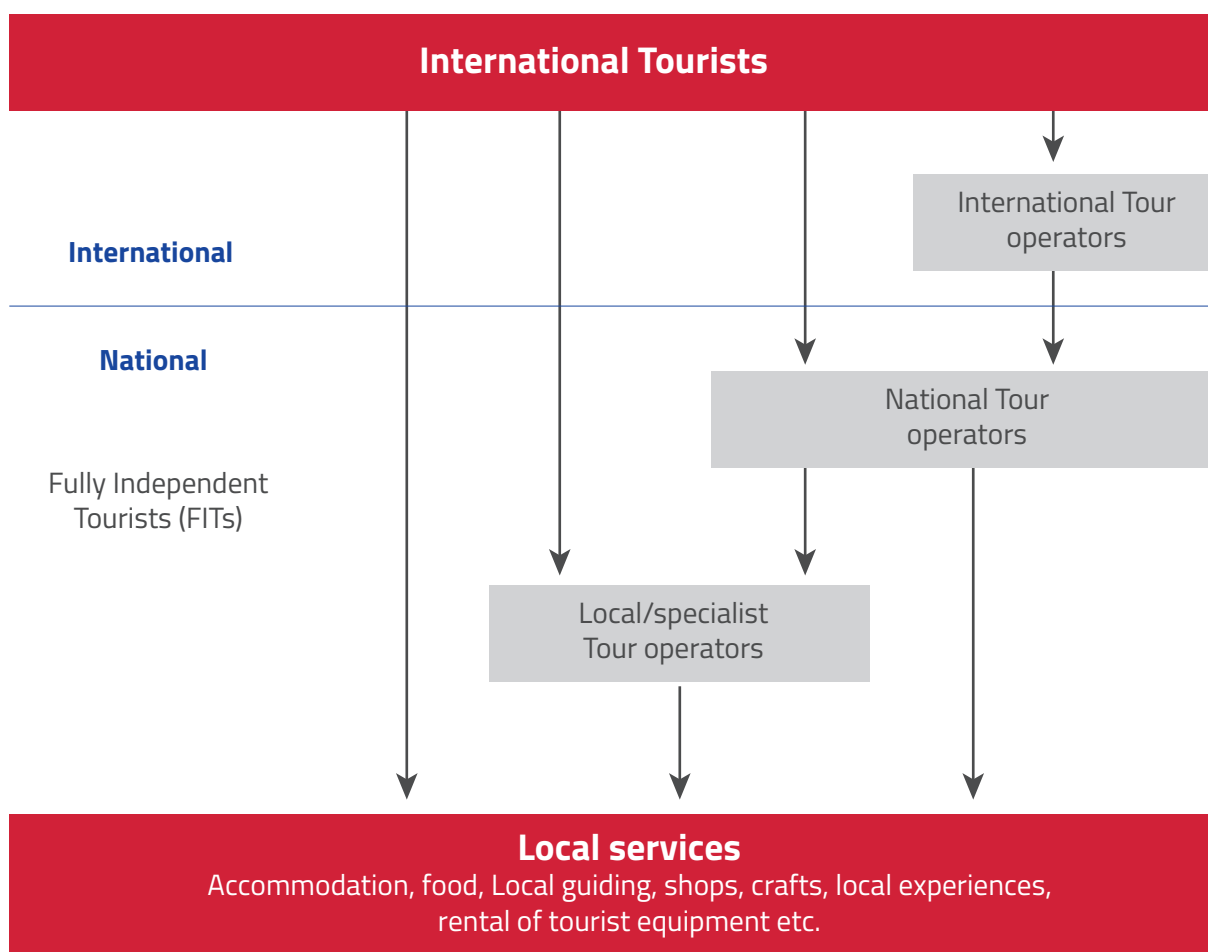
Tourism can be visualised as a series of supply chains that facilitate the flow of international tourists to local services and products (figure 1). In many ways, tourism operates like an export market, where the consumer is international but production (products and services) is local. The one key difference being that in a traditional export market it is the product that travels to the consumer whereas in tourism it is the consumer that travels to the product and service. But in precisely the same way as an export sector, a strong linkage to the international market is essential to the sector's success.

In the tourism supply chains the FIT link is important but informal and the link between the international market and local tourism service providers lacks key intermediaries. In contrast, the linkages through local tour operators (TOs), is a formal supply chain with the incoming tour agencies effectively acting as the intermediary for local tourism service providers. National tour agencies have a strong and direct linkage to the international market and direct partnerships with international tour operators which provide the large bulk of their clients. National TOs have an intrinsic understanding of the standards and services required to meet expectations in a global market. The most active TOs attend international travel fairs strengthening their linkages with the international market and gaining ongoing insights into a changing global market.

5. International Organisation for Migration (IOM), 2020

6. Embracing Emigration: The Migration-Development Nexus in Albania, Kosta Barjaba and Joniada Barjaba, www.migrationpolicy.org, September 2015.

Figure 1: The 'supply chains' of international tourism



Recognising the importance of the FIT market but focusing on working on the formal supply chain involving national travel operators was recognised by RisiAlbania as a pragmatic approach to innovation in the Albanian tourism sector.

National TOs were therefore recognised by RisiAlbania as a key focal point for an intervention to develop local tourism products and services. Local tourism service providers such as accommodation providers, restaurants, local guides and those offering local experiences will rely on both the formal organised tour groups and the FIT (independent traveller) market. But developing services at the local level and relying primarily on the more intangible and diverse FIT market creates increased risk of slow take off and failure to meet required standards particularly for new locations. Recognising the importance of the FIT market but focusing on working on the formal supply chain involving national travel operators was recognised by RisiAlbania as a pragmatic approach to innovation in the Albanian tourism sector.

Tour Operators in Albania

There are 75 incoming tour operators in Albania who play a pivotal role in defining Albania's tourism offering, marketing this offer in the global tourism market and bringing tourists to local services. These companies are diverse in size, in focus and speciality and in the linkages they have to specific international markets – some specialising for example in the Northern European markets while others focus more on eastern European markets. Despite some specialist agencies emerging (such as those involved in mountain and water sports), there is much duplication within the sector with similar products being offered to the same key attractions around the country. Spontaneous innovation in tourism in Albania is relatively limited with a culture of imitation and new destinations and experiences slow to emerge.

RisiAlbania's approach: Identifying the 'proactive innovators' among National Tour Operators

Despite the relatively low levels of innovation in the Albanian tourism sector, RisiAlbania recognises that innovators do exist and endeavoured to identify those existing and potential innovators. The project broadly categorised tour operators into 3 categories defined by their willingness and interest to invest time and effort into opening up new locations and developing new tourism products and experiences:

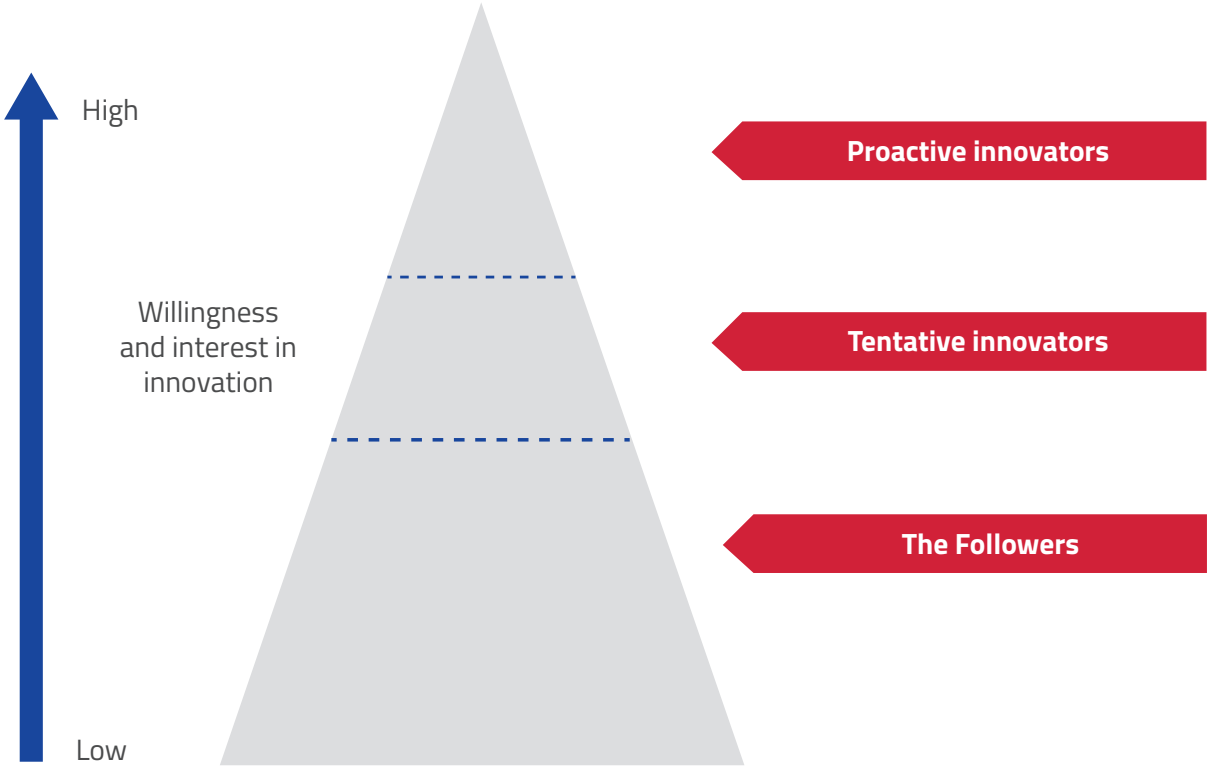
Proactive Innovators: "I want to open up new and exciting locations and experiences and am willing to invest time, effort and some money in that". These are the businesses who are likely already to be innovating already or at least have established ideas about new locations and experiences in tourism and are readily willing to invest time and effort in this.

Tentative Innovators: "I would like to open up new locations and experiences but don't know how to do it and am concerned it will take up too much time and effort". A tentative innovator perceives more barriers to innovation and is unsure about the business case for investing time and effort in new locations. They may therefore be willing to innovate if the barriers to innovation are reduced.

Followers: "I will send my clients to new locations and to new experiences once the service offer is developed and proven, but it's not my job to improve local services". These businesses are unwilling to take clients to newly emerging destinations or experiences and will focus predominantly on proven and traditional locations. Their willingness to invest in innovation is therefore very low, but they will readily move in once the success and popularity of a new destination or experience is proven.

In Albania, as in most countries, there are far fewer proactive innovators than "followers" (figure 2). The focus of RisiAlbania was to identify and work with proactive innovators. While these categories are not precisely defined, RisiAlbania's experience with the sector suggests that around 15% of TOs in Albania (around 11) could be seen as "proactive innovators" with a further 20% to 25% (15 to 19) as "tentative innovators", and the remaining 60 to 65% more followers.

Figure 2: Innovation in the Tour Operator sector



3

RISIALBANIA’S APPROACHES TO WORKING WITH ‘PROACTIVE INNOVATORS’ IN TOURISM

Working with proactive innovators among national tour operators is recognised as reducing risks for local tourism service providers establishing and growing their businesses. Tour operators who collaborate with local tourism service providers⁷ to open new destinations and experiences will be the ones to send the first pioneer tour groups to these businesses. As will be described later in this case study, working with innovative tour agencies is also a strategic initial step to influence the wider tourism sector, with the less innovative sections of the national travel industry likely to crowd-in to the proven new destinations and experiences.

Identifying the innovators in tourism

RisiAlbania’s approach to identifying the proactive innovators among tour operators has relied on two interlinked approaches. The first is open requests for proposals (RFPs)⁸ with RisiAlbania running 3 distinct RFP cycles. These RFPs were primarily undertaken as an identification step with the project then engaging technically with the shortlisted businesses to prepare fully developed proposals that could be co-funded. The second approach was

7. By “local service providers” are defined all businesses in cities or rural areas with which tour operators cooperate to create the touristic offer. Includes accommodation units, guesthouse, restaurants, agritourism, local product processors, farmer, artisan, artist, local guide, transport etc ..

8. Requests for proposals are mostly business ideas or business plans

directly approaching tour operators who were recognised as innovative or with strong international market linkages or specialism but who were less likely to respond to donor RFPs. These companies were then encouraged to prepare proposals to feed into the RFP cycle.

Each RFP cycle was distinct in nature and generated key lessons:

The 1st request for proposals (March 2018): This was a general RFP and attracted a wider range of applicants from more established national TOs to a number of local TOs (outside the capital of Tirana) who had weaker linkages to the international market and were less well established. This round reinforced the strategic rationale for focusing more on the national TOs who have strong international market linkages.

The 2nd request for proposals (May 2019): This RFP focused on drawing in a larger number of national and established TOs and on innovations for new destinations and experiences. This round proved to be more successful in establishing strong partnerships and helped RisiAlbania gain increased credibility in the travel sector.

The 3rd request for proposals (February 2020): The final RFP aimed specifically at drawing in established TOs who were strong proactive innovators but where there was potential for RisiAlbania to add value in speeding up or initiating their innovations. The RFP also aimed to draw in proposals that had the potential to broaden the season.

In each of these RFPs, RisiAlbania was both highlighting and widening understanding among TOs of sustainable travel which was to be the basis for all proposals. An important criteria was that the innovations that would be co-funded would address directly RisiAlbania's objectives of tourists staying longer (slower travel), travelling deeper (experiential travel), spending more widely and locally (travel that involves using a variety of local services) and coming throughout the year (addressing seasonality in Albania's tourism). In total 12 partnerships were entered.

The nature and levels of support provided to innovation

The support offer for partner travel operators was a combination of technical support and, not a co-financing. Particular focus was provided in the following areas:

- **Initial concept development:** Technical support and advisory was provided to develop the concept and implementation plans.
- **Product development support:** Co-financing was provided to undertake the fieldwork and research to develop the new, expanded or adapted tourism products and services.
- **Capacity building support to local tourism service providers:** Co-financing was also provided to tour operators to undertake training to local tourism service providers and link trainers and consultants to local accommodation providers to assist them to source the required knowhow and capital to expand.
- **Marketing of the new travel products:** Co-financing was provided to marketing. New tour products were marketed through the tour operators own established networks but co-financing support was also provided to expand these networks by attendance at international travel fairs (such as ITB Berlin) and specialist travel

shows, the focus being on establishing business to business linkages with international travel agencies. Tour operators were also encouraged and supported to undertake 'fam-trips' (familiarisation tours) with representatives of international travel companies and the media experiencing the new tour packages and experiences.

The total average cash investment provided to each partner tour operator was a modest €15,420 (an overall total of €123,350 for the 8 mature partnerships that are detailed in this paper). The tour operators themselves estimate that they have invested to-date 15.5 million Albanian Lek (€124,000) in cash and 5.9 million Lek (€47,200) as labour working expenses (staff) . For each company the investments for the development and marketing of the new packages amounts €21,400 (cash and labour costs) and they still continue to invest time and cash in promoting these products. In total for every €1 invested by RisiAlbania, partner tour operators have invested €1.4 ⁹. The return on investment that is being realised by this is discussed more later this case study.

The total average cash investment provided to each partner tour operator was a modest €15,500. In total for every €1 invested by RisiAlbania, partner tour operators have invested €1.4.

The innovations:

The innovations supported by RisiAlbania are highly varied in nature (Table 1) spanning eco-tourism (bird and wildlife tourism), cultural experiential travel, horse riding tours and even the development of rural tented camps (glamping). Some of the tourism product innovations focused on combing existing niche tourism, such as trekking, biking and 4WD off-road tours, with new approaches to staying, eating and experiencing local traditions.

Company	Focus of partnership
Albania Trip	Pioneering eco and bird watching tours in new rural locations of Albania.
Sondor Travel	Developing mountain bike tours that involve overnights in rural locations and among new accommodation providers.
Off Limits Albania	Expanding into tours with deeper cultural experiences and into areas where few tourists currently travel. Also a focus on expanding experiential cultural tourism to the quieter winter months.
Ecotour Albania	Developing a village tour combining adventure with cultural experience in locations new to tourism.
Zbulo Albania	A specialist trekking company expanding trekking to new locations in Albania that combine authentic cultural experiences with trekking.

9. This does not include investments made by local businesses (mostly rural) as a result of awareness-raising work, training and inclusion in new tours organized by tour operators.

Adventure and Fun Albania	Deepening tours to include local, authentic experiences under the name 'Living like an Albanian'. An early pioneer in combining adventure with deeper rural cultural experiences.
Caravan Horse Riding Albania	Developing shorter horse riding tours (including for less experienced riders) and winter tours with a focus on new domestic and close regional tourism markets.
Our Own expeditions	Pioneering rural tented camping (glamping) in a location of Albania that has few tourists.

Another aspect of innovation was in the linkage that was established and reinforced between the national Tour Operators and local small businesses. The approach of national tour operators supporting existing and new service providers (e.g. guest houses, small restaurants, local guides) to expand or set up, creates a strong partnership of mutual benefit. Tour operators invested on average 17 days each in working with local service providers to assist them to upgrade their facilities and services.

A catalyst for rural accommodation providers to apply for business expansion grants

One of the emerging roles from the collaboration between tour operators and the formal local tourism service providers such as accommodation providers was in this being a catalyst for local companies to apply for financial support to grow their businesses and the linkage of business advisers to assist with financial proposals for funding. EU and Albanian government funding has been made available for rural business grants as a way of promoting rural development. This is partly due to a lack of awareness and weak linkages between funding agencies and rural businesses. RisiAlbania saw an opportunity of addressing this constraint by linking business development service (BDS) consultants with Tour Operators: the latter are best placed to identify rural businesses in need of funding that can be included in their packages. The BDS providers vet the businesses and then assist them with their funding applications. While this link to BDS consultants has assisted with funding applications, finding viable recipients for grants continues to be a challenge for these funds.

“Working with tour companies reduces the time and compilation to identity good businesses in rural areas. They also mean that there is reduced risk for lenders because the tour companies will be bringing clients to the business...This works very well for us and we are offering tour companies 10% of our fee if they help us find a business and the funding application is approved. We would relly like to see this collaboration expanded to as many businesses as possible.” *AZ Consulting, Tirana*

These grant funds offer an opportunity for rural tourism service providers to expand their business and a emerging collaboration has begun between BDS consultants working for the funding agencies, tour operators working to develop new locations and experiences and local service providers – particularly small guest houses. This is a win-win-win with travel operators benefiting from funding going to their rural partners to improve and expand their

services, rural businesses having access to financing and BDS consultants finding viable rural businesses to assist. The grant-giving and funding bodies also benefit from reduced risk with the added assurance that an upgraded or expanded rural business has a strong link to the international tourism market. One company, AZ Consulting, is offering a finders fee of 10% of their fee to travel operators to identify viable businesses who apply and receive funding and perceive this as an extremely effective way of working in the tourism sector.

This emerging collaboration is one of the approaches that RisiAlbania intends to fully test and begin replicating more widely among the more tentative innovators in the travel sector.

DREAM NOW, EXPLORE LATER

Caravan Horse Riding Albania
Kristina Fidhi
My name is Kristina from Albania and I have a dream.

DISCOVER THE SOUTH OF ALBANIA BY HORSE

One of the best ways to get to know a country is travelling the back-roads, through nature on horseback. **Caravan**

Off Limits Albania
Erald Dervishi
Albania life moves at a slower pace.

EXPERIENCE THE ALBANIAN HOSPITALITY

Showing the Albanian lifestyle to every traveler: that's been the goal of **Off Limits Albania** since 2013. Even if it's in

Adventure & Fun Albania
Ira Rroco
Hello, I am Ira from Albania and I have a dream.

ALBANIAN HERITAGE AND MUCH MORE

Albania is very pristine and has not been discovered by many. Forget about mass tourism, it does not exist in Albania, but

Do you want to find out more about RisiAlbania partners? Check out this Wideoyster marketing campaign

4

RURAL AND FAMILY BUSINESSES AS THE GENERATOR OF YOUTH EMPLOYMENT

Can rural and family businesses create quality employment for the young?

Rural tourism in countries like Albania is dominated by small and family owned enterprises particularly in emerging and new tourism destinations where there are no larger investors. These small guesthouses, restaurants, informal eating places and tourism services such as guides are run by families and many of them are informal. A challenge for tourism development in a new or emerging tourism destination is to stimulate these businesses to grow and formalise their businesses. A reality within a family business is that as a business grows it will tend to prioritise the employment of direct family members or their extended family on an informal basis with no formal employment contracts or terms of employment.

While this informality is a challenge to employment creation, it can also be seen as an opportunity for youth employment. Evidence from surveys undertaken by RisiAlbania into growth and employment in family businesses in the tourism sector indicates that successful family businesses do provide quality employment, particularly for young people. When a family business becomes successful and profitable, rather than just survivalist in nature, then the benefits are shared with the family members who work in these businesses. Young people share the profit and get a wage and they also become the stakeholders in the business and the future inheritors of the business. Moving from survival to profitability is the essential step for a family business to provide quality employment.

“I didn’t think there was a future working back at home and thought I would have to move to the city. But tourism has shown me that there is a future for me helping my parents and being part of the business” *Aleksia Hysi, Employee in her family tourism business, in Asim Zeneli.*

Is rural tourism an attractive option for young people?

Focus group discussions undertaken by RisiAlbania in 2019 with family owned businesses and an analysis of family businesses that have grown in size show that rural tourism is an attractive option as a career for young people. A successful family tourism business does attract young people to stay in the rural area or return from more urban areas to work in the business during the tourism season. This is driven by the need for rural businesses to have the skills that young people can bring to the enterprise. For example, young people are more likely to speak important foreign languages than their parents or older relatives. They also have critical ICT skills that are increasingly needed if businesses are to attract the FIT (independent traveller) market and have their businesses effectively represented in Online Travel Agency (OTA) sites such as Booking.com and Tripadvisor. Younger people also bring energy to a business that can often be highly physical.

It is also evident that tourism is perceived by many young people as being an attractive sector to work in. The international focus and interaction with foreigners is one attraction and the fact that they are investing time and effort in a businesses they are likely to inherit is another.

One key challenge is the high seasonality of rural tourism which creates a situation where employment is only provided for a few months of the year. While many young people do return to the rural areas to work in the tourist season and then return to the urban areas, others are put off this work due to its seasonal nature. Reducing seasonality is therefore a key priority in youth employment generation in rural tourism.

Youth migration from rural to urban areas and from Albania to the rest of Europe is a major issue for Albania. The migration from rural to urban areas can be seen often as a preliminary step to international migration. Young people being attracted to either stay or return to rural areas to participate in a vibrant and growing rural tourism sector can therefore be an important factor in reducing overall migration.

EMERGING IMPACT OF STIMULATING INNOVATION THROUGH TOUR OPERATORS

This case study explores the ongoing work that RisiAlbania is undertaking with Tour Operators to stimulate rural tourism innovation. It is ongoing work and the impacts are only beginning to emerge. The 2020 Covid-19 pandemic has significantly negatively impacted the global and Albanian tourism sector and delayed some of the impact of these interventions. Nevertheless, there is substantial evidence that this approach is yielding robust and tangible results and is laying the foundations for a wider impact in expanding the tourism offer in Albania and creating employment in niche areas of tourism.

Perceptions among tour operators about the business potential of the innovations

By 2020 seven of the eight tour operator partners had begun marketing their new products with international travel partners (the rural glamping service was being completed in 2020). One of the more mature partner (Adventure and Fun Albania) had already successfully run their cultural experiential 'living like an Albanian' tours in the 2019 season. Feedback and interest from the international travel market was extremely positive and has resulted in a high level of confidence among the Tour Operators in the future sales and success of these products.

Despite the Covid-19 pandemic's impact on the tourism market, a survey undertaken by RisiAlbania in August 2020 showed that travel companies anticipated strong sales of the new travel products in 2021 (if the Covid-19 pandemic's impact does not continue into 2021). They also anticipate these sales growing in 2022 by more than 25%. The companies therefore expect a full return on their investment in the new packages within the first year of them being fully launched on the market.

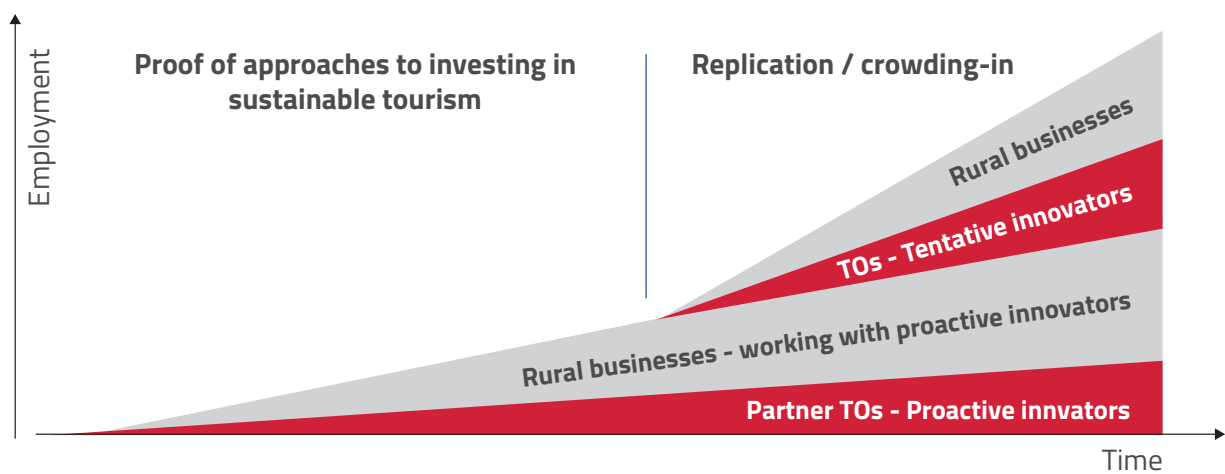
Survey on business perceptions around innovations developed with support from RisiAlbania

- Total investment from the 8 partner tour operators (TOs) was 15.5 million Lek (€124,000) in cash and 5.9 million Lek in time (€47,200). Combined, TOs estimate that they have **invested €171,200 which is an average of over €21,400 per company.**
- In 2021 the 8 TOs expect over 35 million lek (€285,000) in sales of packages developed in collaboration with RisiAlbania (if Covid-19 does not impact badly on the 2021 season).
- TOs anticipate income from these products rising by over a quarter in 2022 (26.6%).
- With margins on these travel packages of between **20% to 30%**, companies are predicting to make a return on initial investment in the first 2 years of launching the new products.
- TOs expressed a **very high level of confidence (4.5 score out of a possible 5) about the potential success of the new products** being developed in partnership with RisiAlbania

Employment generation potential from the new products

The work with tour operators will result in employment being generated within the tour companies themselves. But a greater level of the employment is created in small guesthouses and small restaurants or homes that begun to offer catering services as well as local guides and those providing insights into rural life and traditions. RisiAlbania's vision for employment generation is to use innovation as the foundation for growth of new areas of tourism and to stimulate sustainable employment generation not only within direct partnerships but through the wider adoption across the industry (figure 3). Sustainable growth within new sectors of tourism and replication and crowding in of new businesses in these areas is therefore core to the project's approach to employment creation.

Figure 3: Vision for employment creation



Anticipated Employment generation through travel innovations

EcoTour Albania has launched new tours that take tourists into previously little-visited areas of Albania to give them a deeper cultural experience of rural life. They have trained up new guides and anticipate employing 2 new staff in 2021 to run and manage these tours and increasing this to 4 in 2022. Having a close link to the local rural accommodation providers that they are working with they anticipate that at least 10 jobs will be created within their rural partners in 2021 which will increase to 15 in 2022. They therefore anticipate that these new products will create 12 jobs in 2021 and 19 jobs by 2022.

Off Limits Albania has launched a range of new deeper and slower cultural experiences to add to their portfolio of more traditional vehicle-based tours. They have expanded their vehicle capacity and allocated guides to these tours and anticipate having an additional 3 staff in 2021 to run these tours which they estimate will increase to 5 in 2022. Among their partners involved in providing accommodation, food and cultural experiences they anticipate 8 jobs being created in 2021 which they believe will increase to at least 15 in 2022. If this proves accurate then the new products

would result in 11 jobs being created in 2021 and 20 by 2022. Off-limits has also embarked on promoting off-season and winter travel which aims to make these jobs more sustainable throughout the year.

The project overall targets 130 full-time jobs under the tour operator portfolio of interventions.

Despite the hiatus of the 2020 season that has resulted in plans to run tours being put on hold, all the partner TOs anticipate employment generation to happen in the 2021 and 2022 seasons. All but one of the tour agency expect to hire new staff within their companies to manage and run the tours in 2021 and all of the TOs expect to have dedicated staff by 2022. All of the tour agencies anticipate employment being generated by their rural partners. Analysis also shows that around 40% of employment being generated is for women.

Sustainability of the travel innovations

Optimism about sales in 2021 and 2022 highlight that tour operators believe strongly in the commercial success of the products that have been marketed. When asked to assess the level of confidence they had in the future success and popularity of these new niche tourism products, TOs gave a 4.5 out of 5 score. When asked to highlight the main risks to the products, no tour operator cited any high-risk factor for the travel packages. The greatest challenge they said they faced was in local tourism service providers managing to reach the quality and capacity requirements to match the demand.

Seven of the eight partner TOs said that the work on these products had also influenced their other travel products and all the TOs said that working with RisiAlbania had a large influence on developing new products and services. The stronger linkage and partnership with local tourism service providers was highlighted as a new approach for the TOs with a potential for this to be sustained and expanded more widely. The concept of slower and experiential tourism was also strongly endorsed and embraced by the TOs.

6

REPLICATION AND GROWTH: HOW TO CHANGE AN INDUSTRY

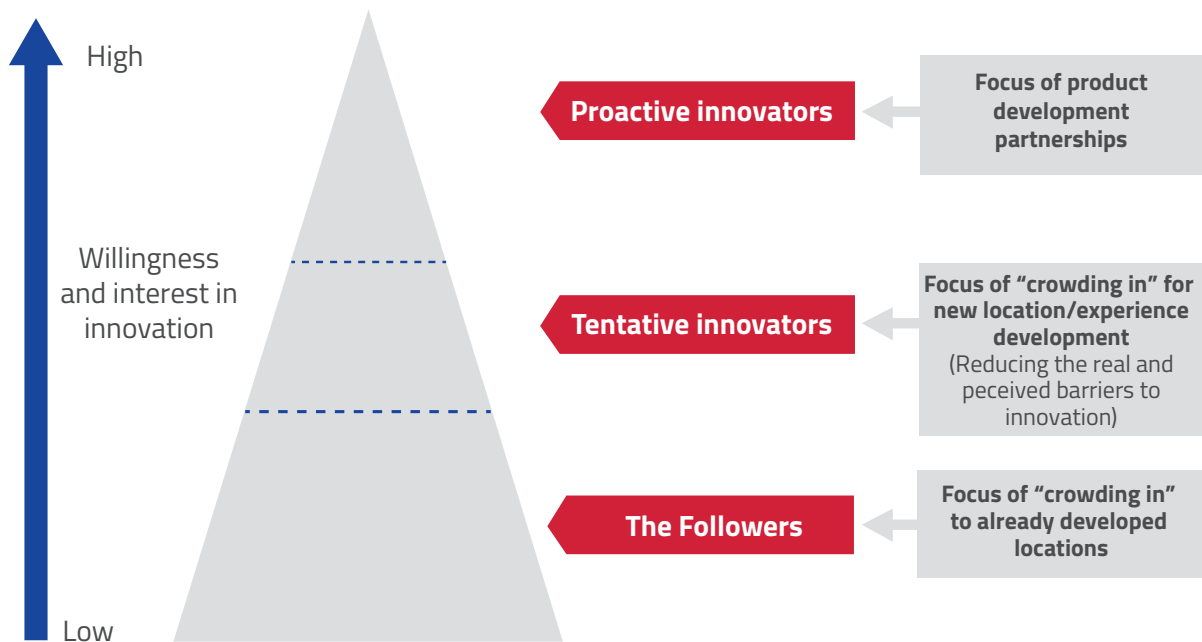
RisiAlbania’s overall strategy is to use the work with a small number of ‘proactive’ innovators to pioneer and prove innovations in niche areas of tourism and to expand this to the wider Albanian tourism sector. RisiAlbania’s longer term strategy is therefore to leverage from the existing TO partnerships to bring about wider adoption and replication of new products, destinations, experiences and approaches to innovation.

Figure 4: The overall strategy for crowding-in



Specifically, the RisiAlbania strategy is to focus on deepening innovation among the ‘tentative innovators’ in the tourism sector by promoting proven approaches to developing new locations and experiences. RisiAlbania also aims to promote new proven locations to the TOs who are unlikely to innovate (‘the followers’). This strategy with the ‘followers’ recognises that many companies within the sector are unlikely to become innovators and pioneers and that many will only take their clients to locations that have already grown in popularity. RsiAlbania has plans to roll out this replication strategy after the tour products have been proven in the 2021 season.

Figure 5: A tiered strategy to scale-up innovations in the Tour Operator sector



LESSONS AND CONCLUSIONS

RisiAlbania's work with tourism innovation in collaboration with targeted national tour operators is work in progress and the strategic approach to replication is yet to be fully proven. Nevertheless, the emerging evidence is that small injections of finance and technical support can leverage significant results in terms of innovation and that these innovations can lead to significant job creation. A number of principles have been established and lessons have been generated through this work:

Principle 1: Sustainable tourism must be at the core of tourism development: a key principle adopted by RisiAlbania is to not focus on mass tourism despite its potential for large scale employment, but to focus on the more niche areas of sustainable tourism. This is sustainable tourism in a more holistic way, not focusing just on environmental conservation (eco-tourism) but also on heritage and cultural preservation through authentic experiential tourism and socio-economic benefits to local communities. These types of niche tourism not only avoid the negatives of over-tourism, but offer the potential for better quality, higher paid and more secure employment. This tourism also supports allied development objectives of supporting community development and promoting environmental and cultural protection (experiential and authentic tourism) that mass tourism can undermine.

Lesson: Sustainable tourism offers a particular niche for an emerging tourism destination: The highly positive response of both the partner tour operators and the international travel market to the opportunities for sustainable tourism highlights that this is a strong niche for an emerging tourism destination. The living cultures and natural assets of countries such as Albania and specific locations within these countries can become the defining features that make a country unique in a highly competitive global market.

Principle 2: Working with proactive innovators drives strategic leverage: differentiating partner companies (Tour operators) as proactive innovators, tentative innovators and followers has assisted the project to effectively target support and define a more strategic approach to replication and change within the wider tourism industry. The focused and strategic approach of working with proactive innovators as a way of influencing innovation and change within a sector is one that is still being tested. Nevertheless, working with a smaller number of pioneer or 'early adopter' companies and providing a mix of co-funding and technical support is yielding very positive results. The next test will be in building on this experience to influence the wider sector.

Lesson: sustainable tourism can provide young people with quality and secure jobs and reduce youth migration: Mass tourism is a huge global employer particularly for the young but is often criticised for providing insecure, seasonal and low wage jobs. A job in hospitality often has little prospects for career progression and is therefore perceived as temporary while seeking a foothold in another sector that offers better prospects. This situation is different with higher skilled jobs in tourism (such as guides) and when young people can either establish their own tourism enterprises or work in family businesses that they can become the owners of. Tourism utilising small local businesses rather than mass tourism

developments and high-skill niche areas of tourism offer the best opportunities for longer term careers for younger people.

Principle 3: Sustainable tourism is inclusive to the young, rural communities and women:

Tourism benefits can often be captured by a small number of destinations and by a small number of businesses and therefore individuals. Making inclusivity of tourism benefits a key aim of tourism development is an important and achievable objective. Ensuring that tourism spend is spread more widely and within not just more communities but among more households is a critical objective for tourism development. This will mean that the focus is more on broadening tourism to more geographic areas and on tourism services such as accommodation, food, experiences and local guiding being undertaken more at local levels.

Lesson: national tour operators are the catalyst to opening up new tourism destinations and diversifying experiences:

As this paper has explained, national tour operators are the key operators within the formal 'supply chain' of international tourism. But the tourist market for local services is wider than just the organised tour-group market and also includes FITs (Fully independent tourists). The work of RisiAlbania is to work with TOs as the catalyst for new destination and experience development but it is also clear that local services will benefit most when they have a mix of organised groups and independent travellers and tourists. Working with Tour operators needs to therefore be seen in a wider context and as part of a strategic approach to creating a diverse client base for local tourism services.

The global tourism industry is hopeful that the 2021 season will recover after the impact of the 2020 Covid-19 pandemic. But what is clear is that it will take some time for tourism to fully return to the 2019 level and to the growth in tourism numbers and revenue seen in the years preceding 2020. Many analysts suggest that it will be mass tourism, larger group tours and tourist hotspots that will take the most time to recover while niche and low volume tourism involving smaller groups in less busy locations will recover more quickly. Destinations involving long haul flights may also take longer to recover with people looking for different, interesting, exotic and less-known destinations closer to home. The emerging tourism destinations such as Albania that have a living culture and history as well as natural assets (mountains, forest, rivers etc.) that are distinct from the more developed areas of western and northern Europe will therefore have a strong niche in the post Covid-19 recovery period. Sustainable and eco-tourism offers Albania a specific niche that can allow the country to recover not only more quickly, but in a way that gives Albania a unique selling point that can last well into the future.

