

The tourism consumption, a special economic category of the final demand in Albania and in the countries of the region

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Abstract. Tourism is an international activity which includes a combination of economic, political, environmental and social factors whose consequences are becoming more and more complex, controversial and which emerge in delicate and unexpected ways. Today tourism is characterized by a development which is not only continuous but also sensitive to rapidly-changing attitudes. The effects of tourism are multifaceted: economic, social, natural or environmental, political, and cultural. In this article we will talk about the effects of the development of tourism on the international and total tourism consumption regarding Albania accompanied with empirical data and a comparison of their respective statistics. We will also try to study the effect of financial crisis on the international tourism consumption in Albania. All the data have been collected from INSTAT and Travel & Tourism Economic Impact 2012, for the time period 2006-2012. The number of visitors to Albania after 2000 has been increasing and consequently the positive impact of tourism on total consumption has become stronger. Nevertheless, after 2006, Albania shows strong fluctuations in tourism consumption compared to other countries in the region. This is due to the fact that Albania is a relatively new destination in the development of tourism market.

Keywords: tourism consumption, tourist arrivals

1 Introduction

Tourism, in the developed industrial countries acts as a mechanism in the redistribution of world wealth, as a large part of it moves from the developed industrial countries to the less developed countries, which serve as well-known touristic destinations. Tourism in the developing countries is a new economic activity which has grown considerably in relatively short periods of time. This encourages the economies of those countries to increase their efforts to create the necessary touristic infrastructure and orient their human resources to that sector.

Edgell (1990), comes to the conclusion that tourism is one of the biggest industries in the world. The developing countries, support the development of tourism, because it can transform their traditional agricultural economies into industrial ones and thus set in motion the process of development.

Tourism, in its modern form, influences directly and indirectly the economies of many countries and mainly those countries which are designated as touristic.

The growing importance of tourism means that business owners, public officials as well as members of the community in general more and more put great emphasis on it (Stynes, 1997).

The role and importance of tourism, as an important economic sector, has been generally recognised, because it affects many aspects of economy, such as, the increase of Gross National Product, the improvement of balance of payments, the creation of new workplaces, the increase of investments and

the promotion of national, regional and local development.

The analysis of economic influence gives a real assessment of these economic variables, and of a better understanding of the role of importance of tourism in the economy of a region. (Balaguer and Cantavella-Jorda. 2002; Dritsakis, 2004; Andergassen. and Candela,. 2009; Madsen and Zhang, 2010).

The economic impact of tourism is of a considerable importance to the public finance. For this reason communities should understand the relative importance of tourism in their region, by including also its contribution to the economic activity of the region. Tourism constitutes an important source of income for our country. This affects positively the socio-economic development of the country. The success of tourism sector after the 90s in Albania lead to the creation of a new kind of industry, characterised by great and unexpected changes.

The direct contribution of tourism in Albania to GNP for 2012 was 83.2 billion lek or 6.1% of the total GNP. The total contribution of tourism to GNP was 292.9 billion lek or 21.4% of GNP. The direct contribution of tourism to employment for 2012 was 51500 workplaces which constitute 5.5% of total employment in Albania, whereas the total contribution to employment was 184000 workplaces or 19.5% of the total employment. The exports of tourists for this year were 195.6 billion lek or 34.7% of the total Albanian exports.

2 Literature review

Tourism consumption represents spending generated by tourism demand which aims at obtaining a number of goods and services. As a result of the heterogeneity which characterizes the tourism sector, goods or services acquire the characteristic “touristic” through being used by the end consumer, that is to say, *the tourist*. (Krapf, 1962.). Tourism production, like tourism consumption, is limited by the concept of the tourist.

The volume of tourism consumption equals the volume of tourism production (Languar, 1983; Fabre, 1979). Thus, only what is actually consumed will be produced, this is due to the characteristics of tourism demand, because tourism goods/ services cannot be stored and consumed at a later time.

Production represents one of the most important variables of every economic sector. Tourism is considered as a sector of economic activity which aims at generating goods and services whose only goal is fulfilling the collective and individual needs (Brunhes, 1976).

Tourism is an individual consumption generated in the national economy, that is to say, “the tourism consumption” and constitutes a defined analysing category of the economic cycle. Tourism consumption comprises all the expenditure by the tourist paid out of his own pocket for goods and services consumed during his time of stay, as well as for goods and services produced by different sectors which directly support the increase of tourism consumption. (Baretje and Deffert, 1972). Tourism consumption comprises also public goods like cultural heritage and places of special natural beauty, since gaining access to them means indirect payment on the part of the tourists.

According to the theory of consumer behaviour, the consumer chooses that consumer basket which maximizes his benefit, under the limitation of his income and with the prices of the given goods (Hicks, 1946; Stigler, 1950).

The demand of consumer-tourist for tourism goods and specialised tourism services, is a function of all the prices and consumer income, provided the free time of the tourist is stable and determined. In

the framework of the macroeconomic theory of consumption there exists a relationship between income and consumption. Tourism demand is a special form of consumption, that is why it is studied in relationship with the total consumption and income in the framework of the macroeconomic theory of consumption.

According to Davidson et al (1994) “every industry which offers its products to consumers, in a big or small scale, receives income from the tourists, because tourism expenditure do not concern only specialized products but to a large degree agree also with the expenditure paid by the local community”. According to various authors tourism constitutes an individual consumption which for the most part is comparable to the consumption of destination as well as origin country.

In order to analyse tourism consumption, according to Mitchell (1991) it is necessary to study the destination and origin countries, as well as the space relations existing between them, which are achieved via the creation of the telecommunication and transport network. Tourists constitute a specific group of consumers, because they have to move to destination, in order to consume the products of tourism businesses but should not stay in that place forever because in that case they cease being tourists.

Although international tourism as individual consumption shows similarities with the consumption of the locals at first look, from the economic point of view, can be differentiated from it and emerge as a special economic category of final demand (Zacharatos, 2000).

Languar (1983) regarding tourism consumption emphases that: “Such consumption will soon reach stability point, if the developing countries will meet their basic needs and aim at improving the quality of life of their citizens through tourism. Tourism consumption should be more tied to one of the basic values of tourism, the interpersonal relations, and to the possibility of a social and cultural improvement that it can create”.

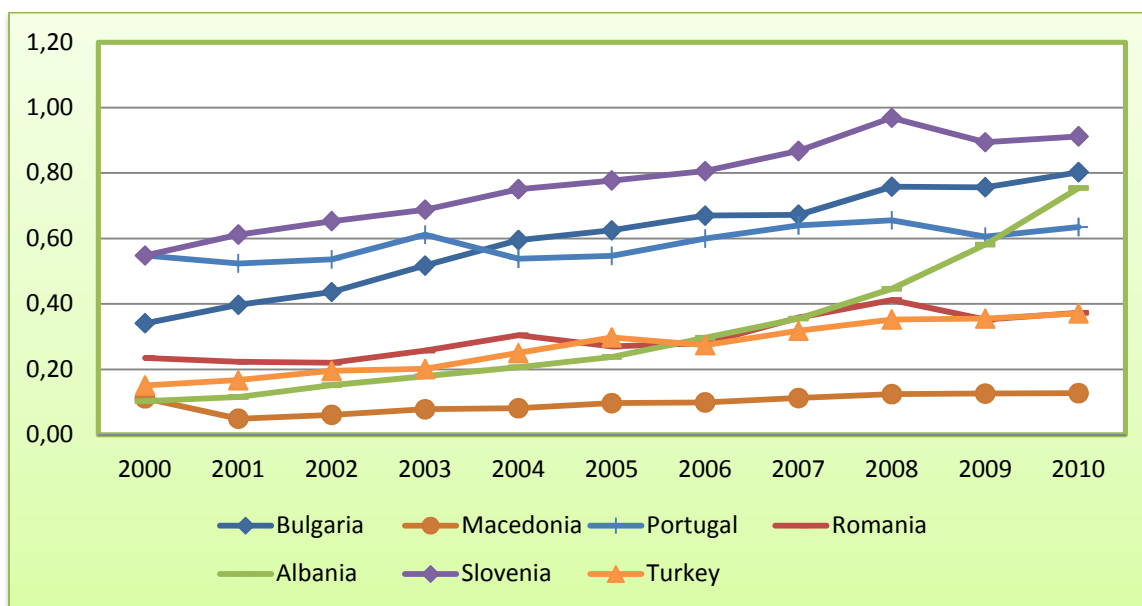
The main difficulty which arises during the procedure of determining tourism consumption stems from the correct determination of tourism sector, that is to say, where tourism sector ends and where it begins. An analysis of tourism sector shows it as being very heterogeneous because it represents in essence a consumption of a vast array of goods and services. There does not exist just one economy, tourism sector or tourism product.

3 Tourism and tourism consumption in Albania and in the countries of the region

In a much more liberalized tourism market in the world, the countries of the region are competing with each-other by adding to their tourism offering new destinations which could benefit from resources that are either new or intact or otherwise barely exploited as well as from many favorable economic conditions including low wages and weak currencies. Albania is also part of such destinations. Tourism in the countries of the region has undergone big changes for several years.

Tourism in Albania during the period of communism saw very little and politicized development. After the 90s, tourism began to be appreciated as one of the most economically important sectors of economy. The touristic resources on which was based tourism in Albania after 90s were the geographic position on the one hand and the climate conditions and on the other hand as well as its history and cultural heritage. The impressive and fast-paced development of tourism in Albania started after the 2000. This is related to the need of world tourism industry for new tourism destinations with a generally low level of prices and wages. These qualities made Albania an attractive touristic destination. Things have changed over the years for Albania and it is currently being transformed into

a genuine touristic destination. By comparing the number of tourists in 2011 with their number in 1995, the number of tourists has grown nine fold. In 2000 tourist arrivals per person in Albania were 0.10 tourists per person (chart 1). In a list of 7 countries (Bulgaria, Macedonia, Portugal, Romania, Albania, Slovenia and Turkey) which have a very active tourism industry Albania occupied last place.



Source: World Tourism Organisation

Figure 1 Tourist arrivals per person for countries in the region

From 2001 to 2005 tourism in Albania started to grow rapidly, by doubling the number of tourist arrivals until 2005 when it reached 0,24 tourists per person. During this period Albania surpassed Macedonia with 0,10 tourists per person.

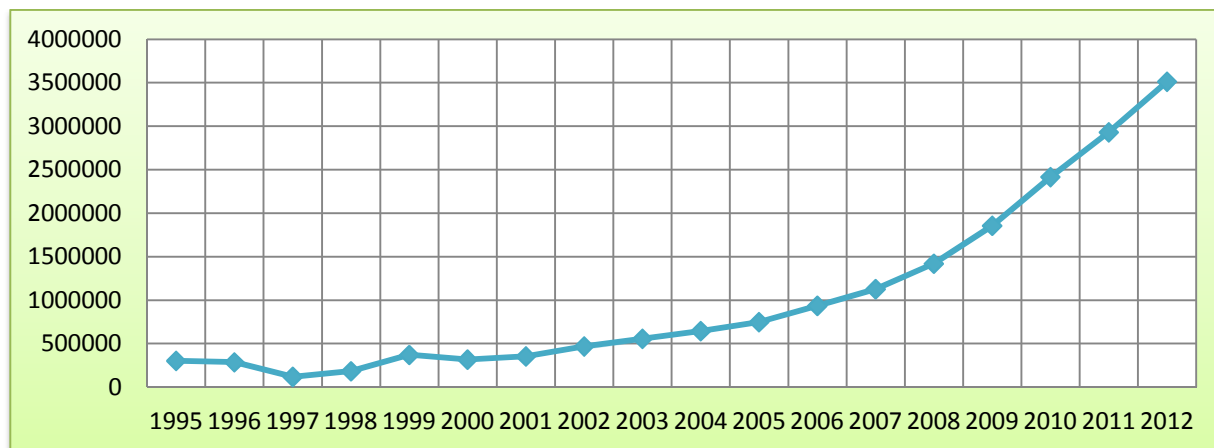
During the period between 2006 and 2009, the number of tourist arrivals doubled compared to 2005 and grew sixfold compared to 2000. During this period Albania surpassed Macedonia, Turkey and Romania as far as the number of tourist per person is concerned.

In 2010 the number of tourist arrivals per person increased, compared with 2009 by 29. 3%, surpassing Macedonia, Turkey, Romania and Portugal.

The efforts for the development of tourism in Albania in early-90s were faced with a lot of difficulties and this was mainly due to the fact that the necessary capitals which could be had to this end were very limited. Consequently, the efforts for the development of tourism in Albania during this period were disproportionate to the real potential the country possessed.

Nevertheless, the number of visitors to Albania kept growing and thus the positive impact of tourism on the Albanian economy kept increasing. Income from tourism indirectly increases the demand for factors of production, and, consequently, increases also the contribution to national revenue, thus transforming tourism into a factor of production of high productivity. Despite tough competition from countries of the region, like, Croatia and Greece the tourism sector in Albania has the potential to impact positively the economic growth. The tourism sector in Albania is estimated as a sector with a high growth rate especially during the second and third trimester.

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Source: INSTAT

Figure 2 Tourist number in Albania

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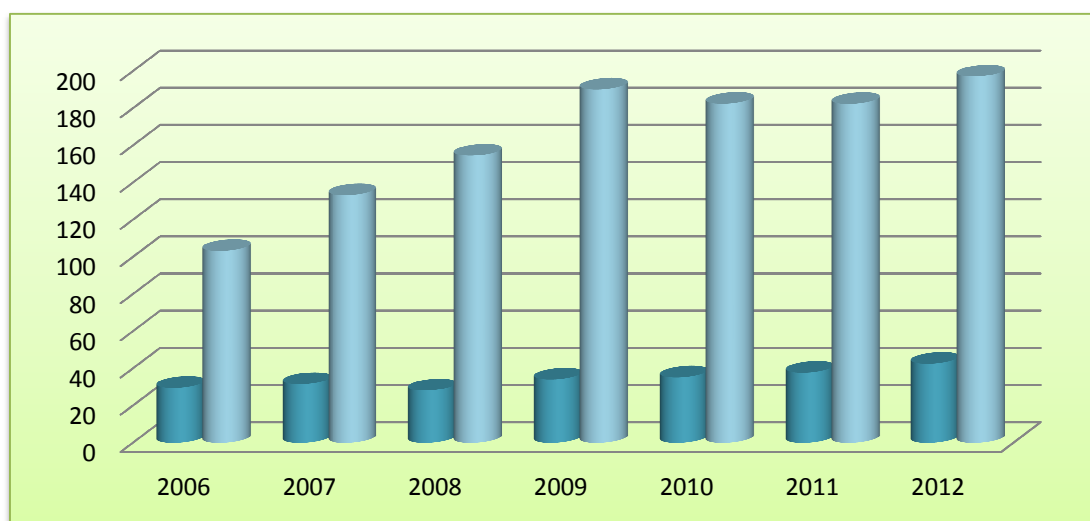
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Tourism consumption is made up of the amount of money that foreign and domestic tourists spend to buy goods and tourism services as well as government spending, such as, the supply of required services pertaining to national parks and museums.

Tourism consumption, in accordance with the form of tourism a country experiences is divided into two big categories:

- National tourism consumption, that is to say, goods and services used by the inhabitants of a country.
- International tourism consumption which represents the international tourist consumption expenditure made outside their country of origin.

National tourism consumption in 2006 constituted 22, 3% of the total tourism consumption. In the later years this weight has decreased, so that in 2009 it reached the lowest value of 15.2 % and in 2012 was 21.6%. These data show that Albanians prefer travelling abroad for holidays.



Source: Travel & Tourism Economic Impact 2012, Albania

Figure 3 Tourism consumption national and international

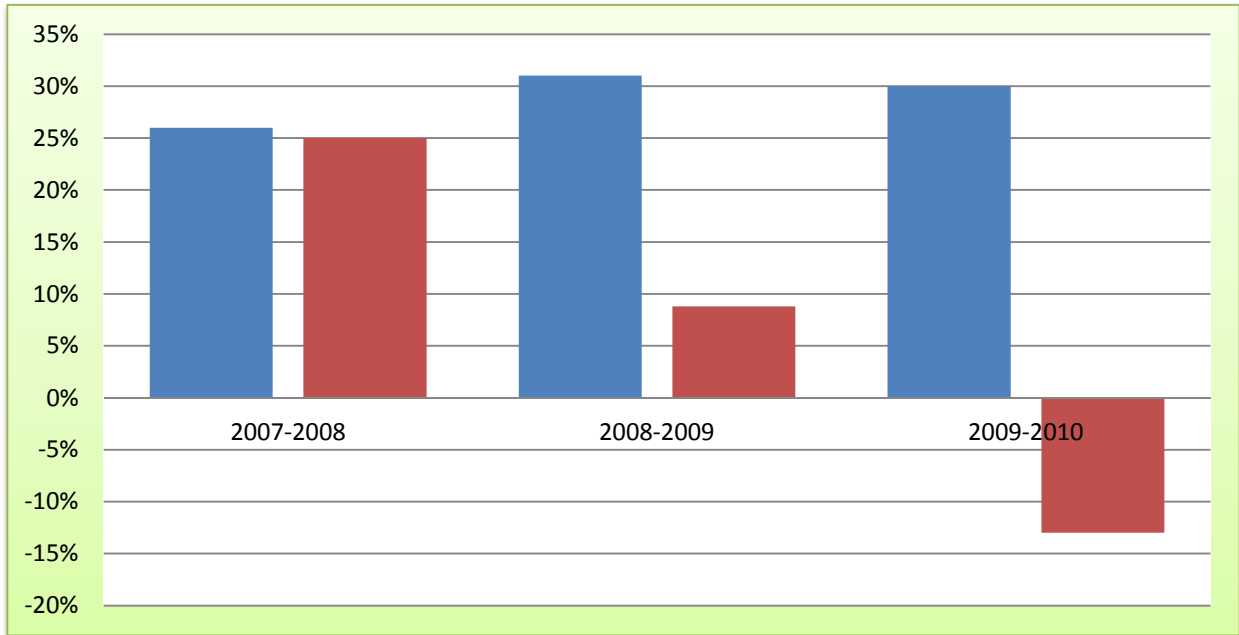
Tourism spending is closely related to the economic cycle. The global economic downturn of 2008-2009 had a strong impact on the tourism sector. Free-time activities-related expenditure is the first that consumers will cut when they are in economic difficulties. The effects of crisis were also felt on the tourism sector in Albania. In 2008 compared with 2007 the number of tourists who visited Albania increased by 26% and likewise grew the tourism receipts, whereas national tourism consumption experienced a 12% decrease. We have a different picture in 2009 compared with 2008, while the number of tourists continues to grow by 31%, tourism receipts have increased by almost 9% which shows that tourists spent less than the previous year.

1084 US\$ per tourist were cashed in 2009 compared with 1302 US\$ which were cashed in 2008. In 2010 compared with 2009 the number of tourists continued to grow by 30%, but tourism receipts decreased considerably (-13%) also international tourism consumption for Albania decreased by 4.2%. This shows a close connection between tourist arrivals and tourism expenditure. Experience shows that in times of crisis, tourism consumption tends to be more affected than the number of tourist arrivals. Whereas tourism receipts per tourists in this year are 736 US\$, almost half the amount of tourism receipts of 2007(chart 4).

International Monetary Fund (IMF) has declared that global recovery is occurring “obviously” sooner than it was expected, with a clear return of economic growth in 2010 (3, 1% worldwide, with a more pronounced growth for the developing economies by 5, 1%, along with a slower rhythm for developed economies by 1, 3%).). In Albania national tourism consumption in 2012 grew by 25% compared with 2009, whereas international tourism consumption grew by 3.9%.

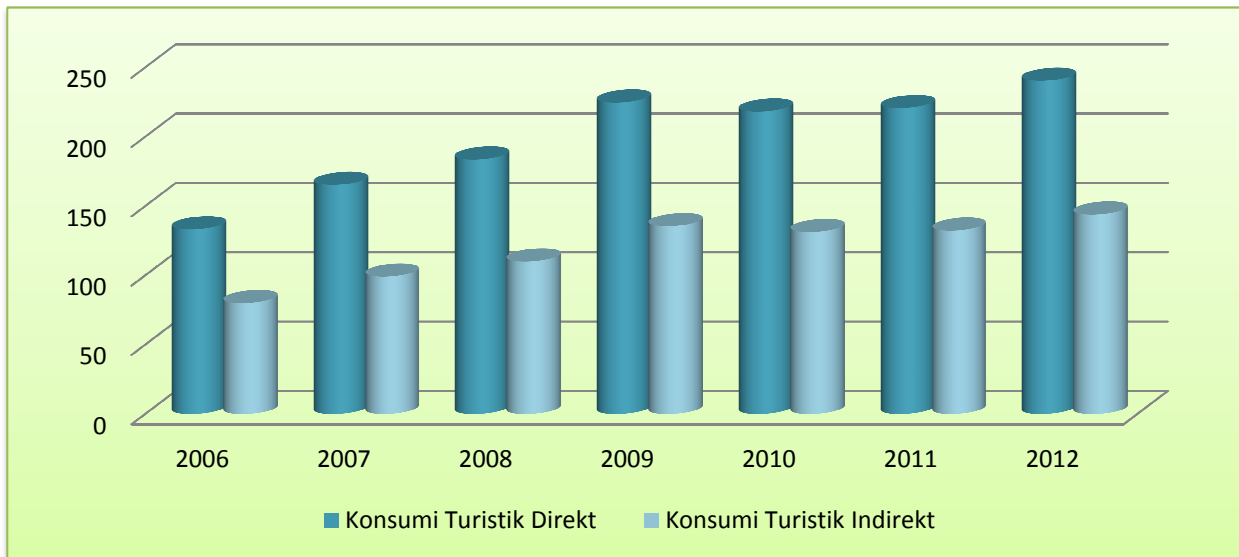
The period of tourism goods and services consumption determines the direct and indirect tourism consumption.

- Direct tourism consumption includes all the consumer spending occurred during the period of tourist movement.
- Indirect tourism consumption represents the total of goods and services which the tourist uses as part of the tourist movement.



Source: INSTAT

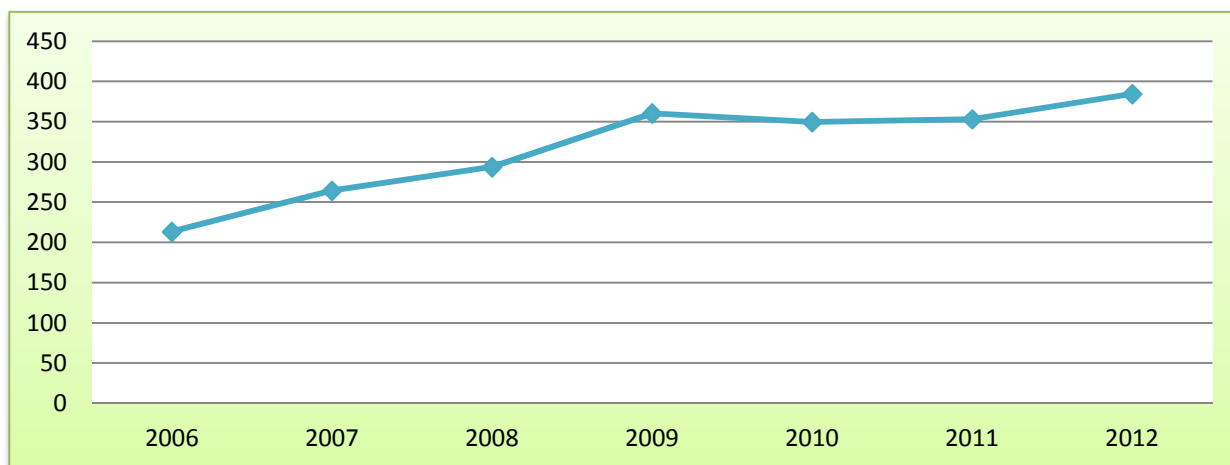
Figure 4 The change on tourist arrivals and tourist expenditure (%) in Albania



Source: Travel & Tourism Economic Impact 2012, Albania

Figure 5 Direct and indirect tourism consumption in Albania

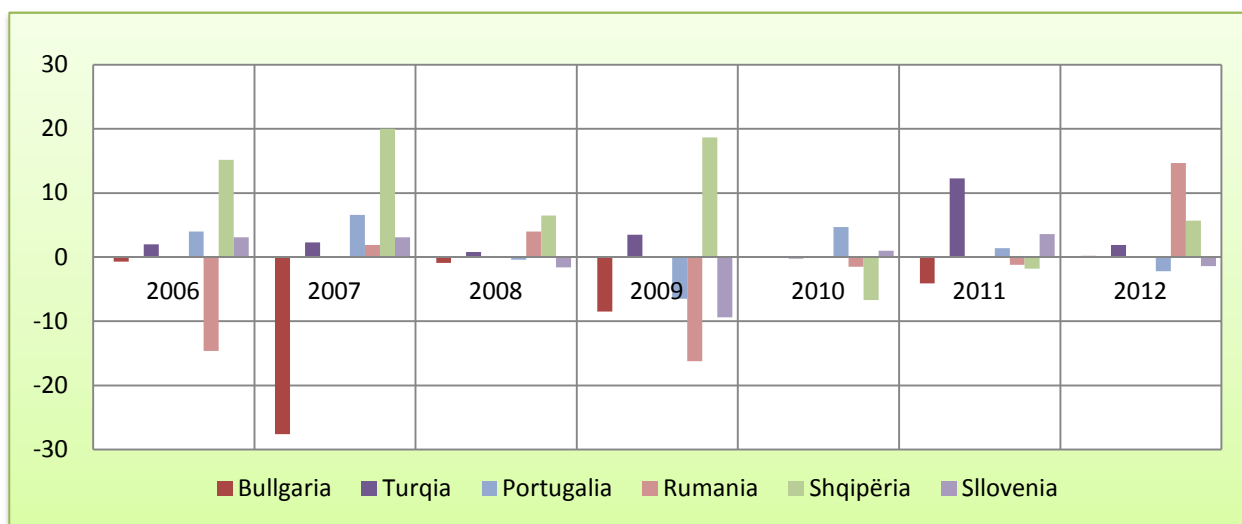
Direct tourism consumption in 2012 compared with 2006 has increased by 80.4% and indirect consumption by 80%. Total tourism consumption spending equals the amount of direct and indirect tourism consumption (chart 6).



Source: Travel & Tourism Economic Impact 2012, Albania

Figure 6 Total tourism consumption in Albania

Total tourism consumption for Albania from 2008 to 2009 grew by 22.7%. This increase has resulted from the increase of national tourism consumption by 21% and international consumption by 23%. Between 2009 and 2010 there is a decline of total tourism consumption by 3% which has resulted from a decline by 4% in international tourism consumption and an increase by 3.2% of national tourism consumption. From 2011 to 2012 there is an increase by 8.8% of total tourism consumption in Albania, which has resulted from the increase in international tourism consumption by 10.5% and national tourism consumption by 12.7%.



Source: Travel & Tourism Economic Impact 2012, Albania, Turkey, Portugaly, Bulgaria, Macedonia, Romania, Slovenia.

Figure 7 The change on direct tourism consumption in the countries of region

In 2007, Albania experienced the biggest growth by more than 20%, Bulgaria on the contrary in 2007 experienced a strong decline in tourism with the biggest negative value -27.6%. In 2009, almost all the touristic destinations experienced a decline in tourism, as a result of the economic crisis, whereas Albania had an increase in total tourism consumption by 18.7%.

Albania, Bulgaria and Romania seem to experience the strongest fluctuations in direct tourism consumption compared to the other countries of the region. All three of these countries are new destinations in the development of tourism market.

4 Conclusions

Economic benefits and tourism costs benefit everyone in the region in one way or another. International tourism as an individual consumption, from the economic point of view, can be differentiated from the domestic consumption and be shown as special economic category of the final demand.

Tourism in Albania, after the 90s, started to receive more attention and was seen as one of the most economically important sectors of the economy.

Despite strong competition from the countries of the region, tourism sector in Albania has the potential to positively impact the economic growth of the country.

Thus, the number of tourists in 2012 compared to 2006 has increased by 3,75 times *which has caused an increase in the international tourism consumption by 1,91 times*. In Albania international tourism consumption for 2006 is almost 3.5 times bigger than national tourism consumption, whereas for 2012 this indicator was 4.63. The economic slowdown of 2008-2009 had a great effect on the world tourism sector. The effects of the crisis were also felt on the tourism sector in Albania, where tourism consumption tended to be more affected than tourist arrivals.

Albania, Bulgaria and Romania are new destinations in the development of tourism and consequently these countries experience the strongest fluctuations regarding direct tourism consumption compared with the other countries of the region. The diversification, expansion and enhancement of the tourism offering will result in an increase of the time tourists stay in their destination as well as in an increase of their spending.

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