

FOSTERING
TOURISM
PRODUCT
DEVELOPMENT
IN ALBANIA:
THE RISI
TURISTIKE
COMPETITION

INTERVENTION BRIEF

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ALBANIA



PARTNERSALBANIA
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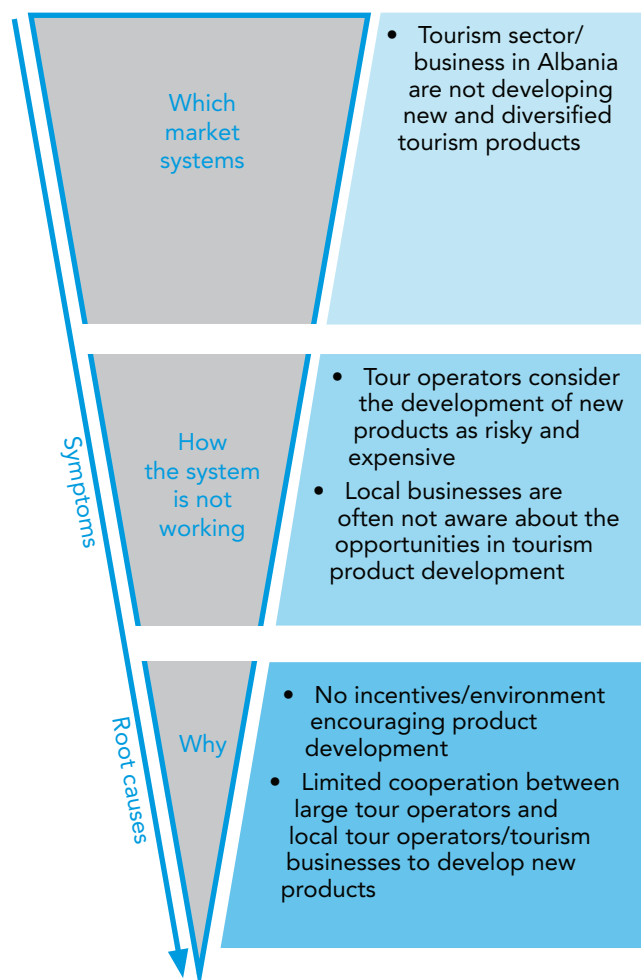
FOSTERING TOURISM PRODUCT DEVELOPMENT IN ALBANIA: THE RISI TURISTIKE COMPETITION

1. Understanding Albania's tourism sector

Albania's tourism sector has been growing steadily over the past ten years. The World Travel & Tourism Council (WTTC) estimates that tourism presently accounts for 8.4% of the country's GDP, supporting some 85'000 jobs¹. Yet, Albania's tourism potential has been far from exhausted. For example, during RisiAlbania's research on the key bottlenecks in the tourism sector, product development emerged as a key concern. Firstly, current tourism products are often not aligned with tourists' preferences: they are not market-demand driven. Secondly, there is little diversity among the tourism products offered. While coastal tourism is growing, few innovative products that would allow tourists to fully explore Albania's regions and rich culture throughout the seasons are being developed. This results in tourists spending less time and money in Albania – a loss for the country's economy and ultimately the job creation potential of the sector.

There are a number of reasons (so-called root causes) why not more tourism packages are being developed:

- **Lack of exchange between tour operators and tourism businesses:** Tour operators and tourism businesses do not cooperate in developing new tourism products;
- **Uncertainty and risks:** exploring and developing new, untested tourism products means financial uncertainty and risk for large tour operators. They therefore focus on products (such as coastal tourism products) that provide guaranteed marketability;
- **Lack of awareness:** while local tourism businesses (such as hotels, restaurants, etc.) are much more acquainted with specific regions of the country than large tour operators and therefore know where opportunities lie, they are often not encouraged or incentivized to design tourism products;
- **Limited governmental support:** Even if local tour operators/tourism businesses are keen to develop new products, they often report limited governmental and institutional support. This is particularly relevant for small businesses, as any new investment is seen as high risk. Government support might help to motivate them to try out new ventures.



¹ <http://www.tiranatimes.com/?p=131794>

2. Strategy and vision

The project's vision was to **create a mechanism through which more tourism products for unexplored areas, activities and off-seasons could be developed**, and where closer collaboration between tour operators and local tourism businesses in the planning and implementation of tourist products is fostered.

Jointly with the Albanian Investment Development Agency (AIDA) and the Ministry of Economic Development, Tourism, Trade and Entrepreneurship (MEDTTE), RisiAlbania developed such a mechanism through a **national tourism product competition: Risi Turistike**, where the winners would receive wide publicity and co-investment support to implement their new tourism product. This, the project anticipated, would generate a stronger culture of tourism product development and bring more tourists to high-potential tourism areas. Moreover, the project further sought strengthen collaboration between local tourism businesses and tour operators by a) engaging tour operators in the development of proposals and including them in the jury and b) by involving tour operators closely in the implementation of tourism products to secure market access (for example for family tours). Similarly, ownership of AIDA and support of the Ministry were equally critical: it meant that an institutional environment conducive to tourism product development was introduced.



3. Implementation

The implementation of the Risi Turistike competition award started in April 2015, focusing on the regions of Berat and Shkoder. Two other rounds of Risi Turistike were organized in Gjirokastra and Korca region, with AIDA and MEDTTE in the lead, and RisiAlbania providing mostly advisory support.

The implementation of RisiTuristike was based on four main pillars:

- 1. Identifying the "owner" of RisiTuristike:** AIDA's mission is to support investment opportunities in Albania and as such was the ideal driver for RisiTuristike: it had both the willingness and incentives to carry RisiTuristike forward
- 2. Creating awareness for the competition:** In order to generate interest and applications for the competition, it was critical to establish the RisiTuristike brand. The project therefore supported an awareness and media campaign (social media, TV, tourism magazines) to raise the competition's profile prior to and after the event (to generate interest for the subsequent competition)
- 3. Beyond providing financial assistance:** Rather than merely supporting award-winners financially, the focus of the competition was also the development of feasible and competitive business plans: helping award winners in designing and implementing solid business plans was crucial
- 4. Expanding the scope of stakeholders:** While the competition is primarily driven by public institutions, the project sought to create buy-in from the private sector
- 5. Using the pilot as learning experience:** The first competition provided for a steep learning curve: it was the pilot. Based on this initial experience, AIDA and RisiAlbania were able to improve the subsequent competitions (having more streamlined processes, etc.)

4. Results

While Risi Turistike was initially fully financed by RisiAlbania, AIDA has now full ownership over the competition: the 2017 competitions in Korca was fully organized by AIDA, with RisiAlbania only providing light, facilitative support.

RESULTS AT A GLANCE

- 109 people employed
- 3,175 tourists used the new tourism products created through the intervention
- Tourism businesses incurred an additional income of € 95,122 through the intervention
- AIDA is taking ownership of the “Risi Turistike Award”, assuming the leading role in the 2017 competition
- With RisiTuristike input as well as the new tourism law in 2015, MEDTTE introduced a pool of funds specifically dedicated to tourism product development
- AIDA has introduced a new grant scheme for SME in tourism sector, focusing in agrotourism and guesthouses

5. Lessons Learnt

- **Process is just as important as the end-product:** To ensure that tourism products are continually designed and developed, stronger collaboration between tourism businesses and tour operators is critical. Through the competition, the project was able to catalyze closer cooperation between these two key stakeholders, which is a significant long-term change in Albania’s tourism landscape.
- **Ensuring ownership from the very start:** The project worked closely with AIDA in planning and implementing RisiTuristike as a mechanism to promote tourism product development in Albania. This was indeed key to ensuring buy-in from the public institutions – and it paid off. While the project fully funded the first competition, AIDA was firmly in the driver’s seat for the second and third competitions. Moreover, in 2016, MEDTTE allocated funding specifically dedicated toward tourism product development and promotion in Albania (ca. EURO 200’000.)
- **Working with public institutions bears risks:** While AIDA was a highly motivated partner, the agency is nevertheless subject to governmental changes. Fostering stronger buy-in from the private sector in product development is a way to counteract institutional uncertainty, and will be therefore a key focus in Phase 2.
- **Tourism product development is not enough:** It takes time for tourism products to be firmly established in the market: the effects of better tourism products on the Albanian tourism sector are therefore not immediately visible. Adding a stronger emphasis on sales and promotion in the upcoming competitions may be a means to accelerate this process.

RisiAlbania was established in 2013 to address the problem of youth unemployment in Albania. The project was established by the Swiss Agency for Development and Cooperation (SDC) and is implemented by a consortium of partners consisting of HELVETASSwiss Intercooperation and Partners Albania. The 4 year project has two main pillars. The first focuses on job creation through growth in specific sectors (tourism, agriculture and ICT) and the second focuses on improved labour market information and intermediation services.

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