

RECENT DEVELOPMENT AND FUTURE TOURISM CHALLENGES AFTER COVID-19 IN NORTH MACEDONIA

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Abstract

After a period of continued growth in tourist arrivals, North Macedonia has registered changes with negative reflection on the volume of tourism due to the Covid-19 pandemic. The past year has seen an increase in the volume of tourism, but it is incomparable in terms of performance from the pre-pandemic period. Tourism is faced with challenges for future development, and they are increasingly imposed as a result of the drastic changes that have occurred due to the Covid-19 pandemic. Therefore, the purpose of the paper is to present the perspectives of tourism in the country with all its challenges, but having as a starting point the characteristics of recent tourism development. The research design is created to present findings related to the future tourism challenges in North Macedonia. It incorporates the application of quantitative and qualitative methods, and the regional approach is implemented in analyzing the characteristics of tourism performance.

Key Words: *tourism development, tourism challenges, tourism perspectives, North Macedonia*

JEL classification: *Z320*

Introduction

Tourism is constantly challenged with threats and limitations regardless of the causes. The sudden outbreak of Covid-19 since the beginning of 2020 has turned the tourism sector upside-down challenging it more than ever. Although 2021 has shown that tourism is a sector with high flexibility that manages to survive despite various challenges, it is still too early to expect

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an increase in the volume of tourism as before the pandemic. And it is still too early to predict how it will develop because the experience with the pandemic has taught us that there is great uncertainty in this regard.

As industry with creation of many jobs and businesses, before the pandemic tourism was growing steadily and was considered a safe industry to work in with lots of opportunities for economic development. But, after the Covid-19 outbreak and its rapid spread from the beginning of 2020 when it was proclaimed as pandemic by the World Health Organization on March 11, 2020, we have witnessed the sharp decline in tourist travels, both internationals and domestics. According to the UNWTO (2021), international tourist arrivals have fallen by 74 percent from almost 1.5 billion arrivals in 2019 to around 381 million in 2020, reaching the lowest levels on record (Committee for the Coordination of Statistical Activities, 2020). The pandemic has confirmed the importance of travel and tourism sector for the economy, whether internationally or nationally, as the closure of borders has caused the closure of many businesses related to the sector. According to Nestoroska & Naumov (2021), “the immediate impact of Covid-19 pandemic outbreak on international tourism was manifested with (1) Travel restrictions, (2) Drastic decline of international tourism, (3) Risk for job loss, (4) Taking measures to adapt to the new situation and (5) Scenario and assumptions (p. 177).

Recommendations for travel restrictions have been implemented by all countries of the world, with about half of them completely or partially closing the borders for tourist travel. Many international travel routes were also canceled, most notably airlines, but no less international rail and road services. Such restrictions have had a very negative impact on international tourism, with a decline of about 22% in the volume of international tourist arrivals in the first quarter of 2020 compared to 2019 (Nestoroska, 2020b). The implementation of travel restrictions and the closure of airports and borders led to a decline of 57% in international tourism, and it was decline of 67 million tourists in the first quarter of 2020 compared to the same period in 2019 (UNWTO, 2020). By regions, Asia and the Pacific is the first region to suffer the most from Covid-19 with a decline of 35%, followed by Europe with a decline of 19%, America with a decline of 15%, Africa with a decline of 12% and the Middle East with a decline of 11% (Nestoroska, 2020b).

Information about the latest performance in international tourism indicate that it has rebounded moderately during the second half of 2021 as result

of easing of travel restrictions and cross-border protocols as well as the increased rates of vaccination. There is a slow pace of recovery that is uneven in different world tourism regions (UNWTO, 2022b). Overall, according to the latest data of UNWTO (UNWTO, 2022a) international tourism recorded a 4% upturn in 2021, compared to 2020 (415 million versus 400 million). But the volume of international tourist arrivals is still 72% below the pre-pandemic year of 2019.

Similar to other countries, the pandemic had a huge impact on the society, the economy and the tourism sector in North Macedonia (N. Macedonia) as well. The recommendations to minimize contacts and prevent the virus from spreading have affected tourist activities because of the restrictions to travel. After the continuous trend of growth in tourism for over a decade, N. Macedonia has faced, as other countries worldwide, with a drastic decline in 2020 with almost 60.54% in international tourist arrivals after the outbreak of the Covid-19 pandemic. Domestic tourism has also registered a decline but more moderate with 18.3% (State Statistical Office of N. Macedonia, 2022a). Actually, research indicates that there has been increased interest for visiting places and areas in 2020 that were in previous period with lower tourism activity (Nestoroska & Naumov, 2021).

This paper deals with the characteristics of recent tourism development in N. Macedonia, the current trends due to Covid-19 and will focus on the tourism sector. The analysis of tourist flows is basis for assessing the current situation, the characteristics of tourism development before, during and after the Covid-19, and the challenges for future tourism development.

The aim of this research is the analysis of the tourism turnover and the impact of the Covid-19 pandemic on tourism with its future challenges. Therefore the conducted analysis aims to provide a basis for future research activities, and the objective of the research in this paper is to present findings related to the recent development and future tourism challenges after Covid-19 in N. Macedonia. After the introductory part, an overview of the characteristics of recent tourism developments in N. Macedonia is given.

The main characteristics of tourism in N. Macedonia then will be analyzed, and the findings will be elaborated. Within this part of the paper the focus will be on the volume and structure of tourism turnover, regional distribution of tourist arrivals, and their distribution by type tourist resorts, i.e. destinations. Discussion will be about the future tourism challenges

related to the perspectives of tourism in N. Macedonia. Also the focus in the paper will be the analysis of the changes caused by Covid-19 pandemic in tourism in N. Macedonia.

The research design is created to present findings related to the future tourism challenges in N. Macedonia. It incorporates application of quantitative and qualitative methods for obtaining data and information, and the regional approach is implemented in analyzing the characteristics of tourism performance. The time series analysis is used to obtain data about the travel flows for the defined period of analysis for international and for domestic. The spatial analysis is applied to determine tendencies in tourism flows, their regional and destination distribution.

Characteristics of recent tourism development in N. Macedonia

Tourism in N. Macedonia is characterized by certain oscillations in the volume of tourism turnover and its structure in terms of foreign and domestic tourists. The development of tourism is based on the inclusion of diverse cultural and natural values as elements for creation of different tourist products. Recent development of tourism in the N. Macedonia had all characteristics of tourism development within international frames, and with main orientation to achieve higher economic benefits. The result of such development is existence of tourist offer that is still not very competitive on tourist market, often overlapped with similar tourist offer from neighboring countries. Within the last decade an emerging need is identified to create new enriched offer, particularly by policymakers and business sector that in future tourism development necessarily has to consider competitiveness and sustainability as well (Petrevska & Nestoroska, 2015). This has resulted in an increased volume of tourism. The characteristics in the development of tourism will be analyzed by the volume, dynamics and structure of the tourist turnover, the regional distribution, and distribution by types of destination.

Volume, dynamics and structure of tourist turnover

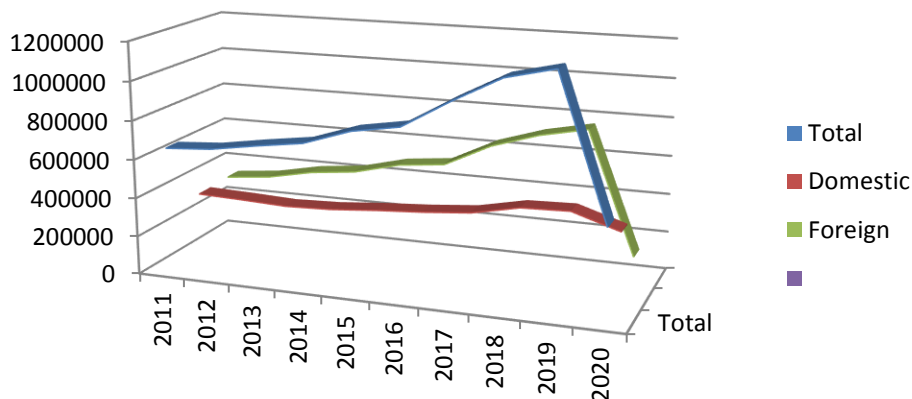
There has been a continuous increase in the volume of foreign and domestic tourist travel in last decade, and therefore the period of analysis will be 2011-2020. The volume and dynamics of the tourist turnover in N. Macedonia for the period 2011-2020 are shown in Table 1.

Table 1: *Volume and dynamics of tourist turnover in N. Macedonia, 2011-2020 by visitors and overnight stays in 000*

Year	Visitors	Change current/ previous year (%)	Nights	Change current/ previous year (%)	Average stay (days)
2011	647,56	10,46	2.173,03	7,56	3,35
2012	663,63	2,48	2.151,69	-0,98	3,24
2013	701,79	5,75	2.157,17	0,25	3,07
2014	735,65	4,82	2.195,88	1,79	2,98
2015	816,06	10,93	2.394,20	9,03	2,93
2016	856,43	4,94	2.461,16	2,79	2,87
2017	998,84	16,62	2.775,15	12,76	2,77
2018	1.126,35	12,76	3.176,80	14,47	2,82
2019	1.184,96	5,20	3.262,39	2,69	2,75
2020	467,51	-60,54	1.697,53	-47,96	3,63

Source: *Author's calculations based on State Statistical Office of N. Macedonia, 2022d*

Figure 1: *Tourist arrivals in N. Macedonia, 2011-2020*



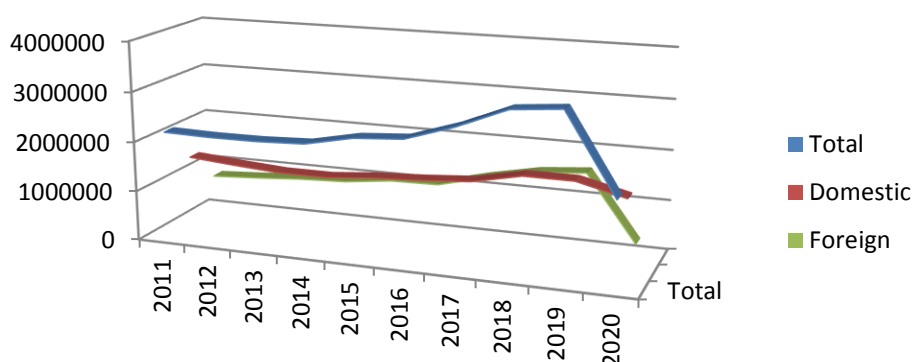
Source: *State Statistical Office of N. Macedonia.2022a*

The analysis shows average annual growth in tourist arrivals of 8.21% until 2019. But, after this continued growth, similar to other destinations worldwide, N. Macedonia registered a sharp decline in tourist volume as result of the outbreak of the Covid-19 pandemic that occurred in beginning of 2020. This decline affected both foreign and domestic tourism (Table 2). The sharp decline of 60.54% in tourist arrivals in 2020 compared to 2019

has disrupted the continuous tendency of growth in tourist arrivals for the last decade (Figure 1).

The increase in the number of visitors is followed by increase in the number of overnight stays, but their increase is with less dynamics in relation to the visitors with an average annual growth of 5.7% till 2019. Again, in 2020 there is a decline of 47.96% in overnights in 2020 (Figure 2). An average stay for this period was 3 days.

Figure 2: *Nights spent in N. Macedonia, 2011-2020*



Source: *State Statistical Office of N. Macedonia, 2022a*

Table 2: *Structure of tourist turnover in N. Macedonia, 2011-2020 by visitors and overnight stays*

Year	Tourists				Nights			
	Total	Domestic	Foreign		Total	Domestic	Foreign	
			No.	%			No.	%
2011	647.568	320.097	327.471	50.5	2.173,034	1.417,868	755.166	34.7
2012	663.633	312.274	351.359	52.9	2.151,692	1.339,946	811.746	37.7
2013	701.794	302.114	399.680	56.9	2.515,173	1.275,800	881.375	40.8
2014	735.650	310.336	425.314	57.8	2.195,883	1.273,370	922.513	42.0
2015	816.067	330.537	485.530	59.5	2.394,205	1.357,822	1.036,383	43.3
2016	856.843	346.359	510.484	59.6	2.461,160	1.407,143	1.054,017	42.8
2017	998.841	368.247	630.594	63.1	2.775,152	1.480,460	1.294,692	46.6
2018	1.126,935	419.590	707.345	62.7	3.176,808	1.685,273	1.491,535	46.9
2019	1.184,963	427.370	757.593	63.9	3.262,398	1.684,627	1.577,771	48.3
2020	467.514	349.308	118.206	25.3	1.697,535	1.444,605	252.930	17.5

Source: *State Statistical Office of N. Macedonia, 2022a*

The structure of the tourist turnover in N. Macedonia in the same period of analysis according to the criterion of domestic and foreign visitors is shown in Table 2. Similar to the tendency of the tourist turnover, the same tendency is present in its structure. When analyzing the share of foreign tourists, it is impressive that the number of foreign tourists has a relatively large share in the total tourist turnover. In the analyzed period, the average participation with 55.22% of foreign tourists is participation that is much better compared to the period until 2010 which averaged about 37%. (State Statistical Office of N. Macedonia, 2022a). This situation is a result of the activities in the past 15 years of intensified promotion of Macedonia on the international tourist markets, as well as the measures for subsidizing the tour operators and hotels for the stay of foreign tourists. However, the percentage share of the realized overnight stays is lower compared to the number of tourists and in this period it was on average 40.6%. Domestic tourists participated with 44.78% and with 59.4% in overnight stays.

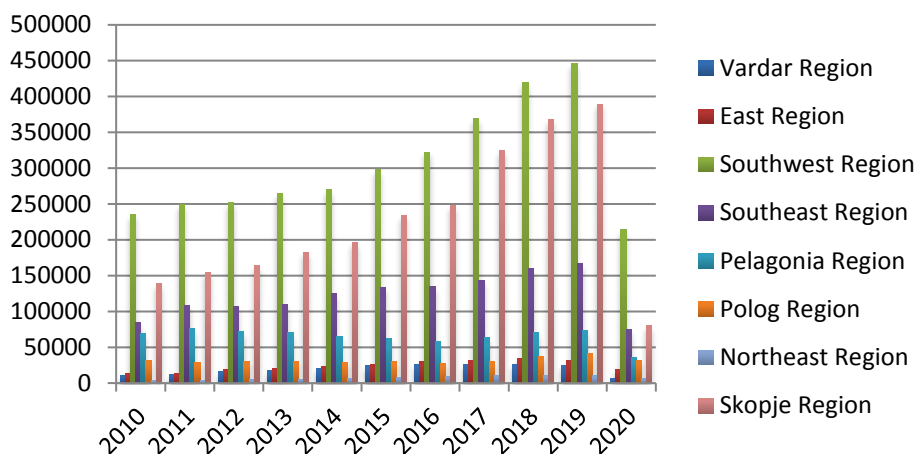
Regional distribution

N. Macedonia is divided into eight planning regions, which serve as statistical, economic and administrative units. The same regions are taken into consideration in the area of planning of tourism development as part of the country's economy. According to the revised Law and Strategy, increasing the competitiveness of the planning regions by strengthening their innovation capacity, optimal use and valorization of natural resources, human capital and economic characteristics of different regions is one of the basic postulates for the implementation of the Law on Balanced Regional Development (2021) and the Strategy for Regional Development 2021-2030 of Republic N. Macedonia (2021). It should be emphasized that special attention is paid to the activities that are undertaken for preservation and development of the special identity of the planning regions, as well as their affirmation and development from the aspect of tourism.

Tourist flows in N. Macedonia are unevenly distributed both regionally and by destination. This situation is a result of the different characteristics and the presence of tourism factors in the regions. The available fund of natural and cultural attractions is rich and diverse, and such abundance is significant potential for the tourism offer of the regions. In relation to this, some regions are constantly leading in absorption of tourist flows which is as a result of the presence of some of the most developed tourist destinations. The analyzed period 2011-2020 shows the tendency of continued lead position of Southwest and Skopje Region in the absorption

of tourist flows. These two regions along with Southeast and Pelagonija were most visited by tourists (Figure 3). This situation is due to the presence of the most developed and recognizable Macedonian tourist destinations in the regions. Within these regions, Ohrid, Skopje, Struga, Bitola, Krushevo, Prespa and Berovo are most developed destinations regionally and nationally.

Figure 3: *Regional distribution of tourist flows in N. Macedonia, 2011-2020*

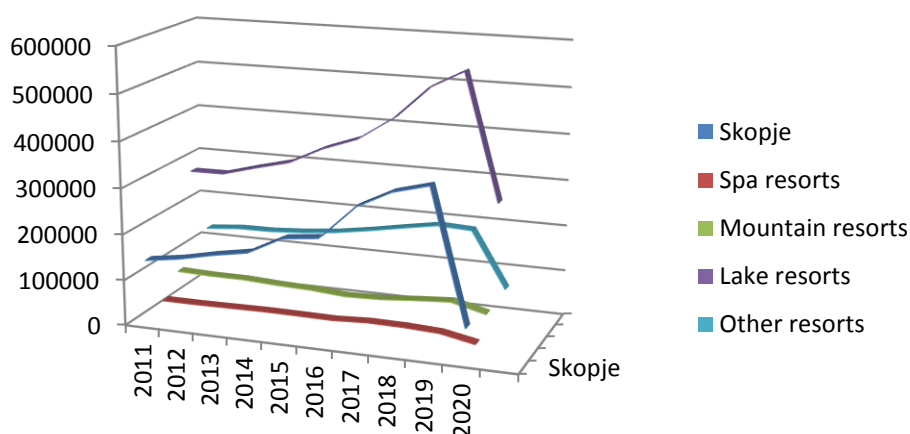


Source: *State Statistical Office of N. Macedonia, 2022b*

The distribution of foreign and domestic tourists is almost equally distributed in the regions, with domestic tourists being more present in the Pelagonija and Southeast Region compared to foreign ones. Although the activities for promotion of these regions are directed towards the foreign tourist markets, still they have not reached the level of tourist visits like the Southwest and Skopje planning Region.

Distribution by types of tourist resorts

The analysis of the distribution of tourist turnover by types of tourist resorts is upon their classification by the National statistics (State Statistical Office of N. Macedonia, 2022c). According to the classification, the analysis of distribution is made for Skopje, spa resorts, mountain resorts, lake resorts and other resorts. Within this period there is continued growth of visits within foreign and domestic visits. The leading are Skopje and lake resorts (Figure 4).

Figure 4: *Distribution of tourists by types of tourist resorts, 2011-2020*

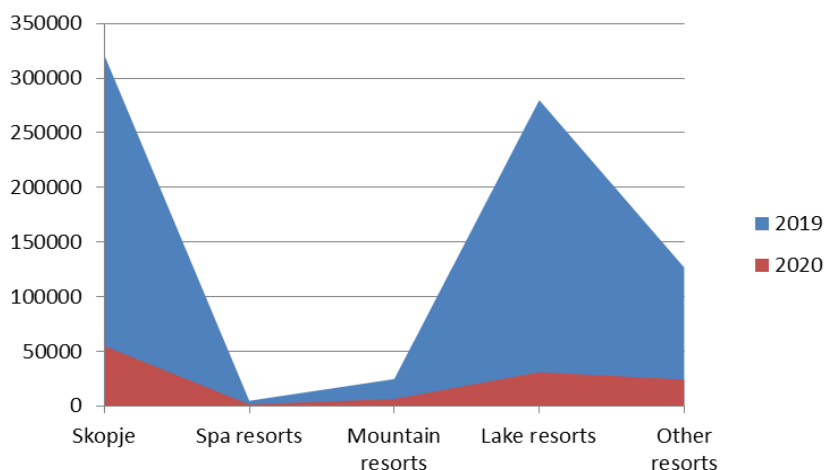
Source: *State Statistical Office of N. Macedonia, 2022c*

According to the data shown in Figure 4, and data gained from the official statistics (State Statistical Office, 2022c) it is noticed that there is a big difference in the number of visitors to the lake, mountain resorts and the spa. In the analyzed period, out of the total realized tourist turnover in the N. Macedonia, lake resorts participate with an average of 45%, Skopje with 26%, the mountain resorts with 8%, the spas with 4% and the other places with 17%. From the lake resorts, the Ohrid-Prespa Region registers the most visitors due to the presence of the Ohrid and Prespa Lakes and the biggest tourist development of the region.

The concentration of visitors in the Ohrid-Prespa region, in addition to the richness of natural and cultural attractions is due to the large investments in tourism as a result of which there is the best tourist offer in the country. Not underestimating the importance of mountain resorts for Macedonian tourism, it is necessary to pay more attention to these tourist places that have excellent conditions for the development of winter sports and recreational tourism, as are Krushevo, Pelister and Popova Shapka. Also, the spas still do not absorb as many visitors as they could be satisfied with. Their very small share in the distribution of tourism turnover of around 4% should be understood as a warning to take appropriate measures to overcome this situation. And, above all, it is necessary to have a more

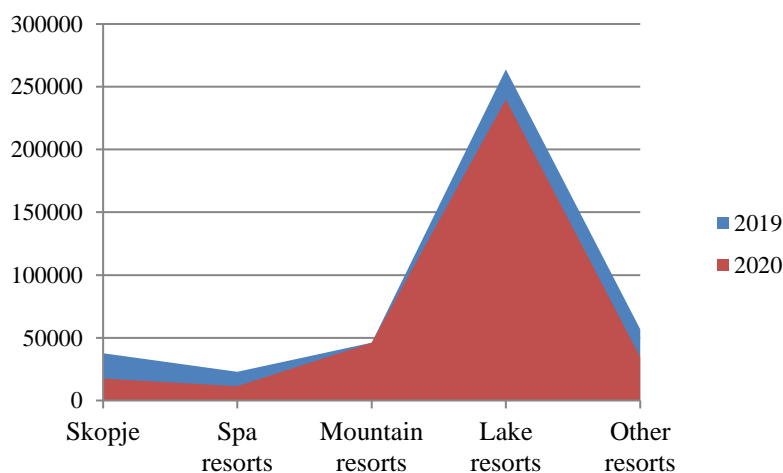
complex offer that would be oriented towards recreational and wellness services.

Figure 5: *Distribution of foreign tourist arrivals by types of tourist places (comparison 2020 with 2019)*



Source: *Nestoroska & Naumov, 2021*

Figure 6: *Distribution of domestic tourist arrivals by types of tourist places (comparison 2020 with 2019)*



Source: *Nestoroska & Naumov, 2021*

Respectively, this analysis of distribution by types of tourist resorts showed that the decline in tourist turnover in 2020 mostly affected Skopje and lake resorts. As Nestoroska & Naumov (2021) found, the decline was very

striking, harder for foreign (Figure 5), than domestic tourism (Figure 6) with hard implications in the capital city and lake resorts on foreign tourists and Skopje for domestic.

Considering the restrictions and bans for the activities that are mostly related to events and conference tourism, the decline in tourist turnover has shown that they have reflected very negative to tourism.

But, on the other side, the authors Nestoroska & Naumov (2021) found that the resorts have evidenced lower decrease in domestic tourism compared to foreign, and some of tourist places have evidenced increase in visits even during the period of pandemic. Such an increase is registered in Polog and Northeast region with modest participation of domestic visitors, and mostly in mountain places and rural ones. Some of them are tourist resorts, as Mavrovo, Shar Planina or Berovo, but others as Galichnik and Pehchevo are small communities. Encouraging domestic tourism as the safest option for tourist travel during 2020 and 2021 amid the pandemic has actually contributed to the discovery of new places that have the potential to grow into new tourist destinations (Agency for Promotion and Support of Tourism, 2021a, 2021b).

Research findings

Research shows that the development of tourism in the analyzed period, which covers the last decade, is characterized by a continuous positive development trend. This tendency is in line with the tendency of tourism development internationally. On the other hand, this research has shown us that the changes which have occurred in the last two years have caused negative consequences on tourism, primarily in terms of reducing the volume of tourist turnover. The results from this research indicate on the losses that have been reflected to the scope and the structure of tourist turnover. The negative consequences of the pandemic are manifested by a decrease in the tourist turnover, a stagnation of the tourist activity in the initial period, and later a reduction of the tourist trips, especially the foreign ones. As the restrictions on foreign tourist trips prevented the Macedonian population from traveling to other tourist countries, there was an increase in the volume of domestic tourist trips. Travel to places that have a very modest or almost no share in tourism has especially increased.

In this way, opportunities are created for redistribution of tourist flows, which is a future challenge for the development of tourism. This situation

is a challenge for the creators of the tourist offer to direct their promotional and organizational activities in this direction.

The different level of tourist visits and uneven regional distribution is due to the inadequacy between the existing tourist potentials of the regions and their inclusion in the tourist offer. In many cases, their inappropriate use is due to inadequate consultation with existing strategic documents (Ministry of Local Self-government, 2009) that envisage and recommend tourism planning at the regional level in function of sustainable tourism development. This is another challenge for the future development of tourism.

The research findings also showed that an increased promotion of safe travel and the promotion of domestic almost unknown or very little known places by the Agency for Support and Promotion of Tourism contributed to the enrichment of the tourist offer and redistribution of tourist flows. An increasing number of people are replacing their up-to-pandemic travel habits with a variety of outdoor activities with recreational, cultural and adventure contents and a visit to rural and mountain places that in the previous period didn't visit. An increased interest to visit such place will be challenge for the creation of the concept of future development of those places whose attractiveness and potentials have yet to be promoted for leisure and recreation in the future.

Conclusions

The research analysis on the recent tourism development in N. Macedonia is characterized with continuing increase in the volume of tourist arrivals. The outbreak of the Covid-19 pandemic had a negative impact on tourism, causing the volume to halve, and a sharp decline in foreign tourist arrivals. But on the other hand it showed that domestic tourism can contribute to alleviation of the negative consequences to some level as acceptable in this situation.

This research showed that tourism is a sector that can survive, and can create new possibilities for development that may contribute to diversified and enriched tourist offer. It also showed that all tourist destinations have to rethink how to continue their future development having in mind that they might confront with different treats and restrictions of different nature. The main challenge for the future tourism development is how to sustain tourism development within this environment of unpredictable events.

The results of this research can be used for other research related to this issue. Even more so because this research has shown that domestic tourism plays an important role in promoting places and regions that are not attractive enough for foreign tourists, but are attractive for domestic tourists.

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