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**Analyzing and Comparing Tourism Demand in Greece and Cyprus**  
**Forecasting Scenarios for the Future**

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# Abstract

Importance of tourism arises from the numerous benefits and advantages it brings to any host country. Tourism is considered as one of the most fast-growing industries today and contributes towards complete growth and development of a country. This is achieved by bringing numerous economic value and benefits through enhancement of commercial activity, creation of thousands of working positions as well as by contributing in build country's brand value, image & identity through promotion of cultural awareness and preservation of local culture and traditions. This highly competitive industry does require the full participation of the government, the public and non-government sector as well as all competent authorities to lock its success. Tourism contribution to the economy of a country is noticeable in more than one sectors of country's economic activity. Competent authorities measure the tourism demand each year as to tourism profits or non-profit statements, compared to the previous year of the performance of tourism.

The present study provides an analysis on tourism demand through specific measurements on tourist arrivals, revenues, expenditures, overnight stays and tourism indicators from 2016-2019. It also provides a presentation of the alternative forms of tourism which combine the touristic product or individual tourist services, deferring from mass tourism by means of supply, organization and the human resources involved, with the largest being the ecotourism. The factors affecting the tourism demand which are controlled by the host countries' governments shape to a positive or a negative extent the country's economy and stability with countries relying on strategic plans and adapting forecasting scenarios for tourism aiming to secure best possible results in the tourism industry. Following the recent financial crisis, Greece and Cyprus, the countries of Sun and Sea Model were enjoying a dominant position in the lists of the top holiday destinations. However, an unforeseen event, Pandemic Covid-19 largely affected the tourism industry world map but also the humanity itself, with the date of full recovery being yet unknown.

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# Chapter 1

## Introduction on Tourism Demand

Tourism is defined as a collection of many activities, services and industries which contributes to deliver a travel experience comprising transportation, accommodation, eating and drinking establishments or retail shops, businesses and other hospitality services provided for any kind of people, individuals or groups, going away from home, as per World Tourism Organization (WTO). Admittedly, many factors can motivate people to travel, rendering thus tourism one of the biggest industries that can affect the national Gross Domestic Product of a country. Thousands of people around the world travel from one location to another for many different reasons on a great frequency, being able to choose their participation in tourism with every purpose linked to a specific tourism demand.

To begin with, tourism demand according to Mathieson and Wall (1982) is the total number of persons who wish to travel out of their origin country or they feel need to use the tourist facilities away from their places of work and residence. Simply stated, the tourism demand measures tourist arrivals, departures, overnight stays, tourism revenues and tourism expenditures. There are some determinants of tourism demand such as the personal income, the restrictions of the government such as taxes and prices, the availability of the tourism facilities, health and safety issues. There are four different levels of demand being the amount of products to be consumed at various prices, the actual levels of tourist's participation, the unsatisfied component of participation and the tourists' desire for emotional and psychological experiences. As per Vanhove., N. (2005), "The

determinants of tourism demand analyze the reasons why the population of some countries has a high propensity in tourism whereas that of other countries shows a low one". Moreover, as per Middleton and Clarke (2001), there are nine determinants such as, economic, demographic, geographic factors, comparative prices, socio-cultural attitudes to tourism, mobility, government, media communications and information and communication technology.

There are also some external factors which define the general demand for tourism among societies or a specific population. The said factors tend to be common to all the world regions but are given a different emphasis in each country, which can be modified with a greater or lesser extent depending on outbound tourism. External factors that affect tourism are the structural problems, weaknesses of competitiveness and sustainability of the Cypriot tourism industry which remains unchanged. There are the also personal factors, the so-called motivations which affect directly the individual and they are known as tourism desires and choices, but can be influenced by internal and external aspects. Any traveller of any age and educational background could be motivated to travel for many reasons such as the need to escape, relax, strengthen the family bonds, the self-fulfillment, prestige, shopping, social interaction.

In addition, tourists are also motivated to travel by other factors. Page & Connell (2006), Hall & Page (2002), Ryan (1997), claim that the demand for leisure depends on a variety of socio-cultural, psychological and demographic factors in each tourist. The socio-cultural factor has a direct or indirect impact on the relations with tourists and their interaction within the tourism industry. The psychological factors are usually changed as per the tourism destination and the decision making for each travel. The demographic factors such as family size, occupation, marital status have a significant impact on choices for activities while travelling. The afore-mentioned factors change effectively the behaviour in the predictive tourists.

Tourism Demand also defines a specific amount of any available product or service which people are able or they are willing to buy, being of course able to afford the given prices at a specific time period in the selected "tourism destination". The term "people" refers

specifically to the “tourists” given that they are the ones who generate tourism demand. As per Poon (1993) the time demand for the preferable tourism services either advances or changes and such changes could be due to the emergence of the so-called “new tourists”. The “new tourists” are willing to experience something brand new in terms of high quality and value for money service, bringing with them a different level of demand. Otherwise stated, the “new tourists” are more experienced travellers being characterised as more flexible and independent tourists.

As per Gray 1966, Kwack 1973 & Loeb 1982, the most important factor for the tourists is the purchasing power for the demand of international tourism services. Tourism is a luxury good since there is a sharing of consumption spending which increases more than proportionally when real income rises, as a result the creation of income elasticity of demand exceeds unity. The purchasing power of tourists is based on their needs and desires, for example, a tourist needs an accommodation but his desire could turn into demand when is supported by the purchasing power and willingness to spend money. Every marketing department creates and sells a product or service which serves the tourists’ needs and every choice is crucial for an effective marketing effort.

A step further, the most predominant reasons to travel include among others visiting friends or relatives, leisure, recreation and holidays, health treatment, business travelling as well as personal development travelling. Travelling in another country brings new experiences while routine is the killer of the soul and getting to know new places and creating memories with friends and loved ones is healing indeed. Leisure and Recreation travelling can clear the mind through sightseeing, attending sports or cultural events, visiting recreation and entertainment facilities, visiting natural sites, cruising, gambling, resting and honeymooning. What is more, visiting friends and relatives involves the purpose of the trip and usually includes activities like attending weddings, christenings, or any other family event, or short-term care provision to a sick relative. Another opportunity to travel is linked to educational and training purposes, which includes the short-term or long-term courses, university sabbatical leaves or professional trainings. Many people also need to travel in another country for long-term treatments, being admitted in hospitals or visiting health and spa resorts and other specialized clinics to receive medical treatment or

cosmetic surgeries. This group of travellers belongs to the health-oriented and wellness tourism. Also, business and professional travelling includes meetings, conferences or congresses that take place abroad, concerts, shows and plays, lectures, scientific or academic research, trade fairs and exhibitions, participation in professional sports activities and participation in foreign government missions.

It is of significant importance to mention that as per Buhalis (2004), there are three main types of demand such as actual, suppressed and latent demand. The first type of demand is the recorded tourists at a specific destination at a particular time of the year, being involved in the actual process of tourism. The second type of demand consists of two subcategories of people unable to travel because of circumstances beyond their control. The first subcategory is the potential demand which includes people who would like to get involved in tourism but for some reasons they cannot or those who will participate in tourism on a later date when circumstances change or allow them to travel. The second subcategory includes the deferred demand where the problems derive from the supply environment such as lack of accommodation facilities, weather conditions at the destination and disease outbreaks or pandemics, which are difficult to measure since they are unforeseeable by human. Lastly, the third type of demand includes the people who do not prefer to travel in any travel destination for tourism purposes or simply do not participate in tourism activities.

The above compilation aimed to introduce the readers to general definitions on tourism as well as to some established meanings and information of this industry. This chapter will be linked to an analysis of Tourism over the years, which is provided in Chapter 2.

# Chapter 2

## Tourism Over Time

Tourism may seem like a modern notion, conquered by air flights, selfie sticks, planet guides and shopping. In reality, as per the British Newspaper the Guardian, “touristic tendencies began long before the birth of EasyJet and Airbnb. History has shown that early civilizations such as the Phoenicians, Mayans and the Shang dynasty travelled in pursuit of curiosity as well as commerce. The origins of tourism may also lie in religion. Early pilgrimages, such as those to Mecca and Buddhist sites, provide some of the earliest examples of humans travelling to visit popular destinations. Paul Stock, associate professor of international history at the London School of Economics, traces the foundations of modern tourism to “the Grand Tour”. The Grand Tour was a trip of Europe, typically undertaken by young men aged 21-year-old, which begun in the 17th century and went through to the mid-19th. They were mainly aristocrats who were travelling around Europe, for educational purposes.”

History showed that tourism evolved to a large industry, with Thomas Cook being widely considered the “father of modern tourism”, managing today a company that boasts a multimillion-pound income. Tourism is playing an increasingly important role in the global economy. As per the British Newspaper the Guardian, “in 2018, it was worth about \$1.7tn (£1.3tn), or about 2% of total global GDP. In 1950 there were 25m international tourist visits, rising to 166m in 1970, and 435m in 1990”, with number keep rising every year, changing positively the national GDP value of many counties.

The present chapter aims to provide a historical analysis on Greek and Cyprus tourism, studying at the same time the Marketing and Environmental factor.

It is important to mention that Tourism creates a demand being developed by the so called Marketing Seven P's which remain stable over the years. These seven are: product, price, promotion, place, people, process and physical evidence. The product defines the needs and wants of a consumer in our case the tourists and includes a standard product, complementary products and the products for marketing purposes. All the products must have high quality, a specific attribute and a special branding for the visited country being in our study Greece or Cyprus. Standard products are essentials like water and food, the complementary goods can satisfy the consumer needs as an appraisal move from hotels or any relevant business in tourism. The products for marketing purposes are all the products which specify the country of origin. Price defines any amount of money or goods given in exchange for buying something else such as products discussed above. The season preferred to travel can change the supply and demand on the price by increasing it or decreasing it. Any destination need a promotional campaign of short duration with the particular products like sun and sea or any essential service needed for tourists' vacation at the specific pick up place placed faraway from origin country. As far as promotion and process is concerned, Middleton, V. & Clarke, J. (2001) talk about "two methods of distributing a product to the market, the direct and the indirect method. The direct method means that the company takes full control of taking the tourism product to the market either using personnel or promotion materials. When using the indirect method, a company exercises less control over the process of reaching the market". The best promotion for a country's goal in both Greece and Cyprus is the strength of mouth to mouth word and gain the best reputation as a country. For sure to win the fight with the mouth to mouth word the process of any related tourism businesses includes a lot of training of their staff, planning strategies of the business and staff recruitment. Additionally, people either local or tourists are making the tourism businesses dealing face to face with them and this forms a large part of product offering. Last but not least, the physical evidence is about a tangible characteristic of the country such as the nature and quality of the product. For

instance, offering a shuttle service reduces the overuse of vehicles and ensure the cleanliness of the local environment at all times.

Environment is the most significant resource for life. The environment ensures the provision of water, power and oxygen to humanity, being at the same time a large habitat for animals. All over the world countries are contaminating the physical and biological components of the earth and atmosphere system through emissions from power plants, vehicles, high quantity of exhaust gases, chemical effluents and pollutants. A clean environment is crucial for a healthy living; therefore, its protection is of vital importance. A latest empirical study of Menegaki A. N. and Ayiomirgianakis G.M (2018) shows that the European policies for tourism developed three interconnecting pillars such as, energy, water and waste management for the environment and the local communities. First pillar, the energy services are used by the highest energy consumption in ventilation and air condition in hotels while the tourist is in the room and the preparation of hot water is used for leisure and not for bathing. The second pillar regards the water conservation in hotels with the instalment of water saving taps, showers and toilet flushing being used to avoid unnecessary water consumption. Last pillar, the waste management in hotels basically is about the garbage produced in hotels with the European Union estimating the garbage by 7% while the plastic garbage is about 7-10%. Garbage of the hotels include paper, plastic, aluminium, cooking oils and soap and constitute a threat for the environmental *cleanliness*. Additional negative impacts on the environment in tourism industry are caused when the use a specific environment by the visitors' is greater than the environment's ability to manage such use since the uncontrolled mass tourism poses potential threats to many natural areas worldwide. Placing such a huge pressure on specific area can lead to impacts such as, soil erosion, increased pollution, discharges into the sea, natural habitat loss, increased pressure on endangered species and heightened vulnerability to forest fires.

Moreover, the air pollution from the traffic congestion by air, road and rail for example airplanes, cars and trains, could not be ignored by scientists. Also, noise pollution from aircrafts, cars, buses can create stress and even hearing problems. It seems that many people do not show respect to the country they visit, being irresponsible and careless, often littering the touristic spots with their waste damaging the natural environment. For

example, cruise tourism in the Greece, is a major contributor for the negative environmental impact of tourism with 8000 tons of waste every year depends although on the cruises.

Greece is a country of approximately 132sq km, located in southeastern Europe with thousands of islands throughout the Aegean and Ionian seas. Greece is the birthplace of democracy, the creation of the Olympic Games, and it is famous for the unique and historical architecture. This combination comes complete with the ideal weather conditions and sunny beaches along the Greek coastline. Greece's modern history starts from the Greek War of Independence in 1821 while Greek language has a history of around 3500 years. The Greek language holds an important place in the history of the Western world since Greek is also language in many foundational texts such as science, astronomy, mathematics and Western philosophy. Greek language one of the twenty-four official languages of the European Union spoken by 13.4million people from Greece, Cyprus, Italy, Albania, Turkey and the Greek Diaspora which means the communities of Greek people living outside Greece and Cyprus known as traditional Greek homelands. Greek culture is rich and vibrant with Greek people being proud talking about their heritage. People are making Greece as a key destination with their hospitality comparing it with great holidays near beaches. Also, Greece attracts its visitors for its sunny beaches and seas, Mediterranean cuisine with traditional products like feta cheese, honey, oil, olives and ouzo. Some traditional dishes that attract the visitors in Greece are the famous Greek salad with feta cheese and onions, the tasty oil created from local olives, moussaka cooked with luscious layers of juicy beef mince with tomato based sauce and other delicious ingredients and the grilled meat called "gyros" with charcoal-grilled and spit-roasted meats.

On the other hand, Cyprus is an island country of 9250sq km, located in the Eastern Mediterranean. It is the third-largest and the third-most populous island in the Mediterranean, being the crossroad of three continents, being Europe, Africa and Asia. The sandy beaches with clean waters make Cyprus have the cleanest beaches in Europe as per European Environment agency. The beautiful seas and sun of Greece and Cyprus promote further their unique natural beauty. Cyprus Modern History starts from British Empire in 1878 and there are two official languages Greek with a mixture of Cypriot Greek dialect in

South Cyprus and Turkish since the 36% is the Northern Cyprus. Cypriot Greek language does not differ from the Greek language spoken in Greece, so both are used in the foundational texts. Cyprus has a history of thousands years' human activity with a rich culture of sights, museums, monuments and galleries over the years. Cypriot people are proud for their traditional dishes and beverages. Traditional products include traditional halloumi cheese which is one of the most popular local delicacies, olives, honey, Commandaria wine and zivania. Some of the traditional dishes are Pastitsio with large pasta tubes, béchamel sauce and tomato-y minced pork, stifado with hearty meat, onions soaked in red wine.

The legendary hospitality is a common characteristic of both countries. Greeks are known to be very generous over the years when they inviting others to their home especially in villages in Greece and Cyprus where the villagers usually show up at the door of the tourists with a bag full of fresh tomatoes and other traditional products. Nowadays, using a smile as a thanksgiving move, helping a homeless person with buying a meal of Gyros or even helping a stranded motorist can give the greatest idea of Greek and Cypriot hospitality. At last, Greece and Cyprus are also closely related through their religion, as Christian Orthodox, history and mentality.

## **2.1 Greek tourism over time**

Greek tourism roots trace back to the ancient times when organized tourism was the first to arrive in Greece in 1895 with a non-profit organization cycling club and from that century until today clubs started being established by lots of organizations. After the Second World War in 1940, tourism has a rapid grow with arrivals of 25million international tourists worldwide but in Greece tourists were choosing Athens or Thessaloniki since there are destinations with the most famous archaeological areas and museums. After the Greek Civil War from 1950 to 1973, Greece was yet dealing with economic consequences of the Second World War and Civil War. In the late 1960's the economy and tourism industry started to grow and Greece managed to develop the economy fairly rapidly with the economy plan set by United States and other European

countries that were thriving. Meanwhile, the mass tourism began and there was an increase in tourism in summer period with arrivals from Europe and United States of America. After the wars, Greece faced a large migration wave in the 1970's. In 1980 Greece fully participated in NATO (North Atlantic Treaty Organization) and was therefore guided by the promotion of its interest, the achievement, defence and security policy goals. In 1986 a new wave of legal and unauthorised immigrants of ninety thousand in total from Asia, Africa and the one third from European Union countries, its observed with the majority of the them working in the tourism industry for a better life. As per Greece Tourism Organization, Greece was the less developed country although in 1990 receive the highest percentage of immigrants in relation to 1986. In 1999 Athens experienced the most devastating earthquake and natural disaster with 145 dead people. The area of Mount Parnitha resulted widespread structural damage and the museums in city centre escaped the disaster with only minor damage. Athens needed few years to recover and finally reported an increase of tourism with the Olympic Games in 2004 which took place in Athens, with numerous of key projects being undertaken. Two years later in 2006 the Eurovision Song Contest also supported tourism in Greece and specifically Athens, while large-scale national funds have been allocated for the cultural infrastructure such as the well-known New Acropolis Museum. In 2010 European Financial crisis has led many businesses in bankruptcy when the Eurozone countries and the International Monetary Fund agreed on a €110billion loan for Greece, with the financial crisis still affecting Greece until today. The financial crisis in 2010 increased the unemployment rate since many businesses closed, prices of goods increased, in contrast with the living standards and incomes which reported acute decrease. Many people including scientists left the country to pursue a better future for them and their families, creating a new wave of immigrants. The only thing that has not been affected over the years of crisis is the tourism industry such as arrivals and overnight stays seem to be increasing every year, and this is further analyzed in the next chapter. As per Hellenic Society for the Protection of Nature, the so-called "Blue Flags" for beaches is the most recognizable and known international ecological symbol in the world. Greece with 519 beaches has been rewarded with most flags with 89 for Chalkidiki. Through the criteria of cleanliness, organization, security of bathers and

visitors, protection of the natural wealth of the coast and coastal areas and environmental awareness Greece has rightfully been awarded the “Blue Flag” eco-labels.

What is more, it is worthy to mention that having UNESCO (United Nations Educational, Scientific and Cultural Organization) Heritage Sites is of significant importance for a country. This is a method to contribute in peace and security in the world by promoting collaboration between nations through science, education, culture and communication, providing access to global project management resources. The tourism revenue in 2018 had achieved the triple of the Greece’s population and most of tourists was attracted by the UNESCO monuments. UNESCO World has currently eighteen sites in Greece, with sixteen sites being based on cultural criteria and additional two on cultural and natural criteria ( Meteora, Mount Athos). The sixteen sites of Greece are stated below: 1. Acropolis of Athens, 2.Archaeological Site of Mystras, 3.Medieval City of Rhodes, 4.Archaeological Site of Philippi, 5.Paleochristian and Byzantine Monuments of Thessaloniki, 6.Old Town of Corfu, 7.Archaeological Site of Delphi, 8.Temple of Apollo Epicurius at Bassae, 9.Sanctuary of Asklepios at Epidauros, 10.Archaeological Site of Olympia, 11.Monasteries of Daphni, Hosios Loukas and Nea Moni of Chios, 12.Archaeological Site of Vergina, 13.Archaeological Sites of Mycenae and Tiryns, 14.Delos, 15.The Historic Centre with the Monastery of Saint-John the Theologian and the Cave of the Apocalypse on the Island of Pátmos and finally, Pythagoreion and Heraion of Samos.

A step further, the withdrawal of the United Kingdom from the European Union, internationally known as Brexit has directly affected Greece in three main areas of real estate, tourism, education and employment. Talking about real estate, more than 100,000 foreigners from Europe, United States of America and Australia owns a property in Greece but the recent decrease of the euro against the US dollar and the British pound had an impact of increasing the potential buyers by 10%. Furthermore, the decrease of the pound would be a result of a waning of interest in the Greek real estate market for residential, holiday and hospitality industry. Second area is the tourism industry where an estimated of 2.4million tourists visited Greece in 2015 and every year there is an increase of around 8-10%. British people who occupy the second biggest market in Greece after Germany, represent the total of 10% incoming tourism and the 14.3% of total travel receipts by

2billion euros. At last, the education and employment are likely to be largely affected considering that 400,000 youths were leaving Greece over the last eight years to study or find work abroad. Britain has been the most popular destination for education and employment for Greeks, as excellent speakers of the English language and Brexit is capable to change the so-far tendency towards Britain.

## **2.2 Cyprus tourism over time**

A historical review on the Cyprus Tourism Industry shows that Cyprus Tourism has been occupying a dominant position in the economy for decades while Cyprus passed through many historical events. In 1878 while the Great Britain wanted to apply various transformations in the administration of the island under the specific year which still remains part of British Empire and in 1914 Britain annexed Cyprus after the Ottoman Empire in the First World War. After the Second World War volunteers served in the British Armed forces while the British considered Cyprus as a geographically imperative strategy. Tourism after Second World War has changed an important part of everyday life for the most people worldwide and this has been proved by the improvement on technological development, changes in lifestyle, changes in fashion, product developments and innovations. Continuously, in 1955 – 1959, EOKA (National Organization of Cypriot Fighters) created a nationalist guerrilla organization to face a campaign for the end of British rule in Cyprus and to provide for the island self-determination and an eventual union with Greece. After the enormous effort for tourism improvement Cyprus was invaded by the Turkish troops in 1974, dividing the island in North and South Cyprus by the United Nations Buffer Zone, also known as the “Green Line”. After 1974, tourism was one of the most important products Cyprus could sell and many businesses like tourist agents, hotels, restaurants and many more, were depending on the tourism industry. The asset called Tourism has become an important source of income and a driver for the economic growth for the island and it has been a major engine of growth in the post-war period. In 1975 the Northern Cyprus proclaimed with the name of Turkish Federated State of Cyprus and by 1983 the name changed to its present form, the Turkish Republic of Northern Cyprus. After many years, in 2002 negotiations for the unification of the island

started with United Nations Secretary General Kofi Annan, until 2004 the two sides of Cyprus and United Nations set a plan for unification of the island emerged. The plan was fully supported by United Nations, European Union and the United States. In 2004 Cyprus became a part of the European Union as an independent country and adopted the euro currency in 2008. There were two waves of immigrants in Cyprus, the first one by the end of Turkish invasion around 180000 refugees left their country so they can live a better life abroad, for example in United States, Britain, Australia or moved to South Cyprus so they will be away from the situation in the North. The second wave were in 2013 after the Financial crisis which will discussed below, the occupational imbalance for youths is increased and around 28% express the intention to leave away. The financial crisis arrived in Cyprus at 2013 with the banks being exposed to a hair-cut of deposits over €100000, leading to fear of a collapse of the Cypriot banks. Throughout the previous year's Cyprus showed a stable development in the tourism sector, which remains one of the most important sources of economic prosperity of the island. The only product not affected in Cyprus is still the sun and sea. The tourism has been a major industry in Cyprus and the numbers in the next chapter reveal an increase of the arrivals, revenue and overnight stays. As per Hellenic Society for the Protection of Nature, Blue flags have been awarded to 65 Cypriot beaches by 2019.

World Heritage List, enjoying recognition of the outstanding cultural value and rich history of specific monuments on Cyprus, since 1975. The UNESCO World Heritage Sites in Cyprus are fifteen: The temple of Aphrodite, The Tombs of the Kings, The Mosaics of Nea Paphos, Neolithic Settlement of Choirokoitia, The Painted Byzantine Churches – Troodos, The Monastery of Agios Ionnis Lambadistis, The Church of Panagia tou Araka, The Church of Agios Stavros tou Agiasmati, Agios Nicholas tis Stegis Church, The Church of Panagia tou Moutoulla , The Church of Panagia tis Asinou, Panagia of Podythou Church, The Holy Cross Church, The Church of Archangel Michael and The Church of the Transfiguration. The above-mentioned sites attract indeed many tourists and increase the accommodation rate in Cyprus.

Brexit created economic shocks and instability. Britain has played a major role in the tourism industry since around one million of British people visits Cyprus every year. Some

of the tourists come for vacations but they decide to buy a property or start their business activities in Cyprus due to the EU corporate *tax* rates. Both British and Cypriots still need to remain trading, economic and political partners. Last but not least, a remarkable point for Cyprus is the British Forces in Cyprus with base areas in Akrotiri and Dhekelia since 1960. In 1960, a treaty establishment allowed Cyprus to become an independent Republic but Britain needed to maintain a permanent military presence at a strategic point in the Eastern Mediterranean, constituting one of the many reasons of increased British tourism on the island.

### **2.3 Seasonality**

Seasonality is a challenge in tourism industry and a temporal imbalance in the phenomenon of tourism. In Greece and Cyprus as will be discussed in Chapter 3, seasonality causes fluctuation in tourists and visitors numbers from January to March and October to December. It usually affects aspects like supply behaviour, finance and labour turnover. Sometimes seasonality in hotels, restaurants and other related tourism businesses create the seasonality of their staff because in winter time the businesses face a decrease in their income so managerial teams need to dismiss their staff. On the other hand, as per Zopiatis. & A., Theocharous, A. (2014), job involvement, commitment, satisfaction and turnover are the evidence from hotel employees. The tourism industry seeks to enhance organizational knowledge and develops an ideal working environment that delivers exceptional customer service. In every tourism-related business, the Labour turnover has been known as the voluntary and involuntary permanent withdrawal for an organization. To reduce the labour turnover, the businesses have to review and assess their employees and make sure they feel valued for the tourism company. Every managerial team has to encourage their staff for new ideas, empowering them and usually when they feel valued they achieve higher sales, better profits and quality service.

There are three causes of seasonality, natural, institutional and additional. Firstly, the natural cause is related to natural phenomena, particularly those associated with climate over the season. Examples of natural phenomena are the snowfall, air temperature, water

temperature, sunlight, humidity and geographical location. Some tourists prefer countries with different weather conditions so tourists can have a different type of vacations like hiking or ski vacations. Secondly, institutional causes are based on human behaviour and consumer decision making, religious, social, cultural, ethnic and organizational factors and policies. Other factors include scheduled holidays from school, university, work, public holidays and religious holidays. Choosing a place like Greece and Cyprus in winter time is less expensive than in the pick summer season. At last, additional causes can be caused by specific international events like Olympic Games, World Cup, Eurovision and Educational trip. Many tourists take holidays at peak seasons because they always did so and their old habits tend to die hard.

# Chapter 3

## Measuring Tourism Demand in Greece and Cyprus

“Demand in Tourism is made of all those travelling to some place (tourists and destination). It can be measured by taking into account four elements: people (tourists), money (expenditure, receipts), time (stays and travels durations) and space (distances, lengths of trips)” (Song et al., 2010,). The present study takes advantage of this definition aiming to focus mainly on the “people”, “time” and “money” elements of tourism demand. It will provide an analysis on tourism arrivals, overnight stays, revenues, expenditures and travel receipts from 2016 to 2019 and explain how these factors are interrelated. The present study chooses to avoid data analysis of current year 2020 due to the fact that there have been many unexpected circumstances and changes such as the pandemic Covid-19 and the statistics are not completed yet.

To start with, measurements are directly affected by the tourists themselves, who can also be called the visitors. Domestic tourism is tourism involving residents of one country traveling only within that country. Otherwise stated, they spend their holidays within their country. On the other hand, international tourism refers to tourism that crosses national borders. As per Dr.Romina Radnic, international visitors can be grouped into four categories: residents, visitors, tourists and same-day-visitors. Residents are the people who are considered to be residing in a destination visited, visitors tend to live away of the origin country for not longer than twelve months and the tourists, being our focus of examination are the visitors who stay at least one night in the destination country. Same day visitors do not spend a night in the destinations and usually make a connection with another flight. Furthermore, nationalities do have a huge impact in the economic growth of a country.

Short analysis on nationalities who visit Greece and Cyprus is provided later in this chapter.

Economic indicators such as travel receipts, the per capita income (average income earned per person) and the expenditures do affect the money element as it will be discussed below. The money element is also correlated with the socio demographic characteristics of tourists such as age, gender, education which do contribute to the tourist arrivals and overnight stays. In a more interpretive way, there are four types of tourists' age groups which affect the time and money factors, namely 20-31, 32-44, 45-64 years as well as 64 years and above. According to the age and the education of each tourist, they spend more or less money accordingly. Someone with a well-paid job and high standards of living is likely to spend more money for holidays and leisure compared to an average salaried employee. For example, a doctor or a wealthy entrepreneur is likely to spend more money to experience the perfect holidays at a luxury destination far from home and maybe even travel more than once a year for leisure and many other reasons.

As mentioned above money element involves the tourism revenue and expenditures which also affect the tourism measurements. Tourism revenue results from the expenditures of international visitors. This revenue includes any kind of prepayments made for goods or services reserved and to be received in the destination country, such as travel agencies for ticket booking, accommodation bookings and transportation at destination country. Another money element which affects the measurements at a national level, is the tax rates which tourists must pay upon arrival in the destination country. In the case of Greece, the minimum overnight stay duration at a 5-Star Hotel is 4 days, for a 4-Star to 1-Star Hotel is 3 days to 0.5 days accordingly and for apartments or any other kind of accommodation like villas, bungalows etc., the minimum overnight stay duration is a half day. All tourists visiting Greece have to pay their Invoices including overnight stay tax upon check-in. The overnight stay tax increases in a floating price from €0.50 to €4 per night per person, based on the official rating of the accommodation of Greece. The said tax depends on the rate of each hotel, for example for a 5-Star hotel the overnight stay tax is €4 per night, for a 3-Star is €3 per night, decreasing accordingly for the 2-Star and 1-Star hotels. On the contrary,

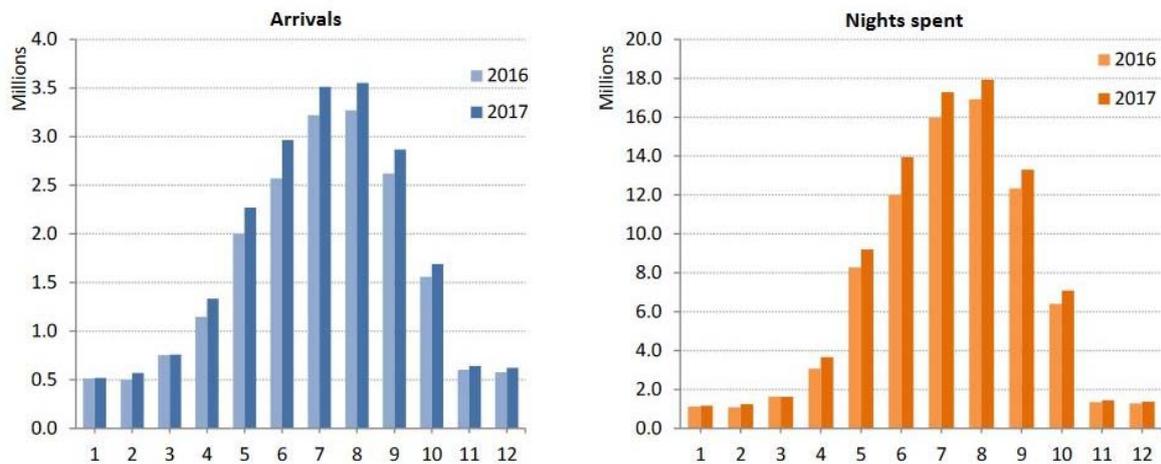
Cyprus doesn't impose any overnight stay tax upon arrival at hotels however the prices of products and services tend to be more expensive than in Greece.

The time element describes how long will a tourist stay in the destination country. The scope of travelling for each tourist, as analysed in chapter 1 may influence the number of tourist arrivals and revenues. The special factor of seasonality does affect the tourism arrivals in low or high seasons since all the factors are interconnected with arrivals. High season specifies a time of year when a tourism destination attracts the most tourists and the low season when a tourism destination attracts lower number of tourists. For Greece and Cyprus, the high season is between June to September because of the ideal weather conditions which are more preferable for the tourists. The comparison of people, money and time element do affect the measurements of tourism demand with connection to the nationalities and how much they spend throughout their vacations. The tourist element affects the measurements which will follow by increasing the length of stays, increasing the tourism revenue of the destination and the expenditure of the tourists, depicting thus the people, time and money elements.

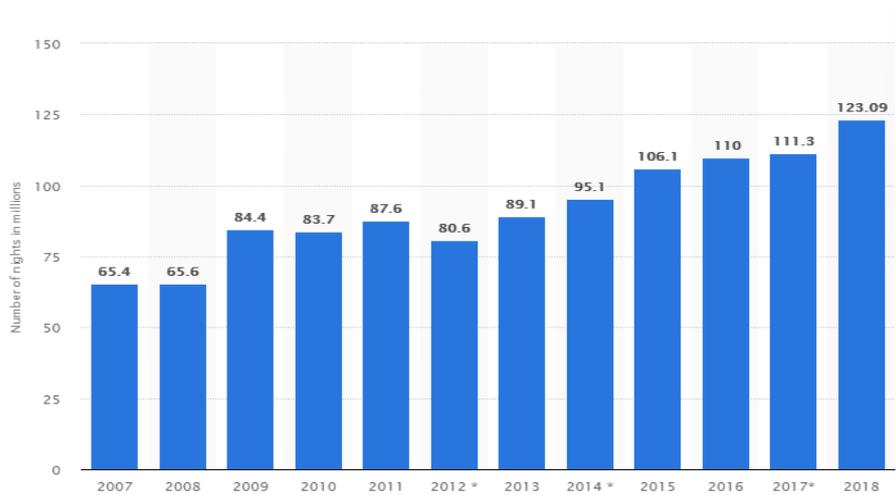
### **3.1 Tourist arrivals**

#### **Tourist arrivals in Greece**

The high season in Greece is extended from June to early autumn due to favourable weather conditions. From 2016 until 2017, high season was between June and September (see Graph 1), while the decrease of arrivals and overnight stays started to be noticeable by the end of September where seems to start the beginning of low season. The arrivals in 2017 were up to 10.2% to over €26.1mn and the overnight stays increased by 9.6%, compared to the previous year 2016. There was an increase of arrivals and hotel stays based on Greek Tourism Organization (GTO), for instance in South Aegean (11.7% in arrivals and 13% in overnights stays), Crete (7.7% in arrivals and 7.3% in overnight stays). In 2017 there was the largest share of arrivals and stays from European non-residents up to 82.1% of arrivals and 91.1% of stays (see Graph 2).



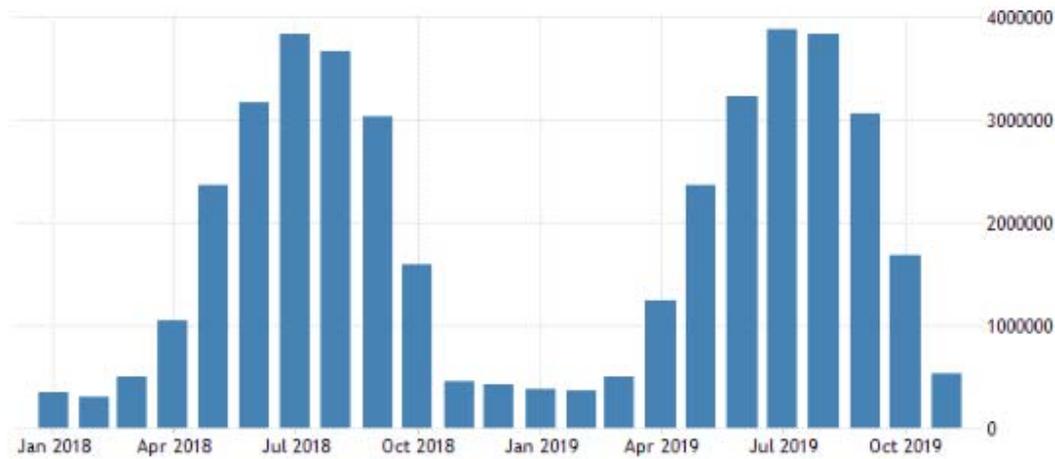
Graph 1: Arrival 2016 – 2017 in Greece. Source: ElStat



Graph 2: Over Night Stays from 2007-2018 – Greece. Source: Eurostat

In 2018 the total arrivals were reported to the impressive number of 33mn people with the revenues generating more than €16bn (billion), with an increase of 10% from 2017 (as per Graph 3). From the first nine months of 2019 the arrivals increased by 18,991 to 19,324,078 compared to 19,305,87 tourists in 2018. For the same months the overnight stays were calculated by 80,96,575 and there was a decrease of 645,947 tourists compared to 2018. As per SETE (Greek Tourism Confederation) publications, the total of the International arrivals in the most popular airports in Greece (including: Athens, Thessaloniki, Rhodes, Kos, Karpathos, Iraklion, Chania, Kerkira, Zakynthos, Kefalonia,

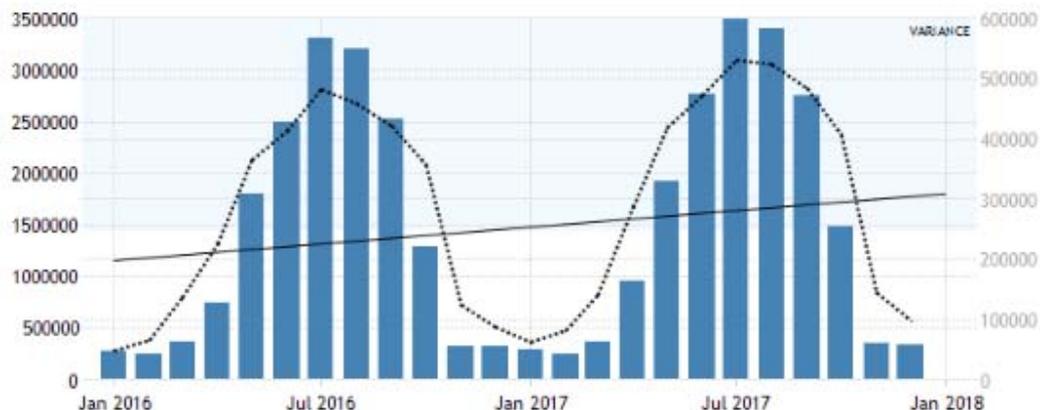
Mykonos, Kavala, Mytilini and many more) was 21,496,312 at the end of 2019 and 20,693,668 tourists by the end of 2018, reporting an increase of 3,9%.



Graph 3: Tourist arrival in Greece, 2018 – 2019. Source: Trading Economics

### Tourist arrivals in Cyprus

Likewise, Cyprus welcomed 3,652,073 tourists in 2017 compared to 3,186,531 in 2016, with an increase of 14.6% (graph 4). It was worthy to mention that the British arrivals were reported at 1.3 million in 2017 with an increase of 8.3% from 2016. Various economists and analysts claim that Brexit is likely to decrease British tourism in Cyprus. On other hand, others argue that with the Sovereign Base Areas of Akrotiri and Dhekelia, as a British overseas territory on the island of Cyprus, occupying nearly three per cent of Cyprus, many British people have bought permanent residences on the island. Also due to the favourable corporate tax of Cyprus, many British companies have their headquarters on the island or many British have the Cyprus citizenship. Therefore, the large majority of British tourists in Cyprus is less like to be decreased.

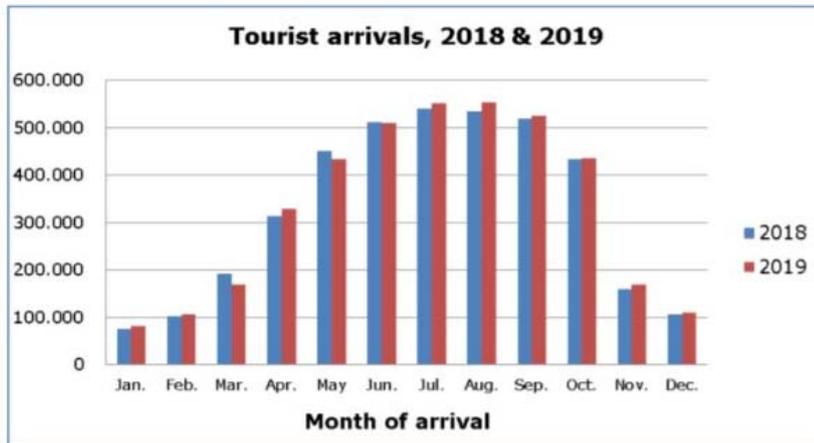


Graph 4: Cyprus Tourist arrivals 2016 - 2017. Source: TradingEconomics.com

According to Table 1 and Graph 5, tourist arrivals decreased by 267,117 between October and November 2019. Throughout the year 2019 the total number of arrivals was 3,976,777 compared to 3,938,625 in 2018. The year of 2019 reported the highest tourist record until now. The winter arrivals in 2019 were also high compared to the previous years and although we see a decrease in the numbers in November 2019, an increase in arrivals has been reported in low season.

Table 1: Total tourist's arrivals 2017 – 2019

	2017	2018	2019
<b>January</b>	62,611	75,867	81,970
<b>February</b>	82,209	101,481	105,571
<b>March</b>	140,873	192,090	169,934
<b>April</b>	286,331	314,143	329,308
<b>May</b>	418,732	450,495	434,578
<b>June</b>	472,450	511,073	509,662
<b>July</b>	531,030	539,626	550,971
<b>August</b>	523,651	534,847	553,845
<b>September</b>	483,716	520,138	524,707
<b>October</b>	406,870	433,617	436,509
<b>November</b>	144,676	158,685	169,392
<b>December</b>	98,924	106,563	110,330
<b>Total</b>	3,652,073	3,938,625	3,976,777
Source: CyStat			



Graph 5: Number of Cyprus arrivals from 2018 to 2019 (in millions). Source: CyStat

### 3.2 Overnight stays

#### Overnight stays in Greece

The money element does affect the time element. A simple example is the one of Greek overnight stay tax being imposed on hotel accommodation per night, affecting thus the accommodation of tourists in hotels. For instance, if a family has to pay overnight stay tax, it is more likely that they are going to consider the length of their accommodation. As per GTO, Greece was working hard on the increase of distribution for the hotel accommodation with total 9730 hotels by the end of 2018 with 788,553 beds. Vacation Greece Network shows that the 5-Star hotels are 496, 4-Star are 1485, 3-Star are 2515, 2-Star are reaching the top by 3900 and 1-Star hotels are 1387. The total numbers of hotels in Greece are available on approved lists published by Vacation Greece Network, whose link is included in the references.

In Greece some of the most famous hotels chains are the Grecotel Hotels & Resorts with 12500 rooms, Thomas Cook Group with 7268 rooms, Mitsis Hotels with 5737 rooms (according to Statista), as reported in June 2019. Grecotel Hotels & Resorts, owns more than 30 luxury hotels and cooperates with the Touristic Union International - TUI group, one of the largest Tourism Businesses Worldwide. Every Grecotel chain's hotel must meet certain quality criteria and specifications by tourism organizations in order to be able to

join the corresponding hotel chain. At this point, it should be stressed that except from the hotel accommodation one of the most popular way to rent a room or apartment or villas in Greece is the Airbnb (Air Beds and Breakfast platform). Airbnb is used as an online market place which lets people rent out their properties or spare rooms to tourists.

The Elstat (Hellenic Statistical Authority) report of 2017 shows that the overnight stays were 92,3% and there was an increase of 1,6% in arrivals and 1,2% in overnight stays from 2016. As per table 2 and table 3 below, in 2018 there was an increase of 4.7% in total arrivals and total 2.6% increase in overnight stays compared to 2017. In 2018 an increase of 8.0% and 4.1% has been recorded in arrivals and overnight stays by non-residents. Also, a decrease of 3.3% in arrivals and 5.3% overnight stays has been recorded by residents as per table 2 and table 3. Arrivals of residents and non-residents start to increase from May to October in both years 2017 and 2018, so it seems like the high season is during summer period. In 2018 there was the largest share of arrivals and overnight stays by non-residents in the accommodation areas by the tourists from Europe (81,2% of arrivals and 90,7% stays) and a special contribution from EU member's states (68,9% of arrivals and 77,1% stays).

Table 2: Arrivals of residents and non-residents at hotels, similar establishments and tourist campsites in 2017 – 2018 per month

	2017					2018					Change % of total 2018/2017
	Hotels and similar establishments		Tourist campsites			Hotels and similar establishments		Tourist campsites			
	Total <sup>(2)</sup>	Residents	Non-residents	Residents <sup>(1)</sup>	Non-residents	Total	Residents	Non-residents	Residents	Non-residents	
<b>Total</b>	<b>21,303,885</b>	<b>6,105,805</b>	<b>14,830,511</b>	<b>132,934</b>	<b>234,635</b>	<b>22,307,735</b>	<b>5,903,020</b>	<b>16,019,878</b>	<b>131,116</b>	<b>253,721</b>	<b>4.7</b>
January	521,020	356,144	164,639	62	175	552,227	367,056	184,856	79	236	6.0
February	569,785	388,671	180,815	69	230	589,500	381,974	207,170	79	277	3.5
March	759,642	472,511	286,704	80	347	862,791	456,109	405,931	125	626	13.6
April	1,332,810	544,947	782,536	697	4,630	1,415,611	523,341	886,409	617	5,244	6.2
May	2,270,114	479,815	1,765,509	4,818	19,972	2,633,143	530,778	2,068,561	6,649	27,155	16.0
June	2,964,581	570,571	2,349,940	12,725	31,345	3,108,472	525,354	2,531,328	14,260	37,530	4.9
July	3,512,975	716,439	2,689,901	44,894	61,741	3,556,154	643,469	2,805,931	41,448	65,306	1.2
August	3,552,822	775,507	2,640,188	61,444	75,683	3,600,390	721,789	2,744,972	59,908	73,721	1.3
September	2,866,998	562,467	2,262,546	7,170	34,815	2,986,799	533,299	2,408,758	7,215	37,527	4.2
October	1,690,087	438,597	1,245,954	663	4,873	1,725,526	413,328	1,306,452	425	5,321	2.1
November	641,535	368,715	272,131	179	510	668,205	376,729	290,780	165	531	4.2
December	621,516	431,421	189,648	133	314	608,917	429,794	178,730	146	247	-2.0

Source: ElStat (2018)

Table 3: Overnight stays of residents and non-residents in hotels, similar establishments and tourist campsites in 2017 – 2018 per month

	2017					2018					Change % of total 2018/2017
	Total <sup>(1)</sup>	Hotels and similar establishments		Tourist campsites		Total	Hotels and similar establishments		Tourist campsites		
		Residents	Non-residents	Residents <sup>(1)</sup>	Non-residents		Residents	Non-residents	Residents	Non-residents	
<b>Total</b>	<b>89,284,319</b>	<b>14,154,141</b>	<b>73,474,232</b>	<b>785,346</b>	<b>870,600</b>	<b>91,569,437</b>	<b>13,410,226</b>	<b>76,494,991</b>	<b>741,875</b>	<b>922,345</b>	<b>2.6</b>
January	1,173,185	726,650	445,552	158	825	1,190,677	739,013	450,652	205	807	1.5
February	1,246,617	783,685	462,163	131	638	1,276,130	762,855	512,217	193	865	2.4
March	1,632,453	920,547	710,609	215	1,082	1,867,056	896,825	967,991	388	1,852	14.4
April	3,669,706	1,179,694	2,477,069	2,533	10,410	3,810,987	1,120,095	2,677,412	2,003	11,477	3.8
May	9,203,265	972,355	8,134,270	38,797	57,843	10,505,106	1,079,622	9,299,068	49,922	76,494	14.1
June	13,940,305	1,290,707	12,445,646	89,997	113,955	14,235,517	1,164,433	12,846,639	86,658	137,787	2.1
July	17,286,449	1,962,065	14,848,511	237,735	238,138	17,347,942	1,747,430	15,127,573	219,908	253,031	0.4
August	17,925,522	2,501,268	14,783,857	343,781	296,616	17,886,981	2,294,674	14,972,547	330,625	289,135	-0.2
September	13,293,719	1,286,602	11,808,082	66,627	132,408	13,492,126	1,194,722	12,113,236	49,577	134,591	1.5
October	7,087,806	896,137	6,171,913	4,559	15,197	7,137,335	813,792	6,308,274	1,527	13,742	0.7
November	1,445,219	722,586	719,980	484	2,169	1,455,442	704,144	749,049	507	1,742	0.7
December	1,380,073	911,845	466,580	329	1,319	1,364,138	892,621	470,333	362	822	-1.2

Source: ElStat (2018)

As per table 4 and 5, the largest percentage of arrivals and overnight stays in hotels for non-residents was 75% of arrivals and 85.4% of overnight stays in 2019, reporting an increase of 4% from 2018. More specifically, the average number of overnight stays was 4.8 nights for non-residents and 2.4 nights for residents. The total capacity in hotel beds was calculated to 55.4% for the first nine months of 2019, compared to 57.4% in the first nine months of 2018. The total number of stays in 2017 were 89,3mn compared to 81,5mn in 2016. There was an increase of 0,5% from 2017 with 2018 reporting 91,2mn stays and for the first nine months of 2019 the stays were 81mn which means a decrease of almost 645,947 tourists from 2018.

Table 4: Arrivals of residents and non-residents at hotels, similar establishments and tourist campsites from January – September 2019

2019 (provisional data)					
Month	Total	Hotels and similar establishments		Tourist campsites	
	Arrivals	Residents	Non-residents	Residents	Non-residents
Jan - Sep	19,324,078	4,699,873	14,231,320	138,686	254,199
January	513,826	342,101	171,409	86	230
February	558,096	355,757	202,010	68	261
March	843,676	482,829	359,865	146	836
April	1,497,702	547,805	942,710	642	6,545
May	2,510,543	478,542	2,002,618	3,402	25,981
June	3,188,534	579,597	2,547,626	18,661	42,650
July	3,513,799	639,533	2,765,276	42,769	66,221
August	3,744,029	764,717	2,838,025	65,751	75,536
September	2,953,873	508,992	2,401,781	7,161	35,939

Source: ElStat (2019)

Table 5: Overnight stays of residents and non-residents in hotels, similar establishments and tourist campsites from January – September 2019

2019 (provisional data)					
Month	Total	Hotels and similar establishments		Tourist campsites	
	Nights spent	Residents	Non-residents	Residents	Non-residents
Jan - Sep	80,966,575	11,004,499	68,213,928	799,372	948,776
January	1,093,725	674,784	417,329	787	825
February	1,173,124	681,990	489,870	524	740
March	1,813,849	949,523	861,645	655	2,026
April	4,255,107	1,165,834	3,071,325	2,495	15,453
May	9,877,054	952,405	8,802,181	48,396	74,072
June	14,205,988	1,287,677	12,640,009	115,418	162,884
July	17,136,241	1,734,546	14,908,738	227,299	265,658
August	18,125,815	2,416,241	15,065,917	346,211	297,446
September	13,285,672	1,141,499	11,956,914	57,587	129,672

Source: ElStat (2019)

### Overnight stays in Cyprus

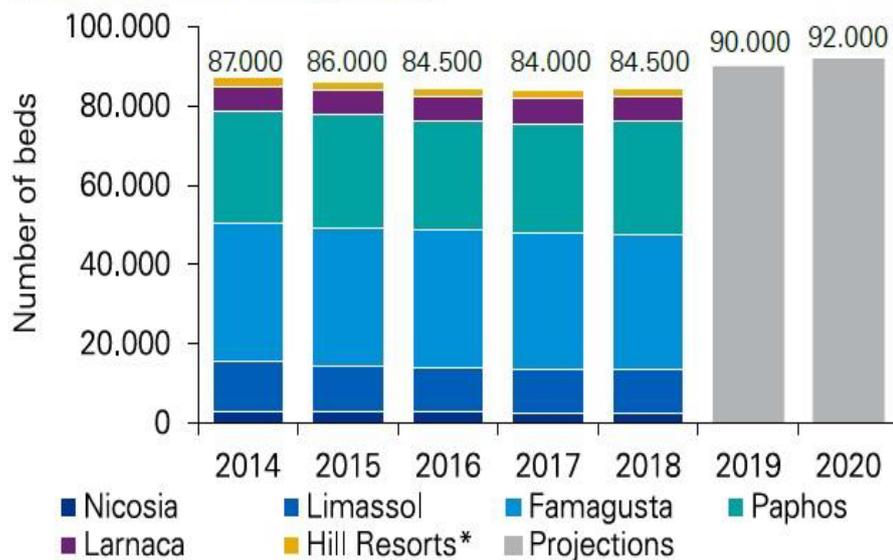
The hotel accommodation in Cyprus is distributed to various hotel classifications as well as peer-to-peer accommodation fact that helps to transform the tourism and hospitality industry, integrating the travelling and accommodation domain in a new era of technology.

Therefore, in Cyprus there are some main hotel chains which lead the industry like Tsokkos Hotels & Resorts Cyprus with 28 hotels and hotels apartments which accommodates 200000 tourists, Louis Hotels Cyprus which owns 27 hotels in six destinations and the 18 hotels are based in Cyprus, Thanos Hotels & Resorts owning four hotels in Paphos area. Using online platforms such as AirBnB which is one of most popular platforms in Cyprus, locals and tourists are able to discover and explore various destinations. In Cyprus there are six hotel categories with 791 hotels in total, being rated from 1-Star to 5-Stars and another one category which includes apartments, villas and small hotels (as shown in Table 6). The total number of 5-Star Hotels in Cyprus is 26, 4-Star hotels are 57, 3-Star hotels are 78, 2-Star hotels are 46, 1-Star hotels are 25 and the sixth-category comprises of 559 accommodation options. The total number of hotel beds are 87081 and until the end of 2020 the total capacity is expected to increase by 92000 beds while new hotel construction developments are taking place (as per Graph 6) such as Limassol Marina's new house developments, new hotels like Amara Beach hotel and Parklane Beach hotel in Limassol, Chrysomare Beach hotel in Ayia Napa, Sun City Resort in Famagusta, Ayia Napa Marina. Also, multiple multi-million project developments are in the planning stage of the investments in Paralimni, Paphos along with the new Larnaca Marina as per CTO, and other constructions all over Cyprus which will add a total of 3000 beds in the following four years.

Table 6: Geographical Distribution of Touristic Units in 2018

	5-Star	4-Star	3-Star	2-Star	1-Star	Other	Total
Nicosia	1	2	4	9	4	6	26
Limassol	7	8	11	3	2	37	68
Larnaca	1	6	4	15	2	78	106
Famagusta	6	21	37	9	2	150	225
Paphos	11	19	17	4	7	207	265
Hill resorts	0	1	5	6	8	81	101
<b>Total</b>	<b>26</b>	<b>57</b>	<b>78</b>	<b>46</b>	<b>25</b>	<b>559</b>	<b>791</b>

Source: CTO



Graph 6: Available Beds Capacity. Source: CTO

As per Cyprus Tourism Organization, the total overnight stays by tourists and residents were 14,8mn overnight stays in 2016. In 2018, there were 17,4mn tourists from which 16,5mn non-residents and 0,9mn residents compared to 2017 where an increase of 3,6% was reported. In 2019, 18mn tourist’s arrivals were reported, from which 16.9mn were from non-residents, compared to 2018 where there was an increase of 4,7% and 1,1mn arrivals from residents.

As per Elstat studies (2018), the employment in tourism industry has a significant impact on tourism functionality, lots of students with or without any related studies are employed through companies, creating the so-called seasonality of staff. Around 2018 the labour turnover was around one million according to the World Tourism Organization. The number of persons employed in tourism in Greece is being increased every year, having reached over 390000 employees in 2019 with the part-time workers taking the 11% of seasonality staff.

New terms like full board and half board were introduced to the industry of tourism implying thus with minimum length of stay and value for money accommodation. The result of the introduction of full board and half board kept the tourists inside the hotel

environment inviting them to visit the hotel restaurants and facilities. The tourists benefit from full board or half board stays so they can ensure more economical vacations and feel more secure of being in a foreign country. However, this causes serious problems in the wider local market because tourists prefer to eat and drink at their hotel, free from the need to search for meals outside their hotel.

The tourism departures are the outbound tourists, referring to the number of departures that people make from their country of origin to another country, so the data refer to the number of people travelling. All the outbound tourists are the number of departures that people make from their country of origin to any other country for any purpose other than remunerated activity in the destination country, either for vacations or studies abroad. As per WTO, the residents traveling from Greece to international destinations were 7.685.000 in 2017 and increased to 7.960.000 in 2018. As per CyStat researches from 2016 to 2019, the total departures from Cyprus were 4.569.733, 5.197.021, 5.521.515 and 5.764.378 accordingly. The visitors such as tourists, residents or other travelers such as immigrants, temporary workers etc are included in those numbers. Following a long research and communication with the Cyprus and Greek authorities for tourism industry, it has been concluded that the measurements of tourism departures are not used for analysis purposes, therefore there is not enough data on departures to analyze.

### **3.3 Expenditures based on nationalities**

Tourism expenditure refers to the total amount of expenses made by a single person for goods and services during vacations in a destination country. Tourism expenditures include all the in-advance-payments for an organised trip such as payment of tickets, accommodation and the services received during the trip such as, transportation services or SPA (Sanus Per Aquam) treatments. Table 7 illustrates the popularity of Greek regions based on average tourist expenditure per visitor. The travel receipts in Greece, during the period of 2019 totalled €17,53bn compared to €16,1bn in 2018. In 2016 travel receipts were €13.2bn with an increase of €1.1bn reaching €14.3bn in 2017.

Table 7: Hierarchy of Greek regions based on average tourist expenditure per visitor (2017)

	Area	Average Tourist Expenditure (€)
1 <sup>st</sup> Place	Crete	682,2
	Ionian Islands	611,9
	Cyclades	600,0
	Dodecanese	600,0
2 <sup>nd</sup> Place	Thessaly	422,0
	Northern Aegean	398,6
	Peloponnese	383,7
	Attica	381,7
3 <sup>rd</sup> Place	Continent	304,0
	Central Greece	286,7
	West Greece	283,5
	Central Macedonia	264,0
4 <sup>th</sup> Place	Eastern Macedonia and Thrace	211,5
	West Macedonia	205,1

Source: Ifantis (2017)

The main nationalities who visited Greece in 2019 as per GTO were, Republic of Macedonia, Germany, United Kingdom, Bulgaria, France, Italy, Russia, Turkey, Poland, United States and Serbia. According to SETE publications in 2019, Russian tourists represented the 41.5% of arrivals with 49.7% of overnight stays and spent around 52.2% of products and services. The Americans had the highest expenditure per night stay at €89 with Germans spending €614 per visitor with an average length of stay 8.8 nights. The average budget for British is €660 per visitor. As per GTO, the total travel expenditure of Germany was increased by 13,9% with €450mn, while France's total travel expenditure increased by 54,0% with €181mn. The total expenditure of United Kingdom increased by €390mn and the one of United States of America increased by €133mn. Also, Russia's total expenditure decreased by 7,8% to €59mn. The total expenditure from Germany decreased by 16,6% to €19mn, while the expenditure from France decreased by 24,9% to €5mn. There was a

decrease of 43,1% from United Kingdom and an increase of 37,7% from the United States. At last, Switzerland spent on average €913 with Germany following with €892 and at last Great Britain with €884. For example, as per SETE publications, French increased their spending by 16,2%, British by 37%, Americans by 10,3% and Russians by 27,5%.

On the other hand, as per CTO, some of the nationalities who visited Cyprus in 2019 were United Kingdom, Russia, Israel, Germany, Greece, Sweden, Poland, Switzerland, Ukraine and Romania. The average expenditure per day decreased by 0.6% from €71,28 to €70,83 in April 2018 and April 2019, which also affected the decrease in the overnight stays from 8.1 days to 8 days. After the Financial crisis in 2013 the average expenditure per visitor decreased from €865,7 in 2013 to €828,8 in the following year 2014, €794,2 in 2015 and €705,6 in 2016. By the end of 2018 a decrease of 3% of the average expenditure has been recorded compared to the previous year 2017, from €79,06 to €76,66. The total revenue in 2018 was estimated at €2,268,5mn and recorded an increase of 2,3% compared to 2,216,7mn in 2017. Based on the nationalities visited Cyprus in 2019 the minimum length of stay was eight nights and the maximum nine nights. British visitors are reported to be around 1,3mn tourists visiting the island every year and contribute to about €1bn and 38% of the total Cyprus tourist revenue. The Swiss spent on average €875, Belgians €858 and the Norwegians €841,6 with the tourist revenue from the above mentioned countries totalling at €132mn in 2019. The total expenditure per day in 2019 by Austrians was €73,26, Belgians €69,66, French €79,02, Germans €63,10, Swiss €65,57, Greek €41,86, Americans €72,33, British €55,79, Israeli people €101,25 and Russians €71,76. In 2019 Russians contributed €522,2mn, Israeli people €143,4mn and Germans €116,5mn to the total tourism revenue of the country.

### **3.4 Tourism indicators**

As per Dupeyras, A. and MacCallum N. (2013), indicators are listed by core, supplementary and future development indicators (see Table 9). Dupeyras, A. and MacCallum N., use the specific indicators as a guideline to define the tourism measurements of the countries in question. The present study was based on quantitative data being the people, money and

time elements, as well as tourism expenditures based on nationalities. At this stage, the aim is to provide a short analysis of the tourism indicators of Greece and Cyprus such as the GDP, imports, exports, tourism revenues and unemployment along with some personal statements made by the author of this study.

Table 9: List of core, supplementary and future development indicators

<b>Core indicators</b>	
<b>Tourism performance and impacts</b>	1 Tourism Direct GDP which is a leading international measure of the tourism contribution to GDP
	2 Inbound tourism revenues per visitor by source market by measuring the economic activity of visitors
	3 Overnights stays in all types of accommodation
	4 Exports of tourism services. A measure showing the contribution of tourism to exports such as statistical researches
<b>Ability of a destination to deliver quality and competitive tourism services</b>	5. Labour productivity in tourism services for example labour turnover
	6. Tourism price competitiveness and Purchasing Power Parity (PPPs)
	7. Country entry visa requirements with a measure of entry visa requirements including methods of visa issuance
<b>Attractiveness of a destination</b>	8. Natural resources and biodiversity
	9. Cultural and creative resources. A measure of a country's cultural and creative attractions, activities and events
	10. Visitor satisfaction. A measure of demand side attractiveness value, based on current and future competitiveness
<b>Policy responses and economic opportunities</b>	11. National Tourism Action Plan such as strategic plans
<b>Supplementary Indicators</b>	

<b>Tourism performance and impact</b>	Market diversification and growth markets.
<b>Ability of a destination to deliver quality and competitive tourism services</b>	Employment in tourism by age, education levels and type of contracts. A measure that would assess ability to attract, retain and develop talent in the industry to enable improved competitiveness
	Consumer Price Index for tourism. A complementary measure to others such as PPPs
	Air connectivity and inter-modality. A measure of competitiveness revealed in air routes, flight time from main markets and passenger numbers
<b>Attractiveness of a destination</b>	Better Life Index. A measure using a tourism focused version of the index
<b>Future Development Indicators</b>	
<b>Ability of a destination to deliver quality and competitive tourism</b>	Government budget appropriations for tourism. A measure of national government tourism expenditure per capita
	Company mortality rate
<b>Policy responses and economic opportunities</b>	Use of e-tourism and other innovative services such as social media
	Structure of tourism supply chains. An Index measure of industry thickness, clusters and competitiveness, existing/potential

Source: Dupeyras, A. and MacCallum N. (2013)

At this point, it should be underlined that tourism arrivals in Greece by November 2019 were reported 19,324,078 and in Cyprus 3,976,777. Having in mind that the tourists' arrivals are five times greater in Greece than in Cyprus, we have divided the exports, tourism revenues and unemployment of Greece by 5 so we can have the same measurement unit, for more accurate result purposes.

Table 10: Tourism indicators measures

<b>Comparison of tourism indicators in 2019</b>			
	<b>Greece</b>	<b>Cyprus</b>	<b>Greece divided by 5</b>
<b>GDP</b>	12% -€197.174bn	18% - €22.369bn	-
<b>Imports</b>	€55.7bn	€8.2bn	€11.14bn
<b>Exports</b>	€33.9bn	€3.2bn	€6.78bn
<b>Tourism Revenues</b>	€18bn	€2.7bn	€3.6bn
<b>Unemployment</b>	18.08%	7.92%	3.61%

Source: Created from the data from CTO, Cystat, Elstat, GTO

As far as the percentages of GDP are concerned, they seem to be higher in Cyprus but we cannot overlook the fact that the population of tourists in Greece are ten times higher than the population of tourists in Cyprus. Therefore, the percentage shows a decrease in Greece. Greece was placed 52<sup>nd</sup> in the GDP ranking of the total 196 countries that were published by CountryEconomy.com in 2019 and Cyprus was placed 105<sup>th</sup> in the ranking. The annual GDP in Greece for 2019 was €197.174bn compared to the GDP of Cyprus which was €22.369bn. Even if the GDP of Cyprus was at 18%, Greece managed to have a greater GDP at the end of the year in terms of the national revenue.

Imports and exports are very important indicators for the development and the growth of national economies. Imports in Greece and Cyprus can work for having much cheaper products from the foreign market because of the labour cost, low taxes, etc. but the importer can have better quality in goods and extend the business profit margins. We have converted the billions of €55.7bn Greece's imports divided by the 5 to be able to compare with Cyprus's imports. The difference between €11.4bn for Greece and €8.2bn for Cyprus is small considering that Greece has the triple population. Regarding the exports, Greece seems to have almost double revenues totalling €6.78bn compared to Cyprus's €3.2bn, fact

that shows that Greece receives a significant export revenue. Greece has the benefit of more exports opportunities because it is close to many European countries while Cyprus is the third biggest Mediterranean island.

Regarding the tourism revenue, Greece might have had an incredible number of almost 20ml tourists in 2019 with €3.6bn revenues compared to Cyprus with almost 4mn tourists and totalling at €2.7bn, placing Greece in leading position with €0.9bn difference. The revenues reflect on the tourist expenditure per person and the increase of the tourist arrivals in Greece and Cyprus every year.

Last but not least, as per Eurostat, comparing the unemployment rate in Greece being 3.61% with an almost double rate in Cyprus being 7.92%, we see that Cyprus had a higher unemployment rate in 2019.

Taking the above-mentioned into account, Greece and Cyprus are considered to be two of the most sought after countries of destinations and it is more likely that they are never going to stop enjoying high rates of tourism arrivals every year. I strongly believe that this happens mainly thanks to the distinguishing characteristics of both countries, for which we are going to provide a brief analysis. The high season in Greece and Cyprus, the countries of Sun and Sea Model, has always been summer, since it gives the opportunity to tourists to enjoy the warm, Mediterranean climate that is characterized by the region's long, hot summers and mild, wet winters. Both countries every year do attract all kinds of tourists, wealthy people not being excluded. Popular Greek summer destinations, such as Santorini, Mykonos and Crete place the country among the top destinations for travelers flying first class and choosing luxury accommodation. Likewise, Cyprus, even as smaller country welcomes its tourists for a long-lasting summer season in luxury hotels all over the island. One could not omit to mention the jewel of Mediterranean Sea, Anassa Hotel, a luxury majestic resort that exudes the charm of a traditional Cypriot village. That being said, we come out to the result that both countries throughout the years have already managed to reach a high level of tourism accommodation, enjoying high ranking positions in the lists of best summer holiday destinations in the world.

As far as the trade in Greece is concerned, according to the Enterprise Greece, Invest & Trade, “during 2019, the GDP growth continued at the same pace as the previous year (+1.9%). Apart from that, an increase in exports and a fall both in unemployment and inflation were also achieved”. For the Greeks, its geographic position and the sea provided an excellent way to trade between different lands, contributing to the increase of the GDP of the country. Greece's main industries are tourism, shipping, industrial products, food and tobacco processing, textiles, chemicals, metal products, mining and petroleum. No one can doubt that Greece is a maritime nation, as shipping is arguably the oldest form of occupation of the Greeks and has been a key element of Greek economic activity since ancient times. Greece's GDP growth has, as an average, since the early 1990s been higher than the EU average. As per Yiannis Stournaras (2019), despite the deep economic crisis in Greece, the implementation of a bold economic adjustment programme has eliminated the root causes of the Greek crisis.

On the other hand, the economy of Cyprus is characterized as a high-income economy as classified by the World Bank. I strongly believe that Cyprus has an important role as a financial, shipping and tourism hub. The services sector, including tourism, contributes almost 80% to GDP and employs more than 70% of the labor force. The island is also well known for its favorable corporate tax, enjoying increasing investment flows from countries all over Europe, but also China, Russia and the US. Also, since the Cyprus Securities and Exchange Commission(CySEC) issued its very first forex brokerage license to Windsor Brokers in 1988, Cyprus has seen an explosion in forex firms taking up residence, with over 40 now domiciled on the island, fact that contributes further to the island’s economy. The financial crisis arrived in Cyprus in 2009, resulting in the shrinking of the economy and the adoption of austerity measures which led to the deterioration of living standards and the rise of social inequality, downward adjustment of wages, and rising unemployment rates. As per the study carried out by Panikos Constantinou, a return to growth was reported in 2015 (1.7%) with a growth momentum maintained in 2016 (2.8%). Economic growth continued in 2017 and beyond. Also, growth has been reported to export performance in tourism, shipping and professional services. Certainly, Cyprus will keep up the hard work

towards tourism development on the island and will remain a tax paradise for many entrepreneurs.

All the afore-mentioned and much more contribute to the unique profile of each country, creating many reasons for a traveler to visit them. Government and competent authorities of both countries do work hard towards maintenance and further development of each of industry, paying special attention on the tourism and shipping sectors. However, no scientists, or strategic plans or forecasts are enough before any unforeseen event which can affect to a great extent the economy of a country. Such unexpected events may be major earthquakes, floods, tsunamis, heat waves and of course a pandemic. The year 2020 experience Pandemic Covid-19 that shook the world, causing severe global social and economic disruption. It has been defined as global health crisis of our time and the greatest challenge we have faced since World War and a further discussion thereon, will be provided in a later Chapter.

# Chapter 4

## Alternative forms of tourism

Ahead of defining alternative forms of tourism, it should be stressed that mass tourism is a form of tourism that involves tens of thousands of people going to the same resort often at the same time of year, feeling the joy of not getting worried about travel arrangements, large amounts to spend and not being obliged to learn new words or new language to communicate because of the availability of a guide. It is the most popular form of tourism as it is often the cheapest way for holidays, and is often sold as a package deal. The change from mass tourism to new tourism gave the adoption of the alternative tourism. The term “alternative tourism” was proposed by Rosenow and Pulsipher in 1979, for the American Industry as they wanted to give a new way of growth, claiming not only for visitors but also for the communities. It gave less severe negative effects on destinations and their populations and revealed the joy of positive economic effects which appear as the optimal solution. Alternative forms combine the touristic product or individual tourist services, deferring from mass tourism by means of supply, organization and the human resources involved. The alternative forms of tourism tend to develop a more responsible tourism and many destinations, creating and reinventing new forms of tourism. The main outcome of alternative tourism includes an active tourism with exploring and encountering travelling even with the concept of committed tourism. Some influential phenomena gave a different orientation in tourism which are the economic issues and the financial crisis, environmental issues referring to mass tourism influence, political issues reflecting political economy and the social issues including the new traveller market of post-modern culture.

We have observed that scientists tend to give their own classification of forms of tourism, with thematic tourism being categorized in various forms according to each author's purposes. The present study suggests its own categorization of alternative forms of tourist in conjunction with a description of each category. Some of the most important forms of alternative tourism are ecotourism, rural tourism, adventure tourism and thematic tourism being categorized in medical, wellness, educational tourism (cultural, archaeological and historic tourism), gastronomic and wine tourism, religious tourism, coastal and maritime tourism.

Ecotourism is directed towards travelling in natural areas, maintaining thus the environment, sustaining the well-being of the local people and involving interpretation and education for both staff and guests (TIES, 2015). Ecotourism is developed by the travellers who travel to far-away destinations especially natural reserves. It has as main target to protect the environment and help the raising of living standard of the local populations. There are six basic principles of ecotourism like, 1. To avoid negative impacts which can have damaged or destroyed the character of the natural or cultural environments must be visited. 2. To educate the traveler on the importance of environmental conservation. 3. To direct revenues to the conservation of natural areas and the management of protected areas. 4. To generate the financial benefits for both local people and private industry. 5. To make sure to improve the need for planning and sustainable growth of the tourism industry and contribute to ensure that the tourism development does not exceed the social and environment capacity. 6. To retain a high percentage of revenues in the host country by stressing the use of locally-owned facilities and services.

Rural tourism or agro tourism can be a variant of ecotourism. Rural tourism focuses on actively participating in a rural lifestyle. Many villages can facilitate tourism because many villagers are hospitable and eager to welcome visitors. Agriculture is becoming highly mechanized and therefore, requires less manual labor. A part of tourists' population prefers to stay in the countryside or experience the farm life and the interaction with the locals. Activities like gathering fruits and vegetables, learning how to cook traditional foods and celebrating local holidays are some examples of the rural tourism. Also, this includes

the combination of other practices in rural area such as hiking, cycling, horse riding, visiting monasteries etc.

Furthermore, adventure tourism is a combination of ecotourism, involving exploration or travel with a certain degree of risk, and which may require special skills and physical exertion. It addresses tourists who seek new practices with the nature and it differs from season to season, from age to age and the tourists' personal needs. This may include activities such as mountaineering, trekking, bungee jumping, mountain biking, cycling, canoeing, scuba diving, rafting, kayaking, zip-lining, paragliding, hiking, exploring, canyoneering, sandboarding, caving and rock climbing. Some obscure forms of adventure travelling may also include disaster and ghetto tourism.

Thematic tourism in the present study is classified in medical, wellness educational tourism (cultural, archaeological and historic tourism), gastronomic and wine tourism, religious tourism, coastal and maritime tourism.

Medical or Health tourism refers to people traveling abroad to obtain medical treatment for any reason (short waiting periods, affordable treatment costs, healthcare service of better quality, etc.). It is the type of tourism during which a patient receives treatment only in a hospital, staying in the country as long as the treatment lasts.

Wellness tourism is a new growing industry with the purpose of promoting health and well-being through physical, psychological, or spiritual activities. It includes a variety of activities such as thermal springs, day spa and hotel spa, thalassotherapy, hydrotherapy, body exercising, pilates.

Educational tourism pursues educational learning as a pretext for a trip, either learning knowledge (historical, cultural, social) or learning a new language through everyday practice. Cultural tourism is the subset of tourism concerned with a traveler's engagement with a country or region's culture, specifically the lifestyle of the people in those geographical areas, the history of those people, their art, architecture, religion, and other elements that helped shape their way of life. It is one of the driving forces for the growth of tourism industry and helps into the conservation of cultural and artistic heritage with the

locals for non-traditional tourist destinations and the establishments of links between different cultures. Likewise, archaeological tourism, can be a sub-category of cultural tourism because its aim is to promote public interest in archaeology and the conservation of historical sites. Furthermore, architectural tourism promotes the richness, diversity of architectural cultural heritage and some highlights are, the preserved traditional settlements, historic buildings, castles, historic public houses and historical - modern lighthouses.

Gastronomic / Culinary Tourism is connected with the familiarizing of visitors with the local and traditional cuisine, to explore and taste the local food and get to know the local traditions, local cultural events and agricultural activities. At the same time, wine tourism is developed in wine growing areas, with tourists visiting wineries and vineyards. There is a connection between gastronomic and cultural tourism because foods and dishes have passed through generations and have given specific characteristics to the local gastronomic profile of a country.

Religious tourism is a type of tourism exclusively or strongly motivated by religious reasons. This is one of the oldest forms of tourism. It can also be referred to as faith tourism or spiritual tourism. People go on religious holidays to confirm, deepen or reflect upon their faith. Some examples are visits or guided tours to religious and worship sites like byzantine monuments, churches, religious tourist attractions, pilgrimages, monasteries, retreats and faith-based camps.

Last but not least, coastal tourism covers beach-based tourism and recreation activities, e.g. swimming and sunbathing, and other activities for which the proximity of the sea is an advantage, such as coastal walks and wildlife watching. Maritime tourism covers predominantly water-based activities, e.g. sailing and nautical sports and cruising, where marine regions such as the Mediterranean or Baltic can be covered in the course of a week's holiday.

# Chapter 5

## Factors affecting tourism demand

The majority of tourist destinations are developing their tourism plan with the tourist motivational factors and demand. Some of the most important factors can be categorized by price, non-price, economic, geopolitical, technological, socio-cultural, psychological, physical, exogenous and endogenous factors with the ongoing Pandemic Covid-19 being the biggest unexpected challenge which hit tourism.

Price factors are the costs of tourists that involve immediate payments, until they reach their destination, for instance the air-ticket purchase. It is widely known that depending on the day or period of an air-ticket reservation, the cost changes accordingly. Also the food, shopping and entertainment costs constitute an impact on the demand. For instance, if one chooses to travel in Cyprus in summer period, this is likely to be an expensive destination since it's provide high quality touristic product. Equally, if one chooses to travel to the top destinations in Greece such as Mykonos and Santorini is more likely to have more expenses than in any other location in Greece.

Non-price factors, are the factors which can affect tourism demand but with no payment involvement, such as the destination image of the country, the historically attractions and world heritage sites. Another non-price factor is the immigration systems in each country, for instance, if a country has flexible and accelerated visa processing systems it provides strong motivation for numerous tourists from developing countries to travel to developed countries. Both Greece and Cyprus provide the short-stay visa or travel visa which is issued to citizens to enter the borders with a specific period of time not exceeded 90 days and it is

valid for three years. Moreover, weather conditions play an important role in tourism demand since the tourists prefer to travel in destinations with sunshine.

Economic factors are also affecting the tourism industry globally and locally because fluctuations in the global economies may affect the level of demand and supply in tourism at a local level. For instance, when the economic activity and employment rates in a country are high, the people have more disposable income to spend on tourism and travel.

Geopolitical factors, has a meaningful effect on the demand for tourism inasmuch if there is a stable geopolitical situation could be lead to a healthy increase of demand while the instability can affect it negatively. For example, Greece's geopolitical events present new challenges and new opportunities for Athens relations with Europe and United States. Cyprus, faced important European issues with benefits for Europe in relation to its energy security and has been rich in conflicts and geostrategic challenges. All the tourists need to travel to safe destinations with enjoyable memories of vacations in peace.

Technological factors can improve cities which are not geographically attractive or naturally beautiful, thought they are attracting tourists because of the technological factors. Technology helped the rapid grow of the tourist activities in Greece and Cyprus and not only. Technology also minimized the distances between the tourism and their possible destinations, reduced the costs of marketing and advertising, encouraging therefore the airlines to reduce the travelling prices. In both Greece and Cyprus, the Airbnb offers great accommodation opportunities which are available to the travellers any time of the day on the internet.

Socio-cultural factors refer to people who prefer travelling to cultural-oriented destinations so they can meet the culture of other nations, experience new feelings and behaviours. Both culture and religion can attract many tourists every year. The Greek culture of philosophy, architecture, medicine, theatre and drama, and of course of the Greek hospitality is really attractive to tourists.

Psychological factors and safety needs must be noticeable in every tourism destination since it can affect the decision-making. These factors include the escape and self-

actualisation, physical factors such as relaxation, medical treatment, health and fitness. A social interaction with some friends or new people could seek on exploration such as adventure seeking, enjoying nightlife, culture exploration and many more activities.

Last but not least, exogenous and endogenous factors may affect tourism demand. The exogenous challenges could be the terrorist attacks, viral outbreaks and natural disasters. Even if that these factors are not usually directly related to the tourism industry, there is a significant impact on the number of incoming tourists and the financial earnings of the affected regions. An exogenous factor can include unforeseen events such as the Pandemic Covid-19 which has had a highly negative impact in the entire travel and tourism industry globally and locally as it going to be further discussed below. The endogenous factors are the opposite of exogenous factor, like price is endogenous to the model which can change the supply and demand curves.

## **5.1 Pandemic and tourism**

In December 2019, China, reported a cluster of cases of pneumonia in Wuhan, Hubei Province. A novel coronavirus was eventually identified, with the World Health Organization declaring an outbreak a Public Health Emergency of International Concern on 30 January, and a pandemic on 11 March. Humanity faced an unparalleled new virus widespread, which was very quickly transmitted among people during close contact, resulting in more than 5ml cases reported in more than 190 countries and territories and 323000 deaths worldwide. First Covid-19 positive cases in Greece and Cyprus were reported in February and March accordingly. Governments of both countries were obliged to activate extreme Disaster Management and Risk Assessment strategies while citizens experienced for the first time a complete country lock down and individual movements restrictions.

It is true that similarly with other countries, Greece and Cyprus faced and still facing the greatest challenge after the Second World War. Even if Pandemic was introduced to people as a health crisis, it turned to be a devastating social, economic and political crisis that will leave deep scars to the world. It had an immediate effect on global healthcare systems with

a ripple effect on every aspect of human life on Earth. This unprecedented situation resulted on many people losing their jobs and income with schools, businesses, shops, theatres, restaurants and bars closing without the date of return being known. All airports closed and all inbound and outbound flights were banned. Businesses, restaurants, hotels, shops and schools were also closed, spreading fears of an impending economic crisis and recession. Petroleum and oil prices decreased in one day. The manufacturing industry has been affected with a decrease of 80%. In Greece and Cyprus, the importation issues and staffing deficiencies stood out the main concerns of the businesses due to the break-down of supply chains and quarantine restrictions, with the “working from home - online” not being a sustainable solution for every business.

The primary sector including agriculture, petroleum and oil have experienced large negative impact. Prices of agriculture goods dropped by 20%. Petroleum and oil decreased in one day the prices since the imports countries of petroleum and oil like Saudi Arabia decreased the prices by 24%. The secondary sector of manufacturing industry was also affected in both countries, with a decrease of 80% and many of the manufacturers being worried about a negative impact of the pandemic on business operations. In Greece and Cyprus, the importation issues and staffing deficiencies stood out of the main concerns of the businesses due to the break-down of supply chains and quarantine restrictions, with the “working from home - online” not being a sustainable solution for every business. The tertiary sector of economy including the education industry, finance industry, health and the pharmaceutical industry, hospitality, tourism and aviation, real estate and housing sectors, sports industry, information technology, media, research and development and food sector. Education industry affected in all levels of the education system with the closure of the schools as it is a public health basis to prevent both spread of the virus and to prevent carriage to other vulnerable individuals. Also, the parents were forced to stay home and watch out the kids with a result of losing their income from work and probably lose their job too. Finance industry in Greece and Cyprus being directed from the global financial system with banks and fintechs helped to support small businesses and households with a potential risk with record levels of market volatility and the most growing on concern about the credit losses. Furthermore, governments, banks, regulators

and international organizations have worked rapidly so the economic collapse and financial fallout could be addressed. Health industry caused a challenge for the healthcare systems worldwide that resulting to the early deployment of viral testing for asymptomatic and frontline healthcare staff imperative. The pharmaceutical industry had been profoundly affected having experienced an acute shortage of face mask, gloves and medications due to massive demand. Hospitality, tourism and aviation had perhaps been most hard-hit with hourly workers facing a devastating break-over from work. As per World Travel and Tourism Council (WTTC), expects the crisis to be at least €23bn, with the travel sector anticipated to shrink by up to 25% in 2020 causing a loss of 50ml jobs worldwide. The current percentage of Greece and Cyprus is not yet known since the Pandemic Covid-19 is not over yet, however we know that many people have already lost their jobs. Aviation industry or travel industry is facing a wave of cancellations and a significant drop in demand due to the strict governmental instructions for the airports lock-down until June or July depending on the pandemic everyday results and updates. Hotels in Greece and Cyprus remain closed and most probably they are going to lose the summer period. Based on that, the tourism industry is likely to be in jeopardy. Large amounts of cancellations of flights, tours, events, hotel reservations and a resulting decline in incoming tourism in Greece and Cyprus with the profit margins decreasing rapidly more than 80%. As per WHO, all the businesses called hotels, travel agencies, restaurants and many more, who wants to open their gates to the public, have to follow and strict directions for the better prevention of the Pandemic Covid-19. Food distribution and retailing, have faced the panic-buying of people and stockpiling on food, which is a main concern about the shortages of necessarily food products as long-life milk, pasta, rice and tinned vegetables (the first products which disappeared from the market in the Second World War). Real estate and housing sectors also face a decrease on the viewing of homes and sales. They are going to be forced by the market to decrease their prices. Families would be unable to pay their mortgages or loans, so the real estate sector will face a financial difficulty since many employees are losing their jobs every single day. For example, Cyprus is given the opportunity of nine months' unpaid doses plan to the loans. Sports industry has cancelled the world's largest sporting events in 2020 including football, Olympic Games in Tokyo, cycling, boxing, basketball and many more athletic events which contributed in the tourism

industry. Information technology, media, research and development, helped WHO to develop an effective vaccine which is going to be tested on animals with the biotech firm Moderna preparing to enter human trials imminently.

Having said all the above mentioned, one may realise the great impact of this Pandemic on the tourism sectors both of Greece and Cyprus. There is a survival strategy of hotels against Covid-19 called Cost-cutting, Orderliness, Virtualization, Integration and Domestication (COVID) by hotel managers into the crisis management plan. Cost-cutting decrease the demand for any hotel accommodation which requires from the hotels to embark on cost-cutting measures. The main part is taken by managers who have to identify non-essential services and areas with a major decrease in demand during the period of pandemic and mark them for cost-cutting in order to prevent any eliminate loses. For instance, salary reductions, requesting employees to take all their outstanding leave and take no-pay leave until further notice. Orderliness is what is caused by pandemic such as the social distance and health protocols with sanitation, health and safety operational procedures by WHO. Virtualization is an aspect of the new normal life such as to avoid the social contacts and live in a virtual world such as Facebook, Zoom, Skype, Zoho etc. Integration implies that hotel join their effort and launch common programmes that will benefit all hotels at a better destination, so they could result a common solution to any problem hotels facing nowadays. At last, domestication indicates a reality of tourists not being able to travel Greece and Cyprus since the airports are closed, cities are still on lockdown and there are movement restrictions. For a better survival for both countries is to invest on the locals through promotional packages with attractive prices.

To conclude with, it has been argued that the Pandemic could take up to ten months for the tourism industry to recover and a specially the tourism industry is now counting only the 10% of global GDP. The pandemic measures are changing on a daily bases and this cannot contribute to an economic stability. The tourism industry is the one of the most known industries hardest to hit by pandemics and crisis but overview the history, tourism has borne the brunt of major pandemics and plagues such as, Spanish Flu(1918-1920), Black Death(1345-1353), SARS(2002-2004), H1N1 Swine Flu(2009-2010) and Ebola Virus(2014-2016). Just to mention that Spanish flu, closed travels for four months and killed almost

21ml people in two years, the Swine Flu lose almost 1ml visitors to Mexican tourism over the five years and a loss of almost €3bn. The numbers of positive Covid-19 cases and deaths keep changing on a daily basis, and humanity will be able to have the definitive reports at a much later stage, since Pandemic Covid-19 has not been totally controlled yet.

# Chapter 6

## Forecasting Scenarios for Tourism

Forecasting scenarios aim to approach or generate forecasts based on plausible scenarios considering all possible factors, relative impacts and interactions between the factors and the targets to be forecasted. The Tourism Scenario planning is a vital and engaging strategy which allows the exploration and development of a wide variety of destination options aiming to design the best future possible for the destinations. Building the forecasts based on scenarios allows a wide variety of possible forecasts to be generated and some extremes to be identified. Forecasting estimates the future demand at a destination level which is very important in managing and planning tourism development with the necessary investments. Provided that the aim is to generate forecasts based on any reasonable scenarios, we are going to provide a short analysis on the current strategic plan of Greece and Cyprus.

As per the World Tourism Organization (WTO), many of tourism investments are in progress or almost ready to serve tourism via international organizations and global decision-making centres in Greece. The National Strategic Reference Framework will lead to developments for 2014 – 2020. Strategic plan of Greece, known as the Multiannual Financial Framework (MFF) was chosen by EU in order to constitute the main tool for the implementation and the development of the EU policies. The unforeseen event of Pandemic Covid-19 forced European Parliament to provide assistance to Greece in response to the increased migration pressure, the outbreak and the support to post-earthquake in Albania. This developed framework seeks to strengthen tourism budgetary plan of the European

Union (EU), setting the maximum amount of spending for different policy areas for several years. The MFF aims to promote Greece as a global and attractive year round destination which offers unique and authentic travel experiences. Such European initiatives constitute a vital factor which can positively affect the tourism demand in Greece. There are some main priorities for the above national tourism policy which are based on the improvement of competitive quality, authenticity and sustainability of the touristic product and are able to boost the investment in high quality accommodation or any other tourism developments. There are some axes which must be followed for the MFF such as the high-standards of infrastructure with high quality of investments, respect of sustainability principles, improved accessibility and connectivity with expanding and upgrading the national network of marinas. Also, through a sustainable destination management and tourism education the aim is to achieve better management of the touristic product-experience of Greece, increase of the quality services and attractiveness.

The Greek government's super goal is to upgrade tourism infrastructure and include the tourism sector in the local economy. The government also aims to create high quality and well paid jobs, increase the tourism expenditure, protect and improve the natural and cultural resources. Another aim will be the major transformations which are going to prepare society to permanently escape the pathogenesis of the past and the falling of the crisis.

By the end of 2020 until 2030, a ten-year strategic plan for Tourism Development is being prepared for Greece as an improvement strategy. The plan is based on sustainable development, increase of the touristic product, expansion of the season and the enhancement of the value added product with high paid salaries. The said upcoming strategy plan is going to be based on a number of pillars such as: the evaluation and improvement of private infrastructure and the sustainable management and development, the provision of adequate access so Greece could attract more tourism flows in the years coming, the improvement of the public infrastructure and also the improvement of tourism education and training. The creation of marketing plans for a better product development and promotion, the launch of collaborations with tourism shareholders or great businesses and dealing with the gaps in tourism legislation are included in the pillars. Moreover,

Greece is also going to take some actions like significant deals in the tourism aviation with the creation of new air routes for 2020, such as the Shanghai to Athens and Bahrain to Mykonos with the next action being spectacular by promote the accessible tourism with disabilities.

There are two scenarios for the future development based on which role the Greek government will play to resolve the problems Greece is facing. The first scenario will be applied in case the authorities will not be able to face the capacity constraints or sustainability principles. In such case, the stagnation stage will be applied followed by the decline stage. That is to say, if mass tourism is still coming to Greece the country will no longer be called as paradise, so the facilities built will no longer be used and not bringing any profits, the decline of the prices and the product quality will decrease. The second scenario will be applied to support tourism to maintain a balance among the tourists, the natural and social environment. At this stage all the tourism industry sectors would take action for a long term future tourism development which will be well organized and developed into country's development plan.

Some development examples based on the above scenarios are: 1. The upgrade of the Sun & Sea Model product, focusing on new technologies to attract tourists from Germany, United Kingdom, Russia and other perspective countries like Austria, Belgium and Switzerland. To achieve that the Greek government has to develop 5-Star hotels and spend around €6ml, aiming to achieve an income increase of 30%. 2. the upgrade the alternative forms of tourism in winter period and attract people aged 55years and above who prefer peaceful vacations in low season period from October to March and the alternative forms of tourism can bring sustainable tourism development, for sustainable and responsible tourism. 3. Further development of alternative forms of tourism. 4. The introduction to foreign investments which will bring flow in Greece. 5. The development of aviation infrastructures and mainly the road transport and the protection of the natural environment.

In the case of Cyprus, a National Tourism Strategy will be developed from 2020 to 2030, being the most comprehensive restructuring of the sector since 1960. The need of a National tourism strategy can give the opportunity for tourism growth that will help leave

behind the current stagnation which shows the number of tourism ranging on the same levels. It can open a new road towards achieving the vision, transforming it into an action plan and allocating the budgets, responsibilities and deadlines needed to properly implement it. CTO gears towards opening new markets and further developing into special interest tourism to manage issues of seasonality.

The Cyprus government's super goal of the strategy plan is to double visitor's arrivals, triple tourist revenue and upgrade the creation of an almost fifty thousand better-paying jobs, allocate €20bn in new investments and increase by 30% the number of visitors from 4ml to 5.15ml by 2030. Since its establishment, the development of Limassol Marina gave ideas to improve the ports of Cyprus with facilities and services and a number of developments in Ayia Napa, Paralimni and Larnaca ports and also introduce Cyprus to the new era of casinos.

Also, provided that Cyprus is an island, having air transport services and provide a safe, secure and efficient aviation services is of vital importance. A plan for the aviation industry will be developed until 2030, with more structural changes thanks to new technologies and innovative air traffic management solutions.

The global economy seems to grow rapidly, fact that is likely to fuel growth in tourism demand as well as in the well-planned and well-managed destinations. However, every Strategy plan can be affected by unforeseen factors such as pandemic, natural disasters, socio-economic factors. The promotional campaign from CTO seems to improve the Investments in Cyprus tourism, provided that the proper investor is selected. A budget of €16mn has been offered by CTO to support the investments in Cyprus in three thematic pillars. First pillar regards the development of new products and services in order to enrich the alternative forms of tourism such as sports and congresses. Second pillar is about modernizing and enriching business services operating to meet special interests, to extend the tourist season, improving the quality and composition of the touristic product, expanding the said product to new markets and supporting tourism-related-sectors of the economy. Third pillar is about upgrading, modernizing, enriching the services already

provided by existing touristic units and satisfying the seasonal needs of the winter tourists with special interests.

There are some growth scenarios in the CTO strategy plan such as the increase of income in source markets which analyses the relationship between the rates of available income and the tendency to travel. Furthermore, the increase of tourism investment by creating and improving facilities, infrastructure and environment, which will have a direct impact on the demand growth. The increase in tourism promotion and communication by setting a new policy of communication, promotion, advertising and public relations, which will lead in the demand growth but in international level. The market stability could also give positive changes in demands diversity which will encourage a better average expenditure. Last but not least, the branding effect will give an international recognition which will contribute to increase of tourists' arrivals with a higher average expenditure.

For both Greece and Cyprus, the marketing plan promotes the creation, developing products and value for money. It improves the skills, talents and the knowledge of business, develops new products and services in new markets and leads the way for the implementation of the objectives as set out in strategic plan. Using general strategies in different ways, both countries have to develop a product or service better than their competitor's. Any company or service provider who would like to contribute to differentiation has to study the needs of the prospective buyers, so they know what is valuable for them. We should not omit to talk about the niche strategy which is used by start-ups which do not have enough funds for promotion, marketing or sales on the tourism industry with little or no market gaps. The niche strategy addresses any company which comes up with a product or service that can be adapted in a market niche, using it for a fast growth purposes. Additionally, cost-leadership strategy is when any company tries to be the low cost leader in a specific market. Its main object is the creation of a competitive cost which allows sales in lowest price and greater market shares or sales in the already existing market prices and greater profit margins.

Following the unforeseen event of Pandemic Covid-19 which hit many countries worldwide, GTO in comparison with Deloitte made three scenarios of Mild, Modest & Worst

Case. According to the Mild scenario, the pandemic would be limited and controlled by the end of March 2020. That would achieve a GDP growth rate by 0.1%-0.3% for 2020 as well as a growth in tourism, trade and transport and a marginal impact on consumption and investment. The Modest scenario was about the pandemic being controlled until the second quarter of the current year, having an impact in the increase of medical services and a moderate impact on consumption and investment. Tourism has been affected during Easter and May and will be still affected in June 2020. Worst case scenario regarded the pandemic being extended into the third quarter of 2020 or even worse to be continued until 2021, affecting thus the expenditure on health and care treatment.

# Conclusion

For a tourism-based economy to sustain itself in local communities, the residents must be willing partners in the process. Their attitudes toward tourism and perceptions of its impact on community life must be continually assessed (Allen et al. 1988). The Greek and Cypriot mentality has always been characterized by its temperament, strong emotions and willingness to survive from hard times. Greece and Cyprus managed to survive the recent financial crisis and managed to restart their economic engines and increase their GDP rates at quite satisfactory levels

This study's measurements showed a steady increase each year on the tourism arrivals and overnight stays and provided a picture of tourist expenditures which are subject to change according to nationalities. The alternative forms of tourism are a proof the tourism has no limits of development and progress, fact that could be a topic for further research. Also, tourism indicators do provide a baseline for governments, bodies and competent authorities to measure specific impacts of tourism on a country's competitiveness and attractiveness for residents and non-residents, and its ability to deliver quality, innovative, and attractive tourism services to consumers and to gain market shares on the domestic and global market places, while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way. This would also be a topic for further study.

In the aftermath of Pandemic Covid-19 that shook humanity and the world's economy, the tourism industry was among the first ones to be affected. At the present moment most of countries have entered the last phase of prevention and control of pandemic, being the lifting of restrictive measures and the restart of the economy. With national airports and hotels still remaining closed, the tourism industry anticipated to restart its engines, with doubts rising over the GDP growth rates of the current year. Greek and Cyprus governments have acted immediately towards safeguarding the public health and as Prime Minister of Greece Kyriakos Mitsotakis recently stated: "We wish that this Pandemic has been the epilogue of the crisis and the preface of the renaissance ..."

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