

Impact of the economic crisis on greek tourism

[Sport & Tourism](#), [Ecotourism](#)



Abstract: The current economic crisis has had a large effect on Greece. Two of the most important economic sectors, tourism and shipping, were seriously affected. This resulted in increased poverty and political instability. This paper focuses on describing the impact of economic crisis on Greek tourism. Therefore, the article presents the relationship between tourism and economic issues, while emphasizing the role of the European Union in fighting the Greek debt crisis. The practical part of the paper presents the results of an online survey regarding Greece's financial problems and tourism sector attractiveness. The survey includes Romanian respondents who have visited Greece at least once. Results of the study show that most Romanians will continue to travel to Greece despite country's economic problems. Thus, the article offers relevant support in determining the impact of economic crisis on Greek tourism. Moreover, the article emphasizes tourism sector importance and encourages further research.

JEL classification: G01, H12, L83

Key words: economic crisis; tourism; Greek debt crisis; tourist arrivals; Romania

1. Introduction

Tourism accounts for almost 20% of Greek gross domestic product and almost 17.5 million tourists visit Greece every year. However, the current recession hit Greece very strong. The violent protests and strikes in Athens, as well as the declining euro have determined many tourists to change their travel destination. Nowadays, Greece faces serious debts, increasing unemployment rates and a country image that is slowly deteriorating. In this

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paper, the author seeks to emphasize the impact of the economic crisis on Greek tourism. Thus, the article describes the evolution of major statistical indicators regarding Greek tourism during 2008-2010 and analyses Romanian preferences for Greek destinations in times of economic decline. Therefore, the author carried out a survey among Romanian population during January-February 2011, to provide relevant information about tourism in Greece. Results of the study show that Greek tourism remains in the top preferences of travel destinations for 2011. The reasons regard Romanians' belief that Greece is a safe country despite the negative economical context and the cheap travel packages that Greeks offer in order to attract tourists. To conclude, the article presents an in-depth review on an important economic issue while providing significant support to institutions and associations oriented towards tourism in general.

2. Greek tourism during the economic crisis

According to the Greek National Statistical Service, Greece is among the first 15 travel destinations in the world and the second most visited country in Europe. More than 9000 hotels and 400 campsites accommodate international and domestic visitors every year.

The economic downturn started in 2008, caused significant losses in Greek tourism and hotel industry. The situation got worse in 2009, when the Institute for Tourist Research and Forecasts announced that Greece was down 20% from 2008. However, the significant drop in tourist arrivals was not entirely due to Greece's debt crisis. Countries worldwide were facing serious economic problems and, as the unemployment rates were rapidly

increasing, more people decided to postpone their vacations (Conrady, 2010). In promoting travel packages, many public institutions tried to encourage tourism among consumers through marketing campaigns (Serban, 2011).

Realizing the importance of maintaining the cash flows in tourism, the Greek government dropped prices and made the country less expensive for foreign visitors. Still, strikes by Greek workers and frequent protests have disrupted travel plans for many people, making them reconsider their travel to Greece.

Greek government main priority is to keep the crisis primarily economic and encourage the development of tourism and shipping, two of the most important sectors of the economy.

According to the report “ Greece – Second Review Under the Stand-by Arrangement” issued by the International Monetary Fund in December 2010, Greece is still fighting the debt crisis, though some economic sectors have shown signs of slow recovery.

Figure 1 presents the evolution of tourism and shipping sector in Greece, during the economic crisis. The shipping sector experienced a downturn in 2009 but managed to recover very well by July 2010. Tourism, however, hardly registered positive values during the period 2008-2010.

Source: Bank of Greece

Figure no. 1 Evolution of tourism and shipping in Greece during January 2008 – July 2010

Recent statistics on tourism provided by the European Travel Commission in the report “ European Tourism in 2010: Trends and Prospects, Quarterly Report (Q4/2010)” show that Greece has registered low rates both in foreign visits and hotel occupancy (figure 2 and figure 3).

Source: TourMIS, ETC,*Date varies by destination

Figure no. 2 Foreign visits to selected destinations, 2010

As regards foreign visits, Greece has experienced low rates in the last quarter of 2010 – almost 2%. Aside from the economic crisis, another reason could be country’s orientation towards summer tourism. The hotel occupancy rates registered negative values – almost -5%, unlike most of the European countries.

Source: STR Global

Figure no. 3 Hotel occupancy rates in different countries, 2010

3. Study among romanians regarding the impact of the economic crisis on greek tourism

3. 1 Purpose

The purpose of this study is to describe the extent to which the economic crisis in Greece has changed Romanians perceptions about traveling to this country.

3. 2 Methodology

The study was based on a survey conducted in January-February 2011. The survey included a self-administrated questionnaire and was considered valid only for respondents which have traveled to Greece at least once. The objective was to determine the probability of returning on vacation in this country given the rigid economical context.

The study included a total sample of 67 respondents, out of which 15 respondents were eliminated because of incomplete responses or not having passed the filter question. Therefore, a final sample of 52 respondents was considered in the final research.

Respondents were selected by using the random sampling method.

The questionnaire was applied in public places: universities, shopping malls, hypermarkets. The questionnaire included one filter question („ How many times did you travel to Greece?“), 5 questions related to the topic and 4 socio-demographic questions related to age, sex of respondent, level of education and occupation. The questions were structured and closed, with one-choice answer.

3. 3 Analyses

In analyzing the answers, the completed questionnaires were at first validated. The first question included a filter in order to separate the respondents who have traveled to Greece before from the ones who had never been to Greece (figure 4). Therefore, only 52 questionnaires were considered valid.

The answers to the first question showed that most respondents traveled to Greece at least once in their life – more than 48% of respondents agreed. The second option was “ less than 3 times” in their life (36%), while only 15% of respondents admitted to have visited Greece more than 3 times in their life.

Figure no. 4 Frequency of travel to Greece among Romanians

The second question described the types of tourism one can choose from while traveling to Greece. Though Greece is not a big country, it holds great historical landmarks, various landforms and beautiful religious sites.

Figure 5 shows that most Romanians prefer going to Greece during the summer -30% of respondents agreed. However, a considerable number of respondents prefer Greece for its culture (17%), while others for its religious sites (19%).

Figure no. 5 Romanian preferences regarding Greek tourism

Figure 6 shows the reasons for which most respondents choose to travel to Greece. The most important factor is beautiful sightseeing – 25% of respondents answered this way. Other important factors were: cultural attractions, better accommodation and similar prices to Romania.

Figure no. 6 Description of reasons for traveling to Greece

In addressing the economic crisis issue, the questionnaire included 3 questions. The first question described the impact of the Greek debt crisis on country's tourism. As figure 7 shows, most Romanians consider that the

economic crisis had a great influence on Greece's tourism – more than 73% of respondents agreed. 2 respondents considered the impact to be low, while 13 respondents said the impact was medium.

Figure no. 7 Impact of the economic crisis on Greek tourism

The answers to the following questions were grouped and presented in figure 8. As a result, Romanians consider going to Greece in spite of the economic crisis (77%). Most respondents agree that the tourism sector was not seriously affected by the economic context and recent travel packages offers have made the country more attractive.

Figure no. 8 Description of reasons for traveling to Greece during the economic crisis

Moreover, Greece holds second position among the top foreign travel destinations for Romanians. Along with Bulgaria and Turkey, Greece is considered to be a perfect country to spend summer vacations.

The reasons for which Romanians choose Greece in times of economic crisis are: cheaper accommodation (34%), special offers: bonus trips, extra-meals or airport taxes included (25%), promotional flight prices and lower docking fees for cruise ships.

5. Conclusions

In this paper, the author presented some important aspects of the economic crisis in Greece. Thus, the article described the relationship between the

tourism sector and the economical context in Greece as well as their relevance to the consumer.

The practical part of the paper presented the results of a survey among Romanian consumers regarding Greece's economic decline and its impact on tourism. Results showed that Greece's approach for 2010 – continue to reduce prices and increase the quality of services – was successful among Romanians. Moreover, travel agencies in both countries indicated that the number of Romanians who cancelled their holiday to Greece because of the protests in Athens was considerable small compared to those who chose to travel to Greece in the same period. Better travel packages and a strong belief in the national safety of the country convinced many Romanians to travel to Greece in spite of the demonstrations.

Another advantage of Greece in these difficult times is citizens' long experience in tourism. Greece stands for tradition and culture and its values are well preserved by the population. In attracting tourists, Greeks show respect to their guests and, above all, hospitality. All these things, make the Greece's debt crisis less dramatic for the Romanian consumers.

By analyzing the case of Greece, the article presents some important view-points regarding the economic crisis in Europe. The information provided reflects the amplitude of the economic crisis worldwide and its rapid spread in most areas of activity. The focus on Greek tourism and its relationship with Romania can offer specialized associations a starting point in further analyzing Romanian tourism and the current tourism strategies.