

# [Travel and tourism industry of greece tourism essay](https://assignbuster.com/travel-and-tourism-industry-of-greece-tourism-essay/)

Greece is one of the most popular destinations in the world. Greece comes in the 15th place in the world rating of tourist destinations, since, according to the National Statistical Service of Greece, it receives more than 15 million tourists every year, after countries such as the USA, China, Spain and Great Britain. According to the 2009 Travel & Tourism Competitiveness Report published by the World Economic Forum, Greece holds the 24th overall position among 133 countries, 3rd place in the prioritization of travel & tourism subindex, 9th place in the number of World Heritage cultural sites, 5th place in tourism infrastructure and 1st place in the physician density subindex..

Demand & Supply:

Total demand:

The number of international tourism visit over has been steady increase from 14. 2 million in 2004 to 17 million in 2008. It is expected to reach 20 million in next few years, almost twice the country’s population.

Tourist Arrivals

http://www. investingreece. gov. gr/files/sectors/charts/tourism/tourism\_arrivals1\_en. jpg

Source: Greek National Tourism Organization and National Statistical Services of Greece

Key markets & Source regions

Greece has today managed to become one of the most favourite tourist destinations among Europeans, Asians and Americans. Approximately 85% of arrivals originate in Western Europe: 21. 2% from the United Kingdom, 17. 5% from Germany, 8. 8% from Italy, 5. 3% from France, 5. 2% from Holland, and 7. 5% from the Scandinavian countries. However, significant numbers of visitors from Eastern Europe, USA and China are making Greece their preferred destination. According to a survey conducted in China in 2005, Greece was voted as the Chinese people’s number one choice as a tourist destination. In November 2006, Austria, like China, announced that Greece was the favourite tourist destination for its citizens. It creates a wider base of origin countries and new demands for services, facilities, and attractions.

Supply:

Currently, more than 9, 000 hotels operate in Greece. According to the Hellenic Chamber of Hotels, the number of hotels in Greece was by classification (bedplaces):

## Star rating

## Number

## Beds

5 star

176

64, 913

4 star

994

176, 631

3 star

1, 804

163, 077

2 star

4, 460

231, 333

1 star

1, 677

57, 298

## Total

9, 111

693, 252

535 hotels were built under Development Law 3299/04 in the period of 2005 to 2009 in Greece, with a total budget of € 2. 6 bn, 44% (€ ~1. 2 bn.) of which was subsidized by the government. The number of beds added through these investments is approximately 50, 000. The breakdown per hotel category is as follows:

Below are key statistics about cost per room and subsidies paid out by the government, per hotel category

The Greek government has announced plans for a new Development Law, providing financial incentives for investment in Greece in the form of extensive tax breaks and subsidies of up to 50%.

Economic Impacts

GDP Contribution:

Greece’s T&T Direct Industry is expected to contribute 7. 0% to Gross Domestic Product (GDP) in 2010 (EUR15. 4bn or US$22. 8bn), rising in nominal terms to EUR27. 9bn or US$36. 4bn (8% of total) by 2020. The T&T Economy contribution (% of total) should rise from 15. 5% (EUR33. 9bn or US$50. 2bn) to 17. 3% (EUR60. 7bn or US$79. 1bn) in this same period.

Employment

Greece’s 418, 000 T&T Direct Industry jobs account for 10% of total employment in 2010 and are forecast to total 483, 000 jobs or 11. 1% of the total by 2020. The contribution of the Travel & Tourism Economy to employment is expected to rise from 18. 8% of total employment, 785, 000 jobs or 1 in every 5. 3 jobs in 2010, to 21% of total employment, 916, 000 jobs, or 1 in every 4. 8 jobs by 2020.

Industry Challenges

Greek travel and tourism is affected by economic crisis in 2009

The number of arrivals to Greece was decreased affected by the 2009 economic crisis. In Q3 2010 number of international arrival in Athens drop by 5. 2% in compare to 2009 leading to a ytd drop of 5. 3%

The RevPAR in Athens dropped by -11. 3% in Q3 leading to a ytd drop in the RevPAR of -6%. The RevPAR in Thessaloniki continued its sharp drop, -22%

Resort hotels, however, showed a significant improvement in their Total RevPAR, by 5. 1%, leading to a reversal of the previously negative trend in the ytd figure, which improved by 4. 4%, compared to -4. 0% in Q2. Therefore, fears that Greek tourism would collapse this year did not materialise.

Greece 2010 debt crisis

The Greece debt crisis, which started at the beginning of 2010, exacerbated the effects of the global economic crisis on the Greek travel and tourism industry. The debt crisis will certainly affect consumer confidence in the country and is expected to negatively impact outbound and domestic tourist flows in 2010, especially as the bailout has involved the European Union combined with the IMF.

Other difficulties expected:

The further increase of the VAT on hospitality services to 11% from July 1st, 2010 (from 9% at the beginning of the year) will have a negative impact on the profitability of the industry overall, particularly in combination with the price reductions taking place due to current market conditions.

The Hotel Federation and the Hotel Employees Union have announced that they have reached a 3 year agreement on labour relations; salary increases will be 1% in 2010 and a further 1% in 2012.

Industry Competitiveness:

Most of the hotels in Greece are categorized as 1- and 2-starhotels, meaning there is plenty of room for investors to establish 4-and 5-star properties. According to the Greek Hotel Branding Report, branded hotels in Greece account for 4% of the total number of hotels and 19% of total availability of rooms, while in other European countries this figure lies between 25 and 40%.

Infrastructure

Infrastructure in Greece is very developed with 40 airports throughout Greece of which 15 are international and well-designed national highway system.

Investment Incentives Law:

Greece’s newly implemented PPP (Public Private Partnership) scheme provides significant opportunities to investors to participate in new infrastructure projects, including marinas and thermal springs.

The National Strategic Reference Framework (NSRF) for the years 2007-2013 establishes the broad priorities for EU Structural Funds Programmes in Greece. For tourism, NSRF provides significant financial support, with a budget of more than 500 million Euros until 2013

A draft Investment Law has been issued by the government including financial incentives in the form of subsidies up to 50% or equivalent incentives in the form of tax breaks for companies carrying out new investments or buying assets of companies that have seized operations.

Human Resources

Because Greece, a country of 11 million inhabitants, hosts more than 17 million visitors, education and training in tourism services is paramount. The workforce is multilingual, well versed in the tourism sector, and willing to respond to new challenges. From management to catering, human resources for tourism enterprises is a Greek strength.

Hotel Chain Project

Company background :

Starwood Hotels & Resorts Worldwide, Inc. is one of the largest hotel companies in the world. As of December 31, 2009, Starwood Hotel & Resorts Worldwide, Inc owned, managed or franchised 992 properties under its nine owned brands. It has 145, 000 employees worldwide, of whom approximately 34% were employed in the United States.

W Hotels is Starwood’s luxury boutique hotel brand. The hotel brand, which generally markets towards a younger crowd, was launched in 1998 with its first property, W New York. The brand has expanded internationally with properties opening first in Mexico City, Seoul, and Istanbul. The W Barcelona hotel was the W’s first in Western Europe and opened in October 2009. The W plans to double its number of properties by 2011 with hotels planned in Austin, Texas (2010); Taipei, Taiwan (2010); Marrakech, Morocco (2011); Guangzhou, China (2011); Bangkok, Thailand (2011); Paris, France (2011); Athens, Greece (2011); St. Petersburg, Russia (2011); and London, England (2011)

Investment project:

W Athens Astir Palace Beach is going to open on 1 April 2012. It is a part of Astir Palace Resort beside Arion, a Luxury Collection Resort & Spa and The Westin Athens. W Athens is converted from the 165-room Aphrodite Hotel under an extensive refurbishment.

Sustainable Concerns :

Fearing the spread of Greek debt crisis, the EU and the International Monetary Fund (IMF) have agreed to launch a bailout package worth nearly $ 1, 000 billion. However, the key issue here is not just saving Greece from a short-term debt crisis, or cut the budget deficit of the Greek government, but the country economics’ growth in future

According to the ease of doing business index of the World Bank (WB), Greece is ranked 109, after countries such as Egypt, Ethiopia and Lebanon. In rating the business environment of high-income countries, Greece is almost bottom, just above Equatorial Guinea

The Euros is stronger than the currency of other countries those are not in Eurozone, therefore cost to travel in Greece is more expensive. However, Greece does not have enough luxury hotels, golf courses, and resort for that difference in cost

Expensive prices of goods and service in Greece created by the strength of euro, has weakened the country’s competitiveness on international market. This problem will become worse if the labor productivity of countries such as Germany and France growing constantly and increase value of the euro. It will push the price of Greek exports higher that market realities. Greece should change to another currency that is weaker than Euro to increase their competitiveness.

Có má»™t giáº£i pháp không dá»… dàng Ä‘ á» ƒ Hy Láº¡p thoát khá»i tình tráº¡ng tiáº¿n thoái lÆ°á»¡ng nan này. Äó là táº¡o ra má»™t vòng xoáy giáº£m phát giá cáº£ và tiá»n lÆ°Æ¡ng. NhÆ°ng, ngÆ°á»i dân Hy Láº¡p thá»i gian qua Ä‘ ã liên tá»¥c Ä‘ á»• ra Ä‘ Æ°á»ng Ä‘ á» ƒ gây áp lá»±c buá»™c chính phá» duy trì chính sách tiá»n lÆ°Æ¡ng và phúc lá»£i, do Ä‘ ó, viá»‡c áp dá»¥ng biá»‡n pháp giáº£m phát sáº½ khó duy trì Ä‘ Æ°á»£c trong báº¥t ká»³ trÆ°á»ng há»£p nào.

Chính phá» Hy Láº¡p ngày 23/12 Ä‘ ã thông qua káº¿ hoáº¡ch ngân sách kháº¯c khá»• 2011 nháº±m Ä‘ áp á»©ng nhá»¯ng Ä‘ iá»u kiá»‡n kháº¯t khe do Liên minh châu u (EU) và QÅ©y tiá»n tá»‡ quá»‘ c táº¿ (IMF) Ä‘ Æ°a ra Ä‘ á» ƒ nháº­n Ä‘ Æ°á»£c gói cá»©u trá»£ tá»« các tá»• chá»©c này.

Káº¿ hoáº¡ch này Ä‘ ã Ä‘ Æ°á»£c quá»‘ c há»™i Hy Láº¡p thông qua vá»›i 156 phiáº¿u á» ng há»™ và 142 phiáº¿u pháº£n Ä‘ á»‘ i. Thá» tÆ°á»›ng Hy Láº¡p Georges Papandréou hi vá»ng ráº±ng, káº¿ hoáº¡ch này thá» ƒ hiá»‡n sá»± quyáº¿t tâm thá»±c hiá»‡n nhá»¯ng biá»‡n pháp cáºn thiáº¿t Ä‘ á» ƒ Ä‘ Æ°a kinh táº¿ Hy Láº¡p thoát khá»i khá» ng hoáº£ng.

Theo Ä‘ ó, ngân sách nÄƒm 2011 sáº½ giáº£m tá»« má»©c 9, 4% tá»•ng sáº£n pháº©m quá»‘ c ná»™i (GDP) dá»± kiáº¿n nÄƒm nay xuá»‘ ng còn 7, 4%. Và trong 3 nÄƒm tiáº¿p theo, nÆ°á»›c này pháº¥n Ä‘ áº¥u giáº£m thâm há»¥t xuá»‘ ng còn 3%. Viá»‡c cáº¯t giáº£m sáº½ táº­p trung vào lÄ©nh vá»±c công, bao gá»“ m: y táº¿, giáo dá»¥c, công trình công cá»™ng nhÆ° Ä‘ Æ°á»ng sáº¯t và các loáº¡i hình váº­n táº£i khác.