Tourism in Greece: Strategic Analysis and Challenges

Dimitrios Buhalis
School of Management Studies for the Service Sector, University of Surrey, Guildford GU2 7XH, UK

This paper provides a strategic analysis of the competitiveness of Greek tourism. It illustrates the importance of tourism as an economic activity and analyses the current situation and structural problems of Greece as a destination. Although Greece offers unique nature, culture and heritage, the lack of differentiation of the tourism product as well as competitive disadvantages in marketing and planning cause an over-dependence on intermediaries for the promotion and distribution of the tourism product whilst jeopardising its quality. This affects the profitability and competitiveness of both the destination and its small and medium-sized tourism enterprises. The paper proposes a grand strategy as well as numerous strategic directions, objectives and tasks aiming to demonstrate the way ahead for Greek tourism. Several major opportunities emerge through the Olympic Games in 2004 as well as the major projects currently being undertaken which will enhance the infrastructure of the country. It is argued that a consistent tourism policy based on professional development and implemented through a Master Plan is urgently required. Strategies and methodologies need to be identified, whilst private enterprises need to increase their cooperation locally in order to enhance the quality and competitiveness of the product.

Introduction. Tourism in Greece: From Mythology to a Modern Industry

Greece has a long tradition in tourism and hospitality mainly due to its history and ancient civilisation. Foreigners were considered sacred in ancient Greece. Xenius Zeus, the father of gods, also became the god of hospitality to protect foreigners and inspire locals to look after their visitors. A land of rich economic, religious and intellectual activity for more than three and a half millennia; geographically spread on an archipelago of more than 2500 islands; located at the south-eastern corner of Europe; on a crossroad to Africa and Asia, inevitably stimulated travel activity since the beginning of recorded history (Briassoulis, 1993: 285; Skoulas, 1985: 2; EIU, 1986: 45). In modern times, the scientific documentation of tourism in Greece commenced after the Second World War, while major tourism development started in the mid-1970s, when the unpopularity of Spanish resorts stimulated demand for alternative Mediterranean destinations. A dramatic increase of tourism flows to Greece in the late 1970s and 1980s was experienced, facilitated by plenty of natural, cultural and environmental resources, existing airport infrastructure in major islands, and lower cost of living in comparison with most of Europe (EIU, 1990: 49). Greek resorts have different product and market profiles making them capable of satisfying a great diversity of tourism demand (Buhalis, 1991; Ottaway, 1993; Boniface & Cooper, 1994: 140; Wickers, 1993). The tourism industry grew rapidly, especially on island destinations and regions with historical monuments, as demonstrated in

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the spatial analysis of tourism distribution (Komilis, 1987; Leontidou, 1991; Papadopoulos, 1989: 297–300).

Greece is one of the most remote, peripheral, insular and poor economic regions of the EU. Its tourism requires urgent strategic management action in order to compete with alternative destinations and maximise the prosperity of the host population. Similar strategic exercises are undertaken by competing destinations around the globe, as they prepare to face the new business realities. In Spain, for example,

> the evolution of demand towards a more diversified touristic product offering better value for money; the growing concern for the environment which contradicts the degradation of the surroundings; a fragmented sector structure with low level of professionalism; and a substantial growth of competition [especially new destinations which compete in its traditional market segments and enjoy comparative advantages in cost/prices] have changed the setting of Spanish tourism by constituting a serious threat to its competitiveness. However, these future trends, though worrying, can be considered as opportunities to remodel the strategy of supply of Spanish tourism. (Camison *et al.*, 1994: 443)

Several resorts and especially Benidorm and Calvia went through a major face-lift to accommodate the new trends. Hence this paper concentrates on the factors which jeopardise the success of Greek tourism as well as on their impacts on the prosperity of the private sector and the local society and attempts to propose a strategic framework for competitiveness enhancement. Only competitive destinations will be able to maximise their benefits in the future (Buhalis, 2000a) and if Greece would like to benefit from tourism it should learn from the international experience and adapt its strategic and operational practices.

The paper is based on on-going primary and secondary research and benefits from a number of interviews with strategic players in Greek tourism. A comprehensive literature review is also incorporated in order to facilitate further research on the topic. As most destinations are comprised by an amalgam of small and medium-sized tourism enterprises (SMTEs), it is argued that the competitiveness and prosperity of destinations are closely interrelated with those of SMTEs and vice versa. This is also reinforced by Porter's (1990) analysis of 'the competitive advantage of nations' where the competitiveness of the geographical area of business operations is directly influenced by both the external business environment and the competence of local enterprises. As Camison *et al.* (1994: 443) state:

> the conditions determining the competitiveness of a tourist service [whether accommodation, catering, a theme park, a wholesale travel agency, etc.] and the holiday experience of a tourist find meaning in a certain geographical area (the destination) defined by a multidimensional relationship among firms and industries involved, transport and communications infrastructure, complementary activities [commercial infrastructure, tradition of fairs, etc], support services [training, information, etc.], natural resources and institutional policies.

Following the introduction and the examination of the importance of tourism in the Greek economy (why is tourism important?) the paper focuses on the strategic position of Greek tourism. A comprehensive auditing is undertaken in order to assess the current situation and to illuminate the structural problems of the industry (where are we now?). The analysis of the structural problems demonstrate several reasons which determine the strategic situation (why are we there?), while the effects on private sector profitability and the impacts of tourism on the host society are illustrated (what are the implications?). A strategic framework is provided in order to formulate a grand strategy for Greek tourism and to demonstrate future direction (where do we want to go?). Furthermore, a number of strategic directions, objectives, and tasks demonstrate how the grand strategy can be implemented, while the need for a Master Plan drawn up by the public sector and close cooperation of the private sector are prescribed in order to facilitate the implementation of the strategy (how are we going there?).

Why is Tourism Important? The Contribution of Tourism to the Greek Economy

The Greek economy is often criticised for failing to develop strong industrial sectors and to establish suitable distribution channels for exporting agriculture. Tourism is a major contributor to the balance of payments, while it is one of the few activities which would enable Greece to achieve competitive advantages through the redistribution of labour within Europe (*Economist*, 1993: 5–6). Thus it is a vital motivator of the Greek economy reducing the deficit of the balance of payments, boosting employment, generating income, and contributing to regional development (Zacharatos, 1989: 274; Truett & Truett, 1987: 178).

Nobody knows the exact contribution of tourism to the Greek economy, mainly because there is inadequate research on expenditure, flows of income and national accounts. Tourism is a major export and contributor to both *Gross National Product (GNP) and balance of payments.* The Greek National Tourism Organisation (GNTO) suggests that the tourism contribution to the GDP is estimated at up to 7%. The tourism receipts in 1998 were 5.186 millions US, covering 29.3% of the deficit in the balance of payments and 39.83% of the exports of services (www.gnto.gr, 12 October 2000). Paulopoulos (1999) estimates that in 1994 the foreign currency earned from incoming tourism was $9bn, providing 18–20% of the GNP. Tourism income is 2.5 times more than the income generated by industrial products and 1.8 times more than the total exports. However, these figures do not include pre-purchases of drachma by tourists abroad, credit card payments, payments for cruises and other earnings, which have been estimated to increase total receipts by up to 80% (EIU, 1994: 42 and 1993: 43; Papadopoulos & Mirza, 1985: 133). Tourism is included in the Greek National Accounts as ‘Invisible Receipt’, and since 1989 it has only been second to the ‘net EU contributions’, having overtaken both ‘shipping’ and ‘emigrant remittances’ contributions, which used to dominate in the past (Epilogi, 1994: 355, Papadopoulos & Mirza, 1985: 131; EIU, 1990: 49).

Tourism is also increasingly recognised as an instrument for *regional development policies*, especially for socioeconomically depressed and problematic areas (Konsolas & Zacharatos, 1993: 57). It is instrumental in developing unfavoured regions and especially insular areas, which have little potential to develop local handicraft and other industries without tourism demand. Consequently, in the period 1965–1980, the tourism output multiplier in Greece was estimated to be 1.52 (Zacharatos, 1989: 281). Domestic tourism also facilitates a certain degree of redistribution of wealth between metropolitan and peripheral regions. Not only was the emigration pace from the islands diminished, especially of young people, but also a trend for rehabitation on the islands has been evident in the last decade as new job opportunities have emerged (Panagiotopoulou, 1990: 10; Loukissas, 1982: 537). Tourism also stimulates seasonal migration of professionals in several destinations, who work at the region for several months every year (Logothetis, 1990: 23). Tourism is also a *major employer* as it is estimated that employment in the tourism sector is 10% (6.1% direct employment and 3.9% indirect) of the total employment in Greece (www.gnto.gr, 12 October 2000). Paulopoulos (1999) estimates a total of 690,000 people to be employed in tourism if we include people indirectly involved with tourism, with 35% employed yearly, 40% for 6–8 months and 25% only during the peak season for 2–3 months. About 74% of the labour is employed in accommodation establishments, 21% in travel agencies, transportation and the public sector, while a further 5% is occupied in sea transportation (Stereopoulos, 1995: 153). Job opportunities are provided mainly for young people and for women who are often self-employed within their household (Kassimati *et al.*, 1994; Kousis, 1989: 328). However, tourism's contribution to employment is jeopardised, as increasingly the industry is using self-catering and self-serviced accommodation and catering (Zacharatos, 1989: 284).

In reality the contribution of tourism to the Greek economy is substantially greater as the official figures ignore the 'para-economy' (black or parallel economy), estimated to be as high as 28–50% of the official GDP (EIU, 1993: 25; EIU, 1990: 47). Tourism being a seasonal activity often complements other economic activities, such as agriculture and education, and therefore para-economy in tourism is even greater than other industries. Para-economy includes both international transfers of funds for tourism products offered within the country, as well as the illegal export of tourism foreign exchange which is re-exported without being processed through the Greek economic system. As a result, the real impacts of tourism in the economy are largely unknown (Zacharatos, 1988, 1989).

Where Are We Now? Situation Analysis: The Greek Tourism Industry and its Competitiveness

The contribution of Greek tourism to the national economy demonstrates the magnitude and complexity of the industry. Following a brief demand analysis, an examination of tourism supply is undertaken, whilst a strengths–weaknesses–opportunities–threats (SWOT) analysis demonstrates the competitiveness of both destination and its SMTEs. In addition the paper elaborates on a wide range of structural problems and illustrates their effects on the profitability of the private sector and on the impacts of tourism at the destination.

Tourism demand for Greece

Greece has enjoyed a continuous growth in arrivals, since the early 1950s. Despite the lack of any comprehensive tourism demand analysis undertaken by the GNTO, several research documents address the tourism-demand issue for

Greece (Psoinos, 1994a, 1994b; GNTO, 1985a; Tourismos ke Oikonomia, 1993; NSSG, 1983, 1985, 1987, 1990, 1993; Stavrou, 1984, 1986a, 1986c). In 1950, 33,333 foreign tourists passed the borders while this figure rose to almost 11 million in 1999, as illustrated in Table 1. Greece comes in the 17th place in the world classification of tourist destinations. There is a concentration in the summer months, as in the last ten years in 37.5% of arrivals were in July and August, while the period May to September attracted 74% of total arrivals. This is clearly reflected on the bednights as illustrated on Table 2. Most visitors (93.2%) originate from Europe and 70.2% from the EU, especially British, Germans, Swedish, Finnish, Dutch and Austrians. Hence, these nationalities are the dominant markets, with the British and Germans contributing almost half of all arrivals, as illustrated in Table 3. About 77.7% came by plane and 60.5% by chartered flights. Although tourism arrivals in Greece were forecasted to reach 20 million by the year 2000 (Jenner & Smith, 1993: 161) this was not achieved as a result of increasing competition and incompetent management in both the public and private sectors.

In 1999, about 60 million bednights were recorded in all types of accommodation establishments, 75% of which were by international tourists. Similar to arrivals, the vast majority of the bednights spent in the country were by Europeans, especially British, Germans, Swedish, Finnish, Dutch and Austrians. Hence, these nationalities are the dominant markets, accounting for more than three-quarters of the bednights, with the British and Germans contributing almost half of all bednights. Domestic tourism is also a significant contributor. More than 75% of tourists arrived in Greece by air and 58% of the total arrived on charter flights, because of the distance from the country of departure. In 1985, about 89% of tourists' arrivals to Greece were holiday-makers, while only 7% travelled for business, 2% for other reasons and 1% were in transit. About 53% of the tourists arriving in 1985 had bought an inclusive tour package (GNTO, 1985a: 8). The inconvenience of indirect transportation schedules; large differentials in charges for groups and individual customers by accommodation establishments; lack of information about the Greek tourism product; as well as insufficient marketing by SMTEs, have enabled tour operators to act as intermediates between consumers and principals and to play a dominant role in the tourism industry. However, the development of the Internet enables prospective visitors to pre-book their packages independently and to use cheaper non-frills airlines and leisure fares of schedule airlines for their transportation.

The country has cultural attractions and heritage few other destinations can equal and therefore it can respond to the 'new era of tourism', where a greater degree of individuality and sophistication will be required by consumers. In 1998 the average length of stay in the country was 14 days, while the average expenditure per capita reached a level of $456. Similar results emerged in recent research, although the location of the data collection produced a sample containing a higher percentage of business travellers (Psoinos, 1994a: 62).

Despite research on motivation, attitudes and satisfaction of tourists arriving in Greece being inadequate, a few typologies have emerged. Fotis (1992: 83–86) classified holiday-makers in Rhodes in four main categories: 'tranquillers' seeking quiet and relaxing holidays; 'culturers' who include a strong educational and historical element in their holidays; 'budgeters' who are predominately budget-constrained families; and young 'nightlifers' enjoying nightlife entertainment. Similarly,

Table 1 Tourism demand and supply figures for Greece during the period 1950–1995

Year	*Arrivals*	*Bednights*	*Bed capacity*	*Expenditure (million $)*	*Expenditure per capita*
1950	33,333	–	–	4.735	142
1951	40,568	–	–	5.933	146
1952	68,184	–	–	9.583	141
1953	94,410	–	–	22.721	241
1954	157,618	1,273,105	–	25.321	161
1955	195,852	1,351,312	–	29.123	149
1956	218,301	1,594,088	–	31.213	152
1957	261,738	2,041,096	–	41.374	166
1958	276,534	2,069,722	–	36.196	142
1959	339,802	2,552,271	–	41.667	138
1960	399,438	2,963,478	–	49.260	141
1961	494,191	3,934,522	57,022	62.469	142
1962	597,924	4,921,803	60,945	75.986	140
1963	741,193	6,129,500	65,604	95.415	142
1964	757,495	5,102,121	71,741	90.800	135
1965	976,125	6,158,300	78,487	107.575	127
1966	1,131,730	8,810,300	85,323	143.458	144
1967	996,473	–	90,362	126.768	149
1968	1,017,621	–	98,631	120.263	137
1969	1,305,951	6,212,000	108,180	140.470	131
1970	1,609,210	7,683,639	118,859	193.556	155
1971	2,257,994	11,224,000	135,103	305.299	171
1972	2,731,587	14,687,325	151,420	392.700	176
1973	3,177,682	15,698,030	166,552	514.900	197
1974	2,188,304	10,214,164	175,161	436.600	253
1975	3,172,968	13,574,801	185,275	643.600	244
1976	4,243,563	19,202,614	213,431	823.700	225
1977	4,597,354	18,714,446	231,797	980.600	248
1978	5,081,033	22,259,598	247,040	1326.300	293
1979	5,798,360	26,672,482	265,550	1662.300	318
1980	5,271,115	27,170,344	278,045	1733.500	361
1981	5,577,109	28,171,610	285,860	1881.000	369
1982	5,463,060	29,954,664	301,230	1527.200	303
1983	5,258,372	27,216,605	317,920	1175.700	246
1984	6,027,266	32,821,789	333,820	1312.800	238
1985	7,039,428	35,709,851	348,170	1428.000	217
1986	7,339,015	35,450,027	359,380	1834.200	261
1987	8,053,052	35,755,308	375,370	2268.100	297
1988	8,351,182	36,000,000	395,810	2396.100	305
1989	8,540,962	34,157,667	423,790	1976.000	245
1990	9,310,492	36,289,604	438,360	2575.000	290
1991	8,271,258	29,873,046	459,300	2566.100	319

Table 1 (*cont.*) Tourism demand and supply figures for Greece during the period 1950–1995

Year	*Arrivals*	*Bednights*	*Bed capacity*	*Expenditure (million $)*	*Expenditure per capita*
1992	9,756,012	36,260,299	475,800	3268.400	350
1993	9,913,267	36,747,968	499,606	3335.200	354
1994	11,301,722	40,657,544	486,518	3904.900	346
1995	10,658,114	38,889,975	534,703	4294.000	403
1996	9,782,061	47,945,506	550,692	3723.100	381
1997	10,588,489	53,364,507	560,957	3772.200	356
1998	11,363,822	56,549,442	577,759	5186.100	456
1999	10,970,665	60,256,902	584,714	NA	NA

Source: Adapted from the Greek National Tourism Organisation and National Statistical Service of Greece

Wickens (1994: 819 and 2000) classified tourists arriving in Pefkochori as 'cultural heritage' type, interested in the natural beauties of Greece as well as its culture and history; 'ravers' attracted by the cheapness of the resort, particularly the cheapness and availability of alcohol as well as the sun, beach and nightlife; 'Shirley Valentines' who are women on a mono-gender holiday who hope for romance and sexual adventure with a 'Greek God' based on the Greek male stereotype which has been perpetuated by newspapers and the film Shirley Valentine; 'heliolatrous' tourists who are sun-worshippers trying indefatigably to change their colour; and finally 'Lord Byrons' who undertake an annual ritual return to the same destination and experience the real flavour of Greek hospitality and ambience. Although these typologies provide an initial demand profile, the strategic analysis and the positioning of the Greek tourism product will be impossible without further research undertaken on the characteristics, needs, motivations and behaviour of tourists.

Table 2 Nights spent by foreign tourists and Greek nationals in hotels and similar establishments by month

Month	*Year*				*Variation*		
	1996	*1997*	*1998*	*1999*	*97/96*	*98/97*	*99/98*
January	867,638	946,798	1,005,719	1,066,084	9.12%	6.22%	6.00%
February	928,305	933,592	998,977	1,060,008	0.57%	7.00%	6.11%
March	1,250,226	1,369,751	1,273,310	1,448,624	9.56%	–7.04%	13.77%
April	2,766,116	2,822,243	2,905,546	2,864,693	2.03%	2.95%	–1.41%
May	5,258,710	5,923,093	6,229,116	6,617,666	12.63%	5.17%	6.24%
June	6,405,495	7,075,829	7,530,343	8,342,167	10.46%	6.42%	10.78%
July	7,965,179	9,003,064	9,872,757	10,723,835	13.03%	9.66%	8.62%
August	9,551,439	10,878,827	11,661,790	11,805,077	13.90%	7.20%	1.23%
September	6,993,686	7,822,329	8,224,367	8,756,290	11.85%	5.14%	6.47%
October	4,113,665	4,419,861	4,640,619	5,234,218	7.44%	4.99%	12.79%
November	1,032,350	1,113,342	1,175,950	1,245,219	7.85%	5.62%	5.89%
December	812,697	1,055,778	1,030,948	1,093,021	29.91%	–2.35%	6.02%
Total	47,945,506	53,364,507	56,549,442	60,256,902	11.30%	5.97%	6.56%

Source: Greek National Tourism Organisation and National Statistical Service of Greece

Table 3 Arrivals of foreign tourists at frontiers by citizenship 1991–1999

Country	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998**	*1999**
				238,453	128,211	191,619	298,843	586,182	673,061
Austria	288,317	345,259	288,636	348,091	347,301	359,604	388,118	450,195	501,602
Belgium-Luxembourg	179,754	225,099	224,036	265,148	245,572	213,567	229,310	273,674	332,913
Bulgaria	157,910	140,725	144,534	133,764	136,504	154,765	182,338	197,347	202,848
France	470,945	542,222	554,644	618,565	551,798	462,732	426,678	486,201	545,981
Germany	1,561,113	1,944,704	2,069,379	2,404,628	2,272,911	1,907,863	1,994,670	2,136,515	2,450,137
Former Yugoslavia	518,644	93,413	191,792	279,301	270,347	247,171			
Yugoslavia				270,894	260,764	231,496	198,999	201,633	103,077
Fyrom*							378,095	86,911	128,051
Denmark	211,883	281,235	253,622	318,885	324,369	298,959	344,261	292,532	336,248
Switzerland	126,241	163,126	164,999	193,327	259,072	256,425	295,731	289,387	308,138
UK	1,674,875	2,154,850	2,191,347	2,418,628	2,224,885	1,687,999	1,711,942	2,044,243	2,433,033
Ireland	44,085	57,885	62,780	69,928	62,252	54,050	45,409	44,524	48,649
Spain	104,655	119,964	118,967	122,773	94,920	79,717	71,314	96,905	99,288
Italy	517,145	622,619	625,509	722,652	643,473	491,081	533,303	659,688	745,915
Cyprus	104,041	107,029	90,412	92,372	98,059	85,893	131,441	126,992	139,386
Norway	68,396	95,898	102,452	143,257	142,013	157,722	160,457	226,282	269,419
Netherlands	450,065	546,187	510,872	556,593	505,616	452,179	464,144	548,339	616,807
Hungary	107,685	107,403	73,999	105,102	91,170	113,657	145,192	186,147	123,280
Ukraine				10,742	10,652	12,942	27,017	28,084	32,843
Russia				101,474	129,184	180,560	200,794	127,417	104,910
Poland	47,535	43,788	34,292	31,018	49,665	88,947	101,793	122,647	115,152
Portugal	16,586	26,245	20,919	21,581	20,858	15,856	13,125	13,713	21,034
Romania	17,919	19,683	18,862	25,474	38,868	51,012	51,854	63,439	72,689
Sweden	261,946	314,251	317,030	387,639	459,276	448,257	472,481	467,617	468,793
Czechoslovakia	130,129	191,585	89,642						
Czech Republic				78,846	107,882	177,087	174,068	178,094	174,508
Slovakia				15,102	13,536	28,431	30,383	55,291	46,217

Country	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998**	*1999**
Finland	216,131	172,099	116,518	137,434	102,553	120,837	148,461	149,337	188,971
Other European	80,995	104,394	205,373	25,209	32,882	80,128	57,541	34,967	37,063
Total EU	4,850,174	6,521,010	6,636,291	7,519,381	7,855,784	6,592,701	6,843,216	7,663,483	8,789,371
Total Europe	7,356,995	8,419,663	8,470,616	9,865986	9,363,829	8,419,060	9,277,762	10,174,303	11,320,013
Japan	57,902	109,680	89,907	95,367	89,457	87,135	85,029	87,130	83,971
Israel	36,989	35,065	45,815	41,405	54,264	74,980	82,386	89,402	154,987
Lebanon/Syria	15,637	15,922	14,924	13,974	15,651	18,357	16,165	17,798	18,347
Turkey	53,531	73,650	149,390	73,388	49,018	47,416	44,741	69,875	80,502
Iran	4,226	6,794	7,615	6,458	5,960	5,319	3,730	3,848	3,809
Other Middle East	5,474	8,048	8,014	5,623	7,919	12,410	8,300	6,382	7,854
Other Asian	44,859	55,467	54,506	63,611	111,547	167,380	145,515	84,139	84,806
Total Asia	218,618	304,626	370,171	99,826	333,816	412,997	385,866	358,574	434,276
Egypt/Sudan	20,020	19,525	19,609	18,540	21,449	19,865	19,363	17,604	24,045
SouthAfrica	13,527	16,944	14,687	12,559	12,062	8,909	8,748	7,339	10,196
Other Africa	17,948	14,660	14,242	12,145	15,175	14,797	14,324	13,795	13,799
Total Africa	51,495	51,129	48,538	43,244	48,686	43,571	42,435	38,738	48,040
Argentina	5,092	8,655	8,794	11,530	9,703	8,176	4,408	4,238	5,089
Brazil	8,523	8,999	8,555	10,744	10,851	9,661	8,062	6,299	4,531
Mexico	3,642	6,535	5,336	5,318	4,539	3,385	2,258	2,052	4,200
USA	80,429	278,941	256,719	270,777	239,684	222,130	240,555	219,362	229,314
Canada	47,101	59,807	51,472	56,650	50,309	43,966	47,722	50,512	51,680
Other American	10,983	15,254	12,468	9,043	8,694	10,826	11,052	9,044	10,447
Total America	255,770	378,191	343,344	364,062	323,780	298,144	314,057	291,507	305,261
Australia	66,566	69,658	56,064	61,556	54,453	54,311	46,692	42,796	50,516
Other Oceanic	8,489	8,035	6,930	7,268	5,613	5,212	3,513	10,128	5,982
Total Oceania	75,055	77,693	62,994	68,824	60,066	59,523	50,205	52,924	56,498
Former USSR	78,194	100,058	117,160						
Total	8,036,127	9,331,360	9,412,823	10,641,942	10,130,177	9,233,295	10,070,325	10,916,046	2,164,088
Cruises	235,131	424,652	500,444	588,912	581,968	548,766	518,164	447,776	441,840
Grand total	8,271,258	9,756,012	9,913,267	11,230,854	10,712,145	9,782,061	10,588,489	11,363,822	12,605,928

* Former Yugoslav Republic of Macedonia

Source: Greek National Tourism Organisation and National Statistical Service of Greece

Tourism supply in Greek tourism

A modern industry has emerged since the 1950s to cater for the tourism demand. The Greek tourism product is an amalgam of natural, cultural and heritage *attractions* spread throughout the country, as well as a wide variety of services offered predominantly by SMTEs. Moreover, 15,000 miles of coastline; 2500 islands; an average of 300 sunny days annually; a unique fauna and flora; as well as climatic superiority with mild winters and warm summers are some of its natural attractions. The Greek civilisation of more than 3500 years also provides plentiful cultural heritage throughout the country. Some '25,000 registered and protected monuments and archaeological sites, numerous museums and about 500 characteristic traditional settlements' offer a unique blend of tourist attractions (Buckley & Papadopoulos, 1986: 96; EIU, 1986). As far as *amenities* are concerned, a plethora of SMTEs provide the entire variety of services.

In January 2000, a total of 8100 official accommodation establishments with a total capacity of almost 600000 beds are provided in different categories, as demonstrated in Table 4. Another 450,000 beds are provided by some 28,000 secondary accommodation establishments such as 'rooms to let' and self-catering apartments often referred to as 'parahoteleria'. In addition, 11,000 beds in cruise liners and 12,000 in yachts as well as 329 camping sites with 30,354 pitches and 83,000 camping spaces accommodate all types of demand (GNTO). Eurostat estimates that about 20,000 restaurants operate in Greece, while a countless number of catering and entertainment establishments are on offer. Furthermore, some 7000 travel agencies, 1500 coach rental and 4000 car rental firms are estimated to operate throughout the country (EC, 1993a).

Accessibility is facilitated through 32 airports, most of which can receive direct international charter flights. An extensive domestic scheduled flights network is provided by Olympic Airways, as well as by newly established private carriers which take advantage of the increasingly deregulated skies. The proliferation of private airlines (e.g. Aegean, Cronus, Axon, Air Greece) during the last five years and the price wars with the state-owned Olympic Airways have increased both domestic and international traffic. Moreover, a complex network of sea, road and rail transport enables passenger transportation throughout the country (Briassoulis, 1993: 291). During the last decade there has been a remarkable improvement to the quality and ability of vessels as the Greek shipping industry prepares for the lifting of cabotage in 2002, which will enable European shipping lines to operate on Greek routes. However, recent tragedies involving older Greek ferries pressurised the Ministry of Merchant Marine to take action in order to improve the safety and security of the vessels and to ensure the adequate training of crews. In addition, Piraeus port needs the development of a modern passenger terminal to provide adequate service.

Unfortunately, the Greek *infrastructure* is incapable of supporting the tourism superstructure growth of the last decades, and thus, telecommunications, transportation, police and health services, water supply, and sewage systems are under extreme pressure in the summer peak months to satisfy the demand density (Konsolas & Zacharatos, 1993: 63 and EIU, 1990: 61). Nevertheless during the last decade several major projects have been initiated including the Metro and the new airport in Athens, a wide network of motorways and the gradual development of

Table 4 Accommodation establishment by region and category in 1999

	Total			*Luxury*			*A Category*			*B Category*		
Region	*Units*	*Rooms*	*Beds*	*Units*	*Rooms*	*Beds*	*Units*	*Rooms*	*Beds*	*Units*	*Rooms*	*Beds*
Sterea	1,236	49,398	92,877	22	5,368	10,144	80	7,805	14,644	191	12,057	22,605
Peloponisos	660	23,010	43,846	4	661	1,377	55	4,889	9,250	129	6,825	13,022
Ionio	595	33,286	63,683	6	1,340	2,553	78	9,308	17,911	139	8,946	17,107
Ipiros	242	4,868	9,385	1	54	116	11	446	884	38	1,478	2,844
Northern Aegean	550	10,872	20,792	4	501	1,090	23	1,364	2,574	98	3,749	7,125
Crete	1,214	60,489	113,960	21	5,085	10,034	166	18,893	35,608	263	13,998	26,904
Dodekanisa	887	54,507	104,366	8	3,242	6,227	127	22,484	42,924	201	10,601	20,161
Cyclades	737	18,406	35,248	3	176	341	96	3,108	5,870	140	3,824	7,317
Thessaly	575	11,995	22,939	4	399	781	50	1,505	2,980	67	2,626	4,949
Macedonia	983	33,513	72,943	4	1,046	1,842	55	2,319	13,698	168	10,036	19,140
Thrace	70	2,470	4,675	0	0	0	4	181	345	22	1,102	2,103
Total	7,749	302,814	584,714	77	17,872	34,505	745	72,302	146,688	1,456	75,242	143,277
	C Category			*D Category*			*E Category*					
Region	Units	Rooms	Beds	Units	Rooms	Beds	Units	Rooms	Beds			
Sterea	603	18,193	33,965	194	3,712	7,038	146	2,263	4,481			
Peloponisos	326	8,818	16,648	94	1,350	2,625	42	467	924			
Ionio	380	11,928	22,722	57	1,114	2,121	36	650	1,269			
Ipiros	99	2,362	4,515	19	356	682	14	172	344			
Northern Aegean	199	4,427	8,400	28	404	773	33	427	830			
Crete	678	20,123	36,903	97	1,631	2,995	51	759	1,516			
Dodekanisa	495	16,375	30,686	61	1,076	2,939	56	729	1,429			
Cyclades	367	8,357	15,977	100	1,522	2,922	104	1,419	2,821			
Thessaly	241	5,723	10,778	53	962	1,861	59	780	1,590			
Macedonia	491	12,407	23,497	351	6,870	13,066	60	835	1,700			
Thrace	28	868	1,614	11	259	493	5	60	120			
Total	3,907	109,581	205,705	1,065	19,256	37,515	606	8,561	17,024			

Source: GNTO, Dept of Accommodation Establishments the railtrack. These developments will change the entire infrastructure of the country.

The implementation of the Greek national tourism *policy* is supervised by the Greek National Tourism Organisation (GNTO), and the Ministry of Tourism. The two organisations share the responsibilities for planning, implementation and promotion of Greek tourism at national and regional level, as well as coordinating the involvement of the public and private sectors in all tourism activities. Public investment in commercial facilities was utilised in the early days of Greek tourism to stimulate both tourism demand and the private sector's confidence to invest. The GNTO operates 21 regional and 25 overseas offices in 18 countries worldwide (Konsolas & Zacharatos, 1993: 59; Leontidou, 1991; Briassoulis, 1993).

The Greek tourism product is *distributed* to the international market predominantly through European tour operators, which organise package holidays and include resorts in their programmes. Some 800 tour operators distribute the Greek tourism product. More than 7000 incoming travel agencies often act as tour operators' handling agencies, while providing a variety of tourism services, such as organisation of excursions, currency exchange, and accommodation bookings directly to consumers. They usually participate in negotiations between tour operators and accommodation establishments as well as cooperate with tour operators' representatives at destinations. In addition, the GNTO operates several information offices at major resorts, whilst several local authorities provide tourist information as well as distribute promotional material and make local bookings. The global GNTO network distributes information material to potential tourists, as well as undertakes all the marketing and public relations functions, both for individual and institutional customers.

SWOT analysis for Greek tourism and small and medium-sized tourism enterprises

A SWOT analysis is undertaken for the Greek tourism as well as its SMTEs in order to assess their present and projected competitiveness, based on strategic management research undertaken for the Aegean islands (Buhalis, 1991; Cooper & Buhalis, 1992). The interrelations between SMTEs and destinations are quite apparent, illustrating that a destinations' weaknesses and threats are reflected in the SMTEs' competitiveness and vice versa. As illustrated in Table 5, the SWOT analysis concentrates on the strategic, rather than operational, strengths and weaknesses of SMTEs.

As far as *strengths* of the Greek tourism and SMTEs are concerned, their flexibility and ability to tailor products to consumers' needs are of great importance to their existence. SMTEs can identify profitable niches in the market, establish their requirements and attempt to satisfy specialised needs. Direct control by entrepreneurs permits quick and efficient managerial reaction to external challenges. Fewer hierarchical levels facilitate closer and more effective control over the service delivery process, enabling personal services to customers. In addition, archaeological heritage, natural and cultural resources, as well as the local character, are also significant assets. As a result, tourists benefit from local resources which are ideally situated to offer special-interest holidays. SMTEs also capitalise on personal relationships with consumers, suppliers, labour and

Table 5 Greek tourism and SMTEs' SWOT analysis

Strengths	*Weaknesses*
• Flexibility	• Management
• Tailor-made product delivery	• Marketing
• Entrepreneurial activity	• Information technologies illiteracy
• Family involvement	• Dependence upon tour operators
• Natural and cultural resources	• Supporting markets
• Strong local character	• Lack of economies of scale
• Personalised relationships	• Human resources management
• Labour loyalty and low turnover	• Education and training
	• Transportation and accessibility
	• Financial management and resources
	• Seasonality
	• Lack of standardisation
	• Lack of quality assurances

Opportunities	*Threats*
• European Union support	• Environmental degradation
• European redistribution of labour	• Concentration and globalisation
• Increase in tourism demand size	• Oversupply
• Trends in tourism demand	• Lack of visibility in CRSs
• Low cost of living in periphery	• Infrastructure
• Information technology	• Wars/terrorism
• Infrastructure development	• Political intervention
• Transportation	
• Olympic Games	

Source: Adapted from Buhalis 1991: 60c and Cooper and Buhalis 1992: 108

the entire tourism industry in general. Their size enables the provision of a personal finish to all products provided, while it is not unusual for customers to become friends, and to be treated accordingly. Similarly, strong relations with employees support labour loyalty and low turnover. The proprietor's family is normally directly involved with every aspect of the business, reacting efficiently and promptly to any problem arising. Their involvement in running the enterprise provides considerable benefits, especially in having a very flexible, multi-skilled and dedicated workforce which tolerates unsociable working schedules. Family members feel committed to the long-term prosperity of the enterprise and often do not distinguish between their professional and family life. Thus, a better matching between tourism demand and SMTEs' supply is achieved.

A close-up of the *weaknesses* of Greek tourism and SMTEs is critical for understanding the ability of the industry to compete in the global tourism arena. Although entrepreneurs are normally an asset, it seems that a number of managerial problems often arise. Lack of strategic and operational management know-how generates inconsistency in the creation and delivery of tourism products. This has direct implications for consumers' satisfaction and the projected image of the industry. There is often a complete lack of strategic vision and enterprises are often treated as an extension of proprietors' domestic environment. Entrepreneurs recruit family members and relatives as personnel and suppliers, even though more appropriate/qualified alternatives can be found in the marketplace. Therefore, the management of SMTEs clearly projects the proprietor's family life-style and decision-making processes onto an enterprise. Marketing is another significant weakness for most entrepreneurs and Greek resorts, as they are often completely unaware of the techniques available and thus follow a product-oriented rather than a consumer-orientated approach. Consequently, uncoordinated, isolated, trouble-shooting marketing activities are occasionally undertaken, rather than a consistent and well-planned marketing campaign. Lack of marketing research debilitates knowledge of consumers' needs and makes it difficult to identify methods for improving services in order to meet consumers' expectations. Inability to finance and execute advertising campaigns and other promotional techniques reduces their visibility in their markets. These weaknesses, in combination with the fact that many entrepreneurs are unfamiliar with information technology (IT), add to the problems of SMTEs in promoting themselves effectively. Consequently, both Greek SMTEs and destinations suffer from over-dependence on the tourism distribution channels to promote and distribute their product. In particular, intermediaries and especially tour operators, have enormous power within the channel and are capable of determining the Greek tourism product, marketing, distribution and pricing mixes (Buhalis, 1995). Hence, the marketing campaign and the visibility of Greek tourism to its main target markets are often determined by the coverage, space, photographs and description in tour operators' brochures. European tour operators also control accessibility to Mediterranean or long-haul destinations, as they own most charter airlines which provide direct and inexpensive flights to these destinations.

As most resorts are located in peripheral areas, there is usually little economic development in the supplying sectors. Therefore, remote destinations have to import essential raw and construction materials from elsewhere, while SMTEs often face transportation, delivery and purchasing problems and excessive transportation costs. Moreover, lack of economies of scale in purchasing raw material, low bargaining power, and lack of advanced facilities are additional operational disadvantages. This essentially means that SMTEs have to pay higher prices for products than their larger counterparts. Lack of specialised personnel and inadequate training procedures mean that human resources management is a major weakness of Greek tourism. In most SMTEs, personnel have to cover a wide range of positions, a loose job description is usually provided and multi-skilled personnel are required. The labour turnover, due to the seasonality of the tourism industry, reduces the availability of qualified and experienced personnel and makes tourism product delivery not only variable, but also unprofessional. The small size of operation provides little opportunity for the division of tasks, professional employees and proper training. Since no quality standards are introduced, service delivery varies according to the occupancy, service provider and timing. Transportation and accessibility to remote destinations may also be a weakness, as most enterprises are located in peripheral and often inaccessible regions. SMTEs tend to feel frustrated because they are unable to attract consumers, simply because they cannot provide convenient, reliable and affordable transportation. The formulation of charter air carriers by destination areas, such as Turkey and Spain, as well as the emerging deregulation policies in the European Union, may diminish this problem in the near future. Moreover, SMTEs face significant financial constraints as on the one hand they are required to invest in fixed assets at the beginning of their operations, and on the other hand, there is a discrimination against them by financial institutions, since they normally have very few assets. Consequently, they are forced to accept unfavourable financial deals. Finally, the Greek tourism industry and SMTEs suffer from seasonality problems and have to produce adequate income within a limited period every year. Lack of diversified investment in other economic activities forces proprietors to work intensively in the peak months and rest in the off-peak months, while their pay-back period is inevitably unfavourable. As the tourism industry becomes more professional, embraces quality management and responds to an increasingly discerning customer, SMTEs' typical lack of business expertise and minimal standardisation may become an increasing liability especially for some target markets (Cooper & Buhalis, 1992: 102).

Recent developments in the external environment present numerous *opportunities* for the Greek tourism industry and SMTEs. Firstly, the European Union takes several actions to support small and medium-sized enterprises (EC, 1993b: 72), while it supports infrastructure development of peripheral regions and contributes significantly to the prosperity of SMTEs. The country is going through a major transformation as a result of several public projects supported by the European Commission, including the Attico Metro, the new Athens Airport, the development of the peripheral motorway Elefsina-Spata and the peripheral motorway of Immitos. The unification of the heritage sites and the pedestrianisation of the Athens city centre aims to develop an open archaeological park and deal with the traffic and pollution problems. The Olympic Games in 2004 provide a unique challenge and opportunity for the city and the country to rebrand and redevelop itself and demonstrate its unparalleled heritage and cultural resources. The Games also provide the resources and funding as well as a 'deadline' for several infrastructural projects that were already scheduled but perhaps delayed. In addition, several projects are anticipated to improve the superstructure of the industry through both renovation of existing properties and through the development of new hotels and other facilities. It is anticipated that the regeneration of the city and the country in general will provide major opportunities for the attractiveness and competitiveness of the tourism industry (Buhalis, 2000b; Papanikos, 1999; Romanos, 1998).

It is anticipated that there will be a gradual redistribution of European labour, providing support for each region to specialise in the production of goods and services where it can achieve competitive advantages. Traditionally, remote and insular destinations, where most Greek resorts and SMTEs are based, achieve a competitive advantage in tourism, and therefore greater support is anticipated. Greek tourism benefits from the continuous growth of global tourism demand, as more people require holiday services, while SMTEs are expected to increase their share as they tend to satisfy the emerging specialised and sophisticated demand better than larger organisations. Information and telecommunication technologies can provide strategic tools for tourism destinations and SMTEs enabling them to manage their product more efficiently, disseminate information and establish a distribution mechanism through destination management systems (Buhalis, 1994). New technologies also offer opportunities for developing innovative tourism products, such as teleworking for tourists who would like to spend time working during their stay at the destination. Finally, Greek tourism tends to achieve a cost advantage, since it employs unpaid family members and operates in inexpensive peripheral regions which often have a lower cost of living in comparison with metropolitan areas.

In terms of external *threats*, environmental degradation through inappropriate waste management and excessive usage of natural resources can be observed. Lack of know-how and funds effectively increases environmental problems. Consequently, several resorts suffer severe damage while entrepreneurs and local authorities feel powerless to take remedial measures. Moreover, oversupply of tourism service providers and lack of well-defined carrying capacity limits in several destinations have placed numerous Greek resorts and SMTEs in a disadvantaged position as they cannot achieve sufficient income. Similarly, the concentration of power in fewer tourism industry enterprises through emerging globalisation also threatens the ability of Greek SMTEs to survive, as international vertically integrated tourism organisations acquire control over local enterprises. The dependence upon channel partners for the promotion and distribution of Greek tourism is exaggerated by the relatively low presence of Greek suppliers in the major CRSs (Computer Reservation Systems) which is caused by the seasonality and scale of the tourism production on the one hand and the tariffs of these systems on the other. The issue of infrastructure is closely related to the oversupply which attracts higher demand than planned. Destinations often have limited infrastructure provisions which fail to follow the pace of development, generating pressure on the existing inadequate facilities. Finally, the tourism industry suffers from its geographical proximity to the Balkans and the Middle East and as a consequence is often associated by consumers with wars and terrorism activities. Greek tourism and SMTEs have limited means of dealing with unfavourable situations and thus are more vulnerable to their impacts. Political intervention, perhaps through the public sector decisions and the legislator framework often damages the prosperity of SMTEs. As SMTEs have little lobbying power they have limited influence over political decisions which determine their welfare.

The SWOT analysis demonstrates quite clearly that the Greek tourism industry faces a wide range of problems and threats which will jeopardise its ability to provide suitable tourism products in the future as well as its ability to make a contribution to the national welfare. However, several opportunities and challenges emerge and they need to be addressed in order to strengthen the competitiveness of the industry. Further analysis is therefore required in order to assess the factors which generate these problems and also to identify ways to respond to the challenges they present.

Why Are We There and What Are the Implications? Structural Problems and Challenges

Despite its popularity and growth over the last 40 years, the Greek tourism industry has reached a stage where both its potential and competitiveness have become questionable.

> The seemingly unstoppable growth of this market contributed to a degree of complacency which has led to Greece repeating some of the errors made in Spain. Rapid price increases mean the country is no longer perceived by mass market clients as cheap in relation to comparable destinations in the Mediterranean, but much of the country's tourism infrastructure, hastily built in response to demand for cheap accommodation, does not meet the needs of a market less sensitive to price and more concerned with quality and value for money. (EIU, 1990: 45)

Richter-Papaconstantinou (1992: 27) explains that tourism development in Rhodes 'takes place without any Master Plan of the area; respect of the landscape and environment; analysis whether there is demand and what the demand is after; regard to what is happening in similar situations'. At the micro level, the European travel trade and intermediaries warn that the Greek tourism product is no longer competitive (Conway, 1996: 41; Touloupas, 1996; Douvitsas, 1994), whilst Chitiris (1991: 148–150) outlines a range of managerial problems and mistakes in Greek resort hotels, which diminish the quality of the tourism services. Hence, unless the Greek tourism industry addresses a number of critical issues immediately, its future might be seriously jeopardised, resulting in a potential catastrophe of the national economy. The major structural problems and challenges for the Greek tourism product can be summarised in Table 6.

As a result, Greece fails to attract the desired 'high-quality, high-expenditure' tourists, as it is increasingly unable to satisfy their requirements (Conway, 1996: 41). The deterioration of the tourism product and image leads to a lower willingness-to-pay by consumers, which consequently leads to a further drop in quality, as the industry attempts to attract customers with lower prices. This is a vicious spiral which has been destroying the essence of developing tourism in several Mediterranean destinations. The concentration of bargaining power in European distribution intermediaries and tour operators in particular, in combination with the inability of the Greek tourism industry to promote itself and establish effective distribution mechanisms, inevitably minimises the profit margins of SMTEs and their ability to yield decent returns on their investment. As a result, tourists' expenditure per capita in Greece gradually deteriorates, while their volume increases (SETE, 1993: 35).

> Thus, the tourism policy often consisted in a 'freezing' of the selling price of the tourist package abroad, a measure which combined with the devaluation of the drachma and its continuous parity losses succeeded in securing a 'fictitious competitiveness' for the Greek package. This competitiveness, however, was seriously threatened each time there was an attempt at a substantial increase because of important rises in cost elements. (Kalogeropoulou, 1993: 2)

Table 6 Structural problems and challenges

- Image of Greece as cheap, simple, unsophisticated, undifferentiated, sun-sea destination;
- Gradual deterioration of tourism product and lack of reinvestment in improvements;
- Increase of tourism arrivals but decrease of tourism expenditure per capita;
- Inadequacy of the Greek planning process;
- Dependence upon major tour operators for promotion and distribution;
- Plethora of anarchically developed and behaving SMTEs, aiming at short-term profitability;
- Inappropriate and ill-timed marketing campaign which has little effectiveness;
- Inadequacy of infrastructure to serve the ever-expanding demand;
- Lack of coordination at the destination and disrespect for tourists' needs;
- Lack of professionalism and training in both state and private tourism establishments;
- Individualistic behaviour by SMTEs and unwillingness to cooperate on a destination basis;
- Unsuccessful and inconsistent programmes of government intervention;
- Almost unregulated environment, with nearly complete lack of control;
- Political intervention which allows exception policies and employment of unqualified staff;
- Development of tourism as a single regional development option;
- Oversupply of tourism amenities and fierce price competition;
- Failure of the private sector to invest in long-term projects;
- Deterioration of natural, social and cultural resources;
- SMTEs' inability to resist in global concentration of the tourism industry;
- Inadequate distribution mechanisms which generate overdependence on intermediaries;
- Failure of both the private and public sectors to learn from internationally gained experience in tourism development and marketing;
- Lack of tourism research to identify the impacts of tourism;
- Negligence with regard to new tourism demand challenges.

The above issues illustrate that the Greek tourism product becomes increasingly incompetent. Hence, the inadequate 'product', 'promotion' and 'place' (distribution) elements of the tourism marketing mix reduce the willingness of prospective consumers to pay and has disastrous implications for the pricing policies, deteriorating the profitability of the SMTEs and the tourism economic impacts on the destination.

Ultimately the economic impacts of tourism in Greece become debatable, especially due to the inadequacy of tourism economic research and data, while the destination has to bear the environmental, social and cultural decay. Encouragingly, articles in recent tourism industry publications acknowledge these challenges and appreciate the dangers, urging both the private and public sector to take action (*Touristiki Agora*; *Tourismos ke Oikonomia*; *Travel News*; *XENIA*), as well as several influential members of the tourism industry (Josephides, 1993, 1994, 1995; Skoulas, 1994; Daskalantonakis, 1994; Divanis, 1994b; Plevris, 1995; Papandropoulos, 1995).

Political intervention, limited research, lack of tourism policy and planning

Perhaps the largest obstacle in developing a competitive tourism industry in Greece has been the *inconsistent and irrational political intervention*. Unfortunately, tourism has extensively been utilised as a political vehicle, where each government uses it to gratify its political needs and friends. This can be experienced in all levels of recruitment in the public sector institutions, as a change of government or even minister results in immense changes throughout the GNTO as well as to major policies and regulations. Thus, in the last 35 years (since 1966) the leadership of the GNTO has changed 28 times, allowing each General Secretary to stay in office for an average of 13.8 months. Political allies of each government use political pressure and intensive lobbying in order to achieve amendments in regulations, incentive policies and business environment. Hence the short-term profitability and commercial interests of the friends and political allies of each government often overrule the long-term strategy and set an improper example for the entire industry. These practices result in a great inconsistency in Greek tourism policy and disrupt its rationalisation. Therefore, a 'depolitisation of Greek tourism', towards a professionally managed public sector, guided through a compromised strategic Master Plan is urgently required (Josephides, 1995).

The limited existing *scientific tourism research* highlights the lack of comprehensive examination of tourism impacts in Greece, while it illustrates that tourism policy is based on insufficient documentation (Zacharatos, 1989: 278 and 1988: 22). Public sector research is almost non-existant, while the authorities seem uninterested in consulting the Greek-tourism research produced by academics (for example Zacharatos, 1984, 1986; Komilis, 1987; Loukissas, 1977; Papadimitris, 1988; Papadopoulos, 1985; Moore, 1992; Tsartas, 1989; Velissariou, 1991; Fotis, 1992; Buhalis, 1991, 1995, 2000c, Buhalis & Diamantis, 2000), or the international tourism 'body of knowledge' (Zacharatos, 1988: 24). In addition, tourism consumption being characterised as a particular category of private consumption in the national accounts, it fails to reflect the real tourism impact on each economic sector. Thus, the process of collecting information for tourism expenditure in Greece prevents the assessment of tourism expenditure impacts on the national and regional economy and therefore cannot be used in drawing scientifically founded tourism policy (Zacharatos, 1989: 277; Konsolas & Zacharatos, 1993: 58). Consequently, tourism policy follows conventional wisdom and concentrates on attracting a larger volume of tourists, ignoring scientific methods to assess the economic, social, cultural and environmental impacts of each tourism segment, assuming that the greater the tourism volume, the better for the national economy.

The *lack of a comprehensive and rational tourism policy and planning* or a Master Plan for Greek tourism is primarily responsible for the aforementioned structural problems. Policy is usually based on unsubstantiated statements published by the Tourism Ministry or the GNTO (GNTO, 1985b, 1989a, 1993) often as pre-election promotional material. In essence Greek authorities attempt to intervene aiming to stimulate arrivals, as well as to facilitate the operation and development of the

Table 7 Greek tourism policy targets

• Development of demand;
• Training of tourism employees;
• Increase arrivals and foreign exchange income;
• Increase competitiveness of tourism product;
• Improvement of services in the industry;
• Reduction of seasonality and expansion of tourism season;
• Attraction of high spenders and alternative types of tourism;
• Construction of facilities appealing to the upper end of the market, such as luxury hotels, golf courses, congress centres, casinos and marinas;
• Development of tourism infrastructure, with emphasis on transportation;
• Support of social tourism for low-income domestic tourists;
• Geographical redistribution of tourism.

tourism industry. Based on the assumption that tourism arrivals to Greece would increase indefinitely, the general directions of the Greek tourism policy focus almost invariably on the targets summarised in Table 7 (*Euromonitor*, 1992: 61; GNTO, 1989b: 4.1 and 1993: 1; OECD, 1992: 70; Skoulas, 1985: 194; Leontidou, 1991: 88–91; Apostolopoulos, 1990; Zacharatos, 1989: 275 and 1988: 21).

However, as these tasks are not quantified and there is no time schedule or planning process for their achievement it is inevitable that their implementation and assessment is subject to irrationalities and personal judgement. Occasionally, incentives for tourism development; responses to lobbying from tourism-related associations and regions; training programmes; and general legislation attempt to direct the Greek tourism industry towards the described policy directions. In addition, an inconsistent and untargeted, *promotional campaign* is implemented yearly (Touloupas, 1996: 130). The campaign attempts to achieve the above unspecified policy tasks, while it is often a 'last minute' reaction measure to a forecasted decline of bookings for the current season, rather than a coordinated, long-term marketing policy (Jenner & Smith 1993: 143; Papadopoulos, 1989: 304). Despite the advertising campaign's positive impact on arrivals, the feedback to the campaign is rather speculative, as no formal research is undertaken to identify the most cost-effective media and communication methods for each target market (Papadopoulos, 1989: 311 and 1987: 82).

Because the deficient scientific examination of Greek tourism and its impacts prevents the authorities from establishing quantifiable and measurable tourism policies, their *policies are based on subjective and personal judgements*, while feedback practices are rarely followed. In addition, the implementation of the vaguely defined tourism policy as well as the targets, regulations and standards are often bent to accommodate lobbying and political pressures (Zacharatos, 1989: 279). Komilis (1993: 225) suggests that tourism planning in Greece is generally realised and exercised within a socio-political environment characterised by several factors: a limited degree of political commitment; lack of social awareness and acceptability of planning actions; inadequacy of scientific and technical foundation to support planning intervention; and a centralised administrative-institutional system gathering a plethora of functions, but failing to perform its coordination and enforcing role. When the conflicting interests and power of each member of the tourism industry are brought into the equation, where different partners attempt to influence legislation in order to maximise their own short-term profitability, regardless of the impacts on the destination and other enterprises, the planning process becomes more complicated. This results in an ineffective planning system and process, which produces policies unable to provide an appropriate balance between restrictive policies and control planning implementation. Moreover, the plethora of SMTEs in combination with inadequate legislation concerning their establishment and operation, seem to affect adversely the competitiveness of the industry and the ability to diversify and enrich local tourism products (Komilis, 1992: 11; EIU, 1990: 59).

Consequently, several structural problems are originated, jeopardising the prosperity of both SMTEs and destinations, especially in overdeveloped regions. On the supply side, failure of the infrastructure to follow the dramatic expansion of the superstructure, in combination with the lack of solid institutional context of tourism policy and long-term regulation, result in the exploitation and inadequacy of environmental and socio-cultural resources, as well as the inability of the industry to generate the level of economic benefits desired and expected. On the tourism demand side, after the meteoric growth in the 1970s and 1980s, the Greek tourism industry has been trying to transform 'the country into a destination which can compete not just on price, but on value for money' (EIU, 1990: 45). It is becoming apparent that the tourism population in not infinite and an adaptability and responsiveness to tourists' needs is of great importance (Sezer & Harrison, 1994: 83).

Structural problems jeopardise the profitability of the private sector

Because of the aforementioned structural problems, most tourism industry enterprises are experiencing a decline in profitability. Hotels in particular are badly affected due to the high fixed assets, as well as their immobility and inflexibility which prevents them from adjusting to demand fluctuation. Several reasons determine their low profitability and inability to increase prices in line with inflation. The low *occupancy levels* achieved yearly is a key problem. Smith and Jenner (1995: 17) estimate that the 'year-round bed occupancy over the range of licensed accommodation is slightly under 30%'. As most of the properties are closed during the winter months due to the seasonality problems, they rely on three to six months to generate sufficient returns on their investment. The occupancy levels of accommodation establishments in Greek tourism are often determined by their co-operation with travel intermediaries. Based on the different seasonality patterns of different markets, rooms are normally allocated a year before the summer season to tour operators on 'allotment' or 'commitment' contracts which effectively determine the prices charged according to the security provided by tour operators for using and paying for hoteliers' rooms. Once the contracts are signed hoteliers effectively lose their control on their inventory and their right to market their rooms to other business sources before the release period (typically 7–14 days before arrival) in order to avoid overbooking. However, should their bookings fail to match their programme tour operators often utilise their buying power to cancel unwanted rooms at the beginning of the tourist season without paying compensation. Smaller hoteliers are often left with unoccupied rooms they which are unable to promote at the 'last minute' unless they drop their prices to unacceptable levels. As a result of their deficient intra-channel power, hotels often suffer a significant cut-back of their occupancy levels, which has direct implications for their profitability (Buhalis, 1995, 2000c: 460; Ktenas, 1996).

Similarly, the *seasonality* of the Mediterranean and Greek tourism industry has always been a problem for the profitability of SMTEs, since enterprises operate only for a limited period (Jenner & Smith, 1993: 70; Drakatos, 1987; Donatos & Zairis, 1991). Attempts to promote winter tourism by developing cultural and special interest tourism in the islands and winter sports in several ski resorts in Greece have proved fairly unsuccessful (EIU, 1986: 56). This is attributed to the image of Greece as an exclusively summer-sun destination, as well as to the uncoordinated attempts to maintain tourism enterprises active during the winter months (EIU, 1990: 57).

The *average room rate* is the second major determinant of hotel profitability. It is becoming apparent that employment costs and cost of capital, in combination with a relatively strong currency policy, reduce the ability of Greek accommodation establishments to offer competitive pricing and maintain their profitability. Marketing inadequacies and inability to promote the tourism product as a differentiated entity, the rapid increase of supply in comparison to demand, and the overall dependence upon the oligopsonistic tour operators for the Greek tourism product promotion, force hoteliers to accept contracts by tour operators which minimise their profit margin and adversely effect the quality of their product. Increasing levels of pressure by tour operators prevent SMTEs from renovating and investing in their properties and therefore a gradual deterioration of the properties is inevitable (Richter-Papaconstantinou 1992: 14, Skoulas, 1985: 189). European tour operators, faced with fierce competition in their markets, are essentially willing to pay an annual price increase equal to little less than the depreciation of the drachma, plus the inflation at the place of origin of the tourists (Ktenas, 1994). This policy progressively deteriorates the profitability of the Greek tourism industry and has severe impacts for its prosperity. The situation is worse for smaller accommodation establishments which manage to negotiate even smaller price increases, due to their exclusive dependence upon fewer intermediaries (Logothetis 1992: 14).

The *oversupply of tourism services* both in Greece and worldwide, also contributes to global competition for a less rapidly increasing demand (Josephides, 1993: 54). In Greece, the average annual increase of the official hotel bed supply in 1983–1992 was 4.7%, while the annual average increase in international tourist bednights was 2.7% (Epilogi, 1994: 271). The investment incentive Law 1262/82 boosted this oversupply as it generated small, infeasible and uncontrollable accommodation units, unable to offer high quality of services, while it increased the concentration of tourism units in infrastructure-undersupplied resorts (Kriebardis & Marmagiolis, 1990: 51; Stavrou, 1989b: 5). The vast majority of the capacity growth is on the 'illegal', unregistered, self-catering and self-serviced 'parahoteleria' sector, which provide very low quality and priced accommodation, and therefore, appeal to mass tour operators' clientele. This not only increases unfair competition for the officially registered hotels, but also reduces both tax revenues and employment at the macro level.

Horwath (1994: 3) concludes that

> unfortunately, the results in terms of return on investment in the tourism industry are not very promising especially when compared with those of other Greek economic sectors. It is an undisputable fact that the average Greek tourism entrepreneur is heavily dependent on the tourist package price which is strongly negotiated by the international tour operators. It is an 'unhealthy' dependency as a result of the weak position of the Greek tourist product in the international market. In addition, the aforementioned dependency is the result of the lack of marketing activities in an average tourist enterprise. As we all know, effective marketing activities are based on the product, place, price, promotion which all contribute to client satisfaction and further to a bigger share in the international tourist market. Up to now, three of the aforementioned important elements of marketing have been overlooked which determine the weak negotiation power of the Greek entrepreneur.

This situation has also resulted to several European companies expanding their operations into Greece or purchasing shares in Greek partners in order to improve their vertical integration. Should this vertical integration expand significantly, however, 'Greek tourism will be in fact controlled by foreign decision-making centres which will certainly operate on the basis of their own interests and not according to the overall interests of our national economy' (Kalogeropoulou, 1993: 2). Hence, radical measures are required immediately in product formulation, promotion strategy and distribution channels to support both Greek destinations and SMTEs to enhance their competitiveness, profitability and prosperity. Failure to react would have severe implications for the future of the Greek tourism private sector as the essence of its existence would be jeopardised, its costs may exceeding its returns.

Structural problems generate negative tourism impacts

In addition to the profitability problems of the private sector, the aforementioned structural problems have profound implications for the welfare of host populations in various Greek destinations, as their economic, social, cultural and environmental resources are exploited without ensuring their sustainability. Lack of comprehensive research and failure to initiate carrying-capacity limits or zoning systems contribute to the anarchic development of tourism, as well as expand negative impacts of tourism on local societies and environments. The following section highlights some of the costs Greek destinations are called to pay for their tourism activity, whilst it suggests that these issues should be addressed in the strategic planning process.

Macro-economic negative impacts

Despite the contribution of tourism to the Greek economy, certain potential risks can also be identified. Not only is the competitiveness and profitability of the tourism industry jeopardised, but also several destination regions seem to follow a policy of developing tourism at the expense of industrial and agricultural growth (Stavrou, 1989a: 6; Vernicos, 1987: 105). Instead of tourism stimulating agriculture, it seems that it hastens its decline, as the two economic activities compete for land and labour. The lack of structural investments in industrial or agricultural sectors, combined with the popularity of tourism professions in the workforce, endanger the balance of the regional economy, while reducing the tourism multipliers (Briassoulis, 1993: 295). As a result, the economic structure of the destination is jeopardised, while a complete dependence upon tourism becomes inevitable (Komilis, 1992: 7). Both opportunity costs and displacement effects are therefore evident. Moreover, there is evidence that the progress of destinations through their life-cycle, and especially the introduction of mass tourism, decreases their economic impacts, while it makes local control of the industry far more difficult (Loukissas, 1982: 537). 'Because of the high degree of dependence of Greek tourist enterprises on tour operators, the actual amount of tourist spending remaining in the country is only the 40–50% of total tourist spending' (Briassoulis, 1993: 296). Public-sector subsidies to the private sector, in various forms such as incentives, cooperative marketing campaigns and unemployment benefits in the off-season as well as tax evasion and 'paraeconomy' also reduce the real benefit at the macro level (Mourdoukoutas, 1988; Drakatos, 1987; Leontidou, 1991: 102). Lack of scientific research, on the economic impacts of tourism makes the real contribution of tourism in the economy speculative, rather than based on hard evidence (Zacharatos, 1988, 1989; Konsolas & Zacharatos, 1993).

Social and cultural negative impacts

The development of mass tourism and the lack of effective planning and management are also responsible for a number of negative social and cultural impacts observed in Greek host societies (Tsartas, 1989, 1992; Stavrou, 1978, 1979, 1980, 1986b). Although the degree of interaction of the population with tourists depends heavily on the geomorphology of destinations and the location of resorts (Loukissas, 1982: 538), tourists' behaviour is often offensive to the host population, but tolerated due to the economic benefits (Castelberg-Koulma, 1991: 201; Kousis, 1989; Wickens, 1994: 823). Most Greek tourism destinations are almost crime-free zones during the winter, due to the small population and personal relationships of locals. Tourism, however, introduces several types of criminal activity, often unknown to local people. As police forces are usually allocated according to needs of the permanent population in a destination, they are often incapable of handling the demands of the summer months and are unable to deal with visitors' misbehaviour such as hooliganism and 'lager-looting'.

The commercialisation of history, cultural traditions and the Greek lifestyle is a phenomenon met in several destinations. This regrettably affects the renowned Greek hospitality, commercialises human relations with tourists and reduces the ties of solidarity and cooperation between locals, since they compete for the tourism market (Papadopoulos, 1988b: 24). As the average employee works 60.5 hours weekly for 29.5 weeks a year, there is little time left for social, religious and cultural obligations during the season (Mourdoukoutas, 1988: 325). Although a certain degree of 'demonstration effect' and 'xenomania' can be attributed to tourism, the country is equally influenced by the mass media as well as by the Greek students and professionals living abroad (Papadopoulos, 1988a: 30; Wickens, 1994: 822). Moore (1995) also explains that tourism not only has had a contribution to the increase of alcohol consumption by Greeks, but has also shifted their taste away from locally produced wine to imported spirits and beer. Briassoulis (1993: 296) perhaps describes best the change in labour force values when as she suggests that tourism has created a

> peculiar parasitic group of tourist entrepreneurs operating tourist-serving enterprises, like tavernas, cafeterias etc., the principal characteristics of which are high profits and tax evasion. Consequently, a particular personality type is created: the 'successful' entrepreneur who earns a lot with little work, has a rich erotic life and is professionally independent (in contrast to public and private employees). This model is followed by many young people who abandon other productive, year-round occupations, 'work' only during the tourist season, stay idle for the rest of the year and eventually, suffer from the volatility of the tourist market.

The family relations and values are therefore under great transition and perhaps threat (Castelberg-Koulma, 1991: 201; Kousis, 1989; Moore, 1992).

Negative environmental impacts

Despite environmental resources becoming central to destinations' competitiveness, most Greek destinations go through an unparalleled exploitation due to inadequate planning and reinvestment in their sustainability, jeopardising their future (Buhalis & Fletcher, 1995). Boniface and Cooper (1994: 141) suggest that geographical concentration of tourism

> has led to the view that Greece will become saturated with tourists and that damage will be done to the environment and cultural heritage in the more popular areas. Already the environment has suffered from haphazard, uncontrolled building, and pollution of the sea and the flora and fauna are being effected by waste disposal.

Coastal pollution, water shortages, sewage treatment, waste disposal, traffic congestion, noise pollution, overbuilding, and aesthetic degradation are some of the impacts experienced already in a number of resorts (Briassoulis, 1993: 297; Coccosis & Parprairis, 1992; Peterson, 1990; Marinos, 1983; Stavrou, 1988: 19 and 1989a: 5; Papadopoulos, 1988b: 24). Most of the islands also face water shortage due to the inability of natural supplies to provide sufficient water for the tourism demand. Imported mineral water from the mainland is an expensive way to solve this problem due to the transportation cost, while it creates more waste and environmental damage. In addition, the destruction of endangered species' habitats is another problem experienced on several islands (Zakynthos: Caretta-Caretta and Allonissos: monk-seals) (Ottaway, 1992; Van Den Bergh, 1993: 70; Prurier *et al.*, 1993). Urgent coordination with all tourism actors at the local level is essential, while regulation is required to set objective and measurable limits and targets, in order to preserve local environmental resources. Financial difficulties in the industry only exacerbate these impacts as the private and public sectors feel unable to reinvest in the conservation of resources.

The aforementioned negative impacts emerge as a result of the structural problems of the Greek tourism industry and illustrate that the mass tourism orientation of the industry reduces the sovereignty of the host population over their land and resources whilst jeopardising their expected benefits and future welfare. As these impacts are trade-offs for the economic gains of the tourism activity, it is important that consistent, long-term strategic planning should be undertaken in order to enable the preservation of the local resources and achieve sustainability at tourism destinations. These tasks should all be reinforced by research, political will and strategic planning.

Where Do We Need to Go and How Are We Going There? Towards Strengthening the Competitiveness of Greek Tourism and SMTEs

Based on the situation analysis, as well as on the strategic weaknesses and structural problems, the paper attempts to provide a framework for strategic planning which will enable the strengthening of the competitiveness of Greek tourism and SMTEs. Porter (1985: 1) suggests that competitive strategy 'is the search for a favourable competitive position in an industry' which is a function of the attractiveness of the industry and the relative competitive position within that particular industry. He also argues that 'competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition'. Competitiveness is, therefore, defined as the effort undertaken by organisations to maintain long-term profitability, above the average of the particular industry within which they operate or above alternative investment opportunities in other industries.

Traditionally, the tourism industry in the majority of destinations worldwide is based on a network of SMTEs which provide all types of tourism products and services, while enabling closer interaction between the host population and visitors, as well as facilitating a rapid infusion of tourism spending into the local economy. As 'tourists' overall experience is composed of numerous small encounters with a variety of tourism service providers' (Moutinho, 1990: 104), there is a great overlap between the customer perception of local SMTEs and destinations, which makes them almost indistinguishable. Consequently the competitiveness and prosperity of destinations and SMTEs are closely interrelated, as the fortune of the one depends heavily upon the management and competitiveness of the other. Therefore the generic strategy for destinations involves SMTEs and vice versa.

Grand strategy: Strategy formulation for Greek tourism and SMTEs

Based on the strategic analysis, a grand strategy is proposed for the Greek tourism industry and SMTEs, in order to demonstrate the directions the destinations should follow in their attempt to increase their competitiveness and reduce their vulnerability. As different resorts, destinations and SMTEs have dissimilar needs only generic strategies can be drawn. However, these guidelines can be applicable to destinations and SMTEs worldwide as they address strategic rather than operational issues. The analysis is based on the assumption that SMTEs formulate leisure value-added chains or networks of wealth creation, which essentially comprise the entire destination. Therefore, an integrated approach is followed, as there is a great complementarity between the strategies and strategic directions for both the Greek tourism industry and SMTEs.

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="2">STRATEGIC ADVANTAGE</td></tr>
<tr><td>Perceived product uniqueness</td><td>Cost advantage</td></tr>
<tr><td rowspan="2">TARGET MARKET</td><td>Industry wide</td><td>• Differentiation</td><td>• Cost Leadership</td></tr>
<tr><td>Particular segments only</td><td>• Differentiation Focus</td><td>• Cost Focus</td></tr>
</table>

Figure 1 Porter's three generic strategies
Source: Porter, 1980: 39

The grand strategy analysis is based on an examination of three general strategy models, namely Porter's generic strategies, Gilbert's proposition for 'differentiation of the destination' and Poon's analysis for 'flexible specialisation'. A grand strategy is then proposed for both Greek tourism and SMTEs, based on inference emerging from these three models. Figure 1 illustrates the three main generic strategies proposed by Porter (1980: 34–46) in order to 'outperform other firms in an industry': *overall cost leadership*, where the firm is required to minimise its costs, based on mass production and strict cost control of the main business functions; *differentiation of products or services* by 'creating something that is perceived industry-wide as being unique'; or *focus* on a 'particular buyer group, segment of the product line or geographical market' and achieve either cost leadership or product differentiation (Porter, 1980: 37–8).

Furthermore, Gilbert (1984, 1990) argues that destinations should differentiate their tourism products in order to be able to achieve a unique 'tourist product benefit' which would enable them to establish their position in the international tourism market, as well as to attract high spenders and loyal tourists. Tourism destinations, therefore, should attempt to achieve a 'status area' image, rather than a 'commodity area' one, as illustrated in Figure 2. In the first case, the destination is heavily substitutable, very sensitive to price and economic changes, while consumers have a low awareness of any unique benefits or attributes of the region. Thus, holidaymakers base their decision to visit the area merely on price, while the demand for the destination is incidental and destinations are unable to attract high spenders. In contrast 'status areas' achieve intentional demand as a result of the unique product attributes perceived by the tourism market. These unique attributes may be genuine or imagined and thus, a destination is regarded as irreplaceable increasing consumers' loyalty and willingness to pay. Gilbert (1990: 24–5) asserts that destinations should attempt to become 'status areas' in order to improve their image, loyalty and economic benefits.

A third strategic approach is proposed by Poon (1987, 1988, 1989, 1990, 1993), based on the concept of 'flexible specialisation' of the tourism business. In essence, Poon examines the industry processes and proposes a strategy to enable tourism organisations to improve their competitiveness. Poon argues that 'flexible specialisation' is a strategy of 'permanent innovation' and 'ceaseless change' which provides for the 'new tourism'. This new tourism is flexible, segmented, customised to the tourist's needs and diagonally integrated. In contrast, the old tourism can be characterised as 'mass, standardised and rigidly packaged' (Poon, 1989: 91–3).

> The main sources of flexibility for service firms lie in the organisation, management, marketing, distribution and other forms of interaction and interrelationships among guests, hotels, suppliers, distributors. What is important however is not each of these stand alone aspects but how they are coupled to create competitive advantages and hence, capabilities to move with the market. (Poon, 1988: 24)

Examination of these three main strategies illustrates that they share a similar base. Porter's 'differentiation', Gilbert's 'status area' and Poon's 'flexible specialisation' describe the attempt undertaken by firms and tourist destinations to achieve value competitive advantages. In contrast, the 'cost leadership', 'commodity area' and the 'standardisation or Fordism production model' describe the effort to achieve 'cost competitive advantage', where destinations and SMTEs offer their products for less than their competitors. In the first case, consumers perceive the product as unique and are willing to pay a premium, while in the second case, the decision is merely based on price. Thus the classical strategic decision of 'low volume-high profit margin' or 'high volume-low profit margin' is the underlying concept of the two alternative strategies.

Both Gilbert and Poon agree that destinations should aim to achieve 'status area' or niche orientation, through differentiation, in order to increase consumer satisfaction as well as to maximise the benefits for both regions and SMTEs. As a result, Greek tourism and SMTEs need to focus towards the differentiation strategy, define their niche markets and serve them accordingly. This strategy is already adopted in several resort areas, such as Valencia in Spain, where it is recognised that the need for diversification and differentiation 'has now become essential owing to the level of competitiveness that has been attained (and can be foreseen) in the world tourist market' (Fayos-Sola, 1992: 49). Differentiation is also particularly useful for insular destinations in microstates, where a limited number of economic and financial resources are available (Wilkinson, 1989: 170). As most destinations consist of SMTEs, networks, there is an overlap between their strategic orientations, and therefore the above analysis is applicable to both the Greek tourism industry and SMTEs.

Destinations implementing a 'status area' strategy can enhance the satisfaction of tourists, as well as their competitiveness. The formulation of unique and

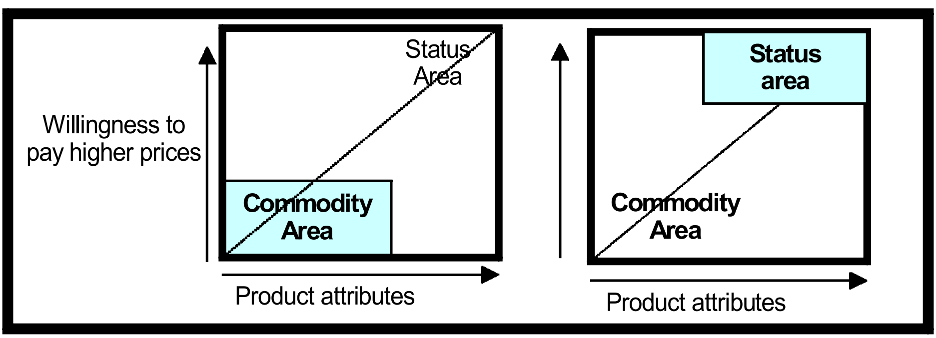

Figure 2 Gilbert's differentiation strategy
Source: Adapted from Gilbert 1990, 25

customised products by using flexibility and cooperation also increases tourists' willingness to pay and wins their loyalty, while it responds to the new tourism demand trends. However, the proposed strategy should not be seen as an excuse for SMTEs and destinations not to attempt to improve their efficiency and minimise their production costs. Although the unique service for tourists' needs should be their priority, offering perceived value for money would determine their competitiveness in the marketplace. As a result, all Greek resorts and SMTEs should assess their assets and strengths for serving specific target markets, taking advantage of their small size which facilitates flexibility and specialisation.

It is quite apparent that the cost advantage strategy has to be avoided in management of tourism destinations, as regions need to preserve their scarce environmental and sociocultural resources and achieve sustainable development. As cost advantage is based on mass production and consumption, it assumes an unlimited production capacity, which is inapplicable in the tourism industry. The inseparability of the tourism product determines that consumers should be present at the time of product delivery, and when combined with tourism seasonality, it generates demand peaks, which drain destinations' scarce environmental, sociocultural resources. The 'high volume-low profit margin' strategy has therefore harmful social and environmental impacts on destinations. Destinations have maximum carrying capacities beyond which both the welfare of local populations and the satisfaction of tourists are jeopardised. Although economic benefits can also be achieved by using the 'commodity area' or the 'standard product model', it is argued that these approaches reduce tourists' satisfaction and their willingness to pay, and are opposed to the demand trend towards individualisation.

Unfortunately, however, some destinations can no longer be positioned as irreplaceable unique products, due to their overdevelopment. Tourism supply has exceeded the carrying capacity of these resorts, and their product has reached the saturation or decline phase of their life-cycle. Several Spanish *costas* and some Greek resorts, such as Benitses, Kavos, Faliraki, Malia, Hersonissos, and Nidri (Josephides, 1994), have been overdeveloped to such an extent that only a 'high-volume, low-profit margin' strategy is feasible. When resorts reach their saturation level only a 'cost leadership' or 'mass production' strategy can be proposed, as they are unable to provide any specific 'tourist product benefit'. The attraction of the lower end of the market is inevitable and as a consequence, there are no alternative strategies. The minimisation of further sociocultural and environmental damage, as well as attempts to improve the surrounding environment, should also be a primary objective of both tourism destinations and SMTEs in this case. The ultimate aim should be to regenerate the resources of the area and to relaunch the tourism destination to attract specific markets which will be willing to pay a higher price for the destination.

Strategic directions, objectives and tasks for Greek tourism and SMTEs

Table 8 presents three pivotal strategic directions which are identified in order to stimulate the competitiveness of both Greek tourism and SMTEs. This section illustrates how the aforementioned grand strategy can be implemented for tourist destinations and SMTEs, through a number of strategic directions, objectives and tasks, as presented in Table 9.

Table 8 Pivotal strategic dimensions for Greek tourism

(1)	Enhance the satisfaction of tourists and delight the customer;
(2)	Strengthen the long-term profitability and competitiveness of Greek tourism and SMTEs;
(3)	Develop Greek destinations sustainably, and ensure prosperity of host population.

Enhancing the satisfaction of tourists and delighting the customer are pivotal to ensuring the well-being of Greek destinations and SMTEs in the long term and thus, the entire range of tourism service providers should aim to delight their clients. As a result of the tourism product integration, consumer satisfaction cannot be achieved by independent businesses separately, but by the entire network of SMTEs in Greek destinations. The improvement in services is perhaps the most important strategic objective. Consistency of promises through standardisation of service delivery and implementation of a total quality management philosophy throughout the industry are essential strategic tasks for achieving this objective, while flexibility in service delivery and improvements in training are critical. In line with the grand strategy, the production of tailor-made tourism products should be ensured in order to satisfy the specific needs of particular niches and the requirements of the emerging new tourism demand. Product augmentation would enable also the Greek tourism product to exceed the expectations of consumers and hence enhance their satisfaction. Life style segmentation would enable Greek tourism and SMTEs to design appropriate tourism products. As tourist demand elasticity has increasingly become doubtful in recent years, the price of the holiday is no longer considered to be the most important attribute in the decision-making process. Consequently, the Greek tourism industry should concentrate on providing value for money at all price levels, as well as offering at least whatever they have promised to the consumer.

Supporting the long-term competitiveness and profitability of Greek tourism and SMTEs is by far the most important strategic objective for the tourism industry. The first strategic objective for every SMTE has to be the increase in revenue, by maximising its occupancy or load factors and the rates it achieves. The lengthening of the operating season, as well as the identification of new markets and the penetration into existing ones, and the effective utilisation of distribution channels, will contribute to this strategic direction. Higher rates can be achieved by targeting specialised and smaller tour operators, attracting alternative types of tourists and expanding the distribution channels mix as well as by attempting a certain degree of 'disintermediation' by encouraging direct sales to outgoing travel agencies or consumers. Aggressive marketing and establishment of partnerships with other enterprises should be essential functions of Greek tourism and SMTEs. Motivation of 'front-of-house' employees as salesmen and sale incentives would also increase average spending per customer. The use of CRSs and destination management systems may also be an appropriate method for achieving higher prices and better occupancy rates (Buhalis, 1994). Finally, yield management techniques should be utilised by all types of SMTEs to assist them in pricing and maximising revenue. Cost control

Table 9 Strategic directions, objectives and tasks for SMTEs and destinations

Strategic directions	*Strategic objectives*	*Strategic tasks*
1. Enhance the satisfaction of tourists and delight the customer	1.1 Improvement of services	a. Standardisation of service delivery b. Development of quality control systems c. Consistency of promises d. Improvements in operational management e. Flexibility in services delivery f. Training and education improvements g. Smile and personal relationships h. Augmentation of tourism product i. Total quality management
	1.2 Specialisation of tourism product	a. Niche marketing b. Lifestyle targeting
	1.3 Value for money	a. Quality at each price level
2. Strengthen the long-term competitiveness and profitability of Greek tourism and SMTEs	2.1 Increase revenue	a. Increase tourist volumes b. Target new markets and penetration in existing markets c. Use yield management d. Expand distribution channel mix e. Aggressive marketing f. Achieve high average spending per customer g. Select high-quality specialised tour operators h. Attract alternative types of tourism i. Use alternative distribution channels j. Motivate front-of-house employees as salesmen
	2.2 Cost control and rational management	a. Standardise service delivery b. Increase productivity c. Reduce labour costs d. Rationalise supplies management e. Education/training for managers and employees f. Use of new technology g. Integrate service delivery within SMTEs
	2.3 Human resources management	a. Internal marketing b. Empowerment c. Satisfactory salary and working conditions d. Long-term relations with employees e. Motivation and rewards

Table 9 (*cont*.) Strategic directions, objectives and tasks for SMTEs and destinations

	2.4 State and public tourism organisation support	a. Destination development and control b. Incentives policies for improvement c. Attract European Union assistance d. Promotional activity e. Provide financial resources
3. Develop Greek destinations sustainably, and ensure prosperity of host population	3.1 Environmental protection	a. Carrying capacity identification b. Zoning system application c. Architecture preservation d. Installation of sewage treatment systems e. Reduction of noise pollution f. Natural supplies management
	3.2 Infrastructure amelioration	a. Accessibility improvements b. Telecommunication improvements c. Public facilities advancements
	3.3 Transportation improvements	a. Improvement of local timetables b. Punctuality and reliability c. Improvements of vehicles d. Flexibility to meet demand needs
	3.4 Economic integration	a. Integration with raw material production b. Utilisation of local labour force c. Integration of tourism services d. Diagonal integration of destination's economy
	3.5 Equitable return on resources utilised	a. Establish mechanism for reinvestments b. Provide services for host community c. Invest in sustainability of resources d. Ensure equity in distribution of wealth produced

Source: Adapted from Buhalis 1991: 83a.

and rational management is the second strategic objective needed to increase efficiency and profitability of both Greek destinations and SMTEs in the long term. Standardisation of the service delivery process and minimisation of the labour cost through better operational management would be primary recommendations. Managers and employees should improve their productivity and marketing skills by intensive training. In addition, the rationalisation of supply management and the use of new technology is expected to reduce operational costs. Finally, integration of service delivery enables SMTEs to provide complementary services and achieve additional revenues without immense costs.

Human resources management is crucial in the delivery process of tourism products. The concept of 'internal marketing', where employees are perceived and treated as 'internal customers' has to be utilised in order to ensure their satisfaction. As Berry (1981: 34) states 'the satisfaction of the needs and wants of the internal customers can upgrade their capacity for satisfying the needs and wants of their external customers' and as a consequence, it can contribute to the competitiveness and profitability of Greek tourism and SMTEs. Satisfactory salary and working conditions are prerequisites for the well-being of SMTEs' employees. Long-term relationships between employees and SMTEs minimise turnover, enabling a better performance, while they reduce recruitment and training costs. Empowerment would enable employees to be involved in the management of SMTEs and authorise them to respond more efficiently to consumer requests, while contributing to their job satisfaction. Finally, the support of the GNTO is vital for the long-term survival of SMTEs. Apart from the improvement in infrastructure, the GNTO is expected to hold the strategic responsibility of the destination, as well as to regulate the competition in order to enable smaller enterprises to survive. Incentive policies need to reflect the specific requirements of each resort and enable development or improvement of certain types of enterprises. The GNTO is also instrumental in attracting assistance from European development funds while it should also coordinate the majority of Greek tourism promotional activity. A promotional mix which maximises the effectiveness of the communication message needs to be drawn, while budgets need to be available at the time consumers go through their decision-making process in order to influence their choice of destination. Finally, the need for the public sector to provide affordable financial resources for SMTEs is highlighted by the EU (EC, 1993b: 73).

The third strategic direction for Greek tourism and SMTEs should be the sustainable development of destinations and local areas, not only for the host population but also because this is vital for both consumer satisfaction and the profitability of SMTEs. Although in most cases SMTEs are unable to incorporate these types of strategic objectives and tasks on their own, they can initiate a framework of necessary actions for sustainable destination development through their associations. Environmental protection is naturally the most important strategic objective as consumers' environmental consciousness has been raised recently. Carrying capacity limits should be identified and strict regulations and guidelines for tourism development need to be drawn. A zoning system should be implemented in order to locate tourism activities according to the geographical morphology of the destination. In addition, natural resources management is necessary, as tourism demand may exhaust the resources and especially the water supplies. The installation of sewage treatment systems and the reduction of noise pollution should be considered especially for resorts which suffer the consequences of these problems. In addition, infrastructure amelioration must be one of the primary objectives, as it is an essential prerequisite for both consumers' satisfaction and SMTEs' development. The improvement of accessibility, public services, as well as telecommunications facilities is a crucial factor. Transportation is also significant in increasing both consumer satisfaction and profitability of SMTEs, as it determines whether consumers can access the destination easily, while it also provides the first impression to tourists. Improvements of timetables, and services, reliability; increasing transportation capacity; and an enhancement of the fleet in terms of speed, cleanliness and leisure facilities are all required. Furthermore, greater flexibility is needed by transportation operators in order to meet demand needs. Economic integration can improve the economic and social benefits of tourism in the region and the efficiency of SMTEs. Ultimately tourism should be utilised as the catalyst and major stimulant for regional development. Tourism enterprises should make every effort to use local raw materials and labour, in order to maximise the multiplier effects within Greece. Diagonal integration of destinations' economy can be achieved by rearranging the goods and service production in order to support the tourism industry demand, and thus minimise imports. Finally, SMTEs and tourism organisations need to offer a fair return-on-resources utilised back to the host community. A mechanism should be established in order to reinvest part of the revenues in the sustainability of resources; provide services for the host community, such as education, training, health services; and generally ensure equity in distribution of wealth produced from local resources. As the private sector cannot be expected to behave altruistically towards the host community, the GNTO and other public-sector departments should probably utilise regulation and taxation for this purpose.

Conclusion: Greek Tourism Needs a Long Overdue Master Plan and Comprehensive Policy

The emerging international tourism competition; the hitherto mass tourism orientation of the industry; the transformation of demand; the development of the volume of tourists visiting; the dependence upon intermediaries for the distribution of the tourism product in the major target markets; the lack of a wide range of managerial skills by Greek tourism entrepreneurs; and the lack of a comprehensive tourism policy or Master Plan by the public sector has led the competitiveness of Greece tourism to decline. This has several unfavourable implications for the profitability of the private sector as well as numerous negative economic, sociocultural and environmental impacts for the host population. As a result the return on resources utilised for the production of Greek tourism services is inadequate and the sustainability of Greece as a major tourism destination is rapidly becoming doubtful. Based on a strategic analysis, the paper illuminates the strategic weaknesses and structural problems of both the private and public sectors, and demonstrates that a rationalisation of the tourism industry is urgently required. Consequently, a grand strategy as well as a wide range of strategic directions, objectives and tasks are proposed for both Greece as an entity and its SMTEs. Although no quantitative targets are set in this paper, it is expected that each destination will analyse its resources and adapt its strategic planning accordingly.

The GNTO is urged to rationalise its strategy and to draw up a *Master Plan and a comprehensive strategy* for the entire country and for each resort, where a strategy would be adopted based on quantifiable objectives and tasks. Extensive research needs to be undertaken by using credible measurement methodologies, such as Input-Output models and multipliers analysis, not only for the economic, but also for the social, cultural and environmental impacts (Zacharatos, 1988, 1989; Buhalis

& Fletcher, 1995). A holistic tourism management system is demanded to facilitate the development and implementation of the tourism strategy, through funds allocation and monitoring, land use control, and examination of tourism public- and private-sector practices. A thorough examination of tourism impacts in each region would be a prerequisite for tourism planning as it will establish and provide scientific backing to strategic targets. Komilis (1994: 71) explains that although the various levels of planning (sectoral, national/EU, spatial or regional) are not mutually exclusive, but rather complementary, the regional level planning is more suitable for drawing sustainable strategies, especially for areas with dissimilar needs like the Greek destinations. The regional planning should 'contribute to the maximisation of regional development benefits in a way that utilises and mobilises the regional resource base, realises regional inter-sectoral linkages and is compatible with regional economic interests, societal values and environmental assets'. It should also take into consideration the uniqueness of insular economies, as well as the cultural and environmental resources of each particular region and the complexity of rural and urban functions. The planning process should encourage the complementarity and coexistence of economic activities, rather than promote sectoral separation and single-sector developments. In addition, it needs to improve the balance between regional self-sufficiency and dependence upon external inputs and finally it should promote integration within the European Union.

The *public sector* has to play its long overdue role as regulator, coordinator, infrastructure provider and promoter of the destination, while a multi-integration of the tourism industry, with all the involved bodies in the preparation, distribution and delivery of the tourism experience, needs to be ensured (Wanhill, 1993; Hall, 1994; Skoulas, 1994: 10; Stavrou, 1988: 46). The *private sector* also has an important role to play as it should improve the Greek tourism industry competitiveness by improving its managerial and labour force competencies, enhancing the quality of services, designing appropriate marketing mixes to attract and satisfy target markets and cooperating closely in order to achieve synergies and economies of scale (Briassoulis, 1993: 300; Cooper & Buhalis, 1992). To reverse the vicious circle of decreasing quality is of critical importance for the Greek tourism industry. Better quality services would stimulate the competitiveness of the Greek tourism product, strengthen its position in the international market, provide principals with distribution channel power, enhance its customers' willingness to pay and enable the industry to increase its prices, improving the profitability at the micro level and the economic impacts of tourism at the macrolevel. Ultimately a diagonal integration strategy for both Greek tourism and SMTEs should aim to delight consumers, enhance the long-term prosperity of SMTEs, and improve the welfare of the host populations. The Olympic Games in 2004 offer a unique opportunity to regenerate and rebrand Greek tourism, a cause which the entire industry should champion!

The Author

Dimitrios Buhalis is Senior Lecturer and course leader MSc in tourism at the University of Surrey. He holds a BBA from the University of the Aegean as well as an MSc and a PhD in tourism management from the University of Surrey. His research interests focus on information systems and technology, strategic

management, distribution channels of tourism, destination management and planning and destination integrated computer information reservation management systems.

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Correspondence

Any correspondence should be directed to Dr Dimitrios Buhalis, Senior Lecturer in Business Information Management SMSSS, University of Surrey, Guildford GU2 7XH, UK (d.buhalis@surrey.ac.uk).

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