

TOURISM/HOTEL AND RESORT INFRASTRUCTURE

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Sectoral overview

Culture, climate and natural heritage are at the heart of Greece's competitiveness in terms of tourism.

Tourism in Greece constitutes one of the fundamental pillars of the national economy and an integral part of our culture. The financial sustainability and prosperity of several Greek regions depend to a large extent on the tourism sector as it contributes to the local, regional and national economy and attracts new capital investments.



The total contribution (direct and indirect) of the travel and tourism industry to the Greek economy in 2006 was estimated to reach €37.2 billion (or 16% of the total GDP), while it is expected that in the next decade it could almost double (WTTC, 2007). The dynamism of the sector is also evident in the growth in employment. In the last three years (2004-2006) some 200,000 new jobs were created in the private sector, of which some 84,000 (or almost 42% of all new jobs) were in tourism (NSSG¹ estimates, 2007).

One out of every five jobs is in the tourism sector. In terms of direct and indirect employment, 867,000 jobs can be attributed to tourism, representing almost 20% of the total. Employment is expected to increase further, reaching 1.2 million jobs in the next 10 years or so. New

capital investment in tourism is also expected to double in the next decade or so, reaching €13 billion (WTTC, 2007).

Finally, tourism activity, as measured in terms of arrivals, has demonstrated significant growth in the last three years, reversing past trends. The positive effects of the post-Olympics era are evident not only in the established tourist destination areas of Crete, Rhodes and the other islands but also in cities, especially Athens and its region (Attica). In the Prefecture of Attica, hotel arrivals for the year 2006 saw growth of 9.8%. Five star-hotels witnessed arrivals growth of 12.5%, while for four-star hotels the figure reached 17%. This shows a shift in demand towards more exclusive services and the increasing role of luxury hotels.



Tourism is estimated to grow in the next decade at an average of close to 4% annually (faster than the anticipated European average rate and close to the global one).

TOURISM POLICY

Greece is upgrading its position as an established global tourism destination after the successful organization of the 2004 Olympic Games, reinforcing its positive image and reputation as a safe and ideal destination, re-defining its tourist policy, and seeking a new identity and brand.

The Greek Ministry of Tourism was established in 2004 as the competent authority for regulation, planning and programming with several executing agencies under its jurisdiction: the Greek National Tourism Organization for promotion and licensing of tourism enterprises, the

Tourism Development Company for managing tourist real estate, and the Organization for Tourism Education and Training.

Tourism is considered a key sector of the national sustainable development strategy with two major goals, to:

- Upgrade the quality of the tourist product and
- Broaden and enrich the product.

The means to achieve these goals comprises regulation (and control), incentives, physical interventions and promotion.

In order to upgrade the quality of the tourist product, the Government encourages high-quality investments by creating new hotel units and resorts and improving the existing basic technical infra-



structure (airports, ports, roads, etc). To this end, the Investment Law is a very useful tool for quality upgrading, as it provides incentives (grants, etc) to the private sector for developing and ameliorating tourist accommodation and services. It also supports a broad range of investment schemes (including special tourist infrastructure such as golf courses, marinas, convention centers, thematic parks, sports centers etc). There are also planning provisions for the withdrawal of old hotel units. In addition to the above, the establishment of a “one-stop” shop and the simplification of administrative procedures for investment approval encourage potential investors to successfully develop their visions. Public-Private Partnerships are also expected to accelerate processes and attract high-quality investments.

To achieve broadening and enrichment of the tourist product a series

of measures have been taken to differentiate the product and extend the seasonality of Greek tourism through the provision and development of activities throughout the year encouraging the development of special forms of tourism: spa-wellness-health; nature-eco-rural; cultural-conference-exhibitions-city break; sea-yachting, along with sports tourism, urban tourism and gastronomy.

At present, Greece is preparing a spatial master plan for tourism to guide investment decisions and provide specifications for the type and intensity of tourist development in tourist areas.

The marketing strategy for Greek tourism was redesigned, through a new promotion campaign (more than 60 million euros) aiming to strengthen the market share of Greece in traditional source markets but also to open up to new emerging markets.



GENERAL INFRASTRUCTURE SUPPORTING TOURISM

During the past few decades, the transportation network of the country has been modernized and upgraded. As a result, Greece today has an efficient transportation system, which supports fast and safe travel all over the country. New infrastructure projects are also in the pipeline and new connecting routes are being introduced to facilitate inter-regional and intra-regional mobility (passengers, vehicles, boats etc), opening up new areas and extending the benefits of tourism to the hinterland.

The new Rio-Antirrio bridge, the longest cable-stayed suspension bridge in Europe, is a technical and transportation miracle which connects the Western Peloponnese with Central-Western Greece. In addition, the development of a western (north-south) axis is likely to encourage private investments and the development of

tourism. In the north, the Egnatia Highway (an east-west axis), with a total length of 670km, will strengthen tourism in the northern regions, while interventions for upgrading the main central “spine” road axis connecting the largest cities of Athens, Patra and Thessaloniki have dramatically improved general north-south movements.

Greece is to a large extent characterized by its islands, so sea transport is essential. A program of re-development of ports is underway which will be to the benefit of tourism. New types of sea transport services (fast large vessels but also smaller hydrofoil-type ones) have led to a reorganization of tourism flows, improving accessibility to established tourism destinations and opening up smaller islands to tourism.

Finally, the airports of the country have also been radically modernized. There are in total 44 airports operating in Greece, 15 of which have



international connections, while the rest handle domestic flights. A new airport is to be developed to serve the “number one” tourism destination (Crete). The improvement of two regional airports is expected to open up new opportunities for tourism on the mainland. According to the National Statistics Service, 85% of foreign tourist arrivals come by air. Consequently, reinforcing the peripheral airports in order to handle international flights and giving emphasis to the interconnection between domestic destinations (especially on the islands) is an essential measure. In 2006, a new airport was inaugurated (in full operation) on the island of Kalymnos in the Dodecanese.

In parallel, substantial modernization of the main axis of the railroad service is ongoing as existing lines are being upgraded, facilitating inter-city transport on the mainland.

Furthermore, the run-up to the Athens Olympic Games 2004 witnessed a series of large-scale infra-

structure upgrades and improvements in the quality of service and the quality of life in Athens, which has been attracting a growing number of conferences and exhibitions. The construction and operation of the new modern Athens “Eleftherios Venizelos” Airport, in Spata, Attica, was an important milestone in the improvement of air travel to the country. A new peripheral ring road (Attiki Odos), the construction of a second Metro line and the new tramway service, as well as the development of a suburban railway service (Proasteiakos), have radically changed the transportation network and upgraded mobility within the metropolitan area. Service levels of the existing mass transport systems were considerably improved through the renewal of the bus and trolley-bus fleets and the overhauling of the Athens-Piraeus old subway stations.

If one considers also the new athletic infrastructure which was developed and the numerous private in-



vestments in upgrading hotels and services, it is easy to understand how Athens is gradually becoming established as a European regional city break destination. In the post-Olympics era similar large-scale infrastructure improvements are underway in the second-largest city, Thessaloniki (new peripheral road, Metro, etc).

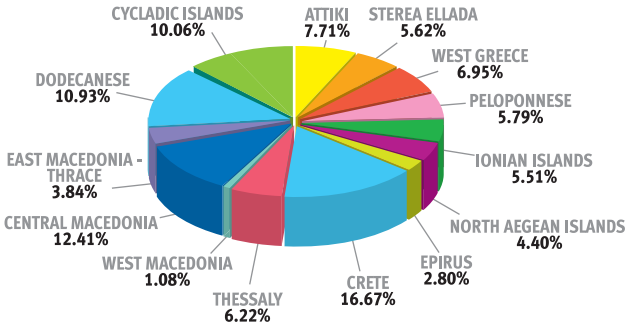
It is evident that large-scale infrastructure development in the context of urban improvement programs, if properly planned, can benefit both tourism and local communities.

TOURIST ACCOMMODATION AND INFRASTRUCTURE

Overall, tourist infrastructure in Greece can be distinguished in terms of accommodation, which has undergone substantial improvement, and special tourist infrastructure, including tourist facilities for special purpose tourism (yachting harbors, ski resorts, convention and exhibition centers etc).

Tourist accommodation is basically divided among hotels, accounting in 2006 for 682,050 beds (in 9,036 hotels), 31,274 camping

HOTEL DISTRIBUTION



Source: Greek Hotel Chamber, 2005

places (at 346 camp sites) and over 450,000 beds in rental rooms (mostly on the islands).

Hotels

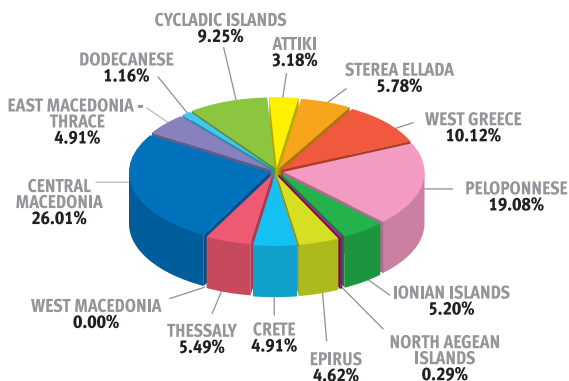
The distribution of hotel units among the Greek regions is as follows: More than half of the hotels are on the islands (Northern Aegean, Cyclades, Dodecanese, Ionian and Crete) while on the mainland these are mostly concentrated in the regions of Athens and Thessaloniki. In terms of beds, the distribution among regions is more or less the same.

The spatial distribution of hotels, with the islands possessing the majority of units, represents the comparative advantages of Greek regions in terms of the traditional tourist product of the country: sea and sun, mostly mass tourism. There have recently been slight changes in these patterns as a consequence of infrastructure improvements, promotion, as well as broader structural changes in terms of tourist demand, differentiating the tourist product. So,

there is important intra-regional differentiation as tourism flows spread to hinterland areas or surrounding smaller islands, diffusing the benefits of tourism. Tourism policy encourages such differentiation of the product, promoting new types of tourism. Such a policy can also contribute to the decongestion of established tourist destinations.

Intensifying competition in global tourism, accompanied with qualitative restructuring of demand and changing spatial patterns (and increasing spatial competition among destinations), is pushing supply to adjust as well in terms of the structure of the accommodation offered. New hotel units tend to be concentrated in the upper categories in the regions with competitive advantage, while in other regions (emerging as destinations) most new hotels are concentrated in the mid-level category, an upgrade essentially from the traditional emphasis on rooms-to-let. This tendency is encouraged

CAMPING DISTRIBUTION



Source: Greek Association of Camping

by the means of policy measures to upgrade hotel accommodation through incentives for new hotel development but also for redevelopment and renewal of existing units, financed partly through the Investment Law.²

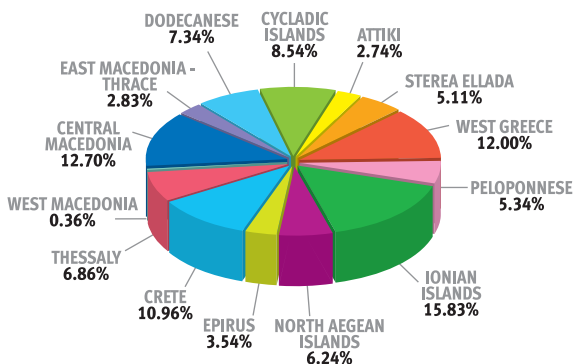
By the end of 2006, 638 tourism investment initiatives had been approved by the Investment Law (approximately €1 billion). Furthermore, the “Program on Competitiveness of the Third Community Support Framework” (2000-6 EU funds for regional development) placed emphasis on significant improvements, renovation, and extensions of existing infrastructure, which contributed significantly to the upgrading of the quality of the tourism product. One of the most interesting aspects of the new investments in hotels is the predominance of established tourist destination areas (Crete, Rhodes, Kos etc) in attracting new development but also the structural changes in product development: a fast-growing number of

resorts, meaning large-scale integrated tourist developments with special tourist installations (spas, conference facilities etc).

Camping sites

Camping in Greece is distributed among the Greek regions in a different manner to the general tourist demand. The camping distribution is presented in the above diagram: The chart shows that the distribution of camp sites is concentrated in mainland areas as on the islands it is mostly rental rooms which cover similar needs. Certain regions (Macedonia in the north of Greece and Peloponnese in the south, for example) demonstrate a higher concentration of camp sites. Although in the past camping facilities were mostly favored by low-budget travelers, it seems that the market is changing as this kind of holiday is now often chosen by travelers who want mobility and have a certain “philosophy” about their vacations (i.e. close to nature,

DISTRIBUTION OF RENTAL ROOMS



Source: Greek Confederation of Rent-rooms

more informal) but who also demand high-quality services and infrastructure. In order to be consistent with this new tendency, the existing legal framework has been modernized to include camp sites as eligible for incentives and the general regulatory framework has been adapted to provide modern standards and technical specifications for camping facilities. At present, a classification system is being introduced to organize (and monitor) camp sites according to their range of services and the quality of their infrastructure.

Rental rooms

Rental rooms constitute a significant part of tourism accommodation infrastructure in Greece. They are an integral part of the traditional characteristics of Greek culture: hospitality and family focus, as reflected in Greek tourism. For some regions, which are remote or with otherwise limited opportunities for employment and income, such as small islands and mountain communities, this type of accommodation is an im-

portant source to contribute to complementary income. Although rental rooms provide low-cost basic accommodation (bed-and-breakfast type), it is crucial to underline that fundamental measures have been taken to guarantee the quality of services they provide. Quality in tourism services is becoming increasingly important in international and domestic tourism, even in emerging destinations, which may offer low-priced products.

The distribution of rooms to let is skewed, with high concentrations in certain areas. Island regions account for about half, mostly in the Ionian Islands but also in two mainland regions: Central Macedonia (mainly on the Halkidiki peninsula) and Western Greece (the western part of the Peloponnese). The average size of business enterprises is very small in this category.

Special tourism infrastructure and new types of tourism

Greece is characterized by richness and diversity in terms of its natural and cultural heritage. This, plus the



fragmentation of geographic space on small islands, small valleys and mountains and a varied coastline provide great diversity and offer unique opportunities for the development of special types of tourism. Greece has an explicit policy to take advantage of the untapped potential of the Greek tourist product, which extends beyond the sea-sun formula. The development of special types of tourism can cater to the special needs of modern international tourism and also provides a valuable contribution to the regional and local economy as well as contributing to alleviating seasonality peaks.

Nature - eco tourism - adventures in nature - hiking

A diversified landscape, highly mountainous with almost 3,000 islands and islets, provides unique

opportunities for walks and activities in nature, much demanded by the modern traveler. Greece offers significant opportunities for such activities throughout the country. This is evidenced by the proliferation of initiatives in the last decade or so to explore such opportunities through the development of locations for rafting, canoe-kayak, hiking and so on.

Greece is blessed with a rich natural environment as well. Over 250 sites, of which 193 are characterized by EU standards as Natura 2000 sites (that is, areas of special ecological value), provide significant opportunities for education but also allow visitors to get close to nature. Gradually these sites acquire management regimes, which allow for the development of eco-tourism activities.



Sea tourism and yachting

Greece is a yachting paradise with over 15,000km of coastline and 3,000 islands. The yachting sector has also changed significantly over the last decade as the number of yachts has increased dramatically. Although the number of marinas and yacht harbors is still relatively small as compared to the country's potential, yachting represents a significant part of the tourist product, as many coves, smaller ports and fishing harbors offer shelter and basic services for boating.

There are 20 marinas and yacht harbors in operation, with a total capacity of 6,500 berths and an almost equal number currently under construction, but there is an evident demand for the development of many more.

Conference-exhibition facilities and MICE tourism

The development of the MICE (Meetings, Incentives, Conferences and Exhibitions) industry worldwide and the positive image of Greece as a safe and modern destination following the successful organization of the 2004 Olympic Games are major factors behind growth in conference and exhibition tourism in Greece.

Currently, there are 74 venues in the country and 446 hotels with conference facilities. One of the Olympic athletic venues (an enclosed stadium on the coast of Athens) is going to be developed into a major conference center as an international competition is underway towards that end. Across the rest of the country

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however, and especially in the established tourism resort areas (Rhodes and Crete as well as Thessaloniki) there is a growing demand for conferences and exhibitions and a substantial need for relevant infrastructure such as conference halls and exhibition spaces.

Golf

Golf comprises a new type of tourism for which Greece offers several ad-

vantages (very good-quality hotels, safety and security, life-style and an excellent climate for year-round golfing). There is increasing competition in the wider region (Mediterranean) to attract golfers and develop golf courses. Often a major driving force behind such development is real estate prospects associated with golf.

In Greece, there are five golf courses which meet international standards (18 holes), and a smaller one



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of nine holes. On the basis of approved investment projects these can easily double in the next five years while several other investments planned can easily triple the number of available courses.

Spa - thalassotherapy - wellness

Health and wellness tourism has recently started to gain a growing share of the travel industry. People now, more than ever, are seeking experiences that will make them feel healthier. Greece has a few hundred natural thermal springs with curative qualities. Out of these, 20 are in commercial operation, some in combination with hotel facilities and several others are under exploitation. A new law has recently been passed which modernizes the institutional status and context of thermal springs, thus simplifying procedures. Furthermore, the Investment Law provides incentives for the establishment, development and modernization of special types of tourism infrastructure (including health tourism centers, spas and thalassotherapy centers).

Skiing

Although Greece has a temperate climate, there are 19 ski resorts operating in several regions of the mainland with high-quality infrastructure.

SOME FINAL COMMENTS

Global tourism is changing in many ways: a growing demand for high-quality services, safety concerns, development of niche markets, e-tourism, low-cost carriers, the emergence of new source markets and new destinations, shifting spatial flows, increasing competition etc.

Greece is an established tourist destination with strong competitive advantages. Its image has been boosted substantially in the last few years. Several courses of action are being taken to improve the quality of the tourist product and strengthen its competitive position. Hospitality, climate, culture and tradition, natural beauty, gastronomy, good-quality hotels and services account for much of its strength as a tourism destination and a place for investments in tourism.

¹ General Secretariat of National Statistical Service of Greece

² Investment Law: 3299/2004 and operational program "Competitiveness" part of 3rd Community Support Framework.

USEFUL LINKS

[Ministry of Tourism
www.mintour.gr](http://www.mintour.gr)

[Greek National Tourism Organization
www.eot.gr](http://www.eot.gr)

[Hellenic Chamber of Hotels
www.grhotels.gr](http://www.grhotels.gr)