

HAPSc Policy Briefs Series

Vol 1, No 1 (2020)

HAPSc Policy Briefs Series



Tourism in the post Covid-19 era: An opportunity for expansion of the tourism season; The case of Crete

Alkiviadis Kyriakakis, Dimitrios Tzirakis

doi: [10.12681/hapscpbs.24970](https://doi.org/10.12681/hapscpbs.24970)

Copyright © 2020, Alkiviadis Kyriakakis, Dimitrios Tzirakis



This work is licensed under a [Creative Commons Attribution 4.0](https://creativecommons.org/licenses/by/4.0/).

To cite this article:

Kyriakakis, A., & Tzirakis, D. (2020). Tourism in the post Covid-19 era: An opportunity for expansion of the tourism season; The case of Crete. *HAPSc Policy Briefs Series*, 1(1), 227–237. <https://doi.org/10.12681/hapscpbs.24970>

Tourism in the post Covid-19 era: An opportunity for expansion of the tourism season; The case of Crete¹

Alkiviadis Kyriakakis² & Dimitrios Tzirakis³

Abstract

Tourism worldwide has been affected by Covid-19 and many tourism destinations have been hit hard. The effects of the virus on the tourism sector will be long-lasting and economic losses inevitable. Nonetheless, there is a strong positive correlation between tourism and economic growth. As a result of this, the tourism season expansion can, under specific circumstances, lead to greater economic growth. Global crises can help countries that effectively deal with them, to evolve and effectively expand their seasonality, along with specific measures taken by the local governments to restore tourism and even more to expand it (Beirman, 2003).

For Greece, and Crete in particular, that heavily depends on its tourism sector, the economic losses are expected to be devastating. However, based on the development of Covid-19, so far, Greece is presented with a unique opportunity to improve its comparative position and prolong the duration of its tourism season.

Crete is the ideal holiday destination to take advantage of the current situation, in order to prolong its season. Crete is an island with a very diverse landscape and a mild climate, all year round. The region of Crete, over the course of the past decade, has put significant effort in promoting its own brand and has already succeeded in extending the islands tourism season by at least one more month, with season starting mid-March and ending early November (Enterprise Greece, 2018). Moreover, in low season, there have been attempts by local Tour Operators and there has been a small but steady flow of Tourists, even in the extremely low season, between November and February. Of course, all initiatives taken by the locals, are important but are not sufficient. Coordinated support is needed by the government and the prefecture of Crete to boost the island and create a viable extent tourism season.

Introduction

On the occasion of the devastating outbreak of Covid-19 and the impact it is heaving on the tourism sector worldwide, this paper seeks to shed light on a different perspective of the ongoing crisis. A large number of articles has recently been written focusing on the impact of Covid-19 on the tourism industry and the measures that should be implemented in order for the sector to resume operations.

Every big crisis, however, is a chance for innovation and drastic change. As we have already seen with several other sectors during the Covid-19 pandemic, these difficult times may also lead to new opportunities. In this paper we will examine the case of the island of Crete. The pandemic offers an

¹ To cite this paper in APA style: Kyriakakis, A. & Tzirakis, D. (2020). Tourism in the post Covid-19 era: An opportunity for expansion of the tourism season; The case of Crete. *HAPSc Policy Briefs Series*, 1(1): 227 – 237. DOI: 10.12681/hapscpbs.24970

² Commercial Analyst, MSc Management, University of Manchester. (correspondent author)

³ Political Analyst, MSc International Relations, University of Linköping.

opportunity to take certain actions that are long overdue. Although Crete has a longer tourism season than many smaller Greek islands, the model remains largely the same; The vast majority of tourists are summer lovers coming for the good weather and beaches.

This article will focus on the opportunity presented to convert the ‘lost months’ of the tourism season into an extension of the season, and eventually a metamorphosis of the tourism model as a whole. This will be pursued through a case study on the Mediterranean island of Crete, as Crete has much more to offer in many other forms of tourism, for instance, recreational and agricultural tourism. Crete needs to prolong its tourism season and in the long-run move towards a 12-months tourism model.

Economic Development and Tourism Expansion

Tourism and economic growth seem to be linked concepts for many countries, not only the ones that rely heavily on Tourism but also for many other countries, as the influx of foreign capital positively contributes to a healthy trade balance (Kaplan & Celik, 2008; Georgantopoulos, 2013).

Various studies have been carried out across different destinations; Balaguer and Cantavella-Jorda (2002) have examined data of Spain between 1975 and 1997 and have confirmed the theory of tourism-led economic growth. We have to admit though, that despite the fact authors concluded that growth can be applicable not only for developing countries, there is no substantial supporting evidence. Kaplan & Celik (2008), on their research mentioned the great impact of Tourism on the Turkish economy on a long-run basis by analyzing crucial macroeconomic indicators. Dritsakis (2004), investigated and confirmed that Greece relies heavily on Tourism in terms of economic growth by analyzing statistical data from 1960 till early 2000s.

On the other hand, questions have emerged regarding the importance of Tourism, especially in developing countries by benchmarking Spain and South Korea (Oh, 2005). Oh (2005) indicated that not always economic growth derives through Tourism and Croes and Vanegas (2008) have identified that tourism and economic growth might be interlinked so that tourism can lead to poverty reduction, but not in such a degree where there can be an impact on economic growth of a whole community.

Tourism development can occur only under a specific framework where certain circumstances exist. Political instability, terrorism and even corruption can damage the expansion of tourism of a certain area while it can lead to isolation of the specific destination and recession of the economy (Yap & Saha, 2013) while safety and security are positively valued derivatives regarding tourism and economic development (Papathanassis, 2016).

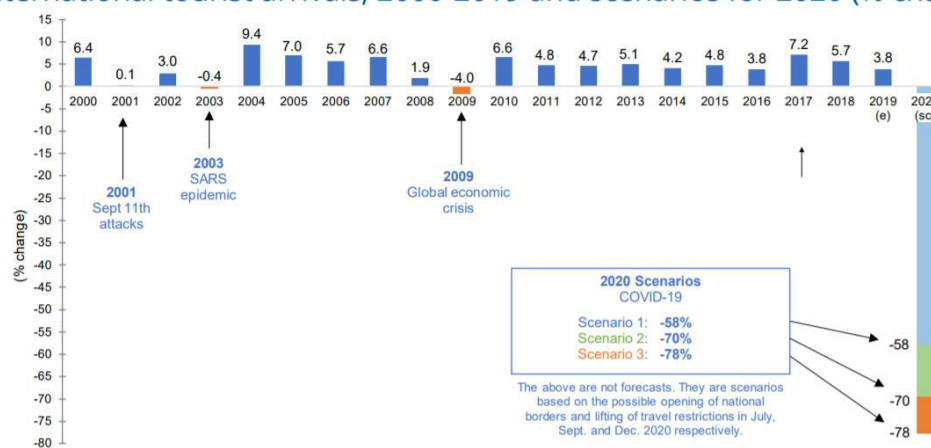
In connection to the above, tourism season expansion can lead to greater economic growth, under specific circumstances. The need of escaping from the beach-led tourism and the exploration of alternative Tourism models that will lead to sustainability and all-year-round tourism has been heavily supported by various studies (Kim & Chen, 2006; Papathanassis, 2016). Global crises can help countries that effectively deal with them, to evolve and effectively expand their seasonality, along with specific measures taken by the local governments to restore tourism and even more to expand it (Beirman, 2003).

The Covid-19 crisis

Covid-19 has developed into an unprecedented crisis, for the world as a whole and for tourism in particular. According to the IMF the global economy is expected to contract sharply by 3% in 2020 (UNWTO, 2020: 46). In the case of advanced economies this contract may even amount to 6%. Tourism has already been one of the hardest hit sectors worldwide and one of the sectors for which the changes brought upon by Covid-19 will be long-lasting (Maniga, 2020; Pololikashvili, 2020). Arrivals in March have dropped by 57%, while current scenarios point to declines of 58% to 78% in international tourist arrivals for the year (UNWTO, 2020: 27, 29). The twelve most affected countries (in total number of Covid-19 cases) account for a 39% share of world tourism arrivals. This list

Arrivals could drop 58% to 78% depending on pace of normalization

International tourist arrivals, 2000-2019 and scenarios for 2020 (% change)



Source: World Tourism Organization (UNWTO) (e) Estimate (sc) Scenario-based data

includes Spain, Italy, France, and Turkey (2020: 43).

Source: UNWTO

Most affected countries account for 54% of all spending (over 50,000 cases), as of 2 May 2020

As of 2 May 2020, a total of 215 countries, areas or territories have reported cases of COVID-19

Countries with more than 50K COVID-19 reported cases	Share of World Tourism Arrivals (%)	Tourism Share of Exports in the country (%)	Share of World Tourism Receipts (%)	Share of World Tourism Expenditure (%)
United States	5%	10%	15%	10%
Spain	6%	16%	5%	2%
Italy	4%	8%	3%	2%
United Kingdom	3%	6%	4%	5%
Germany	3%	3%	3%	7%
France	6%	8%	4%	3%
Russian Federation	2%	8%	1%	2%
Turkey	3%	17%	2%	0%
Iran	1%	5%	0%	1%
Brazil	0%	2%	0%	1%
China	4%	1%	3%	19%
Canada	2%	5%	2%	2%
Total	39%		42%	54%

Source: World Tourism Organization (UNWTO)
Note: Countries with more than 50K COVID-19 reported cases to 2 May 2020, according to the World Health Organization (WHO)

Source: UNWTO

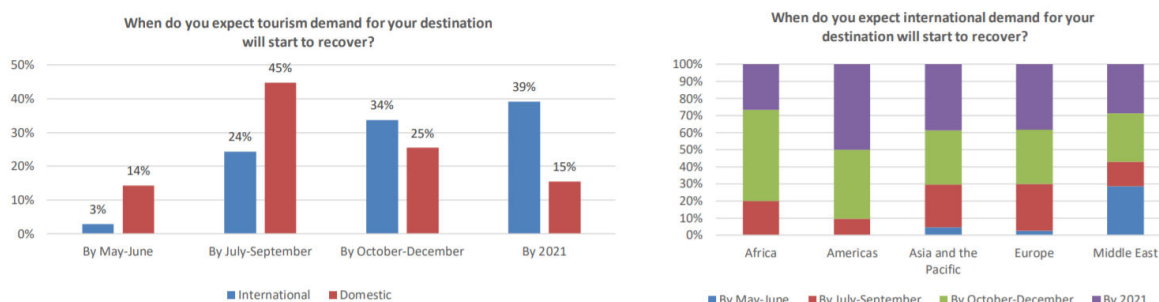
Furthermore, the size of the total impact is still unknown. There is a fear for major disruption in the airline industry, due to several airlines struggling to survive as a result of an already massive decline of 80% in air bookings worldwide in the first quarter of 2020 alone (UNWTO, 2020: 20). International passengers are expected to decline by 44% to 80% in 2020 according to ICAO (2020: 20). IATA forecast total air passenger market to end 2020 at -48% in RPKs (Revenue Passenger Kilometers) (2020: 20).

Many countries like Portugal, Spain, and Greece, heavily depend on the tourism sector. In the case of Greece, tourism directly contributes 20% to the country's GDP and employs more than 900,000 people, accounting for one fifth of the workforce (INSETE, 2020a). Since the financial crisis of 2009, tourism in Greece has been steadily growing and has strongly contributed to its economic growth over the past years. Now, however, arrivals are expected to drop dramatically. Director General of INSETE (Greek Tourism Confederation), Ilias Kikilias stated during an interview with Kathimerini newspaper that *"in the decade of the financial crisis, tourism – with a total of 260 million visitors and 143 billion euros of revenues from abroad, emerged as probably the most important pillar of our economy and employment. With Covid-19, tourism also emerged as one of the first sectors damaged, and at great speed and intensity."* (Ekathimerini, 2020).

Thus, the more important to tackle this issue effectively. Many hospitality professionals, politicians, and researchers focus on how to reopen the sector and with what measures in place, a very difficult and important aspect. Nonetheless, 'what is lost, is lost, and will not come back'. For many of these

countries, a big portion of the tourism season will be lost by the time the borders reopen (INSETE, 2020b: 5). For Greece, for instance, while many big hotels plan to open at early July, there is a fear of low levels of demand due to social distancing (UNWTO, 2020: 49). Countries will receive just a fraction of the travellers that they normally receive. It is estimated that international tourism will start to recover by Q4 2020 (UNWTO, 2020: 24). For the majority of tourism related activities in Greece, October normally marks the end of the tourism season.

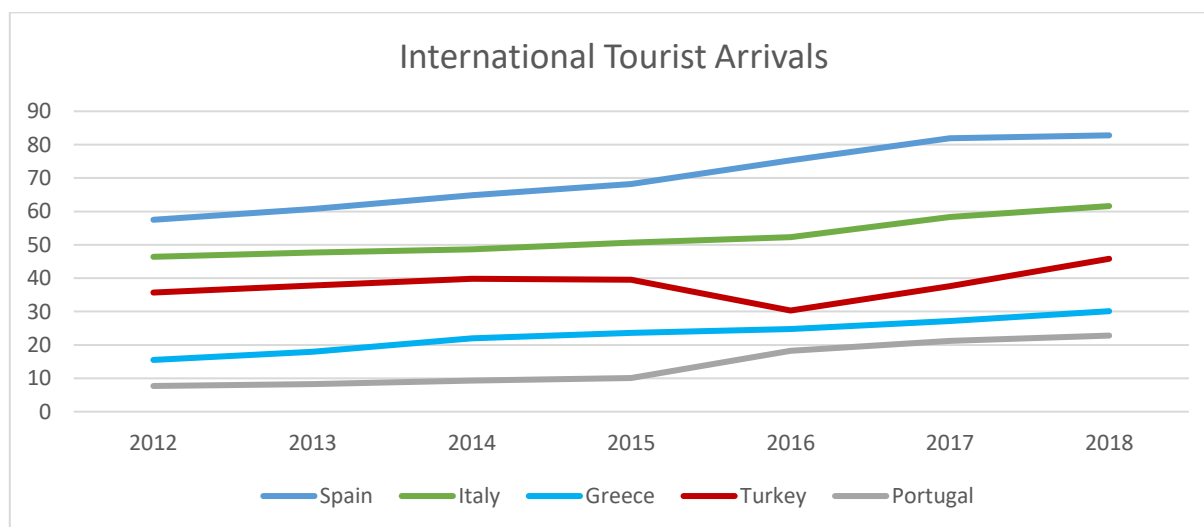
International demand would recover by Q4 and mainly in 2021 according to the UNWTO Panel of Experts survey responses



Source: UNWTO

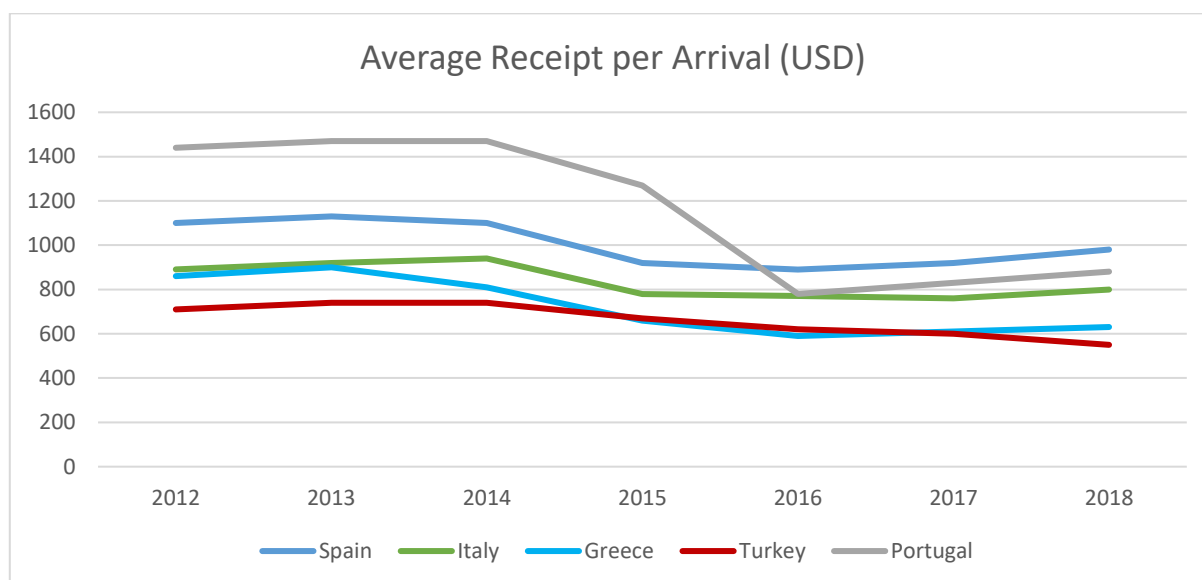
Discussion

According to the UNWTO, the 5 main Tourism destinations in the Mediterranean are Spain, Italy, Turkey, Greece and Portugal. Cumulatively these 5 destinations have served more than 240 million tourists in 2018 (UNWTO, 2019). Spain is the leading country with more than 80 million tourists served per year. The impact of tourism on the economy of all of those countries, exceeds 10% of each country's GDP (UNWTO, 2019).



Source: UNWTO

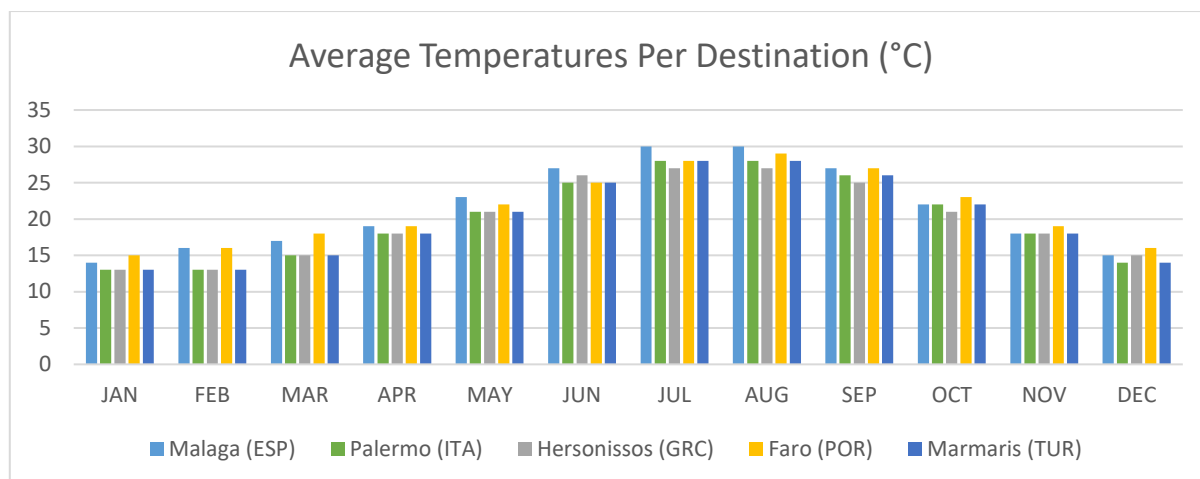
Revenue-wise, we can be surprised by the image that we get; Portugal seemed to be one of the most appealing destinations for high income tourists until 2016 when tourism started to grow rapidly, thus decreasing the average revenue per tourist. On the other hand, most of the countries have seen a decrease in the average spending per customer, which can be explained as a result of the financial crisis that initiated in 2009. In regards to Turkey, while statistics show that there has been a rapid decrease in the average spending per tourist, this should not be misjudged as appealing to lower income tourists; While the rest of the 4 countries belong to the eurozone and have a stable financial sector, Turkey has seen a rapid decrease of its currency (TRY) trade rate in comparison to the USD. Back in 2015, the average exchange rate of USDTRY was 2.55 while in 2018, this was doubled at 5.22. As a result, Turkey became a cheap destination that attracted tourists and assisted Turkey to gain a rebound over Tourism arrivals, after the failed coup of 2016 that took place in Turkey. Regarding Greece, Italy and Spain, they seem to follow a similar pattern.



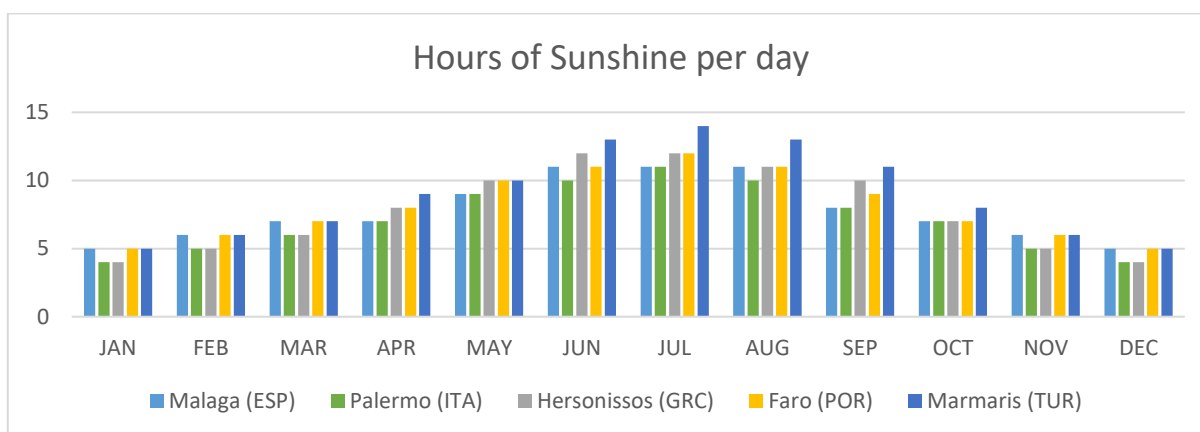
Source: UNWTO

The case of CRETE

Crete is a destination which is very popular with different kind of Tourists. As Crete is the largest island in Greece and the 5th biggest in the Mediterranean, Crete could be examined as a destination by itself, such as Cyprus or Malta. Crete is an island with a very unique landscape as it is an island with tall mountains that have snow 5 months in a year (summit of Mountain Idi at 2454 m.) and sunshine of approximately 280 days per year with more than 100 beaches awarded with the blue flag award (for water and area quality). The below tables show how Crete stands in comparison to other Countries across the Mediterranean in terms of weather and Sunshine.



Source: Accuweather



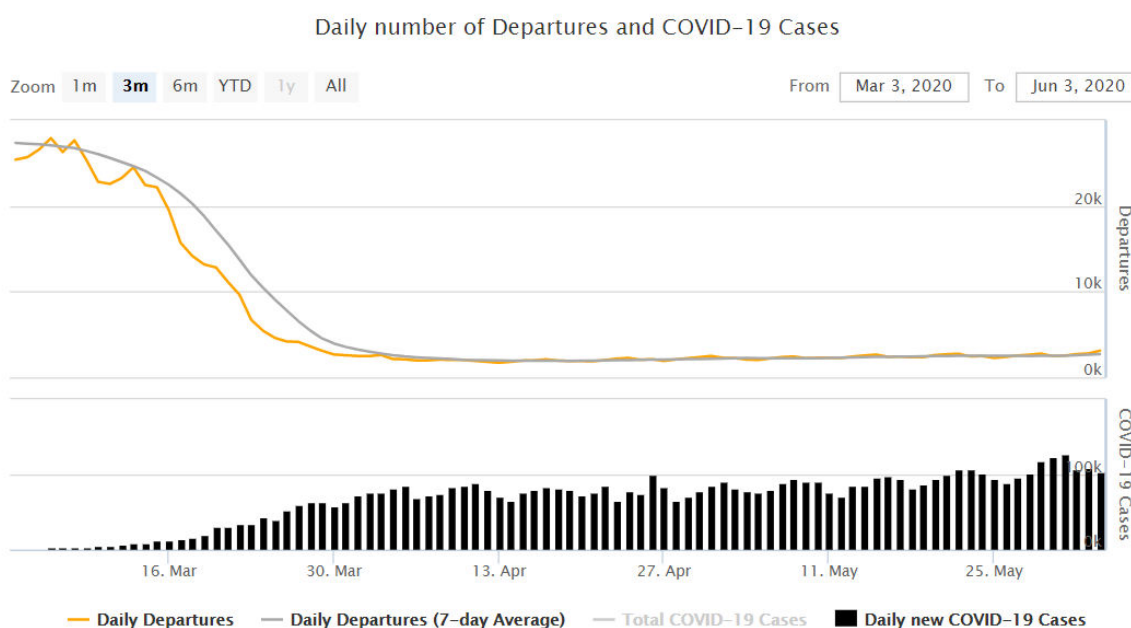
Source: Accuweather

This mixture of various landscapes that are easy to reach, has made Crete appealing to various kinds of Tourists. In comparison to many other destinations where each island is targeted at a specific group (e.g. Ibiza for Partying, Mykonos for tycoons and the jet set etc.), Crete has managed to diversify its portfolio and create a specific place for everyone. For instance, Chania area is very popular with the locals (Greeks) and with the families that seek a lively, intriguing but also relaxing destination to spend their time. Chania has the most awarded beaches in Crete (52) and also some of the most famous such as Elafonissi and Balos which are awarded as 2 of the 10 most famous beaches in Europe (Tripadvisor, 2020) while most of the hotels are small boutique type hotels. Malia is considered as a party destination such as Ibiza. Hersonissos is a very popular destination for Mass Tourism with big hotel units that have many facilities inside and offer to clients everything that they may need. This area also hosts many tournaments, conferences and incentives that require such facilities. Also, for the people that wish to spend more, Elounda with its true 5 star and deluxe hotels offers an unforgettable experience to upper-class people that keep a low profile, for more than 40 years.

Reasons to support season expansion

Investing in prolonging the tourism season will of course help counter the negative effects of the pandemic and the substantial economic losses. There is also a possibility that there will be a relatively higher demand for travel services in the 4th quarter of this year and possibly even in September (INSETE, 2020b: 5).

Moreover, there is another important reason why now is the right moment. One of the main challenges to prolonging the tourism season has historically been that the Greek islands heavily depend on charter flights. The airplanes used for these routes are used for winter destinations after the summer ends. Some traditional ‘winter destinations’ were hit hard by the pandemic, making it unlikely that they will operate, and even if they would many travellers will be hesitant to choose those places as a holiday destination. Many of the airplane fleets are ‘stuck on the ground’ and are likely to remain so as long as there are countries with closed borders (UNWTO, 2020: 3).



Source: ICAO

In the last years, Crete is following a different path in terms of branding and Tourism appeal. In most of the world exhibitions (such as WTM London, ITB Berlin), Crete either possesses its own stand or has a very large space inside the Greek stand, in a first try to promote the island as an all-year-round destination. In the last 10 years, a lot of progress has been made and Crete has managed to extend the tourism season by at least 1 more month with season starting mid-March and ending early November (Enterprise Greece, 2018). Moreover, in low season, there have been attempts to boost season

expansion by local Tour Operators and there has been a small but steady flow of Tourists, even in the extremely low season, between November and February.

Based on the evolution of the pandemic in Greece so far, especially in relation to the country's main competitors such as Spain and Italy but also France and Portugal, Greece has the opportunity to improve its comparative position and recover slightly faster than other markets (INSETE, 2020b: 5). In addition, the great dispersion of its customer base is another advantage that enables the country to take advantage of the various markets as they recover (INSETE, 2020b: 5). The combination of the above facts makes it possible for airlines and tourist agencies to support an initiative to prolong the tourism season. It is up to Greece to take advantage of the situation and prove that the country has more to offer than just 'sun and sea' (Papathanassis, 2016).

Conclusions & Recommendations

The Covid-19 crisis has affected tourism worldwide. Greece as being heavily reliant on tourism, has been subsequently affected. Nonetheless, due to successfully dealing with this unprecedented crisis, it is among the countries that is presented with a unique opportunity to use the pandemic as a future growth driver. The above analysis, using Crete as a case study, highlighted the fact that 'the right time has come', and that Greece is in the position to extend its tourism season, expand its customer base and diversify the services offered.

Recommendations

Steps to expand tourism base have been made in the last years. The initiatives taken by the locals are important but not sufficient. As a result, in order for the above set goals to be achieved, coordinated support is needed by the government and the prefecture of Crete to boost the island and create a viable extended tourism season. In terms of policy, Greece needs to escape from the narrow term of being a summer holiday destination and diversify its tourism profile by expanding into the developing sector of so-called "*experience tourism*" (Stamboulis & Skayiannis, 2003) such as gastronomy tourism, hiking tourism, rural tourism etc. These forms appeal to tourists in the low season where nature is intact and easier to reach (milder climate, not overcrowded). Moreover, most of these types of travellers are of higher income class (Brondoni, 2016). Greece needs to seek alliances in promoting this product in order to make it appealing to travellers. Alliances with tour operators from countries that constitute Greece's main travellers' base and are interested in such products are strongly advised (Georgantopoulos, 2013; Brondoni, 2016). Strong evidence exists that investment in M.I.C.E. & Sports Tourism can lead to tourism season expansion (Dwyer & Forsyth, 1997). In order to achieve

this, cooperation between the local authorities and the major sports clubs of the island should be established. Doing so will offer access to the athletic facilities and expertise necessary for the organisation of sport events with the ability to attract tourists, foreign sports clubs and media attention.

In addition to the above, allowances need to be provided during low season, in order to support the destination to become appealing. A series of measures should include the following:

- Strategic planning on infrastructure as a general guide
- Reduction or even elimination of airport fees for incoming flights
- Suspension of accommodation tax
- Reduction of VAT from 24% to 13% or even to 6%
- Transformation of unemployment benefits to work incentives
- Financial benefits and incentives to local businesses such as reduction of social-security contributions and company tax

References

- Balaguer, J. and Cantavella-Jorda, M. (2002). Tourism as a long-run economic growth factor: the Spanish case. *Applied economics*, 34(7): 877-884.
- Beirman, D. (2003). Restoring tourism destinations in crisis: A strategic marketing approach. *CAUTHE 2003: riding the wave of tourism and hospitality research*, 1146.
- Bellos, I. (2020). Tourism to fetch just 30 pct of 2019 takings. Available at: <https://www.ekathimerini.com/251634/article/ekathimerini/business/tourism-to-fetch-just-30-pct-of-2019-takings> (Accessed: June 13, 2020).
- Brondoni, S. M. (2016). Global Tourism Management. Mass, Experience and Sensations Tourism. *Symphonya. Emerging Issues in Management*, (1): 7-24.
- Croes, R. and Vanegas Sr, M. (2008). Cointegration and causality between tourism and poverty reduction. *Journal of travel research*, 47(1): 94-103.
- Dritsakis, N. (2004). Tourism as a long-run economic growth factor: an empirical investigation for Greece using causality analysis. *Tourism economics*, 10(3): 305-316.
- Dwyer, L., and Forsyth, P. (1997). Impacts and benefits of MICE tourism: A framework for analysis. *Tourism Economics*, 3(1): 21-38.
- Enterprise Greece. (2018). Crete Investment Profile. Retrieved 2020, from https://www.enterprisegreece.gov.gr/images/public/Crete_investment_profile.pdf
- Georgantopoulos, A. G. (2013). Tourism expansion and economic development: Var/Vecm analysis and forecasts for the case of India. *Asian Economic and Financial Review*, 3(4): 464-482.
- ICAO – International Civil Aviation Organization. (2020), COVID-19 Airport Status. Available at: <https://www.icao.int/safety/Pages/COVID-19-Airport-Status.aspx> (Accessed: June 5, 2020).
- INSETE (2020a). Key Figures of Greek Tourism. Available at: <https://sete.gr/el/stratigiki-gia-ton-tourismo/vasika-megethi-tou-ellinikoy-tourismoy/?year=2019> (Accessed: June 5, 2020).
- INSETE (2020b). Η πανδημία του COVID-19 και ο ελληνικός τουρισμός (The Covid-19 pandemic and the Greek tourism) | Ikkos, A. & Rasouli, G. Available at: https://insete.gr/wp-content/uploads/2020/04/2004_COVID-19_Greek_Tourism.pdf (Accessed: June 5, 2020).

- Kaplan, M. and Çelik, T. (2008). The impact of tourism on economic performance: The case of Turkey. *The International Journal of Applied Economics and Finance*, 2(1): 13-18.
- Kim, H. J. and Chen, M. H. (2006). Tourism expansion and economic development: The case of Taiwan. *Tourism management*, 27(5): 925-933.
- Maniga, P. (2020). The Impact of COVID-19 on Tourism | Policy Center for the New South. Available at: <https://www.policycenter.ma/opinion/impact-covid-19-tourism#.Xs1OIWgzZPY> (Accessed: June 5, 2020).
- Oh, C. O. (2005). The contribution of tourism development to economic growth in the Korean economy. *Tourism management*, 26(1): 39-44.
- Papathanassis, A. (2016). Curing the ‘beach disease’: Corruption and the potential of tourism-led transformation for developing countries and transitional economies. *Ovidius University Annals Economic Sciences Series*, 16(1): 75-80.
- Pololikashvili, Z. in gtp. (2020). International Tourist Arrivals Could Drop 20-30% in 2020 Due to Covid-19. Available at: <https://news.gtp.gr/2020/03/30/international-tourist-arrivals-could-drop-20-30-2020-due-covid-19/> (Accessed: June 5, 2020).
- Stamboulis, Y., & Skayannis, P. (2003). Innovation strategies and technology for experience-based tourism. *Tourism management*, 24(1): 35-43.
- Tripadvisor. (2020). Best Beaches in Europe. Available at: <https://www.tripadvisor.co.uk/TravelersChoice-Beaches-cTop-g4> (Accessed: May 27, 2020).
- UNWTO (2019). Global & Regional Tourism Performance | UNWTO. Available at: <https://www.unwto.org/country-profile-inbound-tourism> (Accessed: May 27, 2020).
- UNWTO (2020). UNWTO World Tourism Barometer May 2020 - Special focus on the Impact of COVID-19 | UNWTO. Available at: https://webunwto.s3.eu-west-1.amazonaws.com/s3fs-public/2020-05/Barometer_May2020_full.pdf (Accessed: May 27, 2020).
- Yap, G. and Saha, S. (2013). Do political instability, terrorism, and corruption have deterring effects on tourism development even in the presence of UNESCO heritage? A cross-country panel estimate. *Tourism Analysis*, 18(5): 587-599.