



WHITE PAPER "GREECE IN 2040"

# Tourism in 2040

The prevailing trends that will shape the path of tourism

Executive Summary

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**TOURISM IN 2040****THE PREVAILING TRENDS THAT WILL SHAPE THE PATH OF TOURISM****OCTOBER 2021**

In 2021, tourism in Greece –as well as around the world– is at a turning point. The future is becoming increasingly unpredictable due to the global COVID-19 pandemic and the growing uncertainty that has ensued. In this constantly changing landscape, Greek tourism must regain and improve its position in the global competition setting and at the same time strengthen its ability to address uncertain developments. A whole range of new emerging trends (megatrends) which are already playing a key role in shaping the world to come will have a considerable impact on tourism, bringing about profound and significant changes in the next decades and inducing the transformation of travel and the tourism product per se.

This report presents these new megatrends and the impact they will have on tourism. In view of the rapid changes and increased uncertainty, both the modernization and the adaptability of the tourism sector are a great challenge. Constantly evolving needs –as a consequence of digitalization, climate change, tourists’ increased sensitivity to sustainability issues, and demographic developments– require well-documented monitoring and analysis in order to promote carefully selected actions that will enhance the experience of tourists. The compilation of a targeted development plan that will trigger a series of key structural changes and show the course of action for the future ought to be among the priorities of tourism stakeholders.

## KEY POINTS

### Tourism in Greece

For Greece, tourism is a strategically important activity and one of the main pillars of growth, income generation and employment, while the tourism brand "Greece" is ranked among the top tourist brands in the world as Greece offers a very attractive and competitive visitor experience in key aspects of hospitality (accommodation and food) and ease of visit (safety, easy and economical transportation, behavior of residents). On the other hand Greece is disadvantaged in elements mainly related to the management and operation of destinations (cleanliness, information, unregulated construction, variety of activities).

During the economic crisis in Greece, tourism significantly contributed to its mitigation and to the course of recovery after 2017, thereby strengthening its position in the economy and in society. According to UNWTO<sup>1</sup>, in 2019 Greece was the 13<sup>th</sup> most visited destination worldwide. As long as Greek tourism remains focused on the "Sun and Sea" product and fails to adequately turn to account the opportunities provided by the available natural and cultural resources, the Greek tourism product will remain one-dimensional, with limited visit repeatability and intense seasonality.

In order for tourism –especially in the post-pandemic period– to maintain and enhance its high level of competitiveness, it will have to provide a smooth, sustainable and top-level experience across the entire range and "ecosystem" of the tourism value chain. Successfully adopting the principles of sustainable development and acting on modern megatrends will strengthen its competitiveness and will also contribute to the diffusion of its benefits to the entire Greek economy and society.

### Main Megatrends and their impact

The main megatrends that are expected to have a great impact on tourism are:

- technological development and digitalization
- demographic developments
- sustainability.

Megatrends will bring about significant changes for all four basic stages of travel:

- journey planning
- the en route trip experience
- the tourism experience itself and, finally,
- the trip back home.

Given the COVID-19 pandemic, the integration of **digital technology** was accelerated in order to ensure social distancing. The challenge Greek tourism is now facing is the further

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<sup>1</sup> UNWTO – World Tourism Barometer, Volume 18, Issue 2, May 2020

integration of technologies, aiming to create an all-encompassing digital travel experience in order to meet customer expectations towards customized and relevant content.

Destinations and businesses will be required to adapt their operation and work together to provide integrated sustainable experiences to travellers, protect the future of destinations and, of course, conform to a stricter regulatory framework. Reducing the environmental footprint, clean technologies, sustainable practices, supporting local communities, protecting the environment, developing alternative destinations, and managing flows are some of the priorities for all parties involved. Within this new context, governments are urged to take action and implement policies in order to promote change.

The adoption of new technologies involving Artificial Intelligence (AI), Augmented Reality (AR) and Virtual Reality (VR) will contribute to the automation and enhancement of the travel experience, providing safety through health controls and minimizing personal contact. Personal contact will become more important in serving the specific market segment that is geared to higher quality services and tends to spend more on holidays. In addition, increasing environmental awareness which is aimed at minimizing the environmental footprint will bring out sustainability as the most critical component. Entrepreneurship is no longer divided only into productive and non-productive, but also into ethical and non-ethical.

At the same time, the human factor will bring significant added value to the overall tourist experience.

**Demographic developments** will greatly affect the tourism sector over the next twenty years, but they will also create significant opportunities. In addition, they will contribute to changes in consumer behaviour, leading to new consumption patterns. Key demographic developments include population aging, emerging new consumer tribes, immigration and digital nomads are some of the trends that affect tourism supply and demand. Destinations and companies are asked to choose which market segment they will target, offering a correspondingly customized, complete and authentic experience.

The principles of **sustainability** refer to environmental, economic and socio-cultural aspects of tourism development. The right balance between them is sought, in order to ensure long-term sustainability.

Climate change and its containment strategies are expected to transform important aspects of economy and by extension tourism. Technology and "green skills" are important accelerators of sustainable development.

Competitiveness and resilience are two closely related concepts and key pillars of the sustainability of Greek tourism. Their reinforcement is extremely important for the productivity and reputation of Greek tourism. The improvement of destination management through effective policies and governance, exploiting digitalization with respect for biodiversity and nature conservation, in combination with innovation and the diversification of tourism products in order to achieve customized and individualized benefits, can contribute towards the resilience and competitiveness of tourism. Climate change, pollution, overtourism and a number of other negative consequences at destination or even at business level could be minimized through the promotion and enhancement of regenerative tourism. In addition, public funding of long-term actions and the support and promotion of the tourism product which is characterized by a reduced environmental footprint will lead to a stronger and more sustainable tourism economy.

### **Increasing competitiveness and resilience of Greek Tourism**

Demographic change, ecological and digital transitions often influence each other, support each other or accelerate each other. Understanding this interaction is a critical element of preparing for the future.

Taking advantage of new digital technologies, destinations can enhance their sustainability and overall attractiveness while tourism businesses can move from basic digitalization to intelligent use of data to create new products and services.

The sustainable tourism development guidelines and management practices concern all destinations and businesses.

Destinations and companies are asked to choose which market segment they will target, offering a correspondingly customized, complete and authentic experience. As digitalization permeates all aspects of tourism, the importance of the human factor will increase in bringing significant added value to the overall tourist experience

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