TOURISM AND THE ECONOMY IN TOURISTIC COUNTRIES LIKE GREECE

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Abstract

This paper presents an attempt to extend the evaluation process of the structural characteristics of the Greek tourist market and their outcome, especially with regards to the pricing policy of hotel services. Under this framework, we use a combinational analysis of factors of the Finance Theory. Techniques used in financial analysis, empirical results produced by previous research work undertaken in the area of international tourist demand, as well as current discoveries in the structure of Greek tourist market, aim at the extraction of useful conclusions, both for the Greek tourist industry and for tourist policy planning.

Key words: tourist demand-offer, break-even-point, price policy.

JEL classification: C40, D20, L11, L83.

1. INTRODUCTION

International tourism presents a constantly increasing development rate during the second half of the 20th century. Greece takes an important part in the formation of this rate, as it was ranked 10th in the year 2000 rankings for tourist destinations worldwide in terms of tourist expenses and 15th in terms of arrivals (W.T.O., 2001, pp.2, Gr Papanikos, 2005). Current situation, however, has produced a more skeptic approach from the World Tourism Organization in the estimation of the evolution of tourism figures for the next two decades, while an alteration is expected in the structure of international tourist demand.

On the other hand, the greatest part of the bibliography of tourism concentrates more on the outcome of tourism and the confinement of tourism development, often disregarding both market dynamics and the needs of tourism companies located and operating on destination or origin countries. (Buhalis, 2000, Burns, 1999, Ryan, 1991b). Pricing policy, as a dynamic and effective tool both for strategic planning and for company operation, has been marked by Normann (1991, pp125) as one of the most primitive success factors in companies dealing with the rendering of services. Still, pricing of tourist services has not been dealt with by research undertaken in the area of finance.

Under this scope, our target is to assist the fulfillment of this gap and the promotion of new relevant research fields. More specifically, current research paper targets on extracting structural characteristics of Greek tourism market and their consequences, especially in areas as the pricing policy of tourist services. Under this scope, we make use of combinational analysis, financial theory factors, financial analysis techniques, empirical results of previous research undertaken in the field of international tourist demand as well as recent findings on the structure of Greek tourism market, aiming at the extraction of useful conclusions both for the Greek tourist industry and for tourist policy planning.

2. TOURISM DEFINITION

Tourism can have various definitions depending on the use of the term by tourists or by the managers of companies offering tourist services. Tourism, an umbrella concept has a history dating back to 1811, or before, and continues to change in definition (Donald E. Lundberg, Mink H. Stavenga, M. Krishnamoorthy, 1995). In 1963, International Travel and Tourism Conference adopted a definition for tourism, based on the general notion of the "visitor" (Igoumenakis, 1997, pp 65 and G. A. Zacharatos, 2004). For statistical reasons, a visitor is considered to be every person visiting a country, other than that of permanent residence, for any other reason but work that is paid in the visiting country (Blohberger, 1985, pp33). Term "visitor" also embeds two more notions: tourists and excursionist (Bernecker, 1981, pp 43). The first category includes all temporary visitors, who reside for at least 24 hours in the visiting country and their trip can be categorized in: a) Recreation (sports, religion, health, holidays, or even adventure) and b) business or family meetings. The "excursionist" category includes all the temporary visitors, who reside for less than 24 hours in the visiting. Excursionist category also includes those participating on cruises. For businessmen tourism can be considered as the motivation for the development of several business activities targeting on amenities and tourist' satisfaction fulfillment. Companies as

restaurants, cafeterias, bars, discos, snack-bars, pubs and clubs among others, belong to the private tourist area, as well as lodging companies (hotels, motels, youth hostels, campings), transportation companies, recreational and cultural operator companies.

Tourism area can be easily considered as a financial domain, as it includes goods and services from various domains. The term refers to a nexus between industrial and commercial activities that assist tourist demand. Its components (companies, organizations, human resources) are categorized into two groups: a) those directly connected with tourism and b) those indirectly connected with tourism, that improve profits through it (Apostolopoulos, 1997 pp7 and Roy Youell, p.p. 2, 1998). Undoubtedly, the most financially influential domain of tourist industry is hotel industry, whose policy is to transfer its centre of attention to the tourist-customer, as the latter is responsible in forming a complete view from departure to arrival back home. Therefore, hotel services are considered as vital element of tourist products.

Lodging, of course, is also a criterion in the decision of a trip, but is rarely elemental in tourist demand, especially when taking under consideration recreation precincts as restaurants, taverns, piano-bars etc. Tourist demand is also differentiated when certain tourist activities are applicable as skateboarding, skiing or resting. Another factor that interferes with tourist demand is destination. Taking for granted that the areas hosting tourist communities also offer a set of tourist services, we, thus, have to take under consideration all previous factors.

3. TOURIST DEMAND AND OFFER AND GREEK MARKET PECULIARITIES

3.1 Tourist Demand

International tourism presents a special interest as a field of **MKT**. Competition is intense between destination countries, in conquering or maintaining a portion of the market. As a result, an analysis of the behavior of the tourist-customer has a special meaning for Marketing Managers that operate on tourist market. Studying tourist demand is a challenging task due to specialties that can be defined as:

a. Tourist-customer presents a "complex market behavior" (Kotler, 1988, pp 191) that is characterized by the interchange between consumers of the origin country and producers of the destination country. The participation of tourist-consumer in market decision is considered as extremely high in comparison to other goods. International tourism product is extremely high and different to such an extent that the choice is utterly influenced by the special characteristics of each consumer. In addition to that, due to differences between tourist destinations, a vast collection of information and appreciation of the

consumer behavior is required, as the consumer is often prejudiced for the destination countries.

b. Tourist product is an amalgam of a variety of goods and products. International tourism includes a huge number of different tourist choices. Considering also, the huge number of different motivations that characterize the choice for each destination, an almost infinite number of combinations of tourist goods and services is formed, from which the tourist-consumer ultimately chooses the most suitable to his needs.

c. Tourist-Consumer transportation is an inherent part of the tourist product. Transferring consumers to the product, instead of the product to the consumers, is not a unique privilege of the tourist product, but in comparison to other goods, it is of vital importance for tourism viability. To be more precise, international travel destinations include, very often, great distances, travel time and cost. It results from the necessity if transferring the consumers to the product, whereas it stands for an important part of the travel experience.

d. Currency is a necessity for the viability of international tourism. International tourism product is by far the most characteristic case of goods that demand currency exchange. Uncertainty investigation is needed, resulting both from the price of the tourism product to a foreign currency and from the fluctuation range of currency parity. Also, an examination of the degree of consumer sensitivity to changes either of the price or the parity may also interfere.

Economists define tourism demand as the set of tourist goods and services that the tourists-consumers desire and can afford in the price formed by tourism market in a specific tourist destination and time. It is, therefore, implied that there is a correlation between prices, as they are formed in the tourism market for different tourism products, and the amount of products demanded for each price (Igoumenakis, 1997, pp192, Steph. Karagiannis p.p. 23, 1993).

Based on the theory of consumer behavior and empirical research, the most important factors of a product's demand in the market are: a) product's price, b) the prices of similar products, c) consumer's income, d) consumer's number, e) consumer's preferences and f) consumer's expectations regarding the evolution of a product's price as opposed to their income (Kintis and Pournarakis, 1995, pp94-100).

Apart from the particularities presented by tourist demand, the aforementioned determinative factors of demand may be applicable in the tourism product as well. This implies that the demand for a satisfactory tourist packeges is defined by its price, prices of similar packets (which interference may vary depending on whether they are considered substitute or complementary), consumer's income, consumer's preferences and the size of the market it targets to.

Moreover, a number of researchers, in an attempt to find a satisfactory pattern of tourism demand, used a variety of interpretative variables (Crouch, 1996, pp119), as a) the evolution of parity between origin country and destination country currency, b) travel (transfer) cost, c) the level of financial transactions (international commerce) between origin country and destination country, d) cost of MKT of origin country, e) weather conditions, f) distance between countries, g) level of quality of the provided services, h) variable factors as terrorist actions, earthquakes, political crises, petroleum crises, etc.

3.2 The demand of the Greek Tourist Product

According to recent research undertaken by General Office of Tourism (Ministry of Development, 2000, pp5-11) the demand in our country and its apportioned destinations refers to an overwhelming degree to the sovereign form of organized demand for "Sun and Sea", and shows increasing seasonality limited on the period of April-October, with prime season between June-September. The international market to Greek tourist destinations is characterized by intense concentration and verticality phenomena of foreign tour operators. The incorporation of large tourist groups in conjunction with consequent and rapidly evolving repurchase and alliances between accredited clusters, air companies and tour operators, have radically changed the market. As a result, apart from international competition from other destination countries, Greek tourism has to face a short or uni-marketed structure of tourist demand that increases the negotiation power of tour operators in cases of fierce pressure for low prices.

The fact that the demand for greek tourism product is usually shown from EU citizens, along with the initiation of a common European currency is implying that the opinion other European consumers have of our country would be enhanced, as opposed to other destination countries (Turkey, Malta). Still, the structural origin of our tourist demand does not seem to evolve with regards to our country. For example, during the last decade it is observed that EU visitor figures are steadily rising, while there is a drastic rise from Eastern European consumers, as opposed to a significant fall in the American tourist market figures, who are considered to be traveling independently and spending a lot during their holidays. These facts have led to a fall in the tourist transactions. This is validated by rankings based on productivity ratios among 11 European cities, where hotels in Attica held the last position. This ratio has decreased by 8.8% to a mere 42% since last year. Other cities presenting such tourist behavior are Rome (-3.6%), Vienna (-3.2%) and Barcelona (-2.1%) (Newspaper "Βήμα" 08/03/2005). It is, also, worth noting the observed rise

of inside border tourism that has a positive effect in time course upon demand distribution.

As a conclusion, it is worth stressing out the intense speculation deriving from the constantly rising domination of mass tourism of low or average financial profile that tends to establish our country as a low financial profile destination and potentially classify greek tourist product as a second class one.

3.3 Tourist offer

As we have mentioned in chapter 2.1, tourism product is an amalgam of a variety of goods and services. Traditionally, tourism product is connected with tourist destination that is defined as a geographical region (e.g. a country, an island or a city) (Hall, 2000, Davidson & Maitland, 1997). However, all tourist destinations offer an amalgam of goods and services, consumed under the brand-name of each tourist destination. As explained by Leiper (1997, pp87), destinations are areas that tourists choose to travel to and stay for a time period with the aim to experience their certain characteristics. In addition to that, Cooper, Fletcher, Gilbert, Shepherd and Wanhill (1998) define a tourist destination as a set of amenities and services, planned so as to satisfy the needs of the tourist-consumers.

Following the approach of Krippendorf, Zimmer and Glauber (1988, pp 15), we accept that the offer of the tourism product is a combination of important discrete elements which are:

a. natural resources, region, climate, landscape, flora and fauna

b. general infrastructure, as roads, energy power, water supply, telecommunications, biological areas, post offices, banks, etc.

c. social and cultural infrastructure, as traditions, manners and customs, historical and archaeological sites, language, religion, cultural shows.

d. tourist infrastructure, funicular, skiing sites, casinos, sport sites – in order to fulfill the needs of tourists.

e. tourist upper-structure, that is, the offer of main and supplementary tourist goods and services as stay, transport, facilities, food, beverages, etc.

Tourism product is, to sum up, a series of goods and services that tourists-consumers use or buy after they compare them with other tourist products using criteria as location, infrastructure, quality and price. Thus, the former implies that buying "junk food", middle category car renting, or reservation booking is an act of routine for the simple consumer. For those, however, that seek out holidays, destination and hotel choice would be made according to different standards, whose analysis demands using different techniques and leads to a different decision making.

3.4 Tourist Services Offer in Greece

According to assumptions made in the aforementioned research undertaken for the Hellenic Ministry of Development (2000, pp. 12-18), tourist offer in Greece is characterized by small-sized facilities (50% of the hotel units has less than 100 rooms), 75% of which is located on 5 of the 13 Greek precincts. A number of weaknesses and malfunctions is a product of this small hotel unit size, among which are the small threshold of supplied services, the inability of "following" the evolution of the market and demands as well as tendencies in offers on competitive destinations, inability of achieving financial stability etc. Another characteristic of tourist demand is seasonality. Seasonal operation characterizes the rest of the tourist offer of complementary services (food supply, recreation etc), that are thus concentrated and operating where and when there is a substantial amount of hotel rooms.

There is an international rise in urban tourism, due to the abundance of business and conferences travels, the exploration of cultural activities, the fall in air fares, the abolition of boundary checks, the common European currency and advances made in technological means (transportation, internet). Our country has not materialized these advances that would allow the extension of tourist period to winter months, among others. Its geographical distance from other EU countries defies the opportunity of visitors from neighboring countries without boundary checks. On the other hand interior market could offer alternative opportunities, if an important lack in appropriate lodging infrastructure and attraction sites during off-season periods was not identified. The fact that, the advantages of greek tourist product are inherent (natural environment, culture), may imply that important advances could be made in quality assurance and differentiation through human-oriented advantages. There is a lack in organized cultural activities with appropriate schedule, along with malfunctions in prefecture-oriented tourist services, a lack of rapid development in thematic parks cultural excursions and recreation areas, and a lack of organized shopping markets while current tourist infrastructure presents a high geographical concentration. Time expansion of tourist season implies amendments in all these factors.

4. EMPIRICAL RESULTS OF TOURIST OFFER ELASTICITY

This research is neither a financial research that targets on extracting personal empirical results, nor presenting financial directives that apply for the tourist market. For this reason, a reference on empirical research of financial bibliography on tourism, regarding the extraction of justified and therefore useful results is more applicable. Studying tourism bibliography of empirical research on tourist-consumer behavior, one may find Prof. Crouch as a representative bibliographic reference. In this research, Prof. Crouch gathered data from 77 empirical research papers of international tourist offer – in which, 1350 estimations on tourist offer income elasticity tourist offer and 1700 estimations on price elasticity where included- and by using Meta-Analysis method, contributed in the representation of some of the basic characteristics of tourist behavior. (E. Argyropoulos – Steph Karagiannis, 2001). In practice, however, the observed price, elasticity varies considerably both over a period of time and in figures. The reason for that is a multitude of factors that are difficult to model. The main determinants of price elasticity are the availability of equivalent substitute products, the relative importance of the product in spending budget, the amount of time available to adjust to the price change, and the status of the products as a necessity or luxury (Donald E. Lundberg, Mink H. Stavenga, M. Krishnamoorthy, 1995, p.p. 35)

The findings of these empirical research lead to the conclusion that the main characteristic factors of elasticity of international tourist offer (Crouch, 1996, pp122-123) are the following:
1. Time period
2. Nationality of tourists-consumers
3. Tourist destination
4. Distance

Thus, the aforementioned factors differ when examining special cases. Co-estimating the variety of applicable methods and technical data analysis systems, results of empirical research may lead to different conclusions. Still, a more careful study of the research results shows some of the basic characteristics of the international tourist product.

Crouch (1996, pp128), also, mentions that the statistical mean value of samples of elasticity, examined by himself, has a negative value, implying the strength of substitution result and/or the expected competition between tourist destinations, while a small percentage of evaluations has a positive value representing either a complementary relation between destinations or both.

The outcome of Elasticity on Tourism

Contrary to demand, tourist services offer may be characterized as particularly or strictly inelastic one as there are difficulties in adapting it to demand variations. We therefore assume that tourist market is composed of a rigid tourist offer limited by the size of the seasonal pattern. The absorption of tourist offer demands a huge capital targeted on elastic, seasonally and geographically concentrated demand.

As we have already mentioned, providing tourist services depends on a great extent on the offer. Since, there is no possibility of concentrating deposits

production will begin only when there is demand. This discrepancy between elasticity of demand and inelasticity in tourist offer- which is a common fact in tourist units- is responsible for the problem of surplus organic capabilities.

Tourist market, as all other kinds of markets, is subjective to the interaction between offer and demand and has the same organic characteristics. Due to specialties in tourist demand and offer, however, there is a natural difficulty in defining the equivalence value, which is the most elemental factor in market operation. Pricing policy is an important issue for a hotel or tourist enterprise. The same rule applies for destination countries, mostly due to the fact that price should conform to the unstable balance between competence and retaining a tourist prestige as a destination country offering differentiated kind and quality of services, that inevitably leads to differentiated pricing policy.

5. BREAK-EVEN-POINT ANALYSIS AS A PRICING POLICY

Using break-even-point analysis we examine the relation between investor cost and gain-capable sales size. It is a procedure of defining the level of sales that surpass running costs. If the operation cost of a business was defined as variable, then we would be indifferent in defining the level of profitable sales, as an appropriate price level, would create a profitable framework for a business from the first offered unit. The fact, though that a part of the total operating cost remains stable and unaffected by the work circle, inevitably leads to loss until a certain sales threshold. Thus, in order to minimize the opportunity of logistic faults, the work cycle should be greater than the total running costs defined as the summation of stable and variable cost.

Acknowledging that in breakeven-point analysis, the total sales value equals to the total operating cost, we can – as described in Appendix I- calculate either the break-even-point of the amount of sold units Q* or the break-even-point of total operating costs (sales value) TR* as following:

$$Q^* = \frac{F}{c} \qquad (1)$$

$$TR^* = \frac{F}{CR} \qquad (2)$$

where:

F : Total stable cost

c : Mean contribution margin

CR : Contribution rate

Linear break-even-point analysis is extremely incapable in offering results. The basic hypothesis is that the products price is stable. Therefore, an examination on the outcome of product price variation on business profit leads to a need of creating various diagrams (as that in Figure1), respective to the number of price levels.

As we have already mentioned, due to specialties in tourist demand and offer, pricing policy is a venture for the Business manager of a hotel enterprise. Following as a pricing method the linear break-even-point analysis, we calculate, for each level of price (P) the sales threshold (TR) according to (2). The disadvantage of this method is that the mean variable cost, v, and therefore the contribution ratio, CR, are stable for all sales levels. Still, an increase beyond the capabilities of the enterprise leads to overworking, and thus resulting in a dramatic increase on variable costs. In addition to that, it may be necessary to make new investments in buildings and equipment when over a predefined level of work cycle that leads in an increase on stable costs. Last but not least, eventual variations on quantity and quality of the offered services (product mix) that affect the inclination of cost function are disregarded in break-even-point analysis.
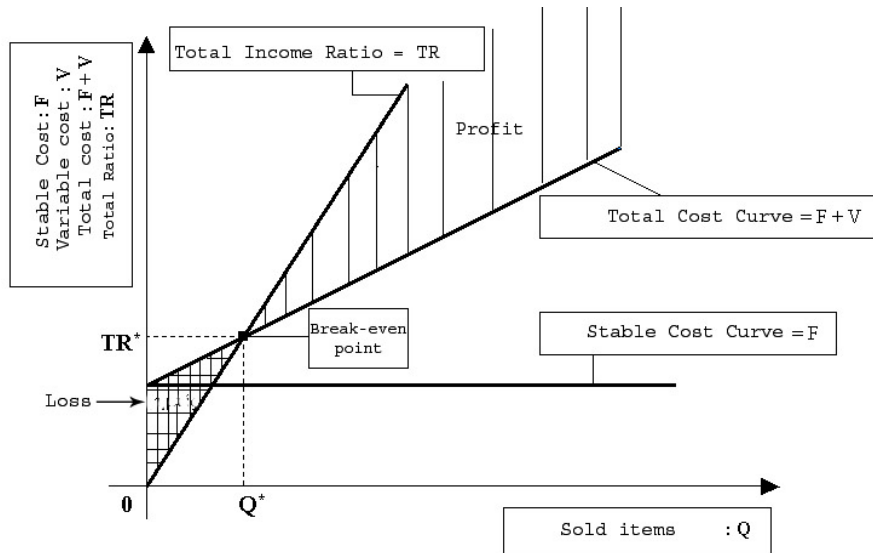
Figure 1 Linear break-even-point analysis

It is worth stressing out certain characteristics of the break-even-point analysis for hotels. To be more specific, it is observed that the hotel market presents great investment figures that consequently lead to important depreciation figures. In that case, along with classical break-even-point analysis, a parallel application of Flow break-even-point analysis is suggested (Weston and Copeland, 1988, pp. 192-193).

In physics *leveraging* is defined as an operation through which, by using a lever we success in raising a heavy object with small energy consumption. In order to further examine the effect of sales level variations on business profit, we use operational leverage term. In business terminology, a high operational leverage factor implies that a relatively small percentage variation on work cycle would result in a great percentage variation on operating income.

Operational Leverage Factor (OLF) , represents the reciprocate level of profit as opposed to variations in sold units (or work cycle) and is algebraically defined as the quotient of percentage variations of operating costs to the percentage variation on sold units (work cycle).

For each level of solds units, Q, OLF is calculated as:

$$OLF = \frac{dX}{dQ} \cdot \frac{Q}{X} \qquad (3)$$

Where, dX/dQ is the first partial derivative of operational income X as opposed to sold units Q.

On each different level of work cycle (total income ratio), TR, OLF is defined as

$$OLF = \frac{dX}{dTR} \cdot \frac{TR}{X} \qquad (4)$$

Where, dX/dTR is the first partial derivative of operational income X as opposed to work cycle TR.

As described in Appendix II, we can prove that in each different level of sold units, Q, OLF is calculated as follows:

$$OLF = \frac{dX}{dQ} \cdot \frac{Q}{X} = c \cdot \frac{Q}{X} \qquad (5)$$

While for each level of work cycle, TR, OLF is:

$$OLF = \frac{dX}{dTR} \cdot \frac{TR}{X} = CR \cdot \frac{TR}{X}. \qquad (6)$$

As we mentioned before, break-even-point analysis, has a special meaning in identifying the effect of variations in work cycle on business profit, and that it is different for each enterprise between stable and variable cost.

Assuming that the size of stable cost defines the level of technology used in production and knowing that advances in technology lowers variable costs, we are led to the conclusion that the greater the ratio of stable expenses to mean variable cost (F/v), the more technologically advanced is the production line of an enterprise. As shown in Figure 2, a high F/v ratio would result in a new stable cost curve, F2, that would represent a higher sales level, TR2, while lowering mean variable cost will lead to a new total

cost curve (F2+V2), that has a less rigid inclination. As a result, raising F/v ratio achieves a higher break-
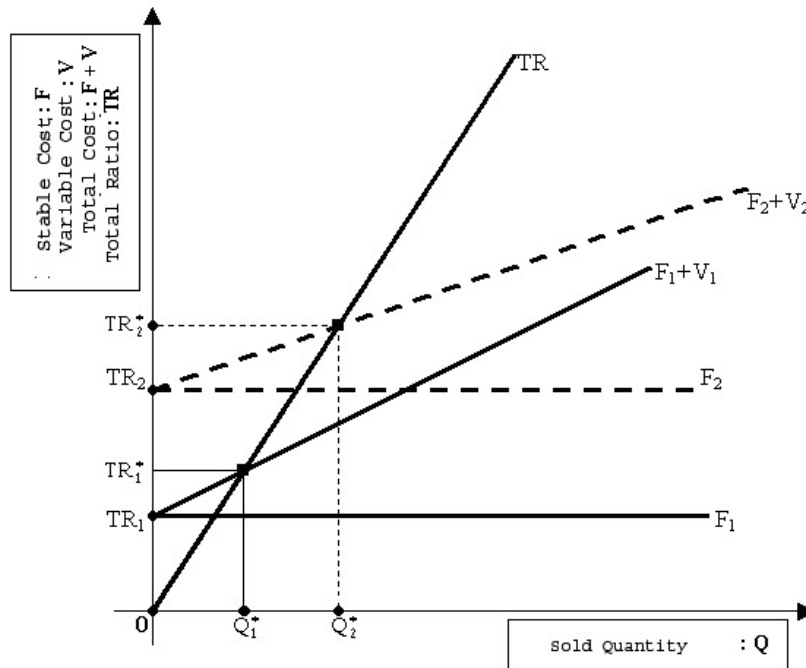
even-point sales level, TR2.

Figure 2 Break-even-point analysis of 2 different enterprises

Let Figure 2 depict a break-even-point analysis of 2 different enterprises that operate on the same branch. Stable cost F1, of enterprise A is lower than respective F2, of enterprise B and therefore the mean variable cost v1 is higher than the respective v2 of enterprise B. As we can observe, the lower F/v that corresponds to enterprise A leads to achieving a sooner break-even-point. Still, since both operations share the same total income curve, TR, the smaller inclination on total cost curve F2+V2, leads to the conclusion that after the break-even-point, enterprise B, has a greater profit rate than enterprise A. In other words, a greater F/v ratio equals to a higher OLF for operation B.

It is obvious that the aforementioned have important consequences on the pricing policy of an enterprise. In the example of enterprise A and B, we can see that the greater sales level TR2 is, where the enterprise have greater profits, then the greater OLF of enterprise B would offer much more flexibility in pricing policy. This implies that in the same sales level, enterprise B has the opportunity to lower prices to such an extent and still be profitable but if enterprise A follows the same pricing policy it would have financial losses.

As a result a high OLF factor states that an aggressive pricing policy may lead to an increase in profit, especially when a product's purchase is characterized by an elastic offer as opposed to price. Still, having defined OLF as the elasticity of profit to

the work cycle, then a high OLF implies that business profit is more susceptible to changes in sales. This means that the higher the OLF factor, the greater the variability (increasing or falling) of the profits of a company in corresponding changes in its work cycle. To sum up, if the surveyed enterprise belongs to a certain area that holds a high interference to cyclic financial fluctuations, then maintaining a high OLF would result in higher fluctuations on profit deriving from variations in a more general financial activity.

6. PRICING POLICY EFFECT OF GREEK HOTEL ENTERPRISES

As we have already mentioned, international tourist demand is becoming all the more elastic to variations in price as its structure is affected by the increasing participation of lower socioeconomic population. Especially, greek tourist product demand as we have already mentioned in 3.1.1, is affected to a great extent by the organized demand for "Sun and Sea", that shows high elasticity in price in relation to demand of "Sightseeing Tourism" (Crouch, 1996, pp. 123). As we also mentioned, greek tourism, except for the international competition, has to deal with the short or uni-marketed structure of tourist demand that increases the negotiation power of tour operators in cases of fierce pressure for low prices. Co-estimating the increasing effect of mass tourism of middle or low

budget, we are led to the conclusion that greek tourist product demand is especially susceptible to price variations.

The majority of empirical results characterize international tourism as luxury product. Still, in periods of fall the international tourism income shows a strong durability as consumers' behavior is characterized by unwillingness in altering the consumption of holiday product.

According to Roiss-Steindl (1985, pp19-20) income elasticity of tourist offer shows a falling tendency especially in industrial areas. Knowing that according to statistical data of Hellenic Tourist Organization, during the 90s, 72% of foreign tourists where from EU countries, we could adopt the approach that the greek tourist industry is not susceptible to changes in the general financial activity. As we mentioned in chapter 5, tourist branch is characterized by an increased size of de facto elements and therefore depreciation. As a result, one could be easily led to a superficial conclusion that hospitality branch is characterized by a high F/v ratio – that equals to a high OLF- that implies the fact that an aggressive pricing policy may be profitable, since greek tourist product offer is considered as being elastic with regards to price and simultaneously is not susceptible to cyclic financial fluctuations.

However, greek reality is different. To be more specific, as we mentioned in 3.2.1, tourist offer in Greece *is mainly characterized by* small-sized hotel units. The small size of the units presents obstacles in their staffing with managers capable of applying efficient marketing strategies, while as we have already mentioned, is responsible to a great extent for a series of inabilities and malfunctions as the low threshold of offered services, the inability of attending changes in markets as consequence of demand requirements and offer tendencies in competing destinations, inabilities in achieving scale finance etc. In addition to that, seasonal and geographical concentration of tourist offer intensifies its observed inflexibility. Last but not least, the exclusive follow-up of "Sun and Sea" does not offer great flexibility in pricing policy.

7. CONCLUSIONS

By accepting that tourist industry is a service offering industry, we would expect that it would be a branch directve on adapting as soon as possible to changes on consumers requirements, while the price as basic element of marketing mixture of the tourist product, would be a subject of intense checks and evaluations (Cooper, Fletcher, Gilbert and Wanhill, 1993, σελ. 214 και 228).

Still, despite the fact that tourists-consumers of the greek tourist product have a behavior, whose basic characteristics allow- according to theory- a flexible

pricing policy, in reality greek enterprises are incapable of using their price as a "lever" *for arising* their productivity.. The main reasons for that phenomenon are a) the existence of tour operators between consumers-tourists and greek tourist operations, resulting in characterizing greek tourist market as small or uni-marketed and b) the structural inabilities that are expressed by the greek tourist services offer.

In Greece, tourist offer is to its vast majority composed by small hotel units. As a result, the market operates under circumstances of perfect competition that makes it susceptible to tour operators (Papatheodorou, 2001, σελ. 171). As expressed by Wanhill (2000, σελ. 144), the great number of small-sized hotel units increases however both entrepreneurship and employment. As a result, it is not easy to make a decision in leading some enterprises out of the market. On the other hand, it is vital to increase the negotiable strength of greek tourist industry. Papatheodorou (2001, pp76) explains that the choice of tourist destination is susceptible to limitations imposed by underlying circumstances in the area of transportation, housing, and tour operation. However, in our country, these activities are controlled by different ministries or prefectural administration centers which proposed policies are not co-operational but in most cases mutually disqualifying. As a result, in order to face this problem, the adoption of totalitarian approach is required that would deal with the inabilities in sharing a common strategy that would intensify the negotiable strength of greek tourist industry and would validate a more fair and stable relation with international business groups of tour operators. The need for an increased coordinator role of the state with the aim of intensifying negotiable strength of tourist industry is stressed by Sharpley (2000, pp289-290). He states that despite the emphasized tendency in Europe of a constant drop of control of the state on tourist industries, a governmental planning, directing and control is required in order to achieve the national goals of tourist policy.

To sum up, as we have already mentioned, greek tourist product offer is primarily based on organized demand for "Sun and Sea". Still, our country is developing special or alternative tourist forms (conferential, sport, health, mountain, cultural, ecological, agricultural etc), that for the time being consist of a set of guard-market that present small but interesting, from a financial point of view, figures. (E. Giannopoulou, 2004, p.p. 144 – 154) As a result, a vast number of combinations of the classic holidays with one or more forms of thematic tourism may be approached. This would lead in forming enriched tourist products that would use the motive "sun-sea", with a parallel inclusion of cultural deposit and other comparative advantages of our country. There is, therefore, futile ground to achieve a restatement of the

greek tourist product in the international market. This differentiation would be the natural evolution of greek tourism from massive to selective, directed on the needs and requirements of the customer, so as to limit the ability of substituting Greece with other Mediterranean destinations, by stressing out the uniqueness of its resources. This advance does not imply limitations on organized tourism, but qualitative enhancement. This is strengthened by the opinions held by many researchers as (Archer 1996, Garrod & Willis, 1992, Laarman & Gregersen, 1996, Pigram, 1996, Thomas, 1992), that stress out that the value of environmental resources of a tourist destination is identified mostly by the tourist that are willing to pay a higher price for that reason.

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