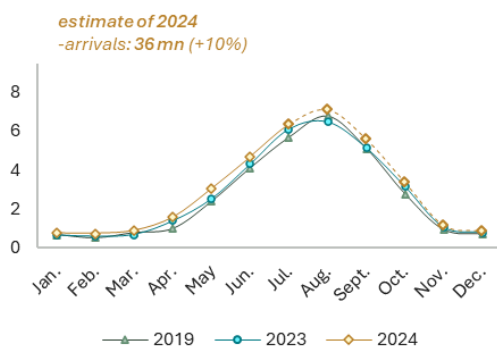


## The “silent” transformation of Greek tourism

The year 2024 is expected to become a new milestone for Greek tourism, as tourist arrivals are expected to reach around 36 million (+10% annual growth). At the same time, behind these high numbers lies a more subtle but more substantial development: Greek tourism is gradually changing. The latest issue of the "Business Trends" series by the National Bank of Greece [Economic Analysis Department of the National Bank](#) highlights the transition into a tourism model with lower seasonality, and points out both its high chance of success and the significant potential for further strengthening, as it fully aligns with the upcoming trends in international tourism demand.

### International arrivals

in mn tourists



Specifically, the analysis first highlights the fact that the foundations for the strong performance in 2024 were mainly set during the 1<sup>st</sup> half of the year (+16%), with spring seeing a sharpest increase (+21%). This upward trend – reflected in a net increase of employment by 5% annually – maintained the country’s status as a leader in the Mediterranean market (with arrivals 21% higher than in 2019, compared to 9% in the Mediterranean overall). For the 2<sup>nd</sup> half of the year, we estimate that positive momentum will continue at a slightly lower pace (+8%), but still play a key role in the annual result due to high seasonality. Supporting to these expectations are (i) the

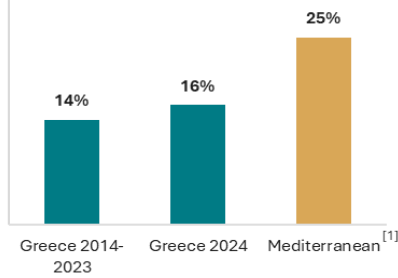
initial data from July-August (+6-7%) and (ii) the trends of leading indicators for the autumn, when we expect a slightly higher performance compared to summer (+9% annually in terms of arrivals, with the gradual revival of road arrivals being a key driver). Specifically:

- The economic sentiment index in key markets<sup>[1]</sup> shows continuous improvement.
- The hotel future activity index shows strong performance compared to its historical average (+26 points in the last two months).
- Air traffic maintains summer momentum, with an increase of around 6-7% in scheduled flights and seats for the September-October period.

Beyond record performances, what defines this year is the clear trend of reducing seasonality, driven by the spring period. Specifically, the share of spring in arrivals increased in the past twelve

### Spring arrivals' seasonality

as percentage of international arrivals in the last 12 months



Source: Eurostat, BoG | Data Processing: National Bank of Greece

[1] As basic markets are defined France, Germany, UK, Spain, Italy and the Netherlands.

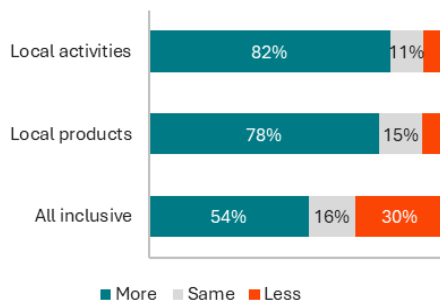
[2] Spring's share in the previous 12 months. For 2023, the 12-month period is exceptionally calculated as June-Dec. 2019 and Jan.-May 2023, due to the distorted picture following the pandemic during the 2020-2022 period. In the Mediterranean, the share has been estimated based on the divergence from Greece in terms of overnight stays.

months (June 2023-May 2024) by 2 percentage points (to 16% vs 14% in 2023<sup>[2]</sup>), reaching a historic high for the period with 5 million tourists (1 million more than spring 2023). At the same time, it's noteworthy that this emerging trend has the potential to be sustained in the medium term, as the spring growth was broadly supported by (i) both air and road arrivals (21% and 20% annually, respectively) and (ii) across key markets (rising by 22-24%). It is also worth noting that the momentum is more limited for the other shoulder season (autumn), as its share over the year is close to the Mediterranean average (25%).

The emerging changes in tourist preferences are consistent with the transition to a new, less

### Changing tourism preferences

as percentage of SMEs' hotel sector



Source: NBG's SMEs Survey for the 1st half of 2024 | Data Processing: National Bank of Greece

seasonal tourism model, as highlighted by the NBG survey on Greek hotel SMEs conducted by the National Bank of Greece, based on a sample of Greek hotels. A key finding of the survey is the increasing interest of tourists in local activities and products, contrasting with the declining interest in all-inclusive services associated with mass summer tourism. From this perspective, it is extremely encouraging that 44% of the hotel SME segment is already adapting to these new needs, while an additional ¼ has relevant plans in place. Understandably, in these initial stages, larger hotels have moved faster to meet new demand standards, in line with their wider strategic growth

orientation. However, our survey also identifies characteristics that smaller hotels can leverage to meet the upcoming demands. Specifically, smaller hotels appear to have closer ties with both their customers (¾ of bookings are made through "direct" contact) and their staff (with nearly 70% involving stable collaborations) – factors that align with changing global tourism trends.

However, the crucial catalyst that could make the difference, by activating their comparative advantages, is the development of cooperation with local businesses (aiming to create an ecosystem). Such initiatives for the transformation of Greek tourism have the potential to be strengthened (especially for smaller hotels that are just starting to embrace this trend), as:

- The first signs from related actions show that they lead to high returns.
- There is still significant room for further improvement in seasonality, particularly in the spring period (as Greece is still lagging considerably the seasonal profile of other Mediterranean destinations).

The full report can be found on the National Bank of Greece Group's website, under the Economic Analysis and Research section (Category: Greek Entrepreneurship):

<https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/reports/tourism-2024q3>

Athens, October 2, 2024