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**ABSTRACT**

Characteristics of global tourism have changed during last decades. One of these changes is the rise of new markets of outbound tourism which is well documented by researchers. The countries referred as BRICS (Brazil, Russia, China, India and South Africa) are also among the most well known emerging markets in tourism. Rise of outbound tourism from these countries have affected tourism flows and types of tourists that arrive across Europe. As a result several European countries try to take advantage of this trend.

This paper focuses on these emerging markets and especially on Russia and China and their impact on Greek tourism sector. A brief exhibition of emerging markets in global tourism takes place at first and facts and figures for Russia and China are shown. Afterwards, there is an analytic approach on how these two emerging markets have already affected Greek tourism in terms of several indicators such as arrivals, spending, length of stay, receipts etc. Moreover, these indicators are compared to those ones from countries that are considered as traditional incoming markets for Greek tourism such as Germany, United Kingdom, France, Italy and others.

Finally, current paper comes up with suggestions on how tourism sector in Greece can adapt to specific characteristics of these “new” incoming tourists and fully address to these new tourism trends. Particularly, the main suggestion is to create and promote specific tourism products such as cultural tourism, city tourism, religious tourism etc. adapted to Chinese and Russian tourism market. These products can positively impact the demand of Greek tourism product and contribute to reduce tourism seasonality.

**Keywords:** Russia, China, Emerging Markets, Greece

**INTRODUCTION**

Russia and China are the two largest countries on the planet and two of the strongest economies, which, during the last two decades are characterised by remarkable economic growth and political liberalisation.

Economic growth and socio-political liberalisation are the main prerequisites for the emergence of a more liberal and mobile youth, an extended middle class, together with a new bourgeoisie, social conditions that are much in favour of tourism, both as a social phenomenon inasmuch as an economic activity.

The above conditions in the two countries offer extensive possibilities of tourism within their borders, because of their size, geo-morphological and cultural differences. This serves as an 'educational' step for outbound tourism, i.e. travel to other countries.

Thus, the development of the tourism phenomenon in these countries and the increasing numbers of outbound tourists from Russia and China creates tourist flows towards traditional tourist destinations worldwide, including destinations such as Greece.

The purpose of this article is to analyze the course of tourism phenomenon in Russia and China today and to present figures and trends, in terms of incoming tourism to Greece. In addition, and based on the analysis, to propose ways of better addressing the potential of two emerging markets in our country, adapting to the specific characteristics of each market.

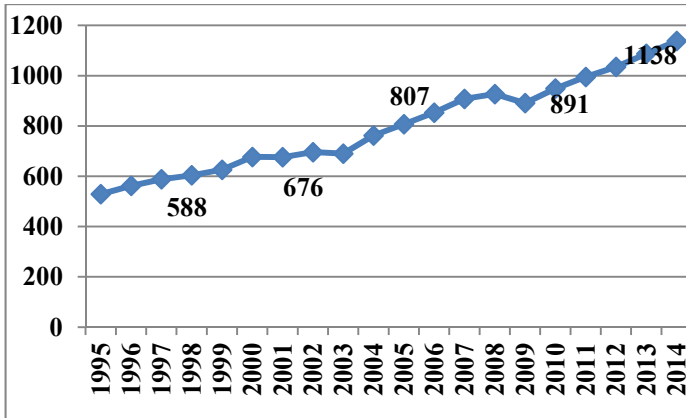
## **GLOBAL TOURIST FLOWS AND EMERGING MARKETS**

### **Basic figures regarding world travel**

It is a fact that tourism in recent decades has risen steadily except a slight hesitation in 2008-2009. For 2013, international tourist arrivals reached 1.087 billion worldwide, while in 2014 there was an increase of 4.7%, larger than the initial forecast (4.5%) of the World Tourism Organisation, to 1.138 billion arrivals. This increase exceeds the average increase envisaged for the period 2010-2020, which is around 3.8%. The increase in air traffic is even higher, 6.1% (WTTC, 2015).

For 2015, globally, the Travel and Tourism (T&T) sector is expected to perform better than the wider economy, and register the sixth successive annual positive growth. In 2014, the tourism industry contributed US\$7,580 billion in GDP and 277 million jobs to the global economy, being some 9.8% of the World GDP.

During 2015, the industry's contribution to global GDP is forecast to grow by 3.7% and employment by 2.6%. This demonstrates the sector's enduring ability to generate economic growth and create jobs at a faster rate than the global economy, which is due to grow by 2.9% in 2015. Thus, by the end of 2015, the T&T sector will contribute US\$7,860 billion, 10% of global GDP, once all direct, indirect and induced impacts are taken into account. The sector will account for 284 million jobs, 9.5% of total employment, or one in eleven of all jobs on the planet (WTTC, 2015).

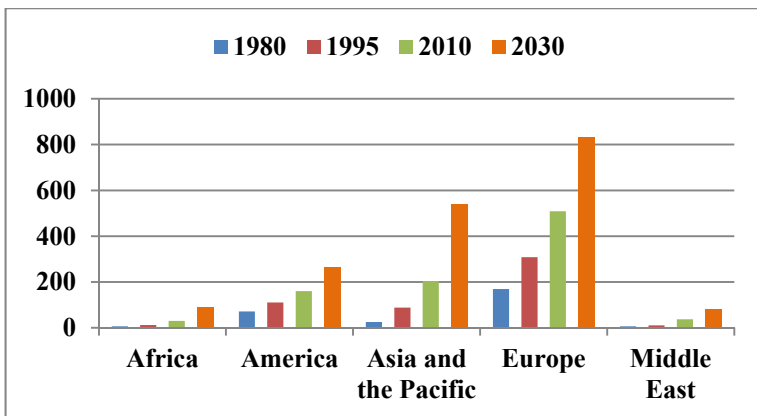


Source: WTO, 2014; WTTC, 2015

Figure 1: Global International tourist arrivals (mil.) 1995 – 2014

As WTTC forecasts, the United States and China will retain their rankings as the two biggest Travel and Tourism (T&T) economies in the world. Germany overtook Japan and now ranks as the third largest T&T economy. Russia faces the continuing sanctions being imposed and the devaluation of the rouble. This increases the inbound tourism arrivals but not the total T&T revenue expressed in \$. South Asia is expected to experience the highest growth in 2015 at 6.9%, whilst Europe and Latin America are the regions with the lowest forecast growth of 2.4%. Long-term forecasts for Travel & Tourism show continued annual growth at 3.8% over the next ten years to \$11.4 trillion. By 2025, the global Travel & Tourism sector is expected to contribute 357 million jobs, some 73 million more jobs than this year. Figure 1 provides some detail for the global tourist arrivals’ path.

As regards future trends, Figure 2 shows the expected increase in number of tourists from each region at a global level. It is clearly stated that tourists from Asia and the Pacific region are expected to increase more than 100%. Nevertheless, Europe will still accounts for more than half of the global figure.



Source: WTO, 2011

Figure 2: Numbers of tourists from selected regions of the world (forecast for 2030)

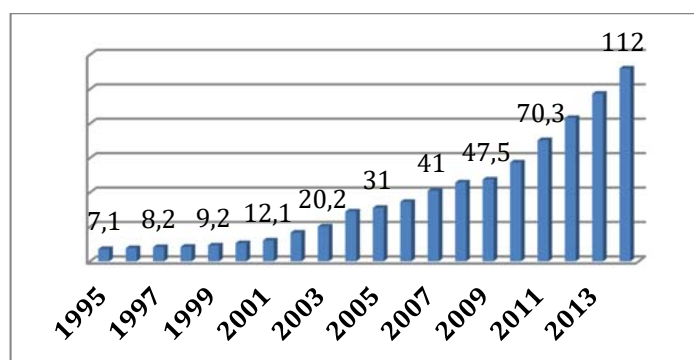
## Emerging Markets: China and Russia

As shown by the data, the share of international arrivals corresponding to emerging economies is expected to surpass that of developed countries. Regarding arrivals, the average percentage change for emerging economies is expected to show an increase of 4,4%, which is double that of developed countries. The growth of international tourism by residents of emerging economies has become a fact that is clearly reflected when considering the tourism trends in recent years.

### China

Undoubtedly, tourism is a booming sector for the Asia - Pacific region, which includes China. For the period 2010-2030, major changes in inbound and outbound tourism markets, as estimated by the Organisation for Economic Cooperation and Development (OECD, 2014), which have already begun to emerge concerning the share of emerging tourist markets and economies. China is investing in tourism, although its importance is still comparatively small for its economy. Investment in Tourism development was 2.9% of all investment in China, in 2014, which is planned to rise to 4.1% of total investment in 2025. Direct contribution in China's GDP was 2.6%. This is forecast to increase by some 6% annually. This will make it reach to 2.8% by 2015. Total Contribution of travel industry is estimated to 9.4% in 2014 and expected to rise to 10.3% in 2025.

Regarding Chinese outbound tourism, Figure 3 shows clearly that a growing number of Chinese tourists prefer to travel abroad. During 2013 total number of Chinese outbound tourists reached 97,3 millions, 90 million over the respective number of year 1995. It has to be mentioned that this increase outnumbered previous forecasts for Chinese outbound tourism<sup>8</sup>. This rapid growth happened due to the fact that a growing number of Chinese tourists can afford to travel abroad. It has to be mentioned that the annual average growth of Chinese outbound tourism reached 13% for the current period (1995-2013).



Source: China Travel Trends (2012) and [www.china-outbound.com](http://www.china-outbound.com) (2014)

Figure 3: Chinese Outbound tourists 1995 -2014<sup>9</sup> (millions)

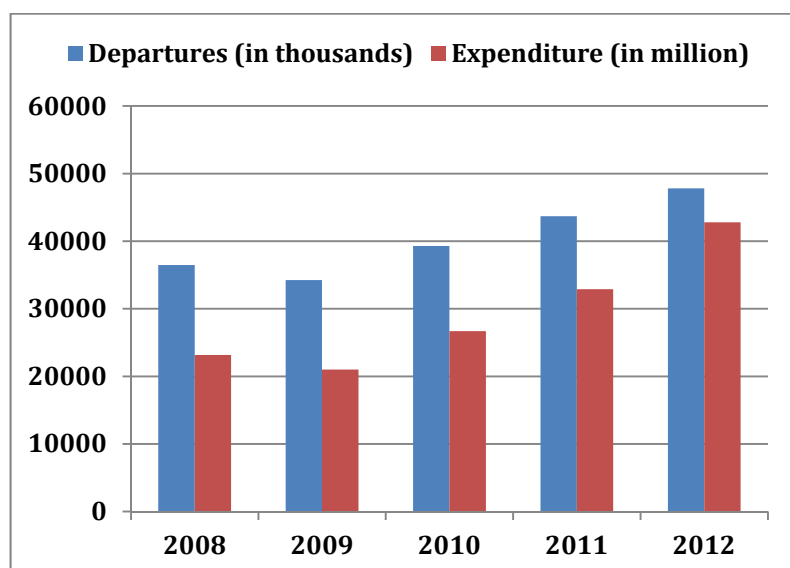
<sup>8</sup> 88 million were expected in 2013 (Pavlopoulos 2005)

<sup>9</sup> 112 millions in 2014 is estimation.

## Russia

Our analysis presents a picture of an economy that has undergone three crises: the deregulation of prices, opening the economy to trade and hence to world prices, the devaluation of the ruble in 1998, the recent devaluation of 2014 with the slide of the ruble (from 40 R/ € in 85 R/ €), and the recent (2015) rebound to 58 R/€. All scenarios remain open to the development of 'Ukrainian' crisis. These fluctuations led the Russian economy to seek international business that would ensure a more stable cash flow, preferably in 'hard' currencies. Tourism business fit perfectly in this frame. Devaluation of the Ruble enhanced the tourist flows to Russia.

Russian outbound tourism increased with an average of 7% per year from 2008 to 2012 with a 31,3% total increase which reflects the trend for outbound trips (Figure 4). At the same time, expenditure of Russian tourist has already increased but it has to be mentioned that this increase is expected to reduce its growth as it referred further down.



Source: OECD, 2014

Figure 4: Departures of Russian tourists

## Russia and China as emerging tourism markets for Greece

Table 1 and Table 2 present data regarding arrivals of incoming tourists to Greece from selected countries. Germany and UK are at the first two positions with an average annual change in arrivals of -0,1% and - 1,4% for the period 2008 to 2014. These two countries account for about 1/5 of total arrivals in Greece during 2014.

Third comes Russia and it is obvious that today it can be considered as one of the main tourism markets of Greece. It has already outnumbered traditional markets such as Italy (in 2014) and France (since 2013) and has been increasing in terms of arrivals with an average rate of +26,2% per year (2008-2014). However, during 2014, there

was a decrease in arrivals of Russian tourists but still they represent a significant percentage of total incoming arrivals (5,7%).

China on the other hand represents a very small percentage of total arrivals (0,2%). Nevertheless, it is a rapidly emerging market, with unlimited potential. The arrivals of Chinese tourists increase with an average of 41,4% per year from 2008 to date.

Table 1: Arrivals of international tourists in Greece per country of origin 2008-2014

Country	2008	2009	2010	2011	2012	2013	2014
Germany	2,469,151	2,364,486	2,038,871	2,240,481	2,108,787	2,267,546	2.459.228
UK	2,278,014	2,112,149	1,802,203	1,758,093	1,920,794	1,846,333	2.089.529
Russia	309,071	276,021	451,239	738,927	874,787	1,352,901	1.250.174
France	910,021	962,435	868,346	1,149,388	977,376	1,152,217	1.463.157
Italy	1,099,983	935,011	843,613	938,232	848,073	964,314	1.117.712
Turkey	207,609	200,348	561,198	552,090	602,306	831,113	976.758
USA	612,825	531,276	498,301	484,708	373,831	466,520	591.853
Canada	158,447	134,983	113,358	142,287	102,694	186,701	145.720
Australia	136,086	133,869	108,088	115,902	117,852	129,112	183.080
China	5,941	7,793	13,620	15,838	12,203	28,328	47.482

Source: Bank of Greece

Table 2: Share of international arrivals to Greece per country of origin, and average annual change, 2008-2014

Country	2008	2009	2010	2011	2012	2013	2014	Average Annual Change in Arrivals (2008 -2014)
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Germany	15.5	15.9	13.6	13.6	13.6	12.7	11,2	-0,1%
UK	14.3	14.2	12.0	10.7	12.4	10.3	9,5	-1,4%
Russia	1.9	1.9	3.0	4.5	5.6	7.5	5,7	26,2%
France	5.7	6.5	5.8	7.0	6.3	6.4	6,6	8,2%
Italy	6.9	6.3	5.6	5.7	5.5	5.4	5,1	0,3%
Turkey	1.3	1.3	3.7	3.4	3.9	4.6	4,4	29,5%
USA	3.8	3.6	3.3	3.0	2.4	2.6	2,7	-0,6%
Canada	1.0	0.9	0.8	0.9	0.7	1.0	0,7	-1,4%
Australia	0.9	0.9	0.7	0.7	0.8	0.7	0,8	5,1%
China	0.0	0.1	0.1	0.1	0.1	0.2	0,2	41,4%

Source: Bank of Greece

Respectively, Table 3 presents the share of tourist receipts for Greece, per country of origin and the average annual change for period 2008 -2014.

Russia was the third country in terms of receipts although it was fourth in terms of arrivals during 2014. This fact states clearly the importance of Russian market for Greece. The average annual increase between 2008 to 2014 for receipts from Russian tourists was 19,3%.

China, at the same time, accounts for a very significant increase of average annual receipts, of about 61,5% which clearly shows the dynamic of Chinese market.

It is obvious that Greece should implement well targeted and specific policies in order to take advantage of this dynamic increase of emerging markets. It is a fact that Greek authorities have already made efforts for focusing on Chinese and Russian Markets (e.g. Athens to Shanghai direct flight<sup>10</sup>). However, additional efforts should be implemented and adapted to specific characteristics of Russian and Chinese tourists. These characteristics are described further down.

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<sup>10</sup> The first direct flight from Shanghai landed on 16/06/2014 with 180 Chinese tourists. ([www.imerisia.gr](http://www.imerisia.gr))

**Table 3: Share of tourism receipts for Greece per country of origin, and average annual change, 2008 - 2014**

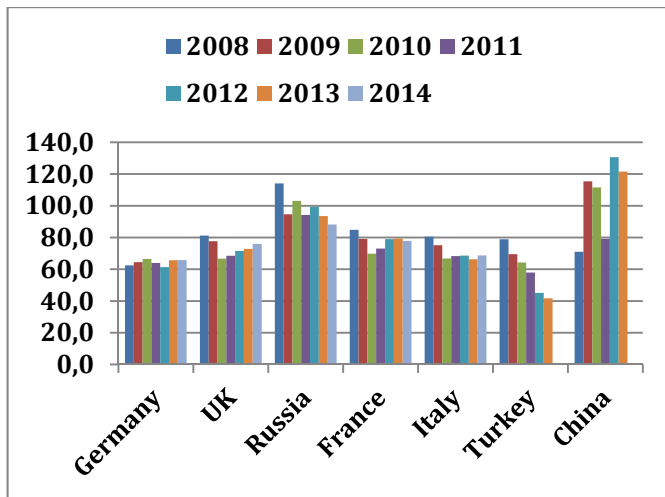
Country	2008	2009	2010	2011	2012	2013	2014	Average Annual Change in Tourism Receipts (2008-2014) <sup>11</sup>
Germany	16.5%	17.7%	16.9%	17.5%	15.8%	15.6%	14,9%	0,7%
UK	16.1%	15.6%	12.9%	11.5%	13.6%	11.1%	11,6%	-5,2%
Russia	3.4%	2.9%	5.2%	7.1%	9.0%	11.0%	8,6%	19,3%
France	6.7%	7.0%	6.7%	8.0%	7.3%	7.5%	8,4%	6,4%
Italy	7.1%	6.1%	5.6%	6.0%	5.2%	4.9%	5,3%	-2,6%
Turkey	0.7%	0.6%	1.2%	1.0%	0.8%	0.9%		3,7%
USA	6.2%	5.5%	6.2%	5.1%	4.1%	4.7%	4,9%	-1,7%
Canada	1.6%	1.4%	1.4%	1.6%	1.3%	2.1%	1,2%	-2,2%
Australia	1.4%	1.7%	1.5%	1.6%	1.5%	1.5%	1,8%	6,9%
China	0.0%	0.1%	0.1%	0.1%	0.1%	0.2%		61,5%

Source: Bank of Greece

As regards Russia, it is critical to mention that Russian tourists prefer the classic tourist product of sea and sun. As a result, an extremely competitive environment is being developed since Turkey has the ability to offer respective travel experiences to competitive prices. According to this, Greek tourism product should focus on improving quality so as to differentiate from the price competition. This policy might be very effective for Russia and emerging markets.

<sup>11</sup> Data for China and Turkey is for 2008 – 2013 period.





Source: Bank of Greece

Figure 5: Average tourism expenditure per night spent in Greece, by country of origin (in €)<sup>12</sup>

Incoming tourists from these markets usually record high tourism expenditure. Thus low price is not necessarily the main reason for choosing travel destinations. Figure 5 shows the expenditure per night of stay to Greece for Russian, Chinese and other markets. It is obvious that Russian and Chinese tourists spend greater amount of money compared to other markets, even from French that traditional tend to spend a lot. Also, other emerging markets such as Turkish show high level of tourism expenditure in Greece.

Specific data for Russia (Figure 6) show that expenditure decreased compared to 2008. However, it has been stabilized in high levels especially after 2011 with a little decrease after 2013. Spending during third and fourth quarter remain about 90 Euros per day. The decrease of expenditure may have happened either because a growing percentage of population travelled abroad or because of increased concern for Russian economy. This situation has been aggravated due to bankruptcy of several Russian tour operators during 2014<sup>13</sup>. It has to be mentioned that Greek travel agents and hoteliers have made great efforts to overcome these problems. The Russian market in general is expected to slow down its increase due to recent instability in Ukraine.

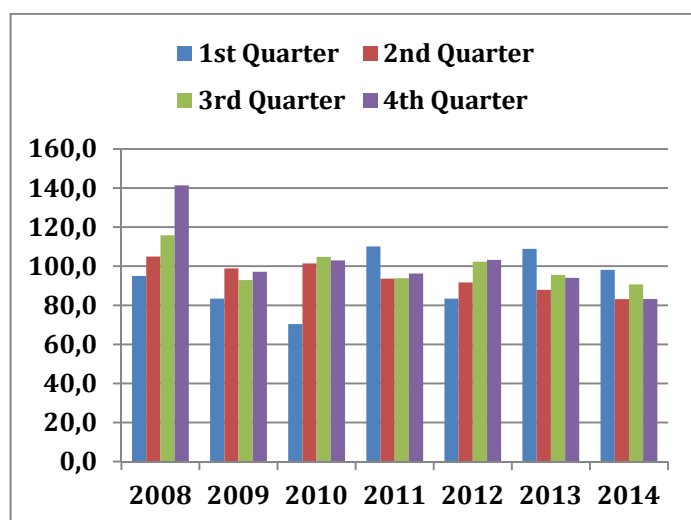
According to Russian National Tourism Organization<sup>14</sup> weather conditions is the main reason for choosing travel destination for 64% of Russians aged 18-34 and for 56% of those aged 35-55. Respectively, positive online reviews are the basic criteria for choosing hotel for 39 and 41 per cent of the above age categories. Due to the aforementioned Greece gains competitive advantage, as it is a close destination to Russia.

<sup>12</sup> Data for China and Turkey till 2013

<sup>13</sup> From June to August of 2014 the following tour operators were bankrupted: Neva, Expo-tour, WindRose World, Labirint and Intaer

<sup>14</sup> Sample consisted of 500 Russians of Moscow, which were categorized at age groups of 18-34 and 35-55 with medium and high levels of income. Additionally, they had travelled abroad at least two times during the last two years (Embassy of Greece in the Russian Federation, 2014)

In addition, Russian tourists tend to travel during May and November and this trend should be carefully considered by several destinations in Greece as they have the potential of offering an attractive trip for Russians due to weather conditions<sup>15</sup>. Arrivals of Russian tourists during November and May can dampen tourism seasonality. Furthermore, religious tourism is an alternative for attracting Russian market. Common religion might be an important reason for Russians to visit Greek religious sites<sup>16</sup>. Implementing effective promotion practices by several destinations in Greece can contribute to extended length of stay and increased tourism expenditure.



Source: Bank of Greece

Figure 6: Russian tourists' expenditure per night of stay (in Euros)

As regards the Chinese tourists coming to Greece, they increase rapidly in terms of arrivals, overnights and receipts. Nevertheless, arrivals of Chinese tourists still represent a very small percentage of total inbound tourism for Greece. According to various estimates, Chinese outbound tourism arrivals to Europe will keep increasing. Growing number of Chinese tourists prefer travelling to destinations far from Asian area.

Regarding the purpose of travel, culture is the basic motive for Chinese tourists. They travel abroad in order to meet foreign cultures and as a result Greece appears to have a strong competitive advantage. However, the expected trend of the Chinese to visit several European destinations only in one trip weakens. On the other hand, Chinese tourists tend to visit fewer destinations or even only one during a single trip (ETC, 2011). Main outcome of this trend is that Greece will face strong competition in attracting Chinese tourists by other preferable European destinations such as UK and France. Greek tourism product should be enhanced with elements that will attract more Chinese tourists and take advantage of the rapid development of Chinese emerging tourism market.

<sup>15</sup> According to ETC (2010), during May and November, Russians travel to close destinations(4-5 flight duration). Also, they prefer cultural but also sea and sun trips during these months.

<sup>16</sup> Indicative Greek religious sites are: Meteora, Mountain of Athos, Cave of the Apocalypse.

Except of meeting new European cultures, Chinese tourists tend to buy luxury brand products. Chinese spend greater amount of money in this type of tourism activities rather than in accommodation and food, presenting higher daily tourism expenditure in comparison with tourists of other countries<sup>17</sup>. This fact explains the tendency of Chinese outbound tourists to choose city tourism trips – they like the market and culture rather than the climate or the sea. More specifically, it is estimated that 40% of the Chinese outbound tourists prefer city tourism trips while 30% of the outbound tourists opt to visit seaside destinations<sup>18</sup>.

It is important to notice that while more and more Chinese tourists tend to travel abroad, they become more demanding regarding their needs during the trip and their shopping activities. Additionally, it is crucial to take into account the low seasonality of Chinese outbound tourism and the fact that during winter, the Chinese outbound trips remain in higher levels compared to other tourism origin markets. (Table 4).

According to the above, promotion of city tourism to Chinese tourists is strongly recommended, since urban environments combine both cultural and shopping activities. The decision for shopping centers to be open on (several) Sundays as well, contributes to the enhancement of tourism activities during weekends. However, it is suggested that the aforementioned decision should be combined with right promotion of travel packages, good quality and direct flights<sup>19</sup>, so as to attract upper segments of the tourism markets. Furthermore, combination of the above with low seasonality of Chinese outbound tourism can contribute economically to large urban centers during low demand seasons.

Furthermore, a friendly environment offered to Chinese tourists can be considered as one of the key success factors. As a result Greece should invest towards this direction in order to be able to offer more attractive and competitive tourism products to Chinese. It is important to take into account several difficulties in offering tourist services to Chinese, due to the fact that they are not quite familiar with English language and European cultures in general. This difficulty creates an additional need of careful and continuous handling of Chinese tourists by travel agents and tour guides. Translation of the Greek official website “visitgreece”<sup>20</sup> into Chinese is expected to contribute to the effective promotion of the Greek tourism product as well as the enhancement of the communication strategies of Greece.

Table 4: Seasonality of Chinese outbound tourism & national holidays

Month	Percentage of overseas trips per month (2007-2008)	National Holidays
January	8.09%	2011: 2 -8 of January 2012: 22-28 of January

<sup>17</sup> High level of expenditure of Chinese tourists in Greece is well documented in Figure 3

<sup>18</sup> According to World Travel Monitor of IPK International (ITB, 2013)

<sup>19</sup> Extension of direct flight period between Athens and Shanghai should be carefully considered

<sup>20</sup> Greek National Tourism Organization - [www.visitgreece.gr](http://www.visitgreece.gr)

February	8.37%	2011: 3-5 of April 2012: 5-7 of April
March	8.13%	2011: 1-3 of May 2012: 1-3 of May
April	7.95%	2011: 6 of June 2012: 6 of June
May	8.16%	2011: 12 of September 2012: 30 of September
June	7.31%	2011: 1-7 of October 2012: 1-7 of October
July	9.08%	
August	8.51%	
September	8.29%	
October	8.81%	
November	8.47%	
December	8.84%	

Source: ETC, 2011

### **Conclusions**

The current paper analyzes trends of the emerging tourism markets of Russia and China. Both countries are characterized by high level of tourism expenditure.

More specifically, Russia's market is considered as one of the main income tourism markets of Greece. This fact underlies their high importance to Greek tourism. Unfortunately, the bankruptcy of several Russian tour operators is a great threat for Greece and a serious problem to overcome in near future.

On the other hand, Chinese market presents quite different dynamics. China's market is very important for Greece due to the increasing volumes, the high daily spending and the off-season demand. Key element for the development of the latter will be the investment on Chinese language. Simultaneously, other markets should be utilized. For example, Turkey shows growing number of arrivals in Greece. Utilization of emerging markets should be always an important matter for Greek tourism product that managed to reposition to global tourism map.

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## **Links**

Bank of Greece - [www.bankofgreece.gr](http://www.bankofgreece.gr)

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Bank of Greece - [www.bankofgreece.gr](http://www.bankofgreece.gr)