

# **The contribution of tourism to local development: the case of the island of Santorini**

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## **ABSTRACT**

Tourism is not a simple phenomenon or a simple set of industries. It is a human activity that describes the behavior, the media and the interaction with other economies and environments. It involves the physical movement of tourists to locations other than their places of residence. Tourism is a sector that contributes a lot to the development of a region and hence to improve the economy of Greece. Greece is among the most touristic European countries. The advantages that explain this tourism development of our country and its regions is the natural environment, the cultural wealth, the good climate, good hospitality and rich history.

This article attempts to study the contribution of tourism to economic, social and cultural issues, as well as the unique environment of Santorini. Also the significant role of local authorities will be examined to support, maintenance and management of local infrastructure in the region and how they contribute to the promotion and advertising of tourist product, to enhance local development. Finally, efforts will be made to identify some of the problems and to draw in some conclusions on how to improve tourism Santorini.

**Keywords:** tourism, local development.

## **1. INTRODUCTORY CONCEPTS**

According to UNWTO, tourism includes activities of people who travel and stay at destinations and places different than those which are their usual environment. (ex. the place of their permanent residence) and for a time period which does not exceed one year and they aim at recreation, satisfaction of their professional needs, etc. (Voumvoulaki A., 2007).

This definition helps to identify tourist activity both domestically and internationally. The word “tourism” refers to every activity of travelers and includes tourists (visitors who spend the night and excursionists (visitors of one day) (Pattas S., 2009).

Development is a procedure that aims at the raise of Gross National Product and through this procedure individual goals are accelerated such as improving housing, health, education, employment, lifestyle, environmental rescue, etc.

However, local development can be seen as a process of economic development and structural change, which leads to improvement of the living standards of the local population and which has an economic, social, cultural and political-administrative dimension.

Local development strategy treats each spatial unit in a different way according to the level of development of the local economy, the structure and functioning of the productive system, the labor market and the characteristics that define the local culture. (Constandinides E., 2010)

The term sustainable development, according to the World Commission for the Environment and Development (WCED), is defined as development that meets the needs of the present without diminishing the capacity of future generations of people to satisfy their own. (Delitheou V., 2008).

Tourism development is a process through which tourist accommodation facilities, road access networks, tourist services of the population are created, local interests for tourists (climate, environmental, cultural, historical) are promoted and advertised and it includes the continuous renewal and modernization of all these. (Spanou N., 2010).

The concept of sustainable development describes the type of tourism development that is activated in balance in the local, social, economic, cultural and environmental structure of each tourist area, while formulating conditions (services, infrastructure, know-how) for its continuous feedback. Sustainable development meets the needs of today without threatening the ability of future generations to meet their own needs (Giousbasoglou Ch., 2012).

Tourism is one of the most dynamic and fastest growing sectors of the global economy. An important feature of this sector is that its operation is linked to the internationalization of a large number of productive sectors as well as to service industries. Tourism contributes to the economic development of tourist areas at three levels, which are income generation, jobs and tax revenues. In addition, it enlarges the production base of these regions and also affects the development of other sectors of the local economy (Critikos G., 2012).

## **2. TOURISM IN EUROPE**

Tourism is one of the most popular ways of entertainment, education, relaxation and cultural contact with different peoples. Tourism is the most important source of revenue for traditional tourist destinations (France, Spain, Italy, Greece etc.) and recent years for the upcoming tourist destinations (Czech Republic, Hungary, Croatia, Turkey, Egypt etc.) due to the attractive holiday packages offered by the last destinations (Karamanakou M. & Karamoutzou E., 2014). Tourism is a global socio-economic phenomenon with effects on human life, the environment and national economies of the states.

According to the World Tourism Organization data, 1,184 million tourist arrivals worldwide were recorded in 2015, an increase of 4.4% compared to 2014 arrivals. This increase is due to the positive results of most regions during the of the year. In particular, Europe recorded the largest increase in international arrivals (+ 5%). Followed by America (+ 4.9%), Asia (+ 4.8%) and the Middle East (+3.1%), with the African region showing a decrease in international arrivals (-3.3%) (Kamarioti A., 2013).

Europe has been leading the increase in arrivals both at percentage (5%) and in absolute figures (609.1 million), a trend supported by the low exchange rate of euro and other currencies against the dollar. Tourism in the countries of Central and Eastern Europe grew by 6%, recovering from the negative performance recorded in 2014. Very satisfactory results recorded in Northern Europe (6%), Southern and Mediterranean Europe (5%) and Western Europe (4%), considering that there are most touristy mature destinations in these areas. As a result, tourism receipts in 2015 recorded an increase (The Institute for Tourism Research and Forecasting, 2016).

The companies in the tourism sector are 2.3 million and employ around 12 million workers, with 7 million working in the food and beverage sector, while 2 million are employed in the transport sector. But the three industries that almost exclusively support tourism are accommodations, travel agencies / tour operators and air transport, which employ 3.3 million workers. The United Kingdom and Germany have the highest employment in the tourism industry (2.1 million workers per country), followed by Italy (1.4 million), Spain and France (1.3 million each ). These five Member States account for 68.5% of employment in tourism industries across the European Union (available: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Tourism\\_industries\\_-\\_employment](http://ec.europa.eu/eurostat/statistics-explained/index.php/Tourism_industries_-_employment)).

European Union's policy is to promote tourism because tourism contributes to its economic growth and employment, as it also helps its socio-economic integration, particularly at its coastal, mountainous, rural and island regions. It is also directly linked to the cultural and natural heritage of the European Union, which shows the urgent need to combine economic growth with sustainable development. Therefore, tourism is the most important means of promoting the European model at world level (Papoutsis A.,xx).

### **3. TOURISM IN GREECE**

Greece is among the most touristic countries in Europe. The natural environment, cultural heritage, rich history and good climate are the comparative advantages of Greece as a host country for tourists. It is mainly for summer holidays, but at the same time it can offer a variety of other tourist options, such as healing tourism, mountain tourism etc. (Delitheou V., Georgakopoulou S. & Psalti K., 2016).

Greek tourism has been the most important pillar of the growth of the Greek economy over the last decades and is the driving force that can pull us out of the economic stalemate according to many estimations (Mihalokiakos G., 2014). Tourism and shipping are the most extrovert branches of the Greek economy, with a very positive contribution to the current account balance (Foundation for Economic and Industrial Research, 2013).

Tourism contributes greatly to shaping our country's GDP. Moreover, due to the dispersal of tourist destinations, tourism in Greece plays an important role in the dispersion of national income in the regions of the country. Tourism, on the other hand, is a seasonal activity, with the result that natural and man-made resources are burdened by the peak and wasteful months during the winter months. Moreover, seasonal activity necessarily leads to seasonal employment with the consequent lack of employment of the tourist sector for long periods of time, resulting in income instability and significant impact on social activity in tourist areas (Ikkos A., 2015).

According to the Hellenic Statistical Authority (ELSTAT), Greece's GNP for the year 2013 was 182.4 billion euros. Respectively for 2014, due to the recession in the country, GDP was limited to 178.9 billion euros. The contribution of the tourism industry to GDP for each year was 33.4 (direct contribution: 15.2 and indirect contribution: 18.2) billion for 2013 and 37.2 (direct contribution: 16.9 and indirect contribution: 20.3 billion euros in 2014. Greece's GNP declined in 2014 compared to 2013, while the participation of the tourism industry in this increased both in real terms and as a percentage of course. In 2014, the tourism sector reaches almost 1/10 of the country's total GDP (Georganta P. et al., 2015).

The arrivals are about 23.6 million from abroad to our country in the year, ie there was an increase of 7.1% compared to the arrivals of 2014. 2015. Still, most arrivals were made by air and by road. In terms of air arrivals, Athens Airport accounted for the highest rate of traffic (17.5%), followed by Heraklion (10.6%) and Rhodes (8.0%). The main entry stations that collect the highest rate of road traffic are Evzones (9.8%) and Promahonas (6.9%) (Available: [http://www.gnto.gov.gr/sites/default/files/Files\\_basic\\_pages/ELSTAT2015.pdf](http://www.gnto.gov.gr/sites/default/files/Files_basic_pages/ELSTAT2015.pdf)).

For the year 2015, travel receipts amount to 14,125.8 million euro, where 11,876.7 million euro is for recreational purposes, 170.6 million euro for studies, 37.3 million euro for reasons The 780 million euro for business reasons, 553.5 million euro went to Greece to see their families and the remaining 705.7 million euro for various reasons. As far as the total overnight stays in Greece were 188,012 thousand and recorded a slight increase of + 0,6%.

**Table 1: Arrivals of non-residents from abroad by means of transport and entry station**

Arrival stations for non residents		January - December		Change	Percentage % of the total	
		2014	2015	2015/2014	2014	2015
I. BY AIR		14.057.215	14981102	6.6%	63.8%	63.5%
1	Athens	3.321.548	1.133.018	24.4%	15.1%	17.5%
2	Zakynthos	502.730	529.111	5.2%	2.3%	2.2%
3	Heraklion	2.544.040	2.512.201	-1.3%	11.5%	10.6%
4	Thessaloniki	1.061.722	1.057.706	-0.4%	4.8%	4.5%
5	Corfu	1.046.987	1.062.064	1.4%	4.8%	4.5%
6	Kos	994.717	960.595	-3.4%	4.5%	4.1%
7	Rhodes	1.921.615	1.892.724	-1.5%	8.7%	8.0%
8	Santorini	274.442	304.009	10.8%	1.2%	1.3%
9	Chania	875.526	908.979	3.8%	4.0%	3.9%
10	Rest of the stations	1.513.889	1.620.696	7.1%	6.9%	6.9%
II BY RAIL		6.895	5.338	-22%	0.0%	0.0%
1	Promahona (Serres)	-	-	-	-	-
2	Railway station apart from the sample	6895	5338	-22.6%	0.0%	0.0%
III BY SEA		701.345	632.161	-9.9%	3.2%	2.7%
1	Igoumenitsa	380.560	347.124	-8.8%	1.7%	1.5%
2	Corfu	22.398	19.578	-12.6%	0.1%	0.1%
3	Patras	218.645	193.442	-11.5%	1.0%	0.8%
4	Other Stations	79.743	72.018	-9.7%	0.4%	0.3%
IV BY ROAD		7.268.007	7.980.854	9.8%	33.0%	33.8%

1	Evzonon	2.70.155	2.317.440			
2	(Kilkis)	259.319	274.849			
3	Kakkaias	514.263	609.914	11.9%	9.4%	9.8%
4	(Ioannina)	1.493.598	1.624.728	6.0%	1.2%	1.2%
5	Kipon (Evros)	2.930.673	3.153.922	18.6%	2.3%	2.6%
	Promahona			8.8%	6.8%	6.9%
	(Serres)			7.6%	13.3%	13.4%
	Road stations apart from the sample					
TOTAL ARRIVALS		22.033.462	23599.455	7.1%	100%	100%

Source: Hellenic Statistical Authority

The direct overall contribution of tourism to employment in Greece is estimated at 18.9% for the year 2015. In April 2015 there was a net increase in employment by 46.1 thousand people in accommodation, by 18.9 thousand people in the eating establishments, 8.5 thousand in the retail trade, 2.5 thousand in wholesale and 2.28 thousand in travel agencies. As a result, tourism plays an important role in increasing the employment of other sectors of the economy such as wholesale and retail trade and repairs, transport and storage, information and communication, professional, scientific and technical activities, education, health, Arts, entertainment and entertainment, etc. (SETE Institute, 2016).

**Table 2: employment in basic sectors of tourism**

	Companies	Employees
Catering	29.486	171.402
Accommodation	6.401	66.667
Travel agencies	1.672	10.479
Inland transport	9.342	38.701
Waterborne transport	747	8.338
Air transport	65	3.777
Total branches of tourism	47.713	299.364
% Contribution	21,5%	18,1%

<b>Total</b>	<b>222.281</b>	<b>1.651.176</b>
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Source: Greek Tourism: Developments-Perspectives, SETE Institute

In recent years Greece's tourism policy has begun to form a new basis in order to cope with the latest developments in the world's tourism industry, the over-segmentation of tourism demand, the new perception of holidays, sustainable tourism development and changes in tourism standards, while at the same time it should utilize its comparative advantages and improve its infrastructure in parallel with attracting tourists with higher income. The new tourism policy should be specialized and linked to the internal process of development of each region of the Greek space. The strategic objectives of Greek tourism policy are to strengthen their productive base, to achieve balanced development, to adopt the principles of sustainable tourism development, to serve the objective of competitiveness and to improve the quality of services provided (Tsartas P. & Lagos D., E.g.).

#### **4. TOURISM IN SANTORINI**

Santorini is one of the most popular tourist destinations in the world. Every year thousands of visitors from all over the world arrive on the island to enjoy natural beauties and beaches. But besides these visitors will have the opportunity to see archaeological sites, museums, houses built in the rock, unique beaches, wineries and beautiful Cycladic churches and chapels. Santorini's biggest attraction is its volcano and the magical sunsets that are among the most enchanting in the world. A magical pallet with all the colors of Iris as the sun sinks into the blue Aegean Sea (Available: <http://www.xn--mxaaljppjbqerup.gr/axiotheata.html>). Various types of alternative tourism, such as gastronomic tourism, athletic tourism (hiking, climbing, etc.), conference tourism, healing tourism, etc. are being developed on the island of Santorini.

The economy of the island is based on agriculture, fisheries, manufacturing, services and infrastructure - construction. These sectors serve the island's main economic sector, tourism. The sectors that occupy the largest percentage of inhabitants are construction and hotels, which is why the tourist developed and developing settlements such as Perissa, Kamari, Mesaria (Operational Program of the Municipality of Thera 2013-2014) show particularly large increases in their permanent population.

In Santorini, most arrivals were made by air and by sea. In 2015, 356,443 international aviation arrivals and 361,525 domestic arrivals were recorded. As far as shipping is concerned, Santorini accepts a large number of cruise ships and passenger ships. Passenger ships operate daily flights from Piraeus to Santorini during the summer months, and the total number of passengers arrived reached 1.102.291 passengers by 2015. For the same year, the islands of Santorini and Anafi recorded 657.281 overnight stays (Statistics from The SETE).

The tourist development of Santorini had as result the increase in the tourist infrastructure, which extends all over the island. For 2016 the hotel units of Santorini were 361 to 8,396 rooms. Visitors' catering is either on accommodation and hotels or on any type of mass catering space. Moreover, tourism development creates the need to improve and develop the transport infrastructure (airport, port and road networks), which receive a huge volume of visitors every year (South Aegean Region, 2014-2020 & Statistics by SETE).

Tourism contributes both to the island's economy and to social development. From the economic point of view, the impact of tourism on Santorini is to increase business income, improve social services, develop its less developed regions, upgrade infrastructure, encourage business activity, increase employment and improve the living standard of the island's inhabitants. The social impacts of tourism are the modernization of the local community, the protection and renovation of cultural heritage buildings and the revival of arts, customs, traditions and events. Tourism also has positive effects on the natural environment, which is the upgrading of the natural environment, the protection of natural areas and the replacement, protection and conversion of old buildings into new uses (Kiliropis, 2006). It should be noted here that several areas of Santorini have been registered as protected areas. Santorini has been characterized as a natural and structured landscape, as New and Old Kameni-Prophet Elias (Natura 2000) is recorded as a biotope, and as a traditional settlement the community of Oia has been designated (building restriction in this settlement).

However, the economic crisis that has erupted in recent years has resulted in a reduction in the income of both natives and foreigners, thus affecting travel and travel spendings. The regional authorities, in cooperation with the local authorities, are trying to cope with the reversible situation that has been created in recent years in our country through targeted promotion of Santorini, local island products and air transport (Arvanitis P. & Papatheodorou A., xx) In order for the island to attract tourists through the economic crisis, businesses will still have to offer tempting and economical vacation packages to attract more people, which will be advertised through different websites or travel agencies.

Local authorities in Santorini are invited to play a very important role in the enhancement, maintenance and management of the local infrastructure of their area and to contribute with their proposals, projects and actions to the enrichment of the tourist product, with the ultimate strategic objective of strengthening the Local development (Chrysafinis A., 2008). The municipality should improve the island's road network and add sufficient signage to the roads and dangerous areas of the island to alert foreign drivers or pedestrians of the danger of the road or path to avoid accidents. Santorini has a small port with a small pier, however, there is the possibility of extending the waterfront and the creation of a multi-storey garage. This can be achieved in accordance with studies made at the port. The problems that exist are the minimum parking space for the vehicles and trucks waiting to be boarded, the lack of warehouses for the goods arriving on the island, and the inability to accommodate more than 3 large ships. In addition, due to the intense tourist traffic



at Santorini Airport, local authorities should plan the upgrading and expansion of the airport in order to better serve both tourists and locals (Apostolaki M., 2007).

The tourist season in Santorini begins in April and ends late October, when many shops, restaurants and hotels close. Although in the winter some hotels and restaurants remain open for the visitors, they are few. Santorini can not develop winter tourism due to weather conditions (strong winds prohibit travel) that makes it harder for foreigners to stay on the island (Papalexi F., xx.). Local authorities, in order to cope with the minimal attraction of visitors during the winter months, should increase the island's air connection with up to 5 flights a day, but also by boat with a ship that approaches Santorini on a daily basis (Kousounis S. 2015).

The development of tourism has shifted the “gravity center” of economy to activities related to tourism and led the primary sector to shrink. In order to achieve a balanced development of the island, it is necessary to develop the primary sector in order to meet the nutritional needs of the island as far as possible, to produce quality products and achieve its interconnection with tourism (South Aegean Region, 2014-2020).

In Santorini There is a problem with the lack of the required water resources and the quality of the groundwater. Given the tourist development of the island, as well as the qualitative upgrading of tourism, the water needs, especially in the summer months, are very high. By 2011, there were four units with a capacity of 1,020 m<sup>3</sup> / day with which in the summer months the tanks and production could not cover consumption (Markozannes S., 2013). The municipality plans to build a desalination plant with a capacity of 5,000 m<sup>3</sup> / day.

## **5. CONCLUSIONS**

Europe is one of the most important tourist destinations in the world. Each year, it attracts a large number of tourists from other continents (USA, Asia, etc.) because of its high level of transport infrastructure, its great history and its multitude of monuments, its climate it is ideal both for summer and winter holidays, etc. At the same time, the high standard of living of Europeans and high urbanization have contributed to the rapid development of tourism among European countries. Thus, in the Mediterranean countries tourists are mainly from Germany, the UK and the Scandinavian countries (Available: <http://ebooks.edu.gr/modules/ebook/show.php/DSGYM-B106/382/2534,9828/>). European Union aims to promote tourism because tourism contributes to its economic growth and employment, as it also helps to bring its socio-economic integration, particularly coastal, mountainous, rural and island regions.

Greece is among the most touristic countries in Europe. Tourism is the most important pillar of the growth of the Greek economy and it is the driving force that will pull us out of the economic crisis. Tourism contributes to shaping our country's GDP, spreading national income in the country's regions, increasing business related directly or indirectly to tourism, creating new jobs and improving the country's infrastructure. Greece aims at strengthening its productive base,

balanced development, adopting the principles of sustainable tourism development, competitiveness and quality upgrading of the services provided.

Santorini is one of the most beautiful islands in the world. Each year thousands of visitors from all over the world arrive on the island to enjoy natural beauties and cultural heritage. The main economic sector of the island is tourism. However, tourism plays an important role not only in the economy of the island, but also in society and the environment. Tourism development has led to increased tourist infrastructure and the need to improve and develop transport infrastructure. Other weaknesses and problems are seasonal tourist activity on the island, lack of water resources, shrinking the primary sector due to the development of tourism and the reduction of visitors. Local authorities can address pathogens and weaknesses through various projects aimed at boosting tourism. This can be achieved by making proper utilization of European programs.

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