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Planning Regional Policy through Stochastic Frontiers

Abstract:

This paper focuses on reviewing the stochastic frontier analysis regarding estimating inefficiency in regional level, as well as explaining regional heterogeneity along with the relationships with productive efficiency level. The paper begins with a general overview of estimating productive efficiency in different regions, both in aggregate and disaggregates level, providing the main hypotheses and results of each case. Then, the paper continues with explaining regional heterogeneity, as well as the main determining factors towards efficiency differentiations. This paper also presents a discussion of the environment, institutions and policy issues, focusing on the institutional setting, namely European countries and regions, providing at the same time some useful elements in order to understand the assumptions and theories which underpin them.

Key Words: Productive Efficiency, Regional Heterogeneity, Stochastic Frontier Analysis

JEL Classification: O18, O33, R11

Aikaterini Kokkinou^{1,2}

Economic Geography, Regional Development and Territorial Planning Laboratory,
Department of Geography, University of the Aegean

¹ Dr. Dr. Aikaterini Kokkinou, Post-Doctoral Researcher, Economic Geography, Regional Development and Territorial Planning Laboratory, Department of Geography, University of the Aegean, E-mail: k.kokkinou@aegean.gr

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1. Introduction

In stochastic frontier analysis (SFA) it is acknowledged that the estimation of production functions must respect the fact that actual production cannot exceed maximum possible production given input quantities. Stochastic frontier models assume that producers operate under the same production technology and that the inefficiency distribution across individuals and time are homogeneous. Estimation of technical efficiency has been the subject of research in many empirical studies on regional productivity, contributing to the theoretical development and empirical application of SFA, with the purpose of screening out the external effects and statistical noise from the producer's performance and achieving a more accurate efficiency measure (Wang, 2000). Following these fundamental approaches, there has been a rapid increase in the volume of research on analysis of efficiency in production, both in theoretical and empirical research. Most of the literature focused mainly on stochastic frontier model with distributional assumptions by which efficiency effects can be separated from stochastic element in the model and for this reason a distributional assumption has to be made.

This paper focuses on reviewing the stochastic frontier analysis regarding estimating inefficiency in regional level, as well as explaining regional heterogeneity along with the relationships with productive efficiency level. The paper begins with a general overview of estimating productive efficiency in different regions, both in aggregate and disaggregates level, providing the main hypotheses and results of each case. Then, the paper continues with explaining regional heterogeneity, as well as the main determining factors towards efficiency differentiations. This paper also presents a discussion of the environment, institutions and policy issues, focusing on the institutional setting, namely European countries and regions, providing at the same time some useful elements in order to understand the assumptions and theories which underpin them.

2. Reviewing productive efficiency through Stochastic Production Frontiers

As rigorously described in Kumbhakar and Lovell (2000), productive efficiency represents the degree of success producers achieve in allocating the inputs at their disposal and the outputs they produce, in an effort to meet specific set productive objectives. Thus, in order to measure productive efficiency it is first necessary to specify producers' objectives and then to quantify their degrees of success. Central to frontier analysis is the determination of the efficient production technology, identification of those efficient decision-making producers

provided producers are operating on their technical frontiers, allocative (in) efficiency will be the same as economic (in) efficiency (they are used synonymously in the literature) because of the theoretical assumption of potential technical efficiency. Thus if a producer is operating at point A on its frontier, using I_2 inputs and producing Q_2 output, its profits may be π_2 , and its allocative / economic inefficiency will be measured as π_2 / π_1 . In practice, with a new technology, producers operate at less than potential technical efficiency owing to incomplete knowledge of best technical practices or to other organisational factors that prevent it from operating on its technical frontier. Thus, a producer will operate on an actual or perceived production function which is below the potential frontier, e.g. on AA' . At I_2 inputs, it operates at point C , produces Q_3 output and earns π_3 profits. On this actual production function, point C is allocatively inefficient. To maximise its profits (π_4) it would have to operate at point D , use I_3 inputs and produce Q_4 output. At D , however, it would not achieve potential economic efficiency, for by definition, potential economic efficiency can only be achieved with potential technical efficiency. To be consistent with neoclassical production theory, efficiency should only be measured in relation to the frontier production function FF' . Thus if a producer is operating at C on its actual or perceived production function, its economic inefficiency would be measured in profit terms by the ratio π_3 / π_1 , or in output terms by the ratio Q_3 / Q_1 . Now, it can easily be seen that this economic inefficiency comprises two components, technical and allocative inefficiencies. In profit terms, the total loss in economic inefficiency in operating at point C is $\pi_1 - \pi_3$. Of this, the loss from technical inefficiency is $\pi_3 - \pi_2$, and the loss due to allocative inefficiency is $\pi_1 - \pi_2$. In output terms, the losses are $Q_2 - Q_3$ and $Q_1 - Q_2$ respectively. The various models for measurement that follow are based upon this conceptual framework.

Finally, when taken together, allocative efficiency and technical efficiency determine the degree of 'economic efficiency' (also known as total economic efficiency). Thus, if an organization uses its resources completely allocatively and technically efficiently, then it can be said to have achieved total economic efficiency. Alternatively, to the extent that either allocative or technical inefficiency is present, then the organization will be operating at less than total economic efficiency.

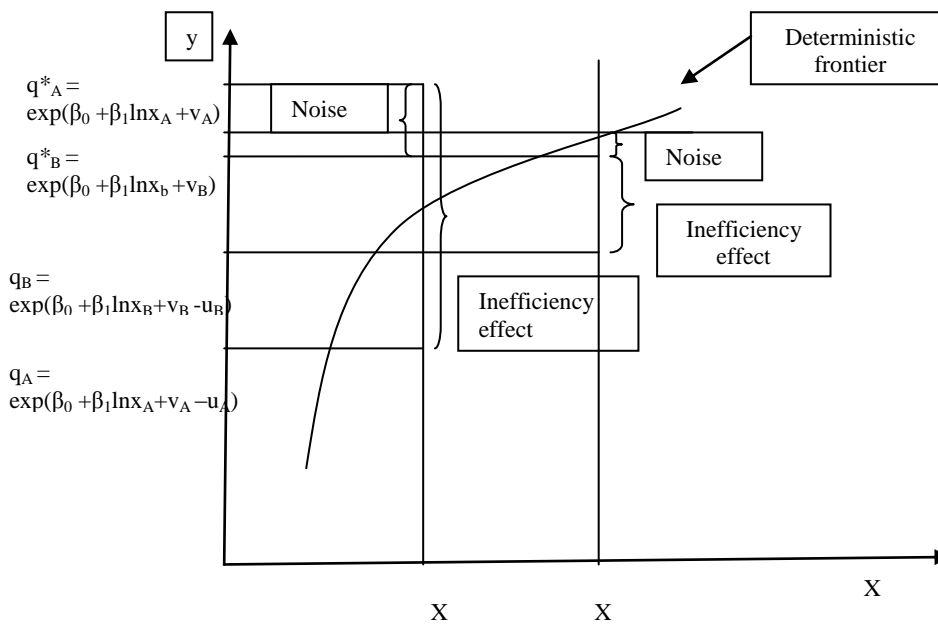
The following figure presents the inputs and outputs of two producers A and B . The deterministic component of the frontier model has been drawn to reflect the existence of diminishing returns to scale. Values to the input are measured along the horizontal axis and outputs are measured on the vertical axis. Producer A uses the input level x_A to produce the output q_A , while Producer B uses the input level x_B to produce the output q_B . if there where no

inefficiency effects (if $u_A = 0$ and $u_B = 0$), then the so-called frontier outputs for producers A and B would be:

$$q^*_A = \exp(\beta_0 + \beta_1 \ln x_A + v_A) \tag{1}$$

$$q^*_B = \exp(\beta_0 + \beta_1 \ln x_B + v_B) \tag{2}$$

Figure 2. The stochastic production frontier



Source: Coelli et al (2005), p. 244.

It is clear that the frontier output for producer A lies above the deterministic part of the production frontier only because the noise effect is positive ($v_A > 0$), while the frontier output for producer B lies below the deterministic part of the frontier because the noise effect is negative ($v_B < 0$). It can also be seen that the observed output of producer A lies below the deterministic part of the frontier because the sum of the noise and inefficiency effects is negative ($v_A - u_A < 0$).

The original model specification involves a production function with an error term incorporating two components, one to account for random effects (v_i) and one to capture the unobservable inefficiency factor (u_i). This model can also be expressed in the following form:

$$Y_{it} = x_{it} \beta + (V_{it} - U_{it}) \tag{3}$$

where:

- $i=1, \dots, N, t = 1, \dots, T$
- Y_{it} is (the logarithm of) the production of the i^{th} producer in the t^{th} time period
- X_{it} is a $k \times 1$ vector of input quantities of the i^{th} producer in the t^{th} period

- β is a vector of unknown parameters
- V_{it} are the random variables which are assumed to be iid. $N(0, \sigma_v^2)$ and independent of the $U_{it} = (U_i \exp(-\eta(t - T)))$
- U_i are non – negative random variables which are assumed to account for technical inefficiency in production, and assumed to be iid. as truncations at zero of the $N(\mu, \sigma_u^2)$.

The prediction of the technical efficiencies is based on its conditional expectation, given the observable value of $(V_{it} - U_{it})$, as in Jondrow et al. (1982) and Battese and Coelli (1988). In this context, technical efficiency reveals the maximum amount by which output can be increased using the same level of inputs and technological conditions. The most common output – oriented measure of technical efficiency is the ratio of observed output to the corresponding stochastic frontier output:

$$TE_i = \frac{y_i}{\exp(x_i\beta + v_i)} = \frac{\exp(x_i\beta + v_i - u_i)}{\exp(x_i\beta + v_i)} = \exp(-u_i) \quad (4)$$

where β are the production function parameters and TE is technical efficiency ($0 < TE(y_i, x_i) \leq 1$).

A question of interest is whether inefficiency occurs randomly across producers, or whether some producers have predictably higher levels of inefficiency than others. If the occurrence of inefficiency is not totally random, then it should be possible to identify factors that contribute to the existence of inefficiency (Reifschneider and Stevenson, 1991).

3. Estimating productive efficiency at regional level

The estimation of aggregate production functions is common in regional economics. Regional production functions have been used to study different topics including, among others, the existence of agglomeration economies, the evolution of productivity, the effect of knowledge spillovers and the existence of catching-up to the technological frontier. Differences in productivity growth rates are seen solely as a function of how far a region is from its own steady state. The further productivity is below the steady-state level, the faster the growth of the capital–labour ratio and hence the faster productivity growth. But to emphasize again, this assumes that all regions have access to the same blueprint of technology and all are equally efficient (Mankiw *et al.*, 1992).

While initial studies used to estimate a Cobb-Douglas aggregate production function with productive capital and labor as explanatory variables, other inputs such as human capital

(e.g., de la Fuente, 1995) or public capital (e.g., Puig-Junoy, 2001) are commonly considered. Other variables have also been used in order to control for regional heterogeneity: Evans and Karras (1994) use the composition of public capital, García- Milà and McGuire (1992) and Munnell (1990) use the business cycle, Álvarez, Arias and Orea (2006) use a specialization index. In fact, the list of potential sources of regional heterogeneity can be fairly long, ranging from those already mentioned to differences in climate, and natural resources and even within-country differences in culture and institutions, as recently documented by Acemoglu and Dell (2009). Some of this heterogeneity embedded in regional data is unobservable for the analyst, and the failure to take it into account can lead to biased estimates, hence the importance to account for it. There are mainly two different approaches to this problem, (i) modelling heterogeneity as an individual effect or (ii) letting the model estimate different technologies in the sample (i.e., random parameters models, latent class models, non-parametric estimation).

Last decades have seen the publication of a great deal of studies on spatial disparities in the European Union (EU) using a variety of different approaches (e.g. Barro & Sala-i-Martin, 1991; Neven & Gouyette, 1995; Quah, 1996; Rodriguez-Pose, 1999; Le Gallo, 2004; Corrado et al., 2005; Ezcurra et al., 2005a). Among them, it is worth mentioning the major advances in economic growth theory, coinciding with the introduction of endogenous growth models in the mid-1980s. The assumptions underlying these models ultimately allow for the reversal of the neo-classical prediction of convergence, and lead to the conclusion that the faster growth of rich economies causes territorial imbalances to increase over time (Barro & Sala-i-Martin, 1995). In fact, the self-sustained and spatially selective nature of economic growth has been stressed by the models of the “new economic geography” (Ottaviano & Puga, 1998). According to these theories, the increasing returns and the agglomeration economies would explain the accumulation of activity and income in the more dynamic areas, which would lead in the final instance to spatial divergence.

On the other hand, the increasing relevance of this topic in the EU has much to do with the strong emphasis placed on achieving economic and social cohesion in the context of the current economic integration process, especially since the signing of the Single Act and the Maastricht agreements. This directly raises the need to reduce the differences in terms of development across the European regions. The literature on regional disparities within the EU has mainly focused on the possible presence of convergence in per capita gross domestic product (GDP) or labour productivity, ignoring the degree of efficiency with which the various regions use their resources in the productive process. This may be particularly

relevant since, as pointed out by Grosskopf (1993) and Taskin and Zaim (1997), the omission of the phenomenon of inefficiency may cause convergence analysis to offer biased results. However, despite its potentially important implications, as far as we are aware this issue only has been examined to date in the EU case by Angeriz et al. (2006) and Enflo and Hjertstrand (2006). Thus, Angeriz et al. (2006) use the Malmquist total factor productivity change index to calculate the efficiency scores for the manufacturing industries of 68 NUTS-1 regions in the EU. Nevertheless, when assessing the findings obtained by these authors, one should not lose sight of the substantial reduction experienced by industrial activities in the EU during the last decades (Rodríguez-Pose, 1998), to the point that manufacturing nowadays accounts only for around 23% of regional output. In turn, Enflo and Hjertstrand (2006) estimate the aggregate efficiency levels of 69 NUTS-1 and NUTS-2 regions by combining a non-parametric frontier approach with bootstrap techniques. However, the sample used in this study covers only five EU member states: Germany, Spain, France, Ireland and Italy. Ezcurra et al. (2009) aim to investigate further existing disparities in technical efficiency levels, paying particular attention to the role played in this context by spatial interactions and geographical location. Ezcurra et al. (2009) use aggregate data for the whole range of economic activities corresponding to 196 NUTS-2 regions in 15 EU countries (EU-15) over the period 1986–2002. Furthermore, this is the first time that the role played by different factors is examined in explaining the changes in technical efficiency experienced by the EU regions over the sample period.

Ezcurra et al. (2009) examine the regional distribution of technical efficiency levels within the EU, putting particular emphasis on the different patterns of spatial association observed. In turn, the econometric estimates performed inform about the impact of a set of factors on the changes in technical efficiency experienced by the EU regions throughout the study period. Concluding, Ezcurra et al. (2009) examine existing disparities in technical efficiency levels across the European regions over the period 1986–2002. The results reveal that technical efficiency is not randomly distributed across space in the European setting. On the contrary, the different tests performed highlight the presence of positive spatial autocorrelation and spatial heterogeneity in the distribution under consideration. In fact, Ezcurra et al. (2009) have detected several regional clusters characterized by similar efficiency levels distinguishing them from the rest of the sample. Nevertheless, the estimates carried out show the existence of a process of regional convergence in terms of technical efficiency during the study period. Ezcurra et al. (2009) reveal that factors such as the regional stock of capital per worker or the patterns of productive specialization are relevant in

explaining the changes in technical efficiency experienced by the European regions between 1986 and 2002.

Puig-Junoy and Pinilla (2008) investigated the main sources of heterogeneity in regional efficiency in developed countries with an application to the Spanish regions, given the potential for economic growth by reducing the distance from the best practice, estimating a translog stochastic-frontier production function in the analysis of Spanish regions in the period 1964-96, to attempt to measure and explain changes in technical efficiency. Their results confirm that regional inefficiency is significantly and positively correlated with the ratio of public capital to private capital. According to Puig-Junoy and Pinilla (2008), regional economic growth can be decomposed into two main components: increases in factor inputs (capital accumulation) and improvements in total factor productivity. The first component attributes differences among regions to differences in physical resources, physical capital, and labour. Productivity differences, the second component, may also play a determinant role in economic growth. Increases in total factor productivity may be achieved through technical change (shifts in the production frontier) and through reductions in inefficiency in production (movements toward the frontier).

Moreover, Badunenkoy and Zelenyukz (2004) research is an extension to study of Kumar and Russell (2002), which they complement in two ways: they considering a more recent period (the 90's instead of 1965-90) and, as a result, they include data on transitional economies. In contrast to study by Kumar and Russell (2002), which concluded that the capital deepening was the major force of growth and of changing the world income distribution over 1965-1990, Badunenkoy and Zelenyukz (2004) analysis shows that, during the 90's, this major force was technological change, whereas capital accumulation played the minor role. Badunenkoy and Zelenyukz (2004) investigate the same sources of labor productivity growth and evolution of world distribution as in Kumar and Russell (2002), using their methodology, but now with data for 90's.

As in Kumar and Russell (2002), Badunenkoy and Zelenyukz (2004) identified further divergence in GDP per worker among countries in the sense that the richer the countries, the greater was the growth. Second, most importantly and opposite to period of 1965-90, Badunenkoy and Zelenyukz (2004) found that the technological change was the largest driving force of growth and of changing the distribution of income per worker in the world, causing further divergence. Both the poor and the rich countries have benefited from the technological change, but the richer the country the more was the benefit, again suggesting about the divergence, now driven by the technological change. Finally, the capital

accumulation and efficiency change effects, on average, were a negligible source of change in the world distribution of income per worker.

On the other hand, to obtain unbiased estimators, first based on the Penn World data, Yamamura and Shin (2007) use the same method as Kumar and Russell (2002) to construct a panel dataset consisted of 57 countries from 1965 to 1990. Related, Kumbhakar and Wang (2005) used a stochastic production frontier approach to estimate the world production frontier. Henderson and Russell (2004) have applied similar methodology as Kumar and Russell (2002) to similar data but with human capital and found that part of the effect identified by Kumar and Russell (2002) is in fact due to human capital accumulation. Along, Griffith et al. (2004) find that both R&D and human capital affect the rate of convergence in a model of total factor productivity (TFP) growth, whereas Kneller (2005) also for a sample of OECD industries, finds that the effect of human capital is quantitatively more important than that of R&D on absorptive capacity, and that the latter matters only for the smaller OECD countries. Koop, Osiewalski and Steel (1999, 2000) has previously questioned the results from the use of this two-stage modelling approach from a statistical perspective.

Using also SFA, Kneller and Stevens (2006) examine the three facets of technology: its creation, dispersion and absorption. They investigate whether differences in absorptive capacity help to explain cross-country differences in the level of productivity. They utilize stochastic frontier analysis to investigate two potential sources of this inefficiency-differences in human capital and R&D – for nine industries in 12 Organization for Economic Co-operation and Development (OECD) countries over the period 1973–91. Kneller and Stevens (2006) find that inefficiency in production does indeed exist and it depends upon the level of human capital of the country's workforce. Evidence that the amount of R&D an industry undertakes is also important is less robust. Kneller and Stevens (2006) investigate whether absorptive capacity helps to explain cross country differences in the level of technical efficiency. Two factors have been suggested which determine the capacity to absorb and implement new technology: human capital (Abramovitz, 1986; Cohen and Levinthal, 1989) and domestic innovation (Fagerberg, 1994; Verspagen, 1991).

Finally, a regional application is Karadag et al. (2005), who use the technique to examine changes in manufacturing TFP in the Turkish private and public industries. In particular, using data for the period 1986–2002, Angeriz et al. (2006) analyses TFP change and its components for the manufacturing industries of 68 European NUTS1 regions. Angeriz et al. (2006) chose manufacturing because, while it now only accounts, on average, for around 20 per cent of regional output, its role is still seen as crucial in explaining regional economic

growth. It remains a large component of inter-regional exports and the competitiveness (both price and nonprice) of a region's exports is crucial to its overall prosperity. Following this, the paper looks at the question of cross-regional convergence with respect to levels of TFP and technical efficiency.

Generally, in the long run, it can be hypothesized that technology transfers allow relatively homogeneous or similar regions, such as those in a developed country, to grow at a common rate. Then, not all differences in total factor productivity need to be persistent. That is, regional technology gaps may be expected among regions in developed countries to close over time as technology diffuses. If this is the case, persistent differences in total factor productivity may be attributed mainly to inefficiency in the use of input factors to produce regional output.

4. Concluding Remarks

Stochastic frontier models assume that producers operate under the same production technology and that the inefficiency distribution across individuals and time are homogeneous. Within this framework, a transition towards a sustainable, resource efficient economy is paramount for maintaining the long-term competitiveness of European industries. Overall, European member states have made significant progress in defining and implementing consistent national legislative frameworks for stimulating efficiency. However, some lack the experience and the administrative capacity to do this and for these countries the framework legislation at the EU level can provide guidance and support.

The quality and availability of infrastructure (energy, transport, and broadband) make an important contribution to an efficiency promoting environment. Industrial sectors need a modern public administration, able to deliver efficient and high quality public services. Coordinating clusters and networks improve industrial competitiveness and innovation by bringing together resources and expertise, and promoting cooperation among businesses, public authorities and universities. EU industrial and innovation policies should aim to overcome existing market failures and funding gaps, especially to supply the bridge between technical efficiency and productivity enhancement.

European governments are in need of a more coherent, more coordinated approach towards industrial technical efficiency support. However, the pressure on public budgets adds to the urgency of this matter in different policy areas of industrial and innovation policy. The range of explicit innovation policies being applied is very much concerned with the supply side and even more with R&D support of various types, ranging from funding of science in

public institutions through to fiscal incentives for firms to increase R&D spend. A comprehensive approach to industrial and innovation policy can be achieved by supporting markets for innovative goods and services and excellence in research in new technologies, including information and communication technologies (ICT), introducing a more focused strategy to facilitate the creation of areas for action, and in particular introducing a more focused strategy to facilitate the creation and marketing of new innovative products and services. Within the domain of industrial and innovation policy, regulatory reform is seen to affect innovation indirectly through affecting the funds available for investment and market size and structure, and directly through its impact upon the promotion of technical efficiency and productivity.

An open, efficient and competitive business environment is a crucial catalyst for growth in a global context. Improving the business environment covers policies in areas ranging from improving infrastructure to shortening the time needed to obtain a building license. In many cases, better institutional mechanisms need to be functioning as a single research area, business environment and innovation system. There need to be strategic approaches, which not only promote closer interaction among sectors but also among policy-makers (from different policy fields and different levels of government). European innovation and industrial policy is therefore recommended to develop strategic approaches which integrate R&D, innovation and industrial policy along with a more coherent EU strategy for innovative competitiveness, giving special attention to ICT in innovation and industrial policy. A new generation of policies have to overcome the limitations and failures of past experiences, such as collusive practices between political and economic power, heavy bureaucracy, lack of accountability and entrepreneurship. They have to be creative and selective, with decision-making mechanisms that are more democratic and inclusive of different social interests. These new approaches to industrial and innovation policies could play a key role in pulling Europe out of the current crisis. The politics behind such a new departure has to be based on a wide social consensus over the distribution of the productivity and efficiency gains deriving from new technologies and economic activities.

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Tourism marketing and promotional techniques as tools for regional development and planning of the tourism product: Case study Prefecture of Ioannina, Epirus

Abstract:

The development of tourism in Greece, over the past decades, was characterized by a high concentration in destinations whose geomorphological and seasonal features support the model of the 3S (sea, sun, sand). Therefore, tourism regional development displays an uneven distribution among the country's potential destinations. However, the country's tourism policy aims concern among others the development of regions with strong traditional character and poles of interest that can be the basis for the differentiation and the enrichment of the Greek tourism product. In this context, the Prefecture of Ioannina, Epirus, appears as an excellent case for consideration and study. Due to its geographical position and character has the potential to develop a differentiated tourism product and several kinds of alternative forms of tourism.

This study attempts to reveal the region's current condition, potentialities and suggestions for effective marketing techniques and development. In order to meet these objectives the study combines qualitative and quantitative primary research by using two samples from the public and private sector. A research procedure which, among other findings, results in the construction of a S.W.O.T. analysis and proposals through the eyes of the most relevant members of the local population.

Key words: tourism, marketing, promotion, regions, planning, development

JEL: R11, M31, M37

Ourania Vitouladiti¹ and Eleni Katsari²

¹ Dr Ourania Vitouladiti, TEI of Athens, Greece, Faculty of Management and Economics, Department of Business Administration: Tourism and Hospitality Management. E-mail: ranivito@hol.gr

² Eleni Katsari, Graduate of University of Glamorgan, Legal Studies, Law School, South Wales, UK. E-mail: katsarielena@yahoo.gr

1. Introduction

In today's competitive environment and in the midst of an economic recession, countries that are already established destinations seek new ways to enhance and enrich their tourism product. Within this context, regions that have the potential to offer a differentiated tourism product, one that does not rely on the traditional sea, sun and sand model, are considered for further development.

However, tourism planning involves several steps such as the evaluation of the infrastructure and the superstructure, the recording of the current situation in tourism and the existing marketing and promotional actions both in private and public level. From these actions several results will be extracted that will offer guidelines for product development and the implementation of effective marketing approaches.

It must be noted, that such an attempt has not taken place in a consistent manner, in Greece, for geographical regions which do not possess the typical characteristics of seaside destinations. Tourism development in these regions has been circumstantial and has been considered more as an extra economic activity than as a developmental pillar to local economies.

A region that incorporates all the above attributes is the prefecture of Ioannina, Epirus, making it an ideal case study for examining the feasibility of implementing planned and organized marketing actions for tourism development. Marketing actions, that will be in accordance with the targets of the country's tourism policy, which is focused on the enrichment of the Greek tourism product, promotion of local goods and services, support of alternative forms of tourism and the detachment from the image of the 3S model.

2. The importance of Marketing actions for regional development

Most scholars agree that marketing was developed, as a science, during the 20th century as a discipline of applied economics (Shaw, Jones 2005). Definitions of Marketing vary through the course of time. A fact that proves its dynamic nature and the need to adapt to the constantly changing conditions of the economic environment. As Gronroos (2006) underlines, a marketing definition must be broad enough to incorporate all sorts of activities and products but specific enough in order to offer guidelines. As the AMA (American Marketing Association) states "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (www.btobonline.com, 2008).

Kotler (1991) and Kotler et al (2006) consider Marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Marketing has experienced impressive growth after World War II, becoming a scientific discipline in continuous expansion. As a result of the marketing deepening and specialization trend, tourism marketing arised.

A classic definition of the concept is Krippendorf's approach (1971, p.46) who considers "marketing in tourism as a systematic and co-ordinated execution of business policy by tourist undertaking whether private or state owned at local, regional, national or international level, to achieve the optimum satisfaction of the needs of identifiable consumer groups and in doing so achieve an appropriate return".

This definition emphasizes the importance for carrying out systematic and co-ordinated activities specific to tourism, both locally, regionally, nationally and internationally.

Tourism marketing is defined as a process in which the structure of tourism demand is anticipated and satisfied by the design of a product (service), physical distribution, establishment of the exchange value (price), communication between the tourism organization and its market, for the best interest of the company and consumers (Tocquer and Zins, 1987, p.40). It is evident that one of the basic notions of marketing is communication. As Protopapadakis (2013) believes modern Marketing is more than the development of the right product, at the right price and placing it on the market. Companies need to communicate their product to the target market. A tourist commodity must be communicated to the public in order to be known. As noted by Holloway & Robinson (1995) from the moment you create a product and set a price for it the interest of Marketing is focused on its promotion. As good as a product may be, rarely can be sold by itself.

However, as Kolb (2006) states tourists have many destination options that they could potentially visit. This is why one must carefully plan a strong brand and organize the promotional process. As mentioned by Baker (2007), a destination without a clear and attractive identity can be lost among the range of options available and cannot garner the interest, attention or respect that it deserves. As Vitouladiti (2012) has indicated the needs, motives and benefits sought from a holiday have changed and evolved and as a result the authorities must be able to improve communication on destination attributes that influence consumer behaviour and loyalty.

Kolb (2006) argues that when the tourism product is analyzed, the target market identified and brand identity created, the next step in process of marketing is to plan the promotion that will take place. Regarding the functions of promotion, when they are applied

to a tourism product, Young and Kaczmarek (1999), emphasize that the reformatted image of a destination through marketing techniques, may support the local economy and development of the region. The authors Haugland et al (2011) believe that tourism destinations should take into account the challenges in developing strategies - a distinct field of tourism marketing - which involves a large number of firms and other actors, such as, for example local and regional authorities.

In order to achieve the above we have to embrace the term and the content of mindful development as suggested by Pritchard et al (2011) that is intrinsic to the future of any tourism destination. As Insch (2011) argued the unethical tourism marketing representations of the past and issues like wasteful development and environmental degradation must be taken into greater consideration than in the past.

Arguably, tomorrow's successful tourism destinations will be places which enhance the well-being of their populations through tourism and embrace new ways of sustainable living (Morgan, 2012). As Varvaressos (2011) emphasises even the strongest tourism destinations are doomed to "die young" if they do not fit the requirements of tourism trends.

Just as competitiveness is increasingly discussed in economic geography and urban and regional studies in relation to creativity rather than an accumulated wealth index (Huggins, 2003; Boschma & Fritsch, 2009) we need to reconsider how we measure competitive tourism destinations. The application of modern tourism marketing and its techniques through which we can evaluate the strengths, weaknesses, opportunities and threats (S.W.O.T. analysis) of a region, creates the right product and communicates it to the market and is the only way to achieve the targets of a mindful regional development.

The above will be implemented in the prefecture of Ioannina. The area's potential as a tourism destination has yet to be exploited, even though it possesses a multitude of natural and cultural attractions, since it is a landlocked prefecture that was bypassed by the massive tourism development of the past decades.

3. Prefecture of Ioannina-General Characteristics

Epirus, covers a total geographical area of 9,203 square kilometers and a population of 353,820 inhabitants. On the north it borders to Albania, on the northeast to the region of Macedonia, eastern to Thessaly and southeastern to mainland Greece. It has access to the sea via Amvrakikos Bay in the south and to the Ionian Sea in the west.

The prefecture of Ioannina is the largest in size and population of the four prefectures constituting the Region of Epirus. It extends on 4,990 square kilometers and has a population of 170,239 inhabitants (2001 census), and its capital, is the city of Ioannina.

The terrain of the is 70% mountainous, most mountains are part of the Pindus range that separates the Western part of Greece from the Eastern. One of the greatest natural attractions is the famous “Vikos Gorge” the deepest in the world (Guinness book of records). The largest river is “Thyamis” or “Kalamas” (115 km) and the largest lake Pamvotis.

The city of Ioannina is located in a plateau 470 mts above sea level and is surrounded by mountains. The city is built on the shores of lake Pamvotis (19 square kms). Lake Pamvotis has the only inhabited island in a lake in Europe, and one of the few in the world. The Island -as it is called is 800 meters in length, has a width of 500 m. and its perimeter is 2,400 m. Over one hundred families establish a village in the Island, while on it, seven monasteries, have highlighted it in a significant historic site of asceticism and in an archaeological tourist sight of high interest.

In the region as a whole, culture and education have been quite developed. Also Ioannina is the seat of the University of Epirus. The prefecture is known for its tradition in arts and crafts such as silverwork, gold work and others among them. Most recently, the “Traditional Crafts Center of Ioannina”, the only one in Greece, was established with government and EU funding. Most industries in the area concern food products (dairy and meat).

Gastronomy has a very important role in the region, as the area as a whole, is particularly famous for its local cuisine and traditional dishes. Fishing has also an important role in the economy of the Epirus and Epirus moreover, occupies the second position in citrus fruits production after Peloponnese.

3.1. Tourism Attractions

The prefecture of Ioannina (Fragkos, 2010) in addition to such natural and human resources, is quite an important pole of tourism attraction because of the wide range of archaeological sights and tourism attractions that are available. Numerous caves, many museums and archaeological sights, the castle of the city of Ioannina, the traditional settlement on the island in Pamvotis Lake, the ancient theater and oracle of Dodoni, the “Pavlos Vrellis” wax museum, and many more historical sights that constitute its history.

Many tourists visit the 45 Zagoria traditional stone villages, Metsovo traditional settlement and its ski resort. The prefecture has easy access to the Ionian coast as well,

especially after the completion of the Egnatia Odos S.A, where the distance from Igoumenitsa and the Ionian coast is only 35 minutes by car.

It should be noted at this point, that this area until now, attracts mainly domestic tourism. According to the statistics, the ratio between Greek and foreign tourists, is 4 to 1. The population occupied in tourism in the county, covers about 18% or nearly 1/5 of the manpower as a whole.

The tourism flows in the area have increased, but not as much as they could. The tourism promotion of the county seems to be in a moderate level. Egnatia Odos S.A is a very important "gateway" for the development of tourism in the region, if properly used by the tourism authorities of the area. That is because, the infrastructure particularly in terms of lodgings, is generally adequate. This does not mean that there are not some of those that need immediate improvement.

4. Research Objectives

4.1. Definition of research objective

The prefecture of Ioannina is a tourist destination which, in recent years, has been considerably developed in providing tourism services. It receives significant flows of tourists, and as a region, has diversified tourism features.

Therefore, the research objective was defined as follows:

To examine the existing applications in marketing and promotional techniques in the prefecture of Ioannina and their degree of implementation based on the views of opinion leaders and tourism professionals. As well as, determine their standpoint and suggestions towards marketing and promotional techniques.

4.2. Analytical objectives

In order for the research objective to be completed, analytical research objectives were set, which focused on:

- The identification of the tourism product of the prefecture of Ioannina
- The contribution of Egnatia Odos S.A in tourism and promotion of the county
- The research participants' point of view, concerning the importance of marketing and promotional techniques for the specific tourism destination
- The influence of the country's general financial condition and its affect to marketing and promotional techniques

- The significance of tourism education to tourism professionals
- The necessary actions to improve infrastructure
- The necessary actions to improve the level of applied marketing and promotion techniques (proposals and suggestions)

Those analytical objectives assist in understanding the general picture, regarding tourism in the prefecture of Ioannina, since all the components examined through them, are integral parts of the tourism product and development of the county, and are intertwined.

4.3. Research methodology

-Primary Research.

In order to fulfill best the objectives of the study, primary research was considered the most appropriate method.

4.3.1. Data collection

This study used two methods of data collection:

- Primary Qualitative Research
- Primary Quantitative Research

The qualitative research was the first one conducted, and offered the initial information in order for the quantitative research to be carried out subsequently.

The tools used for research were:

- In-depth personal interviews with open questions, for qualitative research
- Structured questionnaire with closed-end questions for the quantitative research

4.3.2. Sample Design

The sample for the qualitative research was selected through the local chambers of commerce and the relevant municipal, regional and governmental authorities of the prefecture. The participants in the survey were government tourism officials located in the area, county and municipal authorities relevant to tourism (regional government) and tourism professionals (hotel owners and travel agents). The sample has been subjected to personal in depth interviews, through open questions. The conduct of qualitative research and the information revealed gave data that had to do with trends and dispositions and other detailed information which created the basis for designing and conducting the quantitative research.

For the quantitative research, stratified sample was used, as this was considered the only appropriate sample to achieve the objectives of this research. The population sample was divided into groups with certain characteristics (strata). Specifically, the groups of people who took part are local government tourism bodies, local representatives of authorities relevant to tourism (region and municipality) and tourism professionals (private sector). The members of the sample were chosen randomly from the strata.

The profile of the participants was expanded to include from the private sector various small business owners, managers and employees (guesthouse and small hotels, restaurants, recreation establishments and tourist shops), various tourism professionals (tourist guides, mountain guides and sport activities experts). The sample of the qualitative research was included in the expanded sample of the quantitative research.

4.3.3. Questionnaires' design

The questionnaires used to conduct primary research were of two kinds. Questionnaire with open questions and in depth interviews for qualitative research and questionnaire with closed-ended questions for the quantitative research

The questionnaires were divided into groups of questions, related to the areas of this study, in which the research was focused, and each of them contained the relevant questions that will elicit all the relative information. The questions were divided into three groups, for both questionnaires, each one containing different types of questions depending on the type of research they were designed for. The groups of the questions are the following:

GROUP A: "Tourism and prefecture of Ioannina"

GROUP B: "Tourism Marketing and Promotional Techniques in the Prefecture of Ioannina"

GROUP C: "S.W.O.T Analysis in the Prefecture of Ioannina- Measures-Solutions-Suggestions"

In detail:

1. Qualitative research

i) Open questions:

The design of the open questions for the qualitative primary research was based on the research goal and the analytical research objectives that were set for this study.

A' group of questions: the questions in this group concern general information regarding tourism in the county such as defining the county's tourism product and how Egnatia Odos affects tourism in the county and the region as a whole.

B' group of questions: in this group, the questions set, concern the current situation regarding marketing and promotional techniques, the standpoints and the actions of local tourism authorities, local branch of GNTO (Greek National Tourism Organization), and of professionals, regarding marketing and promotional techniques, the government spending regarding advertising and promotion of the county as well as the influence of the financial crisis in our country, to all of them.

C' group of questions: The participants were asked to make proposals which they deem necessary, regarding the infrastructure in the region, the implementation of marketing and promotional techniques in the county. They also were asked to propose potential solutions to the current problems, and give their opinion on the measures needed to be taken on marketing and promotion as well as on the infrastructure in the region.

2. Quantitative research

ii) Closed-ended questions:

The design of the closed-ended questions for quantitative primary research, was based on questions and inquiries that arose after the conduct of primary qualitative research and the corresponding information revealed.

A' group of questions: the questions concern the current state of infrastructure, the contribution of Egnatia Odos in the region's tourism, the degree of influence by the airport's current condition, and the importance of the prefecture's tourism product quality that combined with appropriate promotion, can increase the tourists' flow and sales.

B' group of questions: the questions in this group, examine the importance of marketing and promotional techniques concerning the tourism product of the county as well as how marketing and promotion affect the incoming tourist flows in the county.

C' group of questions: The participants were asked to classify a series of elements relevant to the tourism product of the region, as an advantage, disadvantage, opportunity or threat for it. Actually, the participants in the research, contributed to a S.W.O.T analysis for the tourism product of the region.

4.4. The types of questions

The types of questions used were, closed-ended questions, on the structured questionnaire (quantitative research) and open questions for the in depth interviews (qualitative research).

Specifically, from all the types of closed-ended questions available, the ones chosen were rating scales, importance scales, dichotomous questions and multiple choice questions

5. Survey Results

5.1. Profile, size and description of the sample. Qualitative research

The sample total number for this survey was 20 opinion leaders. The participants belong to the prefecture's tourism professionals (hotel owners, travel agents) as well as local authorities (region, municipality, local GNTTO branch). The following table shows the population sample groups that took part in the survey and the numbers that represent each group (in units):

Table 1. Participants by primary research per group/capacity

Public sector		Private sector	
Local GNTTO branch	1	Hotel Owners	8
Region	3	Travel Agents	4
Municipality	2	Promotion Organizations	1
Local Committees	1		
Total	7	Total	13

Of the twenty participants who took part in the survey, seven of them constitute the first group of the sample, relating to the public sector, and more specifically the local brunch of GNTTO, the regional and municipal tourism departments and local tourism association. The remaining thirteen participants represent the private sector, with entrepreneurs such as hotel owners, travel agents as well as marketers, promotion professionals and owners of private promotional organizations. These participants took part in the qualitative research as well as in the quantitative one, which was conducted right afterwards.

Regarding the demographic characteristics of the respondents out of the twenty people that participated, only two were women. The rest were men, a percentage of 90%. The majority of participants were in the age group from 26 to 40 years, with a percentage of 40%, followed closely by age group from 41 to 54 years, with a 35% percentage. The smallest proportion concerned the age group of 55 years and older, with 5 participants and 25% percentage. There were no representatives from the age group of 18 to 25. All the participants in the survey, were highly educated, with university level education, a rate that is 100%.

5.2. Profile and description of the sample. Quantitative research

Concerning the quantitative research the total number of the sample was 167 participants. Regarding the demographic characteristics of the participants out of the one hundred and sixty seven people that participated, 21% of the sample were women. The rest were men, a percentage of 79%. The participants in the age group from 26 to 40 years, represented 29% of the total sample, the largest age group from was from 41 to 54 years, with a 43% percentage. The age group of 55 years and older, represented 21% of participants. Only 7% of the respondents were on the age group of 18 to 25. Concerning the education variable the results

were mixed with most respondents, 59% having tertiary or vocational education (University and technological education institutes level as well as technical vocational schools). The remaining 41% were high school graduates. The majority of respondents represented the private sector.

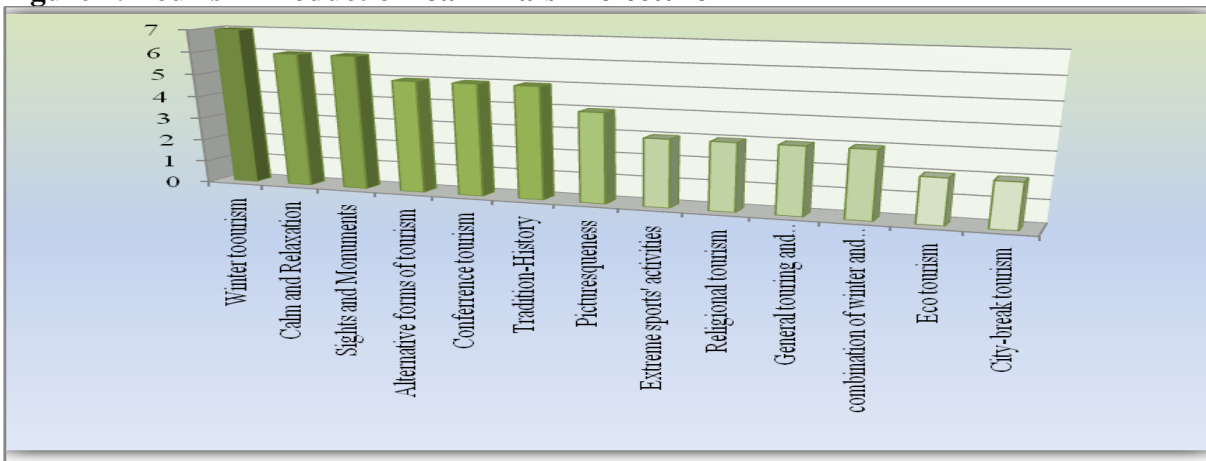
5.3. Results of primary qualitative research – Analysis

The nature of the open questions results to several answers. Therefore, the basic step of the analysis of these questions involved the grouping of the answers that had similar information. The findings of the analysis are presented in order of expressed intensity, frequency and repetition by the respondents.

5.3.1. Tourism Product of the Prefecture of Ioannina

The following table presents the results after an open question made to the participants, of what the tourism product of the prefecture of Ioannina is.

Figure 1. Tourism Product of Ioannina’s Prefecture



We observe that the majority of respondents believe that the tourism product of the prefecture of Ioannina is “winter tourism”, with 7 responses. It is followed closely by “calm and relaxation” as the main reason for attracting tourists, with six responses out of twenty. In the same rank are the county's attractions and monuments of tourism interest, also with six answers. Five respondents considered the various alternative forms of tourism that are developed in the county as an important factor in the prefecture’s tourism. In the same position we find conference tourism as far as the city of Ioannina is concerned. Also with five answers given, we have “tradition and history” of the region.

The picturesqueness of the prefecture follows as a reason why the prefecture will be chosen by tourists, with four answers, respectively. Positioned lower in the respondents criteria, with three answers, are extreme sports activities (eg canoeing, kayaking, rafting, etc.),

taking place in the region. They place in a similar position religious tourism and the general sightseeing tourism, as well as the ability of the region to combine mountain and sea tourism. Last in the selection of participants is city tourism, referring to the city of Ioannina, and eco tourism, with only two responses out of twenty. From the answers, it is evident that the main tourism product of the county is winter tourism. However, we cannot overlook the choice of calm and relaxation, that the respondents consider that the county is well known for and also the various attractions of the region. The alternative forms of tourism, conference tourism and tradition are not among the first answers. However, they are considered developing tourism activities with more and more taking place in the region. The disappointing finding for the city of Ioannina is the position where the city tourism is held, which in the figure is at the bottom of the list according to tourism professionals, as a reason for the tourists to visit the city for holidays.

5.3.2. Influence of Egnatia Odos in tourism

Particularly interesting are the findings which present the way in which, Egnatia Odos affects tourist inflows in the county. In the open question on how did the Egnatia Odos affect the tourist flows, it is considered that Egnatia Odos and its completion in 2009, increased the inbound tourists numbers in the region, mostly by travelers coming from northern Greece, but surprisingly not the number of overnights. Specifically, the main effects of Egnatia Odos on county's tourism, as considered by the majority, are the following:

Figure 2. Egnatia Odos' main effects in Ioannina's Prefecture



Specifically, the participants considered that a project of this significance in terms of infrastructure, such as Egnatia Odos and its completion, should contribute to the increase in tourist inflows in the region. However, the project did not bring the expected results according to the opinions of the professionals and the population in general. This alludes to the fact that the Egnatia Odos project had created great expectations to the sample, which so far have found no practical application. Moreover, the prefecture of Ioannina, converted according to the observations of experts, from a destination to a passage. The flows of tourists having access to Epirus via Egnatia Odos, are treating the county as an intermediate station to their destination, which seems to be, in many cases, something else rather than the prefecture itself.

5.3.3. Marketing of the prefecture of Ioannina (current situation)

In a subsequent open question the participants were asked their opinion about what is the current situation in the prefecture's marketing and relevant activities. The figure below shows the answers:

Figure 3. Current situation in Marketing in the prefecture of Ioannina



From the above figure, it is well understood that the current situation regarding marketing and relevant activities in the prefecture of Ioannina, is limited. The participants, in their majority, stated that the tourism marketing is mainly a region's initiative, as the most important marketing activities are supported by regional authorities. From the research findings, it is also shown that the application of marketing in the private sector is very limited, apart from few exceptions which are mainly related to either luxury hotels with high-capacity, or to individual cases in the private sector. What characterizes the practice of marketing in county's tourism, according to the participants, is mainly the lack of organized marketing plans, the lack of financial resources and, in terms of state authorities as well as of individuals, the government's support, which is judged by the participants as very lacking.

5.3.4. Promotional techniques in the prefecture of Ioannina (current situation)

In the next question, the participants were asked to describe the current situation in the county and the region, regarding the promotional techniques. The figure below presents the responses:

Figure 4. Current situation in promotional techniques in the prefecture of Ioannina, according to participants in total

From the above figure, it becomes apparent that the current actions related to the promotional techniques and their practical application in the county, are limited, especially those implemented by individuals. It is also obvious that practically all the corresponding actions taking place, are based on the initiative of public authorities, mostly the region of Epirus. Individuals and tourism professionals in the region, appear to be those who apply them to a smaller level and without organized promotional plan or program.

The main reasons for such small an implementation by the private sector, are - according to the participants- the lack of financial resources and their small economic ability, as well as the lack of support from the state and state institutions. However, there are individuals who apply in their businesses valuable promotional techniques regarding tourism promotion. Unfortunately, those are mostly incidental cases of individuals and professionals of large capacity hotel units, who cannot be considered as a significant percentage of the total private sector.

5.3.5. Promotional activities by local public sector authorities

Furthermore, the participants were asked to answer a question about what are the promotional activities implemented by local public sector authorities, designed to serve the prefecture's proper promotion. The figure below presents the answers to this question, by the representatives of local region's and municipality's authorities:

Figure 5. Promotional activities of local public sector authorities, according to their representatives



According to these findings, local government authorities and especially the region of Epirus, has created an organized marketing plan for the first time oriented in promoting the region as a whole, giving emphasis to the prefecture of Ioannina, under which, corresponding actions are performed. These, among others, include the creation of Epirus logo (brand name), which is exclusive, unique and diversified from other areas' brand names, and which constitutes the unique identity of Epirus. An attempt also first implemented, was an advertising campaign using mass media, including television advertisements on domestic and foreign television channels, on publications such as magazines, on radio and other mass media.

According to local tourism authorities a new and modern promotional material was created, that serves the purposes of the new tourism development plan for the region. Additionally, public relations activities like fam trips for journalists and tour operators from abroad, participation in tourism fairs and exhibitions with renewable promotional material and other relevant actions.

Also new target markets were set as goals, such as Israel's market, in which the region and the county attempts to develop tourist relations with, and turning them into tourist inflows for the prefecture and the region as a whole.

Moreover, the notion of research in tourism and the use of findings that arise after such researches, is introduced. Also introduced for the first time, is the evaluation of actions already taking place, in order to arrive at conclusions and redirecting these actions, if necessary. The local governmental authorities that participated in the survey, argue that most of these actions are innovative for the region, approaching tourism as a phenomenon for the first time and have found practical application only in over the last year's activities of the region and municipality.

Despite the initial stage in which the promotional techniques are, they are considered as serious attempts for significant changes in the prefecture's tourism promotion. Of particular interest, are the responses of the private sector professionals, on the same question, meaning the promotional activities implemented by local government authorities for the prefecture's proper promotion. The opinions of the individuals are presented in the figure below:

Figure 6. Promotional activities of local public sector authorities, according to the private sector

1. Suggestions for development planning, under approval
2. Lack of organized marketing plan so far
3. Promotional material under no renewal so far
4. Unorganized way of participation in tourism fairs (exhibitions)
5. Lack of resources

According to these findings, individuals agree that local government authorities have proceeded in drafting development plans and measures which are under approval by the relevant authorities, in an attempt to properly promote the region. They agree that this is a first time occurrence and that it is an initiative of local authorities. These findings are mostly in accordance with the responses of local authorities, as presented in detail previously. However, they argue that in the past, there has never been an organized marketing plan and relevant promotional activities by local authorities. Also, there was not an established marketing department in the region's administrative structure, which could operate accordingly. Additionally, the majority stated that the maintenance of anachronistic regional promotional material, not renewed in content and form for some decades was not able to

effectively raise the interest for the area's tourist attributes of features. The private sector participants described the participation of the region in tourist exhibitions abroad and within the country as well, up to this day as wrong in both their approach and presentation of the prefecture. Specifically, most participants considered the region's participation in tourism fairs and exhibitions, up till now, as not organized or planned properly, the promotional material for the presentation of the county was poor, and the regional authorities personnel participating in these exhibitions, apart for some exceptions, was inadequate and not properly trained.

As a conclusion, the private sector respondents considered that the participation in the exhibitions so far, was of minimal positive impact to the region. According to the respondents the inefficient marketing actions are due to the lack of an organized marketing plan, the lack of economic resources, the economic difficulties and the untrained in tourism personnel of regional authorities that participates in the exhibitions.

5.3.6. The role of G.N.T.O. in the tourism promotion of the county

In the following question, participants were asked to give their opinion about the role of the local GNTTO branch, in promoting the prefecture's tourism product. Their point of view is as follows:

Figure 7. The role of the local GNTTO branch in prefecture's tourism promotion according to the private sector participants



According to the participants' standpoints, the role of the local GNTTO branch in the prefecture, has been characterized as supplementary, as far as its promotional activities are concerned. In particular, it is stated by the participants that the G.N.T.O role is mostly oriented in collecting information of tourism interest, and in providing promotional material to interested parties lacking in attempts at setting tourism policy.

Finally, most participants consider that the representatives of the local GNTTO branch, limit their activities at participating in local tourism committees that concern region's tourism issues. However, their participation is considered mostly assisting.

5.3.7. Influence of country's financial condition in advertising budget

Then, participants were asked their opinion about the effects of the country's general economic situation, on the budget allocated in advertising and promotions in terms of individuals and local regional authorities. The participants' responses to the relative open question are as follows:

Figure 8. Impacts of Greece's financial crisis in the advertising budget

From this figure, it is evident that the general economic situation of the country, does not seem to affect in the same way all stakeholders. Their opinions regarding the budget spent by individuals and local authorities in advertising and promotion, vary. In particular, the participants' opinions regarding the influence of current economic conditions in the advertising budget differ, as for others the budget decreases due to tight economic resources, for others is maintained and for others is increased. Additionally, for some, the available budget, is now directed to new and different types of promotion, which appear to be cheaper and more modern, such as Internet. Specifically, the majority of participants argue that the budget spent in advertising by both individuals and local authorities, is reduced because of the existing economic conditions, as the financial tightness requires a more conservative distribution. However, some participants believe that individuals are likely to maintain the allocated budget on the same levels as before, or even increase it, in some cases. This occurs, according to them, in cases where the maintenance or the increase of the allocated budget aims to offset the potential decline in sales. Specifically, if the economic crisis threatens to decrease the sales of a tourism enterprise, the professionals will not reduce the budget spent on advertising. They are likely to maintain it, or even increase it, in order to avoid further potential reduction in their business' sales. Furthermore, we see that both individuals and local organizations, place more and more trust on Internet and the promotion through it, becomes more and more often. Participants argue that the tendency to promotion through Internet is explained due to the grown acceptance of its positive impacts by people, and of

course for professionals as well, and the fact that the Internet is nowadays an indispensable tool for many professional activities, including tourism.

In this effort, Middleton (2009) recognizes that the development of data base technologies and the Internet has reduced the implementation cost for small businesses and organizations with limited budgets, offering a great opportunity for product differentiation and effective market segmentation. As mentioned by Seaton and Bennett (1996) tourism is one of the few sections where clients and individuals are so willing to give important information for themselves, their preferences and needs. As a consequence, tourism industry, by its nature, facilitates information gathering and the creation of data bases. Based on the above, it is evident, that there is a propensity to promote online and in general to find cheapest means of promotion.

5.3.8. Measures necessary to infrastructure

The following open question asked for the participants to give their opinion about the necessary steps that must be taken in relation to infrastructure. Their answers were formed as follows:

The most appropriate action to be taken, is the completion of the Ionian Road, as most participants consider that it will offer easy access to the rest of the country and facilitate the visit in the region. Currently, the only access for the main Greece's visitors to the prefecture is through the main street of Rio-Antirio-Ioannina. However, this road network faces many problems, including poor road sign, poor road paving and several others. As a result, drivers face some potential risks and this constitutes an inhibitory factor for visiting the region.

So, until Ionia Odos is ready for use, it is more than necessary to improve the main road of Rio-Antirio-Ioannina, reassure its continuous maintenance and the adequate road signs. Moreover, adequate road signs are a necessity, not only for the main road network of Rio-Antirio-Ioannina, but also for all roads in the prefecture of Ioannina and the region, because, in many cases are lacking.

Figure 9. Necessary measures to infrastructure

Additionally, as a major disadvantage for the region emerged the airport of Ioannina and its general condition. The participants deemed that necessary measures must be taken. Specifically, a location change, to provide the airport with the appropriate equipment such as the blind landing /take off radar system and several others since at its current situation it is not assisting the tourism development in the region. Furthermore, the participants consider the creation of information centers for tourists and travelers, which will operate on a daily basis throughout the year, a necessity. Also, the participants consider necessary the improvement of the access that smaller towns and villages in the prefecture's highlands have, to city centers and especially to Ioannina city, so as to facilitate the access of travelers to points of tourism interest. Equally important is the improvement of accommodation services in the county. Finally, the participants consider necessary for the municipality to provide free wireless Internet for use by visitors as well as locals. Also the organization -by local tourism authorities- of seminars and programs regarding tourism education and training, so as to consequently improve the general image and the services provided.

5.3.9. Necessary marketing measures

In the next question, participants were asked to give their opinions on the necessary steps to be taken regarding marketing.

Figure 10. Necessary measures to implement marketing



According to the figure, the majority of participants considers necessary to create a separate logo (brand name) for the prefecture, which can be distinguishable from others. Moreover, the creation of an autonomous marketing organization in the prefecture, to implement actions of relevant interest, is deemed equally necessary. Also important is the creation and introduction of an organized marketing plan, under which further initiatives of tourism promotion and development in the county and the region will be running.

Moreover, the value of tourism research, before setting tourism plans and relevant goals, should be recognized. The information collected may prove valuable for tourism in the region. This is very important, due to the fact that until now no planned tourism research has been applied. Finally, the proper allocation of budget at the actions indicated as well as the evaluation of results and the setting of goals, is equally important.

5.3.10. Necessary measures in promotional techniques

Finally, the participants were asked to tell their opinion on the actions needed to be carried out on the promotional techniques in the prefecture of Ioannina.

Figure 11. Necessary measures in promotional techniques

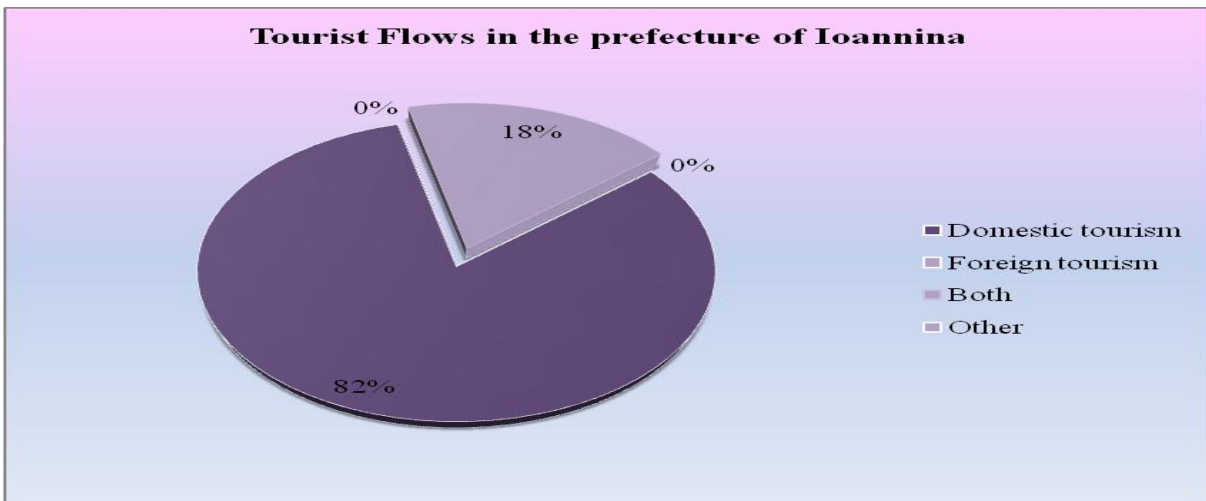
Specifically, it is considered necessary to set up an autonomous promotion organization in the prefecture of Ioannina, which will act on behalf of the latter with similar promotional activities. Moreover, it is highly desirable to promote alternative forms of tourism which can be developed in the region, so to be widely known and to attract the interest of travelers. Additionally, it is necessary to introduce an organized tourism promotion plan in the prefecture of Ioannina, based on a series of corresponding actions in order to achieve effective promotion. Of equal importance, is the advertising campaign in mass media on behalf of the county that needs to be planned, in a targeted manner. Also, suggested by the participants, is the creation of promotional material in electronic forms, rather than printed, which is more modern and more economical, in comparison to the latter. Finally, the participants consider of high importance, the promotion of the city of Ioannina itself, as a tourist destination, claiming that city tourism should be developed, among other forms of tourism in the region, as well.

5.4. Results of Quantitative Research

5.4.1 Tourism inflows in the prefecture of Ioannina

The figure below presents the tourism flows observed in recent years in the prefecture of Ioannina, according to the opinions of participants and their percentages in total. Participants were asked to choose their response from a multiple choice answers range in a closed-ended question.

Figure 12. Tourism flows in the prefecture of Ioannina

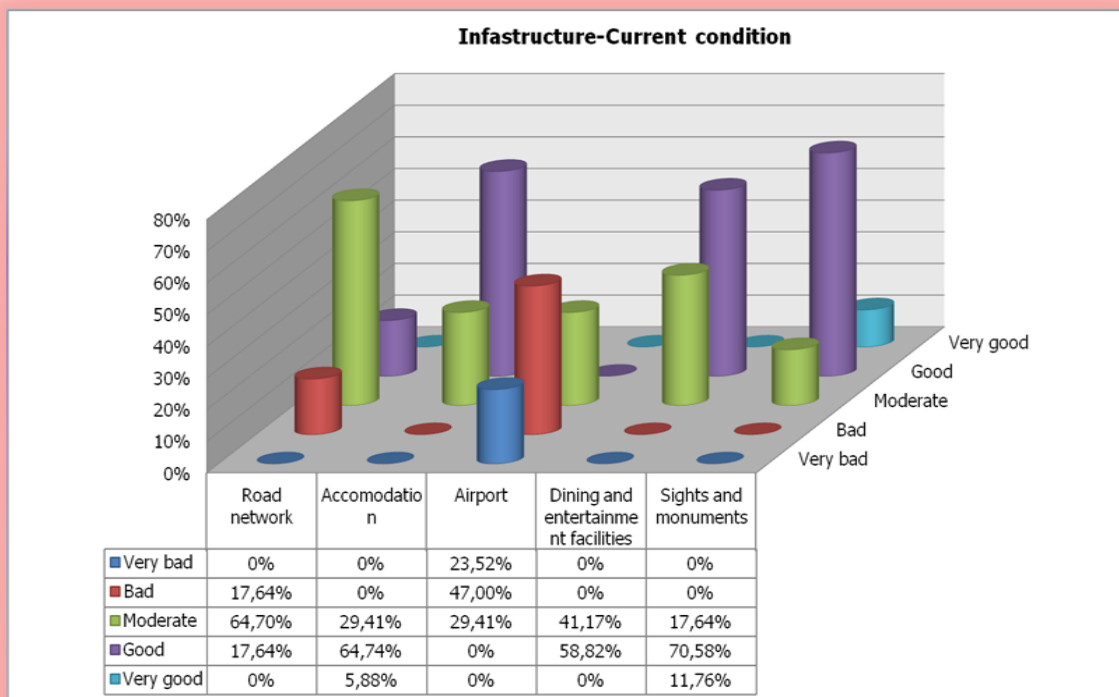


We observe that the majority of the tourism inflows in the county, concern domestic tourism, accounting for 82% of the total. However, 18%, of the respondents believe that the region receives both domestic and foreign tourism. None of the respondents gave any other answer among the available ones, apart from these two, so the choices of “foreign tourism” and “other”, obtained zero ratings, as shown by the figure.

5.4.2 Infrastructure in the prefecture of Ioannina

The figure below shows in detail the current condition of infrastructure in the prefecture of Ioannina, according to survey results.

Figure 13. Current condition in Infrastructure



Participants were asked to rate the infrastructure of the county depending on its current situation. The variables chosen concerning the infrastructure were the roads, accommodation, the airport, dining and entertainment facilities and attractions and monuments of tourism interest. They were judged on a rating scale.

In the rating scale the lowest grade is “1” which represented the "very bad" condition and the highest is “5” which represented the "very good" condition. In the intermediate points of the scale option “2” refers to “bad”, “3” to "moderate" and “4” to "good". From the survey results, the road network and its current condition, is characterized by most of participants, as “moderate”, with 64.70% out of the total. The 17.64% seems to disagree with the majority, considering the road network’s condition in the county, “good”. The remaining 17.64% disagree with both of these views and marks the general state of the roads as “bad”. Nil is the percentage of participants identifying the road network either in “very good” condition, or in “very bad”. So the road network, according to the participants is considered moderate.

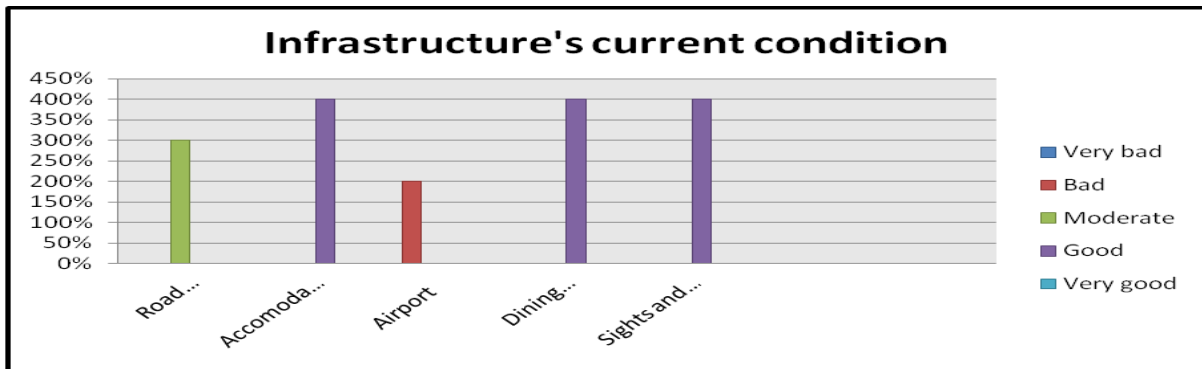
As far as the accommodation is concerned, the results showed that participants believe that it is in “good” condition, with percentage of 64.74% out of the total. On the other hand, a rate of 29.41%, believes that the accommodation of Ioannina is in “average”/ “moderate” condition and only 5.88% would characterize it “very good”. The options “bad” and “very bad”, were not selected by any of the participants. Thus, the current situation regarding accommodation, is considered “good”.

Regarding the airport of Ioannina, it seems that the participants had unfavorable opinions. They picked the choices of either "very poor ", “poor” or "average", which is disappointing for such an important facility for city tourism. Thus, the results on the airport to the city of Ioannina and its current state, are as follows: About half of the participants, namely 47%, rated it as “bad”. The 23.52% of them indicated that the airport and its existing condition is “very bad”. The rest of the participants seem more lenient giving the airport the average rating. This is the 29.41%, out of total. The options 'very good' and 'good', were not selected at all, so the classification assigned to it by the majority of participants is "bad." Regarding the analysis on the dining and entertainment facilities in the prefecture of Ioannina, the findings presented are more optimistic. Specifically, most participants described their situation as “good”, with the 58.82% of the total. The 41.17% of participants disagreed, giving the rating "average." However, the other options, "very bad", "bad" or "very good", were not chosen therefore, dining and entertainment facilities’ current condition, according to participants, is considered good.

Finally, participants were asked to rate the current condition of sights and monuments of tourism interest. The findings are even more optimistic here, since the majority characterizes them as “good” giving a percentage of 70.58% out of the total. The 11.76% of them are more positive, rating them as “very good”, while the remaining 17.64% out of the total, are more moderate judging them as average. None of the participants chose to rank the sites and monuments of tourist interest as either "bad" or "very bad". So, they are characterized as “good”, with a significant percentage of around 70% out of the total. From the analysis it is observed that in general, the current situation in the infrastructure of prefecture of Ioannina, is good.

The figure below shows the aggregated percentages of the infrastructure variables.

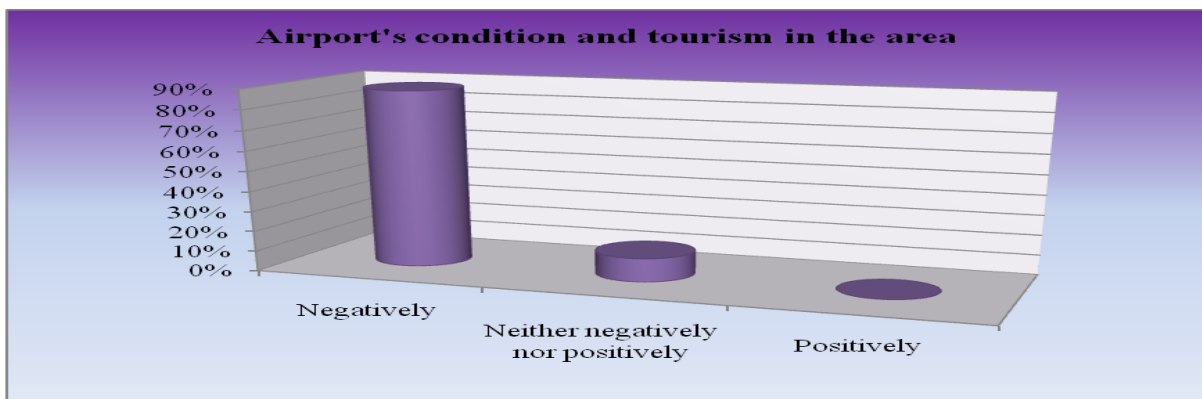
Figure 14. Infrastructure’s current condition



5.4.3. Contribution of Ioannina’s airport in the area’s tourism inflows

The following table presents the results on how the general condition of the airport of Ioannina, affects the tourism in the county. Participants were asked to tell their opinion about the relationship between the current condition of the airport and the tourist inflows in the county.

Figure 15. Airport’s condition and tourism in the area



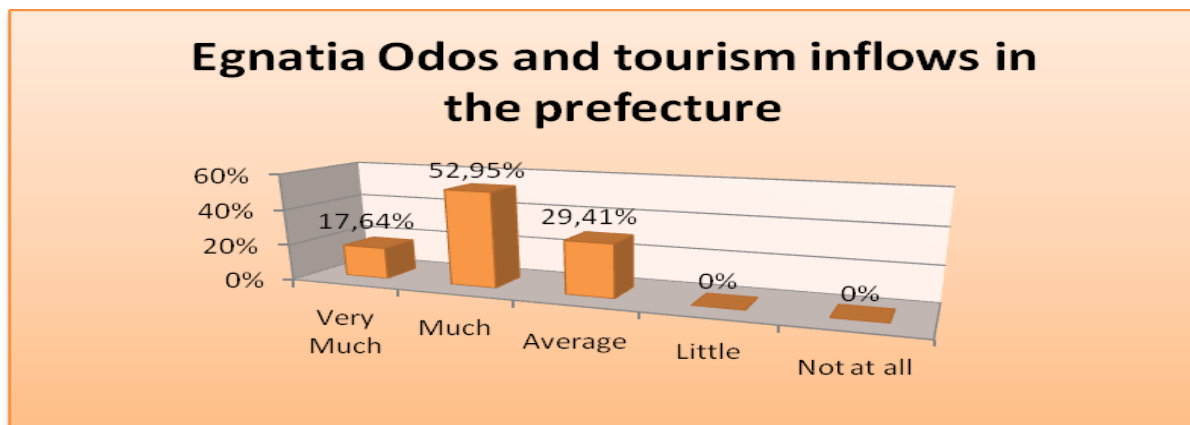
According to the figure, the majority, around 88.23% of the total, responded that the effect is negative, while only 11.76% disagreed, believing that the condition of the airport, does not affect tourism either negatively or positively. None of the participants considered it

to have a positive effect. Thus, we conclude that the airport of Ioannina, is in poor condition and even more, this fact does not leave the tourist inflows in the prefecture unaffected, since, this negative effect, according to the majority of participants, contributes to the decrease of inflows.

5.4.4. Level of influence of Egnatia Odos on prefecture's tourism inflows

On the subject of the road network of the prefecture of Ioannina, generally considered moderate by the participants, they were also asked for their opinion on how much Egnatia Odos and its completion in 2009, affects the tourism flows in the county.

Figure 16. Level of influence of Egnatia Odos on prefecture's tourism inflows

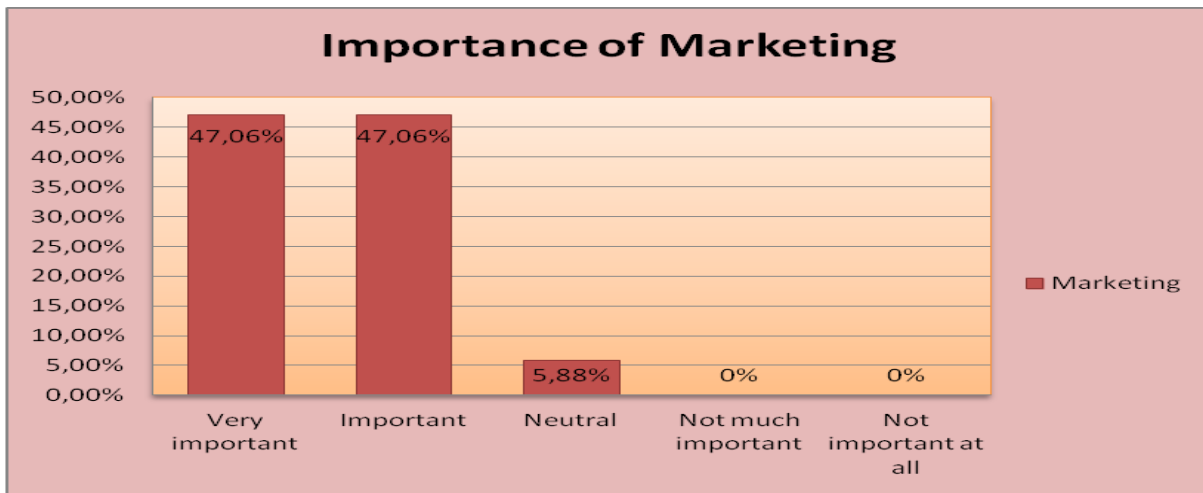


On this figure, it is evident that about half of participants believe that Egnatia Odos and the completion of the project affects the tourism in the county "much", with a percentage of 52.95%. On the other hand, 29.41%, believes that it moderately affects tourism inflows, while only 17.64 out of total, considers that this project, affects the inflows "very much". The options of "a little" and "not at all" were not chosen at all.

5.4.5 Importance of Marketing in the prefecture of Ioannina

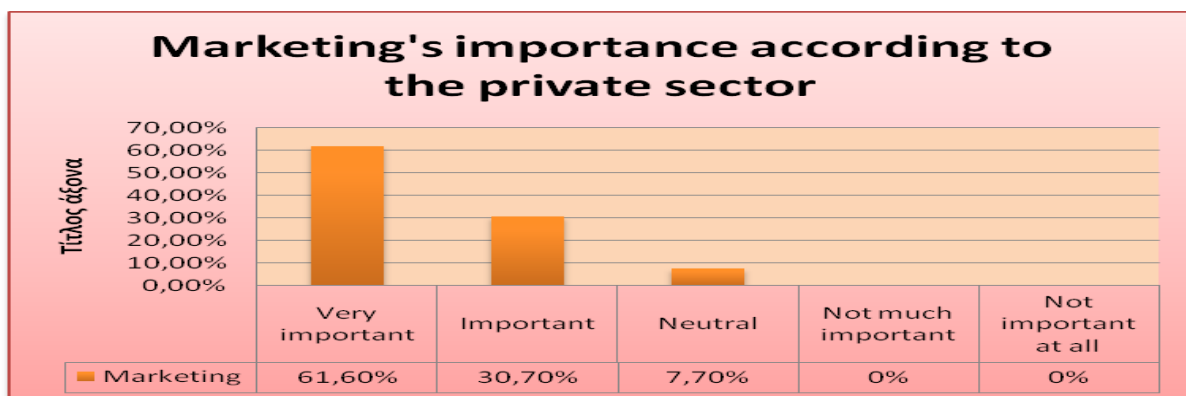
The participants were asked in the beginning, to give their opinion regarding its importance in the region and the prefecture. The figure below shows the participants' standpoints as far as the importance of marketing in the tourism promotion of the county is concerned. Participants described the marketing's significance regarding the tourism promotion of the county, as follows:

Figure 17. Importance of Marketing



It is observed, that the participants agree in their responses on the importance of marketing, since they are divided between the choices "very important" and "important." Specifically, 47.06% of the total, consider the marketing as a very important element for the promotion of the county and another 47.06% of total thinks it as important. Only 5.88% believes that marketing is of neutral's significance. The options "not much important" and "Not important at all" were not answered by any one of the respondents. Therefore, it is concluded that the majority of participants, perceive marketing as either "important" or "very important" for a tourism destination and its promotion. This seems a very promising result. It is worth mentioning at this point, that the majority of the private sector participants consider marketing a crucial element for the promotion of the county. The response rates for private sector only, for this question are presented in the following figure:

Figure 18. Importance of Marketing according to the private sector

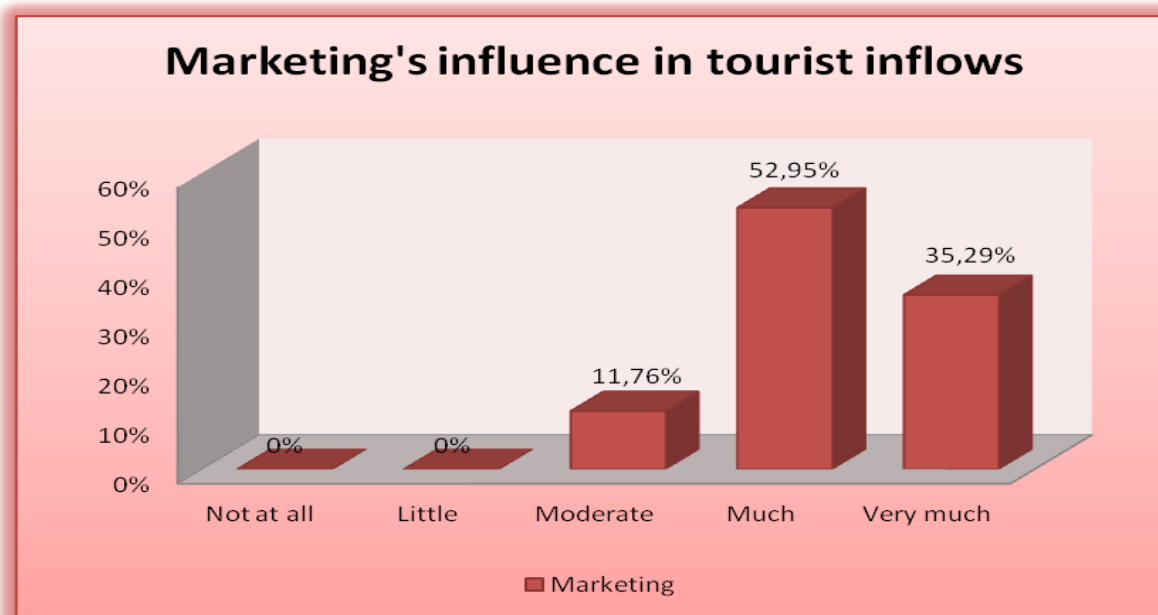


In this figure, the 61.60% described it as "very important", 30.70% as "important" and a minimum rate of about 7.70% consider it "neutral". The options of a "not much importance" and "not important at all" were not selected by any of participants.

5.4.6 Influence of marketing in tourist inflows in the prefecture of Ioannina

In the next question the participants were asked their views on how marketing affects the flows of incoming tourists in the prefecture of Ioannina. Their view is shown in the figure below:

Figure 19. Marketing's influence in prefecture's tourist inflows

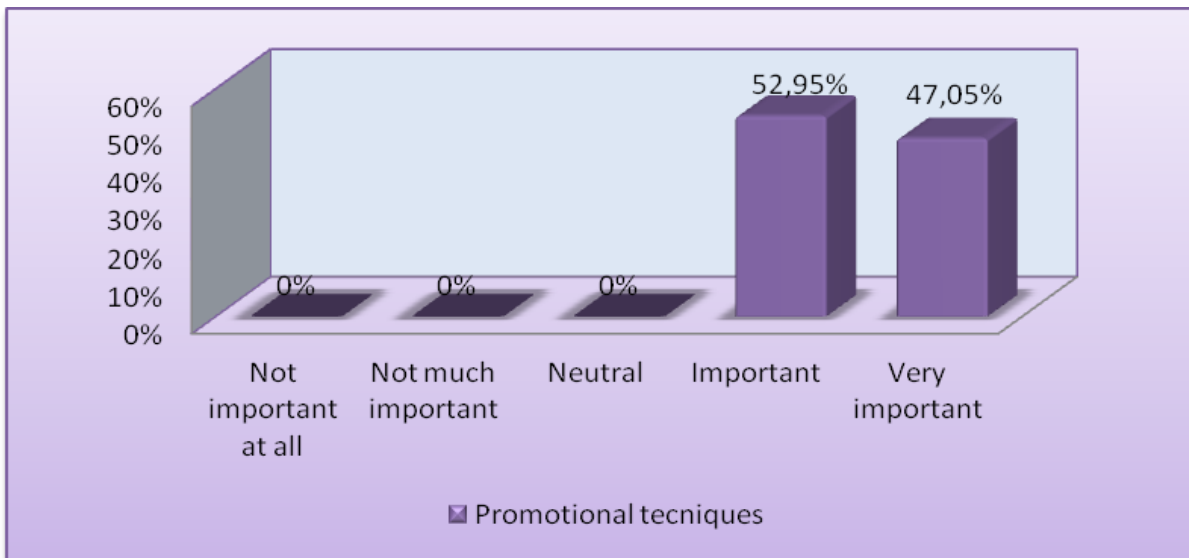


In this figure, we observe that participants consider that marketing does affect tourism in the prefecture of Ioannina. More specifically, 35.29% out of the total believe that marketing can affect the tourist inflows in the region, “very much”. The 52.95%, which constitutes the majority, believes that marketing can have “much” influence, while only 11.76% consider that marketing affects the tourism inflows in a “moderate” rate. The options “little” or “not at all” were not chosen by any participant.

5.4.7 Importance of marketing techniques in the prefecture of Ioannina

Participants were also asked their opinion on the importance of marketing promotional techniques. The responses concerning each individual technique gathered the following percentages, advertising, 75%, public relations, 18% and sales promotion 7%. Their responses concerning all the promotional techniques are presented in the figure below. In this figure, it is observed that 52.95%, slightly more than half of participants, find the promotional techniques “important” for the tourism promotion of the county. The remaining 47.05% argued that they are “very important”.

Figure 20. Importance of promotional techniques

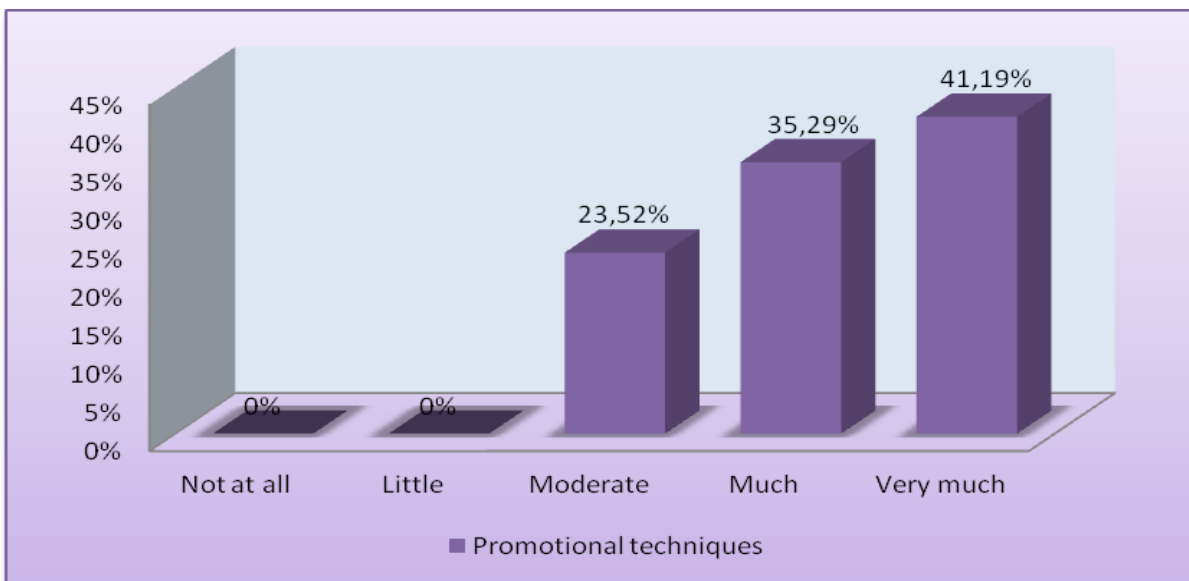


The options "neutral," "not much important" and "not important at all" were not answered by any one of the participants. In conclusion, the tourism promotion techniques are considered by most of the participants as an important element to promote the county as a tourism destination.

5.4.8 Influence of marketing techniques in tourist inflows

The participants were asked to evaluate the influence of promotional techniques in tourist inflows in the prefecture. The answers are presented in the figure below as follows:

Figure 21. Influence of promotional techniques in tourist inflows



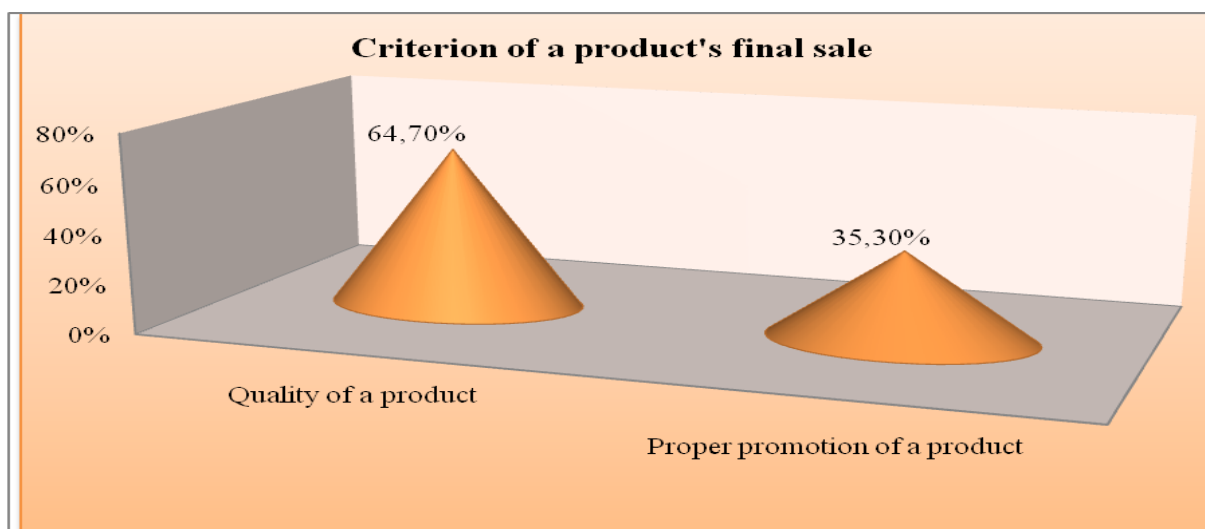
The participants were asked how the promotional techniques affect the incoming tourism flows in the county and, as we see from the figure above, their responses are concentrated on the positive side. Almost half of them, 41.19% of the total, believes that the promotional

techniques affect “very much” the tourist inflows. The remaining 58.81% disagreed arguing that they either affect them “much”, a percentage of 35.29%, or they are “neutral” with 23.52% respectively.

5.4.9 The product’s quality in relation to its proper promotion as a final sale’s criterion.

The participants were asked to reply on which element is most important, in leading to the final sale of a tourist product. They had to choose between the quality of a product on one hand, and its proper promotion on the other, according to what finally constitutes, in their opinion, the most important criterion for the purchase decision.

Figure 22. Criterion of a product’s final sale



In this figure, it is observed that the majority of the participants considered quality the most important element for the final sale of a product. This option gathered the 64.70% out of the total, while the remaining 35.30% of participants considers that the most important element is the proper promotion.

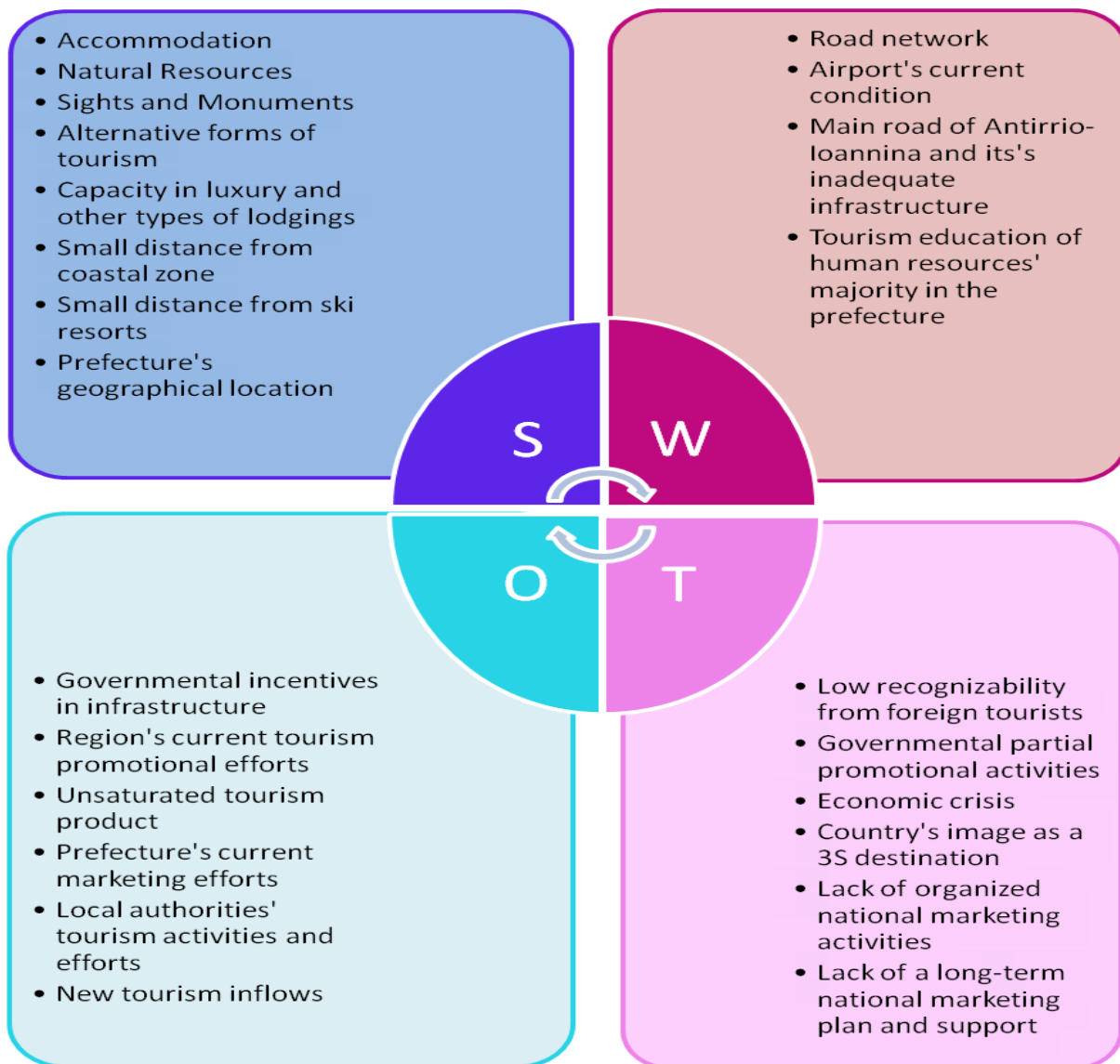
It is concluded that for the majority of the participants, marketing and promotional techniques are essential for selling a tourism product, but not as important as the quality of the product itself. It should be noted though that in countries with significant tourism activity, education and vocational training in tourism professions is essential to the quality of services but also for the competitiveness amongst enterprises and the growth of the economy in general (Velissariou, 2012).

5.4.10 SWOT ANALYSIS of Ioannina’s Prefecture

At the end of quantitative research, participants were given some elements that compose the tourism product of the prefecture of Ioannina, related to infrastructure, marketing, promotion and other characteristics of the area and were asked to classify them as an advantage,

disadvantage, opportunity or threat, for the prefecture’s tourism product. Essentially, the participants contributed to a SWOT analysis, according to their opinion. The elements provided were the following:

Figure 23. SWOT Analysis for the prefecture of Ioannina



Specifically, the strengths of the county include the accommodation in the region as a whole, the natural resources of the county, the attractions, and alternative forms of tourism which can be developed in the region. Additionally, they consider as strengths the capacity of luxury accommodation since the current number, seems to suffice for the existing tourism inflows. Finally, in the advantages is added the easy access that the prefecture has to the

coastal zone and the nearby ski resorts. Also, its geographical location and the new inflows of tourists that the county receives, mainly because of the Egnatia Odos constitutes a strength.

Regarding the weaknesses, these seem to be the current state of the road network of the prefecture including the main National road of Rio-Antirio-Ioannina, the overall condition of the airport and the limited tourism education of the majority of the human resources in the region. As an opportunity for the tourism product of the county, according to the participants, is considered the fact that the prefecture is an unsaturated destination. Also considered opportunities, are the prefecture's current tourism marketing efforts, in the region and county level, the efforts towards the implementation of promotional techniques and finally, the corresponding activities in terms of local authorities. Additionally as opportunities they characterize the governmental incentives in infrastructure.

Finally, as threats, appear the low recognizability and reputation of the region to foreign tourists. Also, the country's current economic situation and its image as a 3S destination, the partial governmental policies, the lack of organized national tourism marketing activities and a long term national tourism marketing plan and support.

6. Measures and suggestions for infrastructure improvement, implementation of marketing techniques and promotional activities for the tourism product of the prefecture of Ioannina.

As Vitouladiti (2013) underlines immediate actions should be taken in order to improve the tangible elements of the tourism supply. The tourism product must be promoted on the basis of its true and attractive characteristics.

6.1. Suggestions to improve infrastructure

While several elements of the infrastructure in the prefecture are in very good condition, others are only satisfactory and others require immediate intervention in order to be improved. Regarding the road network, as well as the airport of Ioannina, there are measures deemed necessary that should be taken immediately in order to improve the quality of services provided:

6.1.1 Road Network

The prefecture's road network is in moderate condition in general. Several road sections face major problems such as the damaged surface of the roads, the signage which is not sufficient, the poor lighting, especially in provincial roads. So, there is need for immediate improvement especially at the junction points. Apart from Egnatia Odos, which is an integral and modern project, the main road of Rio-Antirio-Ioannina, which is the main route that connects Epirus with many parts of Greece is a fairly rough road with several parts that have poor paving and

insufficient road signage, as well as an absence of traffic lights in certain vital points. The improvement of the road network is a matter of safety for the drivers as well as an important element for the general reputation of the county as a tourism destination.

In conclusion, the most appropriate measures for road network improvement in the area, are the following:

- Immediate improvement of the main road Rio-Antirio-Ioannina
- Completion of the highway of “Ionian Odos”
- Completion of the European Road “E 65”, that contributes to the connectivity of the whole country and thus, Epirus.
- Improvement of the general road network, with main concerns the adequate signage, lighting, etc.
- Improvement of provincial roads that connect smaller areas with city centers
- Improvement of the access to archaeological sights in city centers (through better signage)

6.1.2 Airport Ioannina 'King Pyrrhus'

The airport of the city of Ioannina is considered the main weakness for the area, in its current condition. The airport was designed for domestic flights, therefore the landing strip is not long enough to accommodate international carriers and is lacking on technical facilities. The location and design of the airport should be reconsidered since it can represent an important factor for the overall development of the region. Some of the actions that could improve the current situation are the following:

- Installation of "Blind Landing» ILS (CAT I) system
- Modernization of airport facilities
- Construction of new airport, modern, largest and integrated
- Run all relevant actions, regarding to accommodate charter-flights and / or Low Cost Carriers at the airport

All stakeholders should support efforts in order to upgrade the airport of Ioannina, which is an essential factor for the overall development of the region, with most important the role of the state, which should assist them in these efforts.

6.1.3 Accommodation

The accommodation in the prefecture covers the existing tourist demand. Generally, they are in good condition and many of them have been renovated recently. The capacity of luxury hotels and high class facilities is relatively high in the region, especially the city of Ioannina.

There is room for improvement on conference facilities and facilities including spas, golf courses etc.

In mountainous areas, the existing hotels are in good condition in general, and they maintain a strong element of tradition, a main interest for the bulk of tourists visiting the mountainous areas of the county. However, there is room for improvement in the way of thinking of local entrepreneurs and hotel owners. Especially since Egnatia Odos has been completed, such areas, received suddenly, elevated tourism inflows than in the past.

The main focus should be on renovating older hotel units and improving the provided services. Also, support the creation of additional facilities in the existing hotels, like spas or sport centers. It is important to encourage the change of the hotel owner's way of thinking. Improving hotel personnel through training seminars is equally important. Similar approaches to improve provided services of entertainment facilities and restaurants.

Another important issue is the creation of information centers and tourist information points at central points in the city of Ioannina and in main attractions of the prefecture in order to facilitate the visitors.

6.2. Suggestions to improve Marketing implementation

Marketing implementation is at an early stage. However, local authorities, made the first efforts to implement integrated marketing program that so far seem promising. Individuals on the other hand, appear to be less familiar with the concept and the practical application of marketing programs in their tourism businesses, without exception even by those who believe marketing and its abilities.

Tourism development with sustainable concepts can be achieved by long term marketing policies, strategic management planning and the participation of the local communities and the governmental legislation (Melissidou and Varvaressos, 2004).

The integration of marketing programs in the prefecture's tourism product is now more necessary than ever.

6.3. Tourism product identity

The unique identity of a tourism product in today's world so that the product can be easily identified by the potential tourists, and be competitive among those that display similar characteristics. This identity should be specific, clear and unique. It should highlight the positive attributes of the destination, demonstrate it properly among others, and being cleverly recorded in the memory of the tourists.

Regarding the branding marketing in the prefecture of Ioannina, there are actions by the local authorities that are judged as desirable and useful.

Specifically, creating a unique identity for the tourism product of the prefecture, that will be able to communicate effectively its features. Appoint adequately trained personnel in order to supervise and regulate all the marketing processes taking place. Promoting this unique identity and the prefecture's tourism product itself through local authorities as well as through government agencies such as Ministry of Tourism / Culture and GNTO (Greek National Tourism Organization). Finally, promoting this unique identity and the prefecture's tourism product itself, by local authorities in tourist exhibitions in Greece and abroad, along with the promotion of Epirus brand.

6.4. Destination Marketing

The necessity of destination marketing is underlined by Wang (2008) who states that the development of destinations is an essential part of the tourism product and a present and important topic in tourism research. Recent studies have analyzed destination marketing based on collaboration among all the involved authorities.

Therefore, it is imperative to create a separate marketing department that will promote relevant actions on behalf of the prefecture of Ioannina and the county's tourism product and appoint well trained personnel in said marketing department. Equally important is the integration of marketing research and the development, implementation and maintaining of an organized marketing plan for the prefecture.

Making a S.W.O.T. analysis of the tourism product of the county, in order to identify the positive and negative features, the opportunities that may exist and the threats that may appear. Based on this analysis promote, where appropriate, actions to preserve and highlight the positive features, to amend the negatives, to make the opportunities exploitable for the benefit of the county and to deal correctly with the threats.

Distribute properly the existing budget based on destination mix and its principles and finally, maintain a culture of regular evaluation of actions in order to monitor their effects, and reset the objectives whenever necessary. As Varvaressos (2011) argues, the limitations of financial resources makes choices necessary. It is of those that the prospect of regional development raises, which will be the subject of relevant investments in order to achieve economic increase.

6.5. Suggestions for tourism promotion improvement

6.5.1. In advertising

In the area of advertising it is necessary to design innovative and attractive advertising spots of the tourism product for the county and its features and proceed with a targeted advertising campaign in national television channels, in publications such as magazines and other mass media. Expand the use of the Internet (eg. upgrading of the portal of the county, in order to be easily renewable, detailed, modern, multilingual and user-friendly). Advertise the tourism product of the county to widely known and used Internet search engines.

Align the advertising of the prefecture's hotels and lodgings, travelers' excursions, etc. with the promotional efforts of the county, using the same media when possible in order for the individual promotion efforts to be more effective. In similar fashion advertise alternative forms of tourism.

6.5.2. In public relations

Establish a public relations unit with experienced personnel within the marketing department to handle the public relations and promote effectively the corresponding actions in accordance to the general marketing plan.

Plan and maintain a participation schedule for the prefecture, in tourism fairs and exhibitions in Greece and abroad where the prefecture will appear with its own stands and promotional material that differentiates it from the other Greek regions. The prefecture's stands should be modern, updated and with a local character and color (local music, local food and products and informational material such as brochures, gifts etc.). Encourage the participation in fairs of local tourism stakeholders and people able to promote it properly and effectively and organize events during the tourism exhibitions. Also, the presentation of the prefecture with audiovisual material (videos, etc.).

An important responsibility of the PR unit is the identification of specialized media, tour operators, travel intermediaries and professionals and the organization of press conferences by inviting said media, journalists and professionals. Finally, assist in the participation of the county and the region in donations, charity events and other events that help promote the tourism destination.

6.5.3. In sales promotion

Regarding sales promotion the main focus should be on the frequent renewal of promotional material (tour guides, tourism maps, brochures, posters etc.). Also, the creation of original and

appealing photograph material displaying alternative tourism activities, the creation of audiovisual material and promotional texts and material for Epirus in forms of contests, coupons etc. Finally, the creation of innovative and original souvenirs with local character, as gifts etc.

6.6. Local authorities, their role and proposals for the improvement of their contribution

6.6.1. The state and the government agencies

The state as the instigator of the general tourism policy should incorporate and design strategic tourism promotional programs, suitable for the tourism features of the region and assist the effective cooperation between state agencies and local authorities, in order to promote region's tourism interests. The promotional activities of the prefecture should be in parallel with the country's promotion abroad. There is an imperative to combine local inputs and initiatives with national policy, as an effective framework for the management of sustainable and profitable mountain tourism (Varvaressos and Soteriades, 2007).

It should offer financial and tax limitation incentives in the less developed areas and limit them in the congested ones, especially in those which have reached their carrying capacity. Support the development of alternative forms of tourism in the region.

6.6.2. The local authorities

The creation of an independent marketing organization should be a responsibility of the regional government. Their focus should be on strengthening the spirit of cooperation between government agencies and individuals in order to promote common interests of both sides and organize collective promotional activities rather than individual ones.

Of equal importance is the implementation of training programs to strengthen the offer of the human resources. According to Vitouladiti (2013) strategic plans for personnel development are vital, since good human resources management practices can deliver profitability at several levels (for the enterprises and the region).

6.6.3. The private sector in tourism

The private sector needs to integrate marketing activities in the business operations and organizational structure of their businesses. They should strengthen the spirit of cooperation between the private sector and local authorities, to promote common interests from both sides. Try to align their promotional efforts with those of the prefecture to achieve better results.

They should also attempt the modernization of accommodation, lodgings and businesses, where it is necessary.

Go to great efforts to hire properly qualified staff so as to provide better quality of offered services. As Dedousopoulos (2007) and Vitouladiti (2013) state, enterprises require personnel that is able to deal with people and have adequate social skills as well as technical ones.

6.7. Suggestions for further research

This research investigated the current situation regarding marketing and promotional techniques in the prefecture of Ioannina in terms of state agencies, local government and tourism professionals and individuals. Even more this research examined the current situation of other components of tourism, such as infrastructure. Also, it captured the opinions and the trends of the managers of tourism in the county towards marketing and promotional techniques to the phenomenon of tourism.

However, the findings of this study reflect the current situation in marketing and promotion in the prefecture of Ioannina and demonstrate the practical applications of marketing currently taking place. Further research should be conducted in the future to illustrate the progress of marketing implementation and promotional techniques at various periods. Moreover, it would be prudent to conduct further research that aim to elicit valuable information for tourists visiting the area in all periods of time, and thus reflect their views on the tourist image and the impressions created by their visit in the prefecture of Ioannina. This will allow the use of information that will help local tourism operators and leaders, to form the necessary tourism policies in each phase and to proceed the activation of appropriate tourism activities.

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National Archaeological Museums and the Growth of Tourism in Greece

Abstract:

The heritage tourism refers to that segment of the tourism industry, which places special emphasis on heritage and cultural attractions. In Greece the archaeological museums and the archaeological, cultural tourism are unbreakably connected. The museum sector represents the primary axis of urban economic development, especially for cities with historical background. It was believed that public museums in Greece could become one of the central axes of cultural development and the central axis of tourism development. The level of tourists' satisfaction and the quality service of national archaeological museums should be well identified, in order to preserve the everlasting and sustainable development of tourist places.

Dr. Eleni Mavragani,¹

¹University of the Aegean, Chios Island, Greece, Messinis 60, Ano Glyfada, 16561, Athens, Greece, tel: +302109629400, Email: e.mavragani@aegean.gr

1. Introduction

Over the past centuries individuals or teams of sightseers, seeking the knowledge and the experience, travelled to places with archaeological, historical, folklore or religious interest. One of the oldest motives for travel was the “Grand Tour” to historical and classical sites in search of knowledge. Those cultural travels, can be considered as a precocious form of cultural tourism which, today, has been constituted as an activity with a different character and objectives from the other forms of tourism

Cultural tourism is being recognized by the World Tourism Organization (WTO) as an economic generator and museums contribute seriously to this. “Tourism is one of the world’s largest and fastest-expanding industries. Increasing numbers of tourists seek cultural and heritage tourism and not simply recreational travel” (Kotler et al., 2008: 204). Museums work in partnership with tourist agencies and the hospitality industry to attract visitors and depending on their location, pay serious attention to tourism. As it is described by Richards, “in spite of the fact that “cultural tourists” have been common in Europe for hundreds of years, it is only in the last two decades that cultural and heritage tourism have been identified as specific tourism markets” (Richards, 1996:265).

2. Literature Review

The heritage and cultural tourism refer to that segment of the tourism industry, which places special emphasis on heritage and cultural attractions. These attractions are museums, archaeological sites and monuments in general. One of the best definitions of cultural tourism has been provided by Richards (1997: 24) who stated that cultural tourism is ‘the movement of persons to cultural attractions away from their normal place of residence, with the intention to gather new information and experiences to satisfy their cultural needs’. Richards (1997: 24) provided another definition of cultural tourism, stating that cultural tourism includes ‘all movements of persons to specific cultural attractions, such as heritage sites, artistic and cultural manifestations, arts and drama outside their normal place of residence’. The World Tourism Organization (WTO) has provided a definition of cultural tourism: “Cultural tourism includes movements of persons for essentially cultural motivations such as study tours, performing arts and other cultural tours, travel to festivals and other cultural events, visit to sites and monuments, travel to study nature, folklore or art or pilgrimages”, (World Tourism Organization, 1985: 131).

It could be said that the force behind the heritage production boom in recent years has been the development of attractions related to regional and local cultures. In spite of the development of the postmodern heritage industry, heritage consumption seems to remain firmly closed to the traditional urban tourism centers. Concentrations of cultural attractions are found mainly in capital cities and important cities dating from the 14th-16th centuries. As Van der Borg (1994) indicates, the most famous cultural tourism destinations in Europe consist mainly of capital cities.

The “museum boom” was set off in the mid-1970s and it was expressed to the construction of new European museums and the renovation and expansion of the already existing ones (Van Aalst and Boogaarts, 2002). In the 1980’s Europe was characterized by cultural development policies. The performance of cultural policies as tools for urban economic development expanded in several sectors such as tourism, heritage and local history. Even though a significant expansion in heritage tourism has taken place since the 1970s, the “heritage boom” of the 1980s was the emergence of more commercial cultural tourism. The heritage tourism in Europe is neither a new market trend nor a simple function of concentrations of heritage resources, is an economic power and a generator of wealth (Richards, 1996).

The role and the importance of the national museums in the cultural and economic development of cities is prominent. The identification of culture as an important factor in urban economic development constitutes a scientific research area especially in the last three decade, in the US and Europe (Barnett 2001; Kong 2000). The role of the museums is important since they support cities to promote themselves as cultural centers to visitors and tourists and they have economic impacts, including consumers for local goods and services, attraction poles for tourists and sources of jobs for local residents.

3. National Museums in Greece

The poem of the Greek nobelist poet Seferis, describes lyrically how the young Greek state confronted its cultural heritage, especially the classical antiquities.

*“I woke up with this marble head in my hand;
It exhausts my elbow and I didn’t know where to put it down.”*

(G. Seferis, Mythistorima, 1935)

It was not only the poet Seferis who was at a loss with the marble classical ruins. The Greek state made many attempts to come to terms with its precious heritage past, the very

heavy to handle and even more difficult to protect from the illicit trade in antiquities (archaiocapilia), (Karamanolakis, 2008). The national archaeological museums were devoted to the promotion of Greek antiquity, expressing the materials of the past history, of the most glorious ages of the national history.

In 1833, Makriyiannis a Greek fighter for the national independence, advised his compatriots to protect 2 beautiful statues and not to sell them to the foreigners. He contested that: *“Even if they were to give you ten thousand thalers, do not allow them to leave your homeland. They are what we fought for”*. After the foundation of the new state (1828), there was a high need to built museums in order to protect the uncountable unique classical antiquities all around the country that were under the danger of the illicit trade in classical antiquities (archaiocapilia). The first hotel was created for the hospitality of foreigners, immediately after the revolution of 1821 by the first prime minister of the country, in the city of Nafplium, the first capital of Greece. For the shake of the glorious past and its symbolic value the Bavarian king of Greece, the capital was moved from Nafplion to Athens (Diamandi, 2008). The first archaeological law enacted at 1834 and the appropriate institutions were founded, the Archaeological Service at 1834 and the Archaeological Society at 1837.

Classical antiquities, archaeological sites and the national archaeological museums contributed significantly in forming the modern Greek nation and its national identity, the Hellenekoteta, “Greekness”. The idea of continuity, from the Cycladic to Classical art, then to Byzantium and to modern Greece, was essential to the construction of the Greek national identity in the late 19th and through the 20th century, and remains in use until our days. The Greek archaeology and the national archaeological museums, emphasized on the continuity of the all time classic Greek ideal and struggled to illustrate the nation’s importance, through visual reminders of cultural belonging, the glorious past was confronted as the guarantor to the country’s future. The classical antiquities and the archaeology contributed seriously to the creation of the modern Greek nation and its national imagination. This was an interactive process that shaped national archaeological museums from the 19th century to the present days. The enhancement of the classical antiquities and the need for their conservation lead to the creation of the national archaeological museums.

Until the middle of the 20th century, the Western travellers chasing the classical antiquities could be considered the first tourists. The idea that the Westerns came to Greece expecting to find the classical monuments drove the Greek policy to exploit the country’s economic advantage, a landscape full by monuments. The Western Europe expressed its

interest for the classical ruins with the foreign archaeological institutions in Greece and later the demand of tourism, oriented the state to found national archaeological museums around the Greek periphery. The “Grand Tour” in Greece and its archaeological ruins, up to the middle of the 20th century, was a complicated attempt to the fantasy of classical Greece. Those “Grand Tourists” and Philhellènes helped Greeks to appreciate their past.

At the beginning of 1900, new archaeological museums were blooming all around the Greek territory. Especially from 1900 to 1909, 16 museums were founded in 9 years such as the Ancient Corinth Museum, the Nafplion Museum, the Delphi Museum, the Herakleion Museum and many other (Gazi, 2008). The museum displays reflected their orientation by offering their visitors beautiful objects and national symbols with enormous symbolism and worked as the “material truths” of the nation. (Hamilakis, 2007; Gazi, 2008).

4. The National Archaeological Museum

The word museum is Greek in origin and comes from the Greek “*Mouseion*”, the temple of the Muses, the goddesses of inspiration and learning and patrons of the arts (Kotler 2008), inspired the creation of literature and the arts and they were considered the source of the knowledge. The Muses, daughters of Zeus and Memory, in the absence of written records, aided Homer (Luce, 1975: 171) “on the problem of recalling the distant past” to his poets, the epos of Iliad and Odyssey.

The archaeological museums are museums organized around collections. They share the goals of conserving their collections and exhibiting the human heritage to public audiences and functioning as recreational places (Kotler, 2008). The first Greek archaeological museum was established in 1829 by Prime Minister Ioannis Kapodistrias and housed in the Aegina Orphanage. However, the transfer of the nation's capital from Nafplion to Athens and the increasing number of archaeological discoveries during the coming years necessitated the creation of an archaeological museum in the new capital. Several plans and locations were proposed by Greek and foreign architects who were working on the reconstruction of Athens. The Greek state, the Archaeological Society and a wealthy expatriate in Russia, financed the project. The core of the building was completed in 1889 and the annexes in 1932-1939.

The National Archaeological Museum was founded by presidential decree on August 9, 1893 (Greek Government Journal I, 152, “On the organization of the National Archaeological Museum”). Its purpose was “the study and teaching of the science of

archaeology, the propagation of archaeological knowledge and the cultivation of a love for the Fine Arts”, (website of the National Archaeological Museum in Athens). Its collections were classified into: Sculpture, Vases, Clay and Bronze Figurines and other Ancient Figurines, Inscriptions, Pre-Hellenic (the Mycenaean collection) and Egyptian. The museum was also equipped with conservation laboratories and a cast workshop.

The National Archaeological Museum is the largest museum in Greece and one of the world's great museums. Although its original purpose was to secure all the antiquities from the nineteenth century excavations in and around Athens, it gradually became the central National Archaeological Museum and was enriched with finds from all over Greece. Its collections, with more than 20,000 exhibits, provide a panorama of Greek civilization from the beginnings of Prehistory to Late Antiquity. “The National Archaeological Museum was founded at the end of the nineteenth century to house and safeguard antiquities from all over Greece and to promote their historical, academic and artistic value to the world”, (website of the National Archaeological Museum in Athens). This is the most significant museum for the Greek history and the only archaeological museum that is officially named as the National Archaeological Museum.

5. National Museums and Tourism

The past and its ruins were precious to the drawing of active tourist policy. The phenomenon of mass tourism was seen by the Greek state as a viable way of increasing the national incomes, (Plantzos, 2008). The glorious past could lead to a profitable future. In the emerge of mass tourism in the middle of the 20th century, the national archaeological museums, were considered by the Greek government as key components to the Greek national economy.

After the Second World War the phenomenon of mass tourism appeared to the Greek territory. The glossy-photo albums designed by the Greek National Tourism Organization (EOT), illustrated sea, sun, sand, beaches and beautiful people surrounded by statues and archaeological ruins. Athens, the islands, Delphi and Peloponnese were the most promoted destinations, since they were located close to the capital and they were nearby to important national museums with unique exhibits. The travel agencies organized tours and excursions to specific destinations according to the easy access and mass tourism was driven to chosen destinations, excluding attractive places in the periphery of the country. The destinations that mass tourism had access to; important national museums were renovated or built to serve mainly the needs of the foreigners.

During the first decades of the 20th century, the museums with its classical exhibits became the best ambassadors of Greek civilization at the service of tourism. The natural

beauty, the eroticism and the civilization attracted the foreign visitors. Those elements dominated the posters of the Greek Official Tourism Organization, attracting tourists for economic and social growth. In the middle of the 20th century, the state sponsored the development of archaeological preservation through the national museums and the tourism promotion, creating an economy based mainly on tourism resources. In the sixties, tourism had become the third largest source of state's income (Diamandi, 2008), and Greek landscape and civilization were attracting tourists and admirers again. The monuments and especially the Acropolis, was used by the Greek National Tourism Organization as a symbol of Athens, Greece and a destination that you should visit on your vacation. This classical monument has been used a lot by famous artists as an appropriate place for photographing themselves.

Many other important buildings, but not classical remains, were not protected, in order to promote, what the tourists were seeking for in Greece, the classical past. The luxurious publications of Greek National Tourism Organization with the unique classical exhibits were devoted to the service of tourism and the growth of national economy. The transformation of Greece into popular tourist destination had a serious impact to the national policy, according to the cultural heritage and especially to the national museums, the official protagonist of the classical antiquity. The country's development was connected to the growth of tourism and the heritage sites, archaeological sites and national museums were expected by the state to satisfy visitor's and tourist needs.

On the archaeological excavation of the Ancient Agora, in Athens (1931), the state converted the residential area into an archaeological site, for the sake of the national values and the needs of the organized tourism that appeared for the first time in Greece, (Sakka, 2008). At the Delphic Festivals in 1920 the famous photographer Nelly photographed many young boys, like ancient sculptures. In 1937, Nelly published some pictures of Greek people and landscapes to promote the classical beauty aiming the tourist industry. At the New York International Expo of 1939, photos and collages by Nelly's decorated the Greek pavilion, promoting the natural beauties of Greece and the unique classical antiquities, (Damaskos, 2008).

The Greek daily press in the 1950's, 1960's and 1970's was interested very often in the reconstitution of the national museums in Athens and in the periphery. "*The slow reorganization of museums hampers tourist development (1954)*", "*The creation of provisional museums will contribute to the growth of tourism in the periphery (1959)*", "*The museums must become living organisms (1962)*", "*Campaign for a better organization of museums (1975)*" (Mouliou, 2008).

In 1951, the Greek National Tourism Organization was reconstructed and fully involved into the agenda for the reconstruction of Greece, (Marmara, 2007). Antiquities, climate and landscape were the main attractions for foreign tourists and could play a significant role for the growth of tourism. In 1954, ancient drama was performed in the ancient theatre of Epidauros, (Diamandi, 2008). In the 1950's, the state policy for the development of better organized tourism, lead to the Xenia Hotels Program. In 1953, the first Xenia Hotels were built. Many of them were located in places of archaeological interest. The Xenia Hotels were administrated by the state, by the Greek National Tourism Organization, to promote higher-class tourism (Gratziou, 2008). They were well designed, with high standards. The Xenia Hotels were located mainly close to important archaeological sites, national museums and beautiful natural attractions such as castles and medieval walls (Castle of Acronafplia in Nafplion, Venetian Walls in Chania). Today the Xenia program is not working anymore and the locals destroy many of those buildings in order to exploit the sites.

The posters and the advertisement campaigns of the Greek National Tourism Organization, promoted the existence of the classical antiquities and museums in accordance with the natural beauties of the land, the sea, sun, sand, the climate and the eroticism. The glossy photo-posters enticed tourists to the destinations being developed by the National Tourism Organization, focusing on Athens, Delphi, Peloponnesos and excluding other country's destinations. It could be said that the archaeological museums were devoted in the service of tourism and national economy, since it was believed that they would contribute to the development of tourism in the periphery. The national archaeological museums and archaeological sites were attributed by the state to satisfy the demands for economic development by exploiting its tourism potential.

The restitution of classical Greece in forming modern Greece, and the role of national archaeological museums in the development of mass tourism as a key component of the 20th century Greek national economy is an uncontested fact (Mazower, 2008). The Greek policy faced the need to understand, manage and promote the archaeological ruins and the national museums into a main tourist resource. The classical antiquities render to a national capital and the exhibits of the national museums as valid national symbols. The national museums worked as and still are the official institutions to promote the adoration of ancient antiquities. The central priority of the national policies became the conservation and the enhancement of antiquities, as a way of meeting the foreigners' expectations and a way of achieving international acceptance and financial benefits.

The national museums and the monuments constitute resources of viable growth that lend surplus value in the tourist destination, while they contribute to the economic growth with the form of high level tourist product. This connection turns out beneficial in two ways. Firstly the monuments and the museums could ensure capable resources for their existence and their growth, by increasing the number of visitors. Secondly, the direct connection of museums and monuments with the tourist activity could upgrade the quality of tourism and differentiate the tourism product. Archaeology through the national archaeological museums all around the country could be said that very often was treated as authoritative cultural agents.

The main reason for the foundation of national museums was the protection of antiquities of physical damage and of the problem of smuggling the antiquities (archaiocapilia). Secondly, the public museums illustrated the nation's importance through visual reminders of its antiquities. Several archaeological sites in Athens and in the region were transformed in a way that the existence of modern (or non-classical) buildings was prohibited. That was the beginning of the international imagery of classical Greece, and the national museums have contributed seriously to this. The development of numerous mainly national archaeological museums all around the Greek periphery was a way of meeting outsider's expectations and a way of achieving international acceptance as a new nation-state, and financial benefits of the phillellenes visitors and tourists.

The main difference between the national archaeological museums in Greece and other European museums is that they do not operate separately from the cultural environment where their artifacts were born, like the museum's colonialist practice of the 19th century that can be seen in many European museums like the British Museum and the Museum of Louvre. With the exception of only two museums, the National Archaeological Museum and the Byzantine and Christian Museum, all the other archaeological museums in Greece are connected with concrete archaeological places (Delphi, Olympia, Corinth) or with more from one place of concrete geographic unit, previously large (Macedonia: Archaeological Museum Thessalonica, Museum of Byzantine Culture) or much smaller (Museum of Nafplium, Museum of Patras).

At the opening ceremony of the Olympic Games, Athens 2004, the idea of continuity from Cycladic to Classical art, through Byzantium to modern Greece was shown with a parade of exhibits as a live museum, to remind to the world the continuity of Hellenecoteta, "Greekness" and to challenge visitors. The Greek art that is shown in the national museums, is the best way to understand the connection of the local people with their land that gave birth

to classical antiquities. Tourists could admire the classical remains and the natural beauty of the environment since both factors have greatly contributed to this wonder. The Hellenekoteta, of the Greek psyche, had survived through the centuries up to present and is visible to everyday people, who live by the ancient monuments. The material remains have distilled the truth of the nation's past. The modernity of Greece based on the classical antiquities and its glorious past was seen as a guarantor of economical powerful future. Even though the new Greek passports, are illustrated with the images of archaeological sites and the exhibits of museum's, as reminders of the cultural belonging and the heritage of Greek nation.

Even today, the Greek classical antiquities are still popular for attracting foreign tourists. The promotional campaigns from the beginning of tourism in Greece, since the recent campaigns of the National Tourism Organization at 2008, focus on the heritage attraction and the classical antiquities of the tourist destinations. They show the classical past, the continuity of the classical antiquity and the remaining of the ancient glory, placed at the service of tourism and working as ambassadors of the Greek civilization and hospitality.

The urban project for the center of Athens, before the Olympic Games 2004, the "Unification of Archaeological Sites" and the creation of an archaeological route in the city of Athens, was an attempt to make Athens again a classically oriented city, for the shake of forthcoming tourists. Because of the metro excavations in Athens, the archaeological findings are exhibited in small museums in the metro stations, to remind the visitors and tourists the classical past of the city, since the Greek antiquity is very important to the Greek citizen but "sells even better to foreign consumers" (Phillipides, 2008: 379).

Despite the changes in the tourism industry and the rise of cultural tourism, most of the museum exhibitions remained unchanged for many years, although new demands had arisen. The audience is different from 20 or 30 years ago. A diverse audience, multiethnic and multinational asks to experience the museum exhibits through a multi-sensory experience and the traditional functions of national museums were inferior. Although the promotional campaigns from the beginning of tourism in Greece since nowadays focus on the heritage attractions and the classical antiquities of the tourist destinations, there is no special personnel in the Greek Ministry of Tourism responsible for the development of cultural tourism in Greece. Unfortunately, there is no common communication program between museums, cultural and tourism destinations. Some particular coactions take place, but there is no strategic planning for the cultural and tourism development (Plantzos, 2008; Phillipides, 2008; Mazower, 2008).

Aiming at the safeguarding of the environment, the natural resources and the growth of local economy, alternative forms of tourist growth were presented over the recent years. The cultural tourism constitutes an alternative form of tourism, in contradiction to the mass tourism. It differentiates the Greek tourist product with the development of alternative tourist destinations to the mainland of Greece, based on their cultural heritage characterises and not only on sea, sun and the beautiful beaches. The seasonality of the Greek tourism product could be reduced, since the tourist destinations could offer their services all the seasons of the year, not only the six warm months. Some luxurious hotels, that are located in the mainland of Greece close to great monuments and important archaeological museums, organize their own tours to museums and sites in order to service the needs of their guests. There are many hotels in Greece (a network of hotels all over the country) that collaborate with tourist offices or even work their own tourist office, in order to drive their guests to selected and very famous museums and archaeological sites not only in Athens but also all around the country (Delphi, Olympia, Macedonia). Those cultural daily visits and tours work all the year, not only the summer months, helping the tourism development of Greek destinations.

Among many other alternative forms of tourism, archaeological and cultural tourism present separate interest. They are related with the accentuate of archaeological places and museums, as well as with the organisation of paths of walks of archaeological regions and cultural monuments. It is known that the Greek economy is based on the tourism, which is found closely related to the natural environment and the cultural-archaeological wealth of the country. In other words the natural environment and the Greek antiquities constitute a basic parameter of tourist growth in the region and through the tourism the public institutions and the private sector will be elected and developed, to achieve economical, social, cultural and environmental profits. The sustainability is only achieved when the relations of tourism and natural resources are harmonious and have achieved a balance between them.

The competitive advantage for the city in the cultural sector is very often based on the degree of cultural image promotion effectiveness. That was mainly the scope for the authorities. In the case of Greek museums, the local authorities were partially capable to plan and to implement successful promotional policies and the construction of a competitive advantage was difficult to achieve. Museum managers and decision-makers focused their planning on the museum's microenvironment without paying the necessary attention to the analysis of museum environment at the macro level. However, the construction of a competitive advantage for the city, as well as for the museum, is in urgent need of a micro and macro analysis. They should take into serious account the visitor's trends at the European and

international level, since the Greek culture and history is recognizable internationally and the non-Greek visitors represent more than 50 % of their visitors (Deffner, 2006).

6. Conclusions

Athens and the Acropolis archaeological site, have an internationally recognizable historical and cultural background. In Greece the archaeological tourism is unbreakably connected with classic Greece, the classic education and classic ideals. They are the elements that charmed the Hellenistic kingdoms and the Romans, inspired the Renaissance and the European Enlightenment and reappeared with the European Neoclassicism, in the recent years.

The museum sector represents the primary axis of urban economic development, especially for cities with historical background. The promotion of Greek cultural identity was a major issue since Greece has been internationally recognized in cultural terms. The public archaeological museums were thought to be “effective tools” on economic development. It was believed that public museums in Greece could become one of the central axes of cultural development and the central axis of tourism development. The museum development, mainly in the periphery, depended on the development of cultural policies at the local and the regional level. The effectiveness of the promotion of cultural identity requires strategic planning and ability to evaluate the distinctive characteristics of each sector in order to develop specific and appropriate actions per sector.

The level of tourists’ satisfaction and the quality service of national archaeological museums should be well identified, in order to preserve the everlasting and sustainable development of tourist places. Museum directors, the Greek National Tourism Organization, the Ministry of Culture and the Ministry of Tourism, should take advantage of the existing opportunities of contemporary techniques in the museums, by designing a clear and effective marketing strategy, aiming at fulfilling museum’s mission and visitor’s satisfaction. Special emphasis should be placed on an integrated marketing strategy in order to attract visitors and to develop approaching strategies for each target group.

Offering services in accordance to visitors’ expectations should maximize their satisfaction, thus many tourists consider national museums and in general the heritage attractions, as an important reason for visiting particular tourist places. Greek national archaeological museums should adapt contemporary strategies in order to fulfill their mission and to become institutions that can inspire the synchronous visitors. The level of satisfaction of tourists, who visited national archaeological museums, could continue contributing to the everlasting and the sustainable development of tourist destinations in Greece.

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Exploring E-CRM Application: The Case of Tourism and Hospitality Industry in Greece

Abstract:

Customer relationship management (CRM) is a comprehensive business and marketing strategy that integrates technology, process, and all business activities around the customer. With the rapid growth of electronic business and rise of Internet-based services, the internet has provided a platform to deliver CRM functions on the Web (e-CRM) which is focused on web-based interaction between companies and their customers (Kourtesopoulou, Papaioannou & Kriemadis, 2011).

The purpose of this study was to provide a better understanding of how the Internet is used as a strategic tool in e-CRM in the tourism and hospitality industry. Two primary research questions were addressed in this study: (i) How can the online environment be described? (ii) How are the customers served in this online environment? A qualitative method was used for the purpose of this study, combining two data collection methods, websites observation and documentation. Primary data collected through an observation checklist (consisted of 48-items & 11-sub-scales) in which the observers concentrated their records and secondary through documents from different published sources to verify the collected data. The selected sample was the sites of the 100 largest luxury hotel units in Greece, which had a number of rooms from 200 to 800. The majority of the foresaid luxury hotel units were from Dodecanese (Rhodes-Kos), Crete (the whole region), Peloponnese, Attica, Corfu and Thessaloniki – Chalkidiki. Conclusions were drawn based on the similarities and differences, which were found according to the observation checklist adapted from the literature (Khan and Shahzad, 2005).

Keywords: e-CRM, tourism & hospitality industry, luxury hotel units, internet, web.

Alkistis Papaioannou¹, Charalambos Kariofyllas², Konstantinos Koronios³, Anna Kourtesopoulou⁴ and Athanasios Kriemadis⁵

¹ University of Peloponnese, Department of Sport Management, Orthias Artemidos & Plataion, 23100 Sparti, Greece, 003027310-89670 alkistisp@uop.gr

² University of Peloponnese, Department of Sport Management, Orthias Artemidos & Plataion, 23100 Sparti, Greece, kariofil@uop.gr

³ University of Peloponnese, Department of Sport Management, Orthias Artemidos & Plataion, 23100 Sparti, Greece, konskoron@hotmail.com

⁴ University of Peloponnese, Department of Sport Management, Orthias Artemidos & Plataion, 23100 Sparti, Greece, akourtes@hotmail.com

⁵ University of Peloponnese, Department of Sport Management, Orthias Artemidos & Plataion, 23100 Sparti, Greece, thanosk@uop.gr

1. Introduction

The shift from a product-focused business strategy to a customer-focused one has been a major transformation agent in companies recently. Many companies have invested heavily in technologies enabling a customer-focused strategy. Nowadays, customers are more demanding, more knowledgeable, and require more attention. Increasingly, firms are shifting their focus to the customer, rising the importance of customer relationship management (CRM).

Customer relationship management (CRM) is by definition a customer-centered enterprise management strategy, identifying customers' value and satisfying their needs in order to realize the interaction between enterprise management and customer (Huang & Wang, 2009). With the rapid growth of electronic business and rise of Internet-based services, the internet has provided a platform to deliver CRM functions on the Web (e-CRM) which is focused on web-based interaction between companies and their customers (Kourtesopoulou, Papaioannou & Kriemadis, 2011). Electronic consumer relationship management (E-CRM) features are among the main factors contributing to the success of any e-commerce Websites, by delivering updated and accurate information, offering customer service support as well as providing personalized and value-added services (Hamid, Cheng & Akhir, 2011)

According to Gronroos (1994) service firms by their inherent characteristics of inseparable production and consumption, possess the elements necessary to forge relationships with consumers. In the service sector of hospitality and tourism, where information and communication are critical, the low-cost/highly-efficient Internet technology, allows value adding and even personalized services to be delivered. Competition in hospitality and tourism industry is centered on delivering consumer value, through quality services, to domestic and international travelers. The World Tourism Organization (WTO) stated that "the key to success lies in the quick identification of consumer needs and in reaching potential clients with comprehensive, personalized and up-to-date information" (Buhalis,1998). According to Gilbert *et al.* (1999) hotels need a framework that can bridge the gap between simply connecting to the Web and harnessing its power for competitive advantage. This scenario calls for serious attention from the management of hotel industry, to understand how the Internet is used as a strategic tool in e-CRM in hotel sector.

According to Khan and Shahzad (2005), two research questions must be addressed in order to gain a deeper understanding of the issues involved in understanding of how the internet is used as a strategic tool in e-CRM. The first research question will provide an

overview of online environment (websites) and the second research question will describe the services offered in this online environment.

2. Literature review

In this paper attention will be given mainly to the description of the hotels' online environment, as well as to the way that this environment serves hotels' customers/visitors. This study begins by establishing a conceptual framework for examining hotels' websites, through a review of related literature to the online environment as well as to the services offered to customers in websites.

1. Online Environment

The success of e-commerce for any company is greatly dependent on the appropriate design of its website. According to Gehrke and Turban (1999) there are five major categories of website design, a) page loading speed, b) business content, c) navigation efficiency, d) security, and last the e) marketing/customer focus. The examination of hotel's websites design is thus founded on each reviewed literature category.

a) Page-loading speed. According to a survey conducted by Hamilton (1997) speed (i.e., slow speed) was the number one complaint of Web users (77%). Most potential e-commerce customers do not want to wait for a seemingly endless page to load. Instead, they hit the browser 'stop' button and go elsewhere. Therefore, large, pretty graphic files and "cool" animation may come at a price to the Web business owner in terms of lost business (Busch, 1997). Therefore, a website must keep graphics simple and meaningful, limit the use of animation and/or multimedia plug in requirements, use thumbnails, provide "text-only" choice, and use progressive rendering.

b) Business content. Business content is a major website issue because the quality of presentation and of the content, attract customers and enhance their purchasing decision (Ho & Wu, 1999). Therefore, a website must use clear and concise text with proper spelling and grammar to describe the business (Gehrke & Turban, 1999), provide contact information on each page, as well as free services or useful information. A website must also use simple background colors and textures and make regular changes to the site. The reliability of the information affects customer evaluation of the website and purchasing decision (Lee & Cheung, 2002). A website must also limit the registration forms and the amount of requested information on them, create a frequently asked questions (FAQ) section and avoid any "under construction" signs.

c) Navigation efficiency. When an efficient and user-friendly navigation is available, it is easy for a customer to find information about the products, prices and services and place an order (Abott et al, 2000) Therefore, according to Gehrke and Turban (1999) a website must: Use well-labeled, accurate links, avoid the use of frames, keep navigation consistent., provide an effective search engine, use distinctive hot buttons and long pages, use site maps, and avoid pop-up ads.

d) Security is a crucial issue regarding a website's operation. The website must be able to protect consumer personal information from unauthorized use or disclosure, in order to build a trustful and long-term relationship. Therefore, websites must stress the use of security, protect their copyrights, and generate a confirmation message after each purchase.

e) Marketing/customer focus. A Website's ability to promote its products and services and to keep its customers in focus, affects its evaluation. Therefore a website, must provide as many payment alternatives as possible, be up front about business practices (i.e. the use of cookies), use an auto responder and write the website at least in two languages (English included).

2. Customer services

The internet can be used to provide consistent and comprehensive product and customer service information. In addition, customer service over the web is likely to be more consistent than traditional retailing, because the online retailer is able to provide more detailed and extended information to any customer at any time. In order to give a deep understanding of customer service components for online environment, Jang & Burns (2004) have defined a framework of customer services that involves the following variables:

a) Placing order.

- Number of order methods: Connee (1998) states that the customer should have the option to choose between different methods of payment when shopping online.
- Order status. This feature allows the user to find out the stage of the shipping process his/her order is in (Steme, 2000).
- Confirmation of product order by e-mail. According to Zemke & Connellan (2001) when customers places an order in the faceless, voiceless world of e-commerce they often have anxiety that the order just placed has disappeared into a virtual black hole. Therefore, website must use an auto response, in order to provide an immediate proof of delivery.

b) *Payment option*. Payment methods enhance customer purchase decision, Therefore, a website must enable the customer to choose a preferred payment method, e.g. credit card, offline payment, or pay later.

c) *Shipping information*. This refers to desired shipping options available, the shipping charges, as well as any sales taxes. Ship-options affect customer purchasing decision (Alhaiou et al., 2009), thus customers must be aware of the prices before they begin to make any purchases (Vassilopoulou and Keeling, 2000).

d) *Returns*. Customer support following the purchase of a product or service and Return Policies, are important to enhance customer trust and long term relationship (Cheung and Lee, 2005). Money back guarantee and convenient returning system, signals to customers that the firm is committed to deliver high quality products and services. (Hoffman and Bateson, 1997).

e) *Interactive service*. Keeping the communication with customers simple make it easy for customers to find information any time. It can take several forms, some passive (e.g. email, Frequently Asked Questions, sitemap) and others more interactive (e.g. chat function, toll-free number, social media) (O'Connor, P. (2008).

f) *Web policy*. The website's ability in protection consumer personal information from unauthorized use or disclosure. Privacy and security policy are important to build trust and long-term relationship with customers. Therefore, detail information on privacy and the security system implemented by companies for secure transactions, are important attributes in business-to-customer e-commerce (Collins, 1998). The availability of further company information, affects customers evaluation of the website. Therefore it is important to have available public materials such as annual reports, brochures, articles, and company newsletters etc, in order to inform customers about the company (Kotler and Armstrong, 1996).

RESEARCH FRAMEWORK

Purpose of research

The purpose of this study was to provide a better understanding of how the Internet is used as a strategic tool in e-CRM in the tourism and hospitality industry. Two primary research questions were addressed in this study: (i) how can the online environment be described? (ii) How are the customers served in this online environment?

Methodology and Design

A qualitative method was used for the purpose of this study, combining two data collection methods, websites observation and documentation. The qualitative research was the

appropriate approach, in order to collect the required data, as the particular research characterizes a complete and comprehensive view and understanding of a phenomenon in its entity (Yin, 1994).

Data collection

For the purpose of the study, two data collection methods were used, participant observation and documentation. Primary data were collected through an observation checklist, adapted from the literature (Khan and Shahzad, 2005), consisted of 48-items & 11-sub-scales with the help of browse target websites related to our study. Secondary data were collected through documents (official publications, tourist Guides, journals and brochures) from different sources to verify the collected data. In order to increase the reliability of the observation in this study, researchers observed the luxury hotel units' websites separately and in frequent intervals. Finally, the use of two data collection methods increased the construct and the external validity of the research.

Sample & Data Analysis

The selected sample was the websites of the 100 largest luxury hotel units in Greece, (recognised by Hellenic Chamber of Hotels) which had a number of rooms from 200 to 800, and implement e-CRM due to the large number of customers worldwide and their economic status. The majority of the aforesaid luxury hotel units were from Dodecanese (Rhodes-Kos), Crete (the whole region), Peloponnese, Attica, Corfu and Thessaloniki – Chalkidiki. Conclusions were based on descriptive analysis findings which were found in data analysis using SPSS software (version 17).

Results

The description of online environment

Exploring the online environment, the main findings from our study were that luxury hotel units websites provided above-average performance and quite good page-loading speed. The majority of websites (75%) kept simple and meaningful graphics and almost all of them (92%) used appropriate animations and avoided large graphics. Furthermore, 81% of websites supported thumbnail option to showed pictures because they provide accommodation services to sell, and 83% of them used progressive rendering to see text before pictures, but only 2% of websites provided an option of text-only choice.

As far as security is concerned, the results of the study indicated that only half of the hotel units' websites were compliant with security standards, as only 54% of them

implemented security protocols for customers' data, the 66% of them protected copyrights and finally, only the 47% of these websites provided a confirmation page and sent an e-mail after completing purchasing process.

Referring to business content, the majority of hotel units' websites used simple and concise text (84%) as well as simple background colors & textures (82%). Furthermore, contact information on each page was provided by the 61% of the websites, 90% of them provided free services & useful information, and registration forms and the amount of requested information were limited (93%). On the contrary, most of the websites did not offer a FAQ section (88%), while at the plurality of them there was no indication of "under construction" page (98%).

Concerning navigation efficiency, well-labeled and accurate web links were provided (87%) without pop up ads (99%), and navigation was consistent (96%). Furthermore, the 93% of the sites used mainly subsequent instead of long pages, and the 88% avoided the use of frames, as well as the use of distinctive hot buttons. Finally, search engine (37%) and site map (24%) were provided only by the minority of the websites.

Regarding to hotel units' sites customer focus, the plurality of them offered their content in different languages (86%), above half of them were up front about business practices (59%), but only the 43% used an auto email responder.

Findings about how customers are served in this online environment

The majority of websites (94%) provided number of ways to customer for placing order, giving the option to buy and pay on-line, by telephone, or from physical bank offices. Meanwhile, customers were given the option to check their order status at 80% of websites and to receive a confirmation e-mail for booking (78%). It was observed that most websites did not have a standalone proprietary software system for booking and payment systems, but they outsource it from companies that manage electronic marketplaces.

Referring to payment options, the plurality of websites accepted a variety of credit cards (e.g. Visa, Master and American Express cards) as well as the option to book now and pay later. However, only 7% of hotel units provided the opportunity to make a reservation without pre-payment. As far as total cost and sales taxes information, were available in almost all websites (93% and 91% respectively)

Regarding returning policy, 83,4% of the websites allowed customers to cancel booking online without any charge, 84% provided convenient canceling information, and 85% assured complete money back guarantee.

As far as interactive service is concerned, half of the hotel units used e-mail and social media to stay in contact with customers (48%), 24% had a sitemap, while a limited number of them used toll free numbers (6%) and interactive chat (4%). It was also found that only 12% provided instant answers to FAQ.

Privacy and security policy of hotel units have been explained on almost 70% of websites. Finally, 49% of the hotel units provided annual reports, brochures and other company information.

Discussion

The study indicates that luxury hotel units in Greece, under the pressure of a turbulent economical, technological and social environment ,and the fact that the tourism industry is a very competitive service area, have already understood the importance of a functional and simple, friendly website. Internet opens new ways of serving customers and Greek luxury hotel units seem to be taking advantage of this.

There is a variety of factors that are contributed to deliver a good online environment. From the analysis of the five factors on Greek luxury hotel units' websites, it was noticed that their online environment efficiency was on average moderate, with a range from 55.6% to 66.6 %. It seems that Greek luxury hotel units' website design need further improvement in order to respond to their needs and support their business goals. Managers of the Greek luxury hotel units need to think carefully about the exploitation of the interactive nature of the Internet in order to increase site traffic and engage customers to a continuous relationship with the hotel units. They should also utilize e-CRM as a strategic tool through which hotel units can communicate with customers, establish relationships with them and sell services (Terzoudis, Kriemadis, & Papaioannou 2007).

In case of online customer serving, the analysis of the six relevant factors demonstrated a moderate to excellent efficiency level (60% to 90%), with an exception of interactive services factor, which was extremely low (21%). Since their customers are worldwide provenance with high service requirements, managers of the Greek luxury hotel units should develop a clear e-CRM strategy as a holistic process, which focuses on creating two-way communication with customers, so that organizations have an intimate knowledge of their needs, wants, and buying patterns (Kourtesopoulou, Papaioannou & Kriemadis, 2011; Owolabi, Adeleke & Abubakar 2013).

This study is concerned to investigate the use of internet as a strategic tool in e-CRM in the tourism and hospitality industry. With the development of the Internet and the

continuous improvement of technology, CRM has entered a new era of development (Milović, 2012). Hence, the e-CRM in the Greek tourism industry needs further consideration by collecting data through interviews with CRM managers and hotel customers. Furthermore, future research can be conducted to a larger sample of websites or even to a multinational sample.

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The Beginning of Dis-integration in the European Union

Abstract:

Even though the common course of the EU countries was not always smooth, there had never been any real danger that the course of unification would be arrested; a danger which emerged after the global financial crisis. The ongoing crisis has highlighted the difficult position of some countries as compared with certain others, and the imbalances within the European Monetary Union. According to the accepted opinion, the emergence of the debt was the result of inadequate supervision, thus the removal of the causes that led to the crisis would arise from heightened supervision- a view that ignores the inherent weaknesses of the common currency and the incomplete European integration.

This Article deals with the reaction of the European institutions in the crisis and explores the negative influence of imposed policy both in the countries that are in trouble, and the cohesion of the Union as a all.

Key words: European dis-integration, cohesion, austerity, dept crisis.

Olga Gioti Papadaki¹

¹ Corresponding address: Dr Olga Gioti papadaki, associate Professor, Panteion University of Social and Political Sciences, Athens, Greece. Email: opapadak@panteion.gr

1. The Re-Emergence of European Nationalism as a result of the Debt Crisis in the Eurozone

The European Union is the best-known among several regional trade agreements that were created during the second half of the 20th Century; both because it is the largest trading entity in the world (at least to date), accounting for about 20% of global imports and exports², and also because it represents the most evolved form of economic integration. Until recently the standard course of European integration had been a gradual transfer of competencies and authorities from the national to the supranational level, a transfer often spearheaded by Germany, which displayed great support toward the federal unification of Europe. Even though the common course of the EU countries was not always smooth, there had never been any real danger that the course of unification would be arrested; a danger which emerged after the epic global financial crisis of recent years. (Rasmus, 2010)

The economic crisis increased unemployment; highlighted the real magnitude of indebtedness, not that easy to wipe out; put pressure on the economic and social dimensions of European cohesion, and more generally on cohesion itself³; and brought back into focus a question that had first emerged shortly before the reunification of East and West Germany (W. Nicoll 2001, P. Stirk 1999): is Germany willing to partake in a European trajectory that would establish its identity as *European Germany*, or is it aiming at the creation of a *German Europe*?

Despite its imperfections, the European regulatory system has enabled the EU to achieve significant economic, social and cultural results, most notably to put an end to the conflicts that had divided the European continent over the course of many centuries, and to replace them with the international presence and radiation of a unified Europe.

Those accomplishments, characterized mostly by an absence of conflicts and confrontations, are now at risk of being overturned as a result of the ‘epic’ economic crisis, and the inadequate measures applied to counteract it, largely due to insufficient integration within the EU.

One direct consequence of the debt crisis was a new tendency to fall back to a national frame of reference and to employ stronger nationalistic rhetoric. European history shows that nationalist isolation had invariably sprung from certain root factors which in turn influenced the economic and social status of individual countries versus their neighbors. The choice to support the national interest as against the common European interest, quite obvious in Germany in particular, also reflects the great difference of its development level compared

2. http://europa.eu/pol/comm/index_el.htm

3. Jean-Claude Juncker warns of the danger of war in Europe, *Naftemporiki* daily, Monday 11 March 2013

with the level of its EU partners. Discrepancies in development give rise to explosive indebtedness in the less developed member States, thus undermining European Unification.

That regression from the European to the national framework is largely a function of opposing interests among different member States within the EU. The heterogeneity among EU member States, resulting from different geography and history, and also from the timing of different enlargements of the EU, has resulted in differences of integration capability among the member States (R. Toulemon 2012). The tendency of some of the stronger member States to point the finger at the weaker ones for the letters' economic shortcomings does not contribute to the unity and power of the system that they are sharing. Quite the opposite, the pointing of fingers aggravates the trend to fall back to the national level and, in the final analysis, it robs the European Union of its own philosophical foundation and *raison d'être*.

Based on these realizations, it is reasonable to ponder the survival prospects not only of the single currency but of the European Union in its entirety.

2. The Faulty Foundations of the Single Currency

One would have a hard time imagining that the European *acquis* could be maintained without the connective fabric of the single currency. Therefore it follows that any further exploration could start with identifying the inherent weaknesses in the 'design' of the Euro. The creation of the single currency was primarily a political choice, yet the political will was not adequate to extend to the adoption of effective fiscal policy at the European level.

Consequently the most important shortcoming of the common currency is precisely the absence of a real economic and fiscal union whose intended purpose would be to assure the convergence of the national economies within the single currency zone. The Euro rests on a single monetary policy, but fiscal policy is exercised at the discretion of each member State and requires particular fiscal discipline. The Stability and Growth Pact that accompanied the creation of the single currency was not implemented with the degree of discipline that its creators had visualized, and so its results were not as anticipated.

Before the introduction of the Euro, the champions of European economic and monetary union were considering that the single currency would pave the way toward rapid economic convergence among the member States, and that short-term economic policy could be exercised by the European Central Bank (ECB). However, instead of the anticipated convergence, there was persistent and possibly increasing divergence among the Eurozone countries (C. Mathieu 2007). Variations in the level of development among the EU member States did not afford a satisfactory guarantee for secure convergence. As the traditional

instruments of monetary policy were out of reach of the member States, the combination with the absence of a single economic and fiscal policy, produced different effects on countries at different development levels. Additionally, the economic convergence criteria stipulated in the Maastricht Treaty, with clearly defined limits to deficits and debt, have been causing difficulties in periods of economic recession; while also price stability, a basic goal of the single monetary policy, may operate to the detriment of employment. The selection and adoption of those specific criteria were, as is known, the result of German insistence (M. Feldstein 1997).

The ongoing crisis has highlighted the difficult position of some countries as compared with certain others, and the imbalances within the EMU. Already before the creation of the single currency, outlying countries⁴ (Greece, Spain, Portugal, Ireland) were in a more difficult position compared with the countries at the center of the Union, and had been called ‘Convergence Countries’ (from the fact that they were the sole recipients of Cohesion Fund allocations—due specifically to their lower levels of development). Accession to the Eurozone deprived those countries of the necessary instruments for bridging gaps in competitiveness, deficits and the cost of borrowing, leaving only instruments of last recourse such as reducing domestic demand by lowering wages, and curtailing the public sector.(R. Canale 2012) Thus the introduction of the Euro contributed to the potential downgrading of some countries, a fact that did not become visible immediately.

Even though those countries received support under the European Cohesion Policy (ECP), that support was obviously not enough to offset neither the disadvantages caused by the loss of the fundamental instruments of monetary policy, nor the shortcomings of the original design of the Eurozone, although admittedly the ECP produced significant results in particular fields relating to the needs of the European perimeter.

The shortcomings in question had not been visible before the outbreak of the ‘Worst financial and economic crisis in recent history’, which deprived some of the member States of the means to refund their debt.

The terms of the Maastricht Treaty reflect certain viewpoints concerning fiscal management, namely that deficits arise primarily from the public sector (hence the adoption of specific related terms in the Treaty). However, in the context of the ongoing crisis this applies only to Greece, and only partially. The other EU countries experienced deficits which had arisen from the banking sector and from discrepancies in competitiveness (compared with the central countries of the EU), which contributed to problems in their balance of payments.

4. Here we need to ask the question whether it is mere coincidence that the so-called PIIGS are all located at the EU perimeter or whether perhaps their outlying position is an important factor in their limited development.

The creation of deficits by the European banks highlighted more gaps in the design of the EMU, namely the inadequate supervision over the EU banking sector, and the fact that the instruments that would be required to affect a rescue were not included in the EMU but could only be applied on a domestic level.

Its origin notwithstanding, the problem manifested as a rise of the levels of debt in the countries at the perimeter of the Eurozone. The cure that was chosen to deal with higher debt was a fixation on austerity, aiming to curtail expenses and thus purportedly to create surpluses. Germany has been following that recipe with persistence and obtaining truly positive results in the form of substantial surpluses. However, the austerity viewpoint ignores the fact that it is impossible for all members in a system to achieve surpluses at the same time, because the surpluses of one member correspond to deficits of other members, reminding us of the two faces of Janus. According to Heikki Patomäki (2013), “the simultaneous pursuit of all countries to achieve trade surpluses undercuts the conditions necessary for growing together.”

3. Dealing with the Crisis

A work group under De Larosière took on the task of investigating and diagnosing the causes of the global crisis, and submitted a report in 2009. According to the report, those causes should be sought in macro-economic factors (excessive liquidity in combination with low interest rates and flawed regulation of housing loans); in a fundamental inability of financial companies, regulatory authorities and supervisory authorities to evaluate risk; in over-optimistic assessment of financial products by the credit-rating agencies, and altogether in failures of crisis regulation, supervision and management. It follows that *the fundamental causes of the crisis are centered on inadequate supervision*, and thus the removal of the causes that led to the crisis would arise from heightened supervision and more precise definition of the balance between the markets and the supervisory mechanisms.

The fact that many among us were unable to comprehend the influence of one-sided fiscal policy upon recession,⁵ and more generally of the causes and mechanisms behind the spread of recession, prompted many among us to look at the countries of the EU perimeter for the causes of the emerging problems, while the effects of flawed planning of the EMU were

5 15 November 2013, Martin Schulz, Speech at the German Social Democrats party congress in Leipzig <http://www.skai.gr/news/politics/article/246032/soults-i-monopleuri-dimosionomiki-politiki-odigise-to-noto-se-ufesi/#ixzz2kpGB90Ub>

not addressed directly.⁶ In addition, a series of articles published in the German press, based on simplistic interpretations resting on ethnic bias (A Gkotovos 2012) limited the options of political management and resolution of the Greek debt. Greece is the country where the weaknesses of Eurozone planning first became obvious, and offered an excuse to reverse the course of the European Union, which had been a unifying course from the 1950s until the beginning of the ongoing European crisis. Though they were difficult to discern when they first appeared, the elements of the crisis were then combined with certain phenomena of falling back from the supranational to the national level, in other words of a political disintegration process. That process was particularly visible in Germany which, in full contradiction against its former positions (Gioti-Papadaki2011), seemed unwilling to take on the economic burden of rescuing the Eurozone.

The opportunity to manage debt as a problem of the whole Eurozone, which could be solved by issuing Euro-bonds was rejected as well. The Euro-bond would be guaranteed by all member States of the Eurozone, and would be managed by a European debt management agency. Germany and other countries with high credit rating were afraid that any guarantee involving countries with a low credit rating would lead to higher borrowing cost on themselves.

The avenue that was finally chosen, namely to deal with the crisis in countries with high public debt by restricting the wages of the factors of production, and by imposing across-the-board fiscal austerity measures, is sure to lead to recession; as drastic reduction of public spending and workers' wages aggravates the problem of debt, since recession limits public revenues and increases expenses.⁷ Conversely, policies based on expansion can produce higher demand and improve growth, their shortcoming being that they can lead to a deficit in the countries implementing such policy (a totally unacceptable option for Germany with its experience of high inflation between the two world wars).⁸ From the strictly German point of view, the only way to deal with debt is by means of austerity, which nevertheless aggravates recession, limits liquidity and eventually shrinks economic activity and causes unemployment. German public opinion does not consider the ongoing recession at the perimeter of the EU to be a problem that concerns Germany itself, as indeed may be the case,

⁶ In an interview published in the Daily Telegraph, Jacques Delors, one of the fathers of monetary union, acknowledged that flawed structure of the single currency allowed the occurrence of unbearable debt in certain member States

<http://www.telegraph.co.uk/finance/financialcrisis/8932647/Euro-doomed-from-start-says-Jacques-Delors.html>

http://news247.gr/oikonomia/oikonomika/ntelora_katadikasmeno_apo_thn_arxh_to_eyrw.1521523.html

⁷ According to J. Delors in an interview published in Le Monde: "They are teaching the beleaguered countries to die in a healthy fiscal condition"

<http://www.iefimerida.gr/node/22761#ixzz2noTWa1uI>

⁸ See: <http://www.iefimerida.gr/news/28341/γιατι-οι-γερμανοι-φοβουνται-τον-πληθωρισμο>

since the surplus German economy is based on exports—largely to its European partners now that import taxes and other restrictions do not apply to transactions within the EU.

Several approaches have been proposed as appropriate for managing this crisis, but the German view prevailed because Germany is the country making the highest contribution to the European budget, and also because the regulatory ‘structure’ of the Euro has been based on supply-side economics such as the free movement of capital and the goal of low inflation, while no provision had been made to assure adequate levels of demand.

Those peculiarities have increased divergence within the Eurozone, and led to a reversal of the unifying ambience that had prevailed during the 50 years between the endorsement of the Treaties of Rome in 1957 and the start of the ongoing crisis. In actual fact, the spearhead of the dis-integration lies in the choice of countries that should undertake the burden of bringing the Eurozone back to stability. The countries with stronger economies sought to and actually succeeded in shaking off that responsibility and transferring it to the weaker ones, employing the type of arguments that focus on the responsibility of the “delinquent” countries at the perimeter of the EU, suggesting austerity as the only way out of the crisis. The economically weaker countries would want to give that responsibility back to the stronger ones, arguing that the latter have reaped greater profits from the operation of the single currency.

The means that were actually applied to manage the crisis led to a recession in the real economy of the Eurozone, while the performance of the German economy remained satisfactory. Eurostat figures indicate that the yearly change of the GNP over the entire Eurozone was at -0.7% in 2012, projected to rise to -0.4% in 2013 and 1.1% in 2014. The respective figures for Germany are -0.4%, 0.3% και 1.7%⁹. In addition to the Eurostat projections, some sources have suggested that Germany has also been profiting indirectly from the ongoing crisis in the Eurozone, because of the low interest rates that apply to its borrowing. The German newspaper Deutsche Welle has calculated that German profit to be EUR 40.9 billion between 2010 and 2014 (St. Theodorou 2013).

4. How the Supra-National institutions have been responding to the ongoing crisis, and the prospect of initiating a course that would underpin the EMU

The crisis of the Euro has brought about greater awareness of the intimate relationship between (i) an integrated monetary policy planned and applied by means of the Euro on one hand, and on the other hand (ii) the application of independent fiscal policies within the

9. <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00115>

jurisdiction of the member States—resulting in incoherent overall fiscal policy in the EU as a whole. We are inevitably led to the realization that at the EU level *fiscal policies must be integrated rather than merely coordinated, that deficits must come under adequate control, and that the EU member States have the right to demand solidarity.*

In year 2010 that line of reasoning led the European Commission to propose, within the context of the need to improve the coordination of fiscal policies: to improve the supervision of fiscal imbalances; to assure compliance with the provisions of the Stability and Growth Pact; and to enact a European fiscal semester (half-year) during which all member States will seek timely coordination of their budgets. This response by the European Commission, clearly aligned with the view that increased supervision should be applied within the Eurozone, gave rise to subsequent criticism (P. De Grauwe 2013), which makes it clear that creditor countries were able to dictate fiscal and macroeconomic policies over the entire Eurozone, provided that the European Commission accepted their wishes.

In order to increase economic solidarity and to deal with the debt crisis, a new support mechanism was created, in which Germany agreed to participate with the express stipulation that the International Monetary Fund (IMF) would also participate.¹⁰ The initial approach concerning the support mechanism for Greece, which was the first country in danger of going bankrupt, was decided on 25 March 2010. It called for aid from all the countries in the Eurozone, and also from the IMF. The decision to support Greece offered a time margin but did nothing to address the problem on the European scale. The other southern European countries also displayed high deficits and public debt. Several months elapsed before the European Stability Mechanism (ESM) was finally put in place. The ESM started with an initial capital of EUR 500'000'000.00¹¹ and is now (Since July 2013) the permanent funding program of the Eurozone countries, having succeeded the temporary European Financial Stabilization Mechanism and the European Financial Stability Facility. However, the delayed and obviously reluctant support toward the weaker member States was unable to reverse the divisive climate that had already been established within the EU, and it eventually *failed to be acknowledged as the active expression of European solidarity.* At the same time the prospects of the European economy seemed vague because the markets couldn't possibly be confident

¹⁰ Jose Luis Rodriguez Zapatero, prime minister of Spain 2004-11, has been quoted to say that Mrs A. Merkel "... almost without any introduction put forward a proposal about which we had not had any indication ... Merkel asked me if I was willing to ask for a preventive credit line of €50bn from the IMF while another ... would go to Italy."

<http://www.ibtimes.co.uk/ex-spanish-prime-minister-jose-luis-rodriguez-524963>

and in Modern Greek:

<http://www.philenews.com/Publications/ArticleModule/ArticleViewers/SingleArticleViewerprint.aspx?av=586&aid=173193>

¹¹ Treaty Establishing the European Stability Mechanism, argument 6

regarding the management of the debt crisis, because of uncertainty whether all the members of the Eurozone would remain in it, and because of increasing divergence between the member States in terms of economic development.

Along with the creation of the ESM, on 9 December 2011 the heads of State or of the governments of the Eurozone countries passed a resolution to move ahead toward a stronger economic union based upon a new fiscal agreement, which would be implemented by means of an international fiscal Compact (the Treaty on Stability, Coordination and Governance – TSCG). The Compact was accepted by 26 of the then 27 EU member States (not by the UK). Since the decision was not unanimous, the respective Compact is not incorporated in the EU Treaties and thus it remains an intergovernmental agreement not aligned with EU practice.

The Compact provides, among other things, that “The general government budgets shall be balanced or shall show a surplus; that principle shall be considered satisfied when the yearly structural deficit does not exceed 0.5% of the nominal GNP.”

The stated *goal of such low structural deficits* in the less developed countries, together with the *freedom to achieve surpluses*, does not portend satisfactory results for those countries—unless Germany (whose trade surplus is on a steadily increasing course)¹² intends to reconcile austerity with responsibility toward the Eurozone as a whole (a theory that is not supported by any actual indications). The main factor that supports the steady increase of the German surplus is linked with small wage increases in Germany, which maintain a low level of demand within the country itself. After a decade of holding back wages, the real exchange parity of Germany is markedly undervalued compared with the rest of the Eurozone. That condition makes German products artificially cheap and allows them to compete favorably with the products of other Eurozone countries and with those originating in other countries. The high German surplus has been described by American economists as a danger for the global economy (K. Poplawski 2013), a fact that compelled the European Commission to declare that it will re-examine the German surplus—if not to avert possible negative consequences on the Eurozone as a whole, at least to allow Germany to make a greater contribution to the balance of the EU economy.¹³

However, in 2012 the persistence of the crisis compelled the European Council to pursue the creation of a new Road Map towards a Genuine Economic and Monetary Union, which was presented by Herman Van Rompuy, president of the European Council. According to the respective report, the Eurozone ought to follow three very specifically defined stages that would secure its stability and integrity. Those stages involve:

¹² Germany: Its trade surplus at a record high’ <http://www.naftemporiki.gr/finance/story/726711>

¹³ Statement by president Barroso on the European Semester 2014, 13 November 2013

- Securing fiscal viability, and breaking the links between the banks and public debt,
- Completing the integrated financial framework, and promoting sound structural policies, and lastly,
- Improving the durability of the EMU by creating a mechanism that would absorb fluctuations at the central level.

During the first stage, concerning the creation of a single financial framework, one goal was to establish a Single Supervisory Mechanism for Banking that would ultimately provide the European Central Bank with suitable supervisory instruments. Another mechanism considered indispensable would be a Single Resolution Mechanism that would protect taxpayers from burdens caused by any bankruptcies of banks. The final goal is to transfer to a single supervisory mechanism both the supervision of European banks, and also the responsibility for handling the resolution of banking failures, if that need ever arises. Final decisions were made on 19 December 2013 at the conference of the Finance ministers of the Eurozone. The final version of the decision provides, among other things, the creation of a council that will be authorized to decide how to handle the banks that are facing problems; that council will then be complemented by setting up a Fund in charge of organizing the bankruptcy or the funding of the cost involved in restructuring any problem-ridden banks.

In actual fact the forthcoming Banking Union will make no contribution to resolving the ongoing crisis, while the final planning of its operations amounts to the ‘least common denominator’ as far as the requirement to manage the danger of any bank failure is concerned; the reason being that instead of creating an independent authority, the Banking Union will operate under a complex decision making system, chosen at the instigation of Berlin.¹⁴

The second phase of the Road Map towards a Genuine Economic and Monetary Union is supposed to include the gradual creation of a single fiscal framework whose ultimate goal is to increase the durability of the Eurozone against perilous economic fluctuations. The same type of reasoning applies to the so-called Six-Pack, a bundle of six measures that had been decided even before the Road Map was presented. They constitute the fortified Stability and Growth Pact that was made effective on 13 December 2011, whose aim is to strengthen the capability to prevent excessive imbalances, and also strengthen the mechanisms for adopting

14M. Schultz, president of the European Parliament, said “This is comparable to dealing with an emergency admission to hospital by first convening the hospital’s Board of Directors instead of giving the patient immediate treatment!” (http://www.europarl.europa.eu/the-president/en/press/press_release_speeches/speeches/sp-2013/sp-2013-december/html/address-to-the-european-council-by-the-president-of-the-european-parliament-martin-schulz and <http://www.zoomnews.gr/economy-2/item/54449-anisyxos-o-soults-gia-ti-symfonia-tis-trapezikis-enopoiisis>), while Guy Verhofstadt, president of the European Parliament’s ALDE group stated that the respective decision falls below expectations (ALDE-PRESS 20/12/2013 European Council fails to convince on Banking Union)

and enforcing the EU rules at the national level. The reforms of the Stability and Growth Pact that are provided in the Six-Pack added new obligations for the member States, regarding fiscal policy in general and more specifically the new fiscal rules, which are resting on the fact that the sharing of anticipated risks ought to be accompanied with more effective communication and therefore also exchange of information. Fiscal supervision is complemented with a bundle of two measures, known as the Two-Pack, which introduce a unified fiscal time-schedule and a single common set of fiscal rules in the Eurozone.

During the third stage toward Genuine Economic and Monetary Union, it is provided that a new fiscal capability structure will be created to facilitate adaptation to major economic fluctuations. That structure should assure a form of fiscal solidarity during recession cycles, thus improving the durability of the EU as a whole. The alternative options proposed for the fluctuation attenuation mechanism are (i) the macro-economic approach where contributions and disbursements shall be based on the fluctuations of revenues and expenses, or (ii) the micro-economic approach where the level of contributions and disbursements shall be linked to developments in the labor market. The rationale behind the proposal to create a central fiscal structure in the EU is that it can then serve as the basis for issuing EU securities.

The response of the European Parliament to the crisis has been notably late (which allowed it to be considered as simply pre-election moves). In a draft report (18 December 2013) the European Parliament called for the creation of a European Monetary Fund, and expressed criticism regarding the lack of transparency in the negotiations between the countries that are implementing an austerity program, and the tripartite creditor committee (The 'Troika': the IMF, the ECB and the Commission) and also criticism for the fact that the Troika is not democratically accountable except very indirectly. The report calls for hearings with the agencies that determined the content of the support programs, and for missions of European Parliamentary groups to collect information in the countries concerned.

The European Central Bank has displayed a greater degree of responsibility in dealing with the ongoing crisis; honoring its mission as a supranational institution, it reduced the basic interest rate of the Euro to a record low of 0.25%, in an attempt to prevent deflation and to invigorate economic activity.

5. The effectiveness of crisis management to this day, and emerging prospects.

When the initial attempts to manage the crisis were made, it was obvious that most of the proposed measures involved stronger discipline, without giving any extra consideration to the survival of the weaker member States, and consequently also the survival of the EU as a whole. *That approach focused mostly on monetary considerations and almost not at all on*

political considerations. Additionally, the political discussion seemed to have been subordinated to decisions that had already been made concerning fiscal discipline, balanced budgets and competitiveness in the international markets. Therefore, the next question likely to arise, even though it has not been proposed for discussion, concerns *the right to place higher priority on competitiveness at the expense of European cohesion*. Based on the same rationale, one could question whether the countries of the EU perimeter would be able to enjoy any benefits from the overall increase of European competitiveness, since the benefits obtained tend to be concentrated in the geographic core of the EU.

Another important question is whether the decisions that had been made at that stage had the necessary democratic legality. That question was expressed by both Cohn-Bendit and Verhofstadt.(F. Casenave2013). In their view, some countries in the EU tend to regard and thereby convert the EU into a simple intergovernmental organization ruled by the heads of state or government, a condition that would create a (doubtfully legal) European *directoire* vested with the authority to choose what is good for Europe and what is not, in effect promoting particular national interests rather than the common interest of the EU as a whole. That trend can also be seen and confirmed in the creation of new intergovernmental institutions and in the consequent weakening of supranational ones (V. Pop 2013)

However, the most important question is whether the austerity policy that is currently applied can possibly yield positive results. The so-called Maastricht criteria allow debt to rise to 60% of the GNP of any country in the Eurozone. But at the end of the year 2012 Greek debt had risen to 156.9% of GNP, also followed by Italy with 127% debt, Portugal with 124.1%, and Ireland with 117.4%.¹⁵ The percentage figure of debt is highest in Greece among all EU countries, but Ireland has the highest overall net debt (public and private) according to a report in the electronic edition of BBC.¹⁶ Those debt percentages are not easy to curtail, even more so as the economies of these countries keep shrinking.

As applied until present, the ‘cure’ for the ongoing crisis does not seem adequate to deal with it effectively, and it is even more inadequate to deal with the double challenge of the ongoing crisis *plus* the survival and deepening of European unification, so that the European Union may continue to be a strong presence in the international scene. The EU has never sought to coerce its international partners to follow its own decisions, but it did seek to influence them with its example and its international radiance, which it possessed because of the its democratic convictions and behavior, and also with the social model that it had adopted. But the austerity measures currently dictated destroy the social state in the countries

¹⁵ http://www.kathimerini.gr/4dcgi/ w_articles_kathremote_1_21/10/2013_524041

¹⁶ <http://www.agelioforos.gr/default.asp?pid=7&ct=1&artid=125266>

where austerity is allowed to hold sway, and produce serious doubts concerning the democratic model of the EU—in view of the fact that real democracy does not allow its decisions to deviate from democratic legality, nor from equal treatment and solidarity among partners. We should add that in the member States the pro-EU political forces seem to be retreating just before the elections of May 2014; stagnation and recession seem to persist in several European countries; unemployment among the active population increased from an overall 7.7% in 2008 to 11.4% in 2012;(D. Perrut 2013) while unemployment figures could well reach 30% of the active population in Greece and Spain; and while the so-called Euroscepticism is reaching percentage figures that it had never even approached in the past. During this era of globalization and as the governance of individual countries is becoming ineffective, the survival of the EU becomes an important imperative for all its members.

The negative developments described here are connected with shortcomings in the regulatory planning (construction) of the Euro, and with ineffective crisis management. We could well argue that the problems rest on the fact that many countries, all at once, are attempting to reduce their deficit, which makes their economies shrink and increases their figures of debt as percentage of the GNP; while at the same time the great German surplus produces a deflationary tendency in the Eurozone. This condition arises from two separate processes: the Euro has been maintaining a high parity that limits the export potential of European products, especially the products that are more sensitive to currency fluctuations, which include the products of the vulnerable southern member States of the EU. The second process is low domestic demand within Germany itself, which has maintained inflation at a figure just over 1% during the same period when demand and inflation were greater in other Eurozone countries. (J. Springford 2013). One of the results of deflation in the southern EU countries was that the primary surplus had to increase so that the ratio of public debt to GNP would not rise inordinately, but remain viable. The persistence of the ongoing crisis has been aggravating the development gap between the creditor countries of the north and the debtor countries of the European perimeter. Increasing divergence undermines mutual confidence among the EU member States, and also confidence concerning EU institutions.

In this environment, with rampant profitability of the creditor countries along with stagnation of the southern EU countries (and possibly also terminal inability to pay off debt), the survival of the Eurozone can't possibly be considered secure.

The data presented above could be summarized as follows:

- The response to the crisis came late and was inadequate, and it allowed national interests to prevail over collective interests.

- Dealing with the crisis by means of austerity has increased the developmental gap between the countries of the European south and those of the north, and led to a situation where the EU is no longer a voluntary association of sovereign nations but a cluster of creditors and debtors.
- The results of that policy have generated such an irreconcilable gap between the member States of the EU, that the very existence of the European Union has become uncertain, a situation that is directly against the best interests of the peoples of Europe.

The result of those facts is that the debt crisis has already become a political crisis, which means that it *requires a political resolution*. In this case the first question to be asked is whether the political choice will be to offer non-negotiable support to European integration; if the answer is yes, then we need to consider the actions that will be required to complement and reinforce European integration. In order for integration to acquire greater depth, we should consider amending existing treaties, and transferring greater parts of national sovereignty to the supranational institutions of the EU—a course that presupposes confidence among partners and willingness to shoulder the cost required to support the single currency. The current status quo is impossible to preserve because the crisis and its ineffective management set the foundations for increasing divergence the development level among EU member States. Any policies whose exclusive aim is to serve the interests of creditors, with utter disregard for the survival not only of the debtors but of the entire EU, can not prevail for long. In the conditions prevailing today, the countries of the southern EU are forced to survive in conditions of increasing austerity and the collapse of their productive capability, robbed of the monetary option to depreciate their currency (which would make their products more competitive), and without the tariffs that had traditionally protected an economy from the trade surplus of its trading partners. Such conditions would be acceptable and beneficial for Europe as a whole only if the wealthier countries would accept a single policy to issue European bonds; which seems like the most secure approach for dealing with perilous fluctuations within the EU. An alternative approach would include writing off part of the accumulated debt, and offering additional funds for development in the form of subsidies rather than loans; and allowing the repayment of debts over a longer time frame than currently required. Here we must note that subsidies under the Cohesion Policy should not be included in the calculation for two main reasons (O. Gioti papadaki 2013): firstly, the amounts that will have to be allocated to implement that policy will be smaller than at any time in the past, and secondly because the regions entitled to that funding will be all European regions and not only the less developed ones as was the case in the initial planning.

In conclusion, we may say that the ongoing debt crisis has produced conditions of disintegration to the point of strife among partners, and have ruptured the bonds of solidarity and

confidence, all because of the flawed planning and construction of the single currency. Those realizations have compelled some distinguished economists to propose various methods for resolving the crisis, the common element of those proposals being that they would be spearheaded by reforms concerning the single currency (Pissaridis 2014, Mayer 2013)

We would like to add that in our view the challenges emerging in the twenty-first century are such that they will not allow the luxury of pursuing strictly national interests at the expense of the common interest.

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NEW FROM EDWARD ELGAR PUBLISHING

The Innovation Union in Europe

A Socio-Economic Perspective on EU Integration

Edited by **Elias G. Carayannis**, Professor of Science, Technology, Innovation and Entrepreneurship, School of Business, George Washington University, US and **George M. Korres**, Associate Professor, Department of Geography, University of the Aegean, Greece

One of the most important economic events in recent decades has been the ongoing process of European integration. This book provides a basic yet rigorous understanding of the current issues and problems of economic integration and innovation in Europe, and argues that national or regional economic development depends mainly on technical change, social and human capital, and knowledge creation and diffusion. This is clearly evident in the role of the quadruple innovation helix of government, university, industry and civil society.

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The Innovation Union in Europe will be of interest to students, economic theorists, empirical and social scientists, and policy makers as well as the informed general reader.

Contributors: E.G. Carayannis, U. Gråsjö, C. Karlsson, A. Kokkinou, G.M. Korres, A. Lagendijk, A.O. Nakamura, L.I. Nakamura, M. Nakamura, K. Varró, P. Warda

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