

# FACTORS THAT AFFECT THE TOURISM FLOWS FROM MOLDOVA TO GREECE

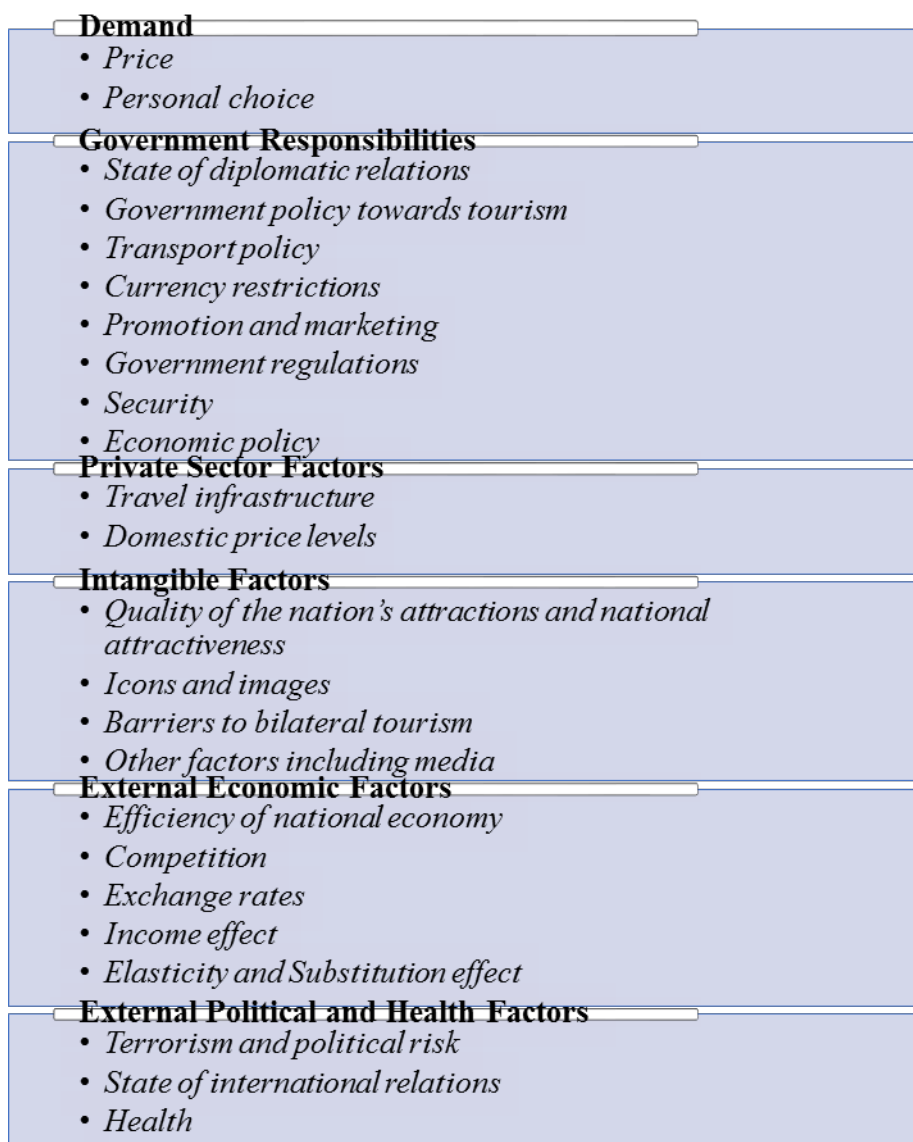
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*ABSTRACT: Due to the fact that the bilateral tourism relations between Moldova and Greece have been increasing over the last years, especially as a result of an increasing tourism flow from Moldova towards Greece, this article has the goal to evaluate the factors that affect the tourism flows from Moldova to Greece. The researcher applies the bilateral tourism framework proposed by Prideaux. The findings of this research study show that the factors influence the touristic flows from Moldova to Greece in the following manner: (1) the demand factors – negative influence; (2) government responsibilities factors – diverse effects; (3) private sector factors – both a positive and a negative influence; (4) intangible factors – mainly a beneficial impact; (5) external economic factors - basically a negative role; (6) external political and health factors – generally a beneficial impact. Based on the findings, the author proposes several corrective actions that would improve the touristic flows from Moldova to Greece.*

*KEYWORDS: bilateral tourism flows, international economic relations, Prideaux framework, tourism factors.*

**Introduction.** International tourism represents one of the most dynamic forms of international economic relations. Due to the fact that the bilateral tourism relations between Moldova and Greece have been intensifying over the last years, particularly as a result of an increasing tourism flow from Moldova towards Greece [2, p. 70], this article has the purpose to evaluate the factors that affect the tourism flows from Moldova to Greece. In a recent study, we identified a theoretical framework proposed by Prideaux which can be applied in evaluating the tourism relations between two countries [7, p.160]. Prideaux suggests that the tourism flows from one country to another are influenced by 6 groups of factors: (1) Demand factors; (2) Government responsibilities; (3) Private Sector Factors; (4) Intangible Factors; (5) External Economic Factors; (6) External Political and Health Factors [6]. Hence, we will analyse the factors that impact the tourism from Moldova to Greece using the bilateral tourism framework proposed by Prideaux (see Figure 1 for a visual illustration of factors analyzed).

**Methodology.** This article is an applicative one. Thus, it will make use of the bilateral tourism framework proposed by Prideaux [6, p.783]. More specifically, each factor that was proposed by Prideaux will be analyzed separately as regards the tourism flows from Moldova to Greece. The article makes use of analytical and applicative methods utilizing information from several sources vis-à-vis the economic state of Greece and Moldova, mainly regarding the tourism flows and the conditions that the respective countries offer for the tourists.



**Figure 1: Factors that affect the tourism flows from Moldova to Greece**  
 Source: Compiled by the author based on Prideaux [6, p.783].

**Application of the framework.**

1) Demand factors:

*Price* has a partially positive effect on the tourism flows from Moldova to Greece, due to relatively small transportation costs, if compared to other destinations that are very far away from Moldova, such as Maldives. At the same time, the price for a touristic package in Greece is higher than the one in Bulgaria or Turkey, which explains the fact that, according to the popularity of destinations among Moldovans, Greece is behind Bulgaria and Turkey [1].

*Personal choice* factor indicates that, generally, Moldovans are interested in travel and tourism activities [2]. However, because of a very small income [1], many Moldovans choose other forms of consumption over travel, for instance, to buy an apartment on credit.

2) Government Responsibilities:

*The state of diplomatic relations* between Greece and Moldova has a positive impact on the bilateral touristic flows, due to the Moldovan-Greek agreement on cooperation in the tourism area [2, p. 71]. Moreover, both Greece and Moldova facilitate travel.

*Government policy towards tourism* has a positive influence on the Moldovan touristic flows

towards Greece, due to the fact that Moldovans don't need visa to travel to EU, including Greece, if using the biometric passport [2, p. 69].

*The transport policy factor* has both positive and negative effects on the analyzed flows. For instance, as regards the beneficial determinants, Moldova has an agreement with the EU regarding low-cost flights from/to Moldova [5], which means that Moldova will soon have cheap flight connections also to Greece. In addition, we must mention the fact that Greece has high aviation safety standards [4], which of course influences positively the willingness of Moldovan tourists to visit Greece by plane. However, the regular strikes in Greece can cause disruption to public transport (including air travel and ports). Also, Greece has one of the highest traffic fatality rates in the EU, which might have a negative impact on touristic flows from Moldovan to Greece.

*Currency restrictions* also have a dual influence on the Moldovan touristic flows to Greece. Thus, one must declare €10,000 or the equivalent while entering or exiting Greece [4], whereas the currency export from Moldova is without declaration of up to USD 5000 [5]. On the other hand, the restrictions in Greece on some bank services that have been imposed since June 2015 have a negative influence on the touristic inbound flows to Greece [4].

*Promotion and marketing factor* has a high level of public and private sector funding in Greece [4], thus impacting beneficially the touristic flows.

Also, *the government regulations* in Greece are designed to assist tourism development, hence contributing to a positive effect on the Moldovan tourism flows.

As regards *security*, even though the Greek authorities possess enhanced security, Greece is placed among the countries that have a general threat from terrorism and acts of political violence.

Finally, as regards the last type of government responsibilities factors, the *economic policy* factor has a beneficial impact in Greece, due to the National Strategic Plan for Tourism 2014-2020 [Ibidem].

### 3) Private Sector Factors:

*Travel infrastructure* of Greece influences positively the Moldovan tourism flows to Greece, due to the well-developed Greek infrastructure, efficient tour operators and the multitude of large investment projects in infrastructure.

However, *the domestic price levels* in Greece have a negative effect on the touristic flows, because of the high price levels as compared to the prices in Moldova, particularly in touristic areas of Greece [Ibidem], which limit personal consumption.

### 4) Intangible Factors

*The Greek quality of the nation's attractions and national attractiveness factor* definitely has a positive impact on the willingness of the Moldovans to visit Greece. This is confirmed by our recent research study which found that, in general, "Greece's image as a tourist destination among Moldovan consumers is partially positive" [3, p.48]. Moreover, the study determined that Moldovans are very interested in visiting Greece.

*Icons and images of Greece factor*, for instance the image of a sacred location, due to Holy Mountain Athos and Meteora monasteries [4], certainly play a positive role on the touristic flows from Moldova.

Among *barriers to bilateral tourism* can be considered basically the travel distance, which by bus takes at least 20 hours from the capital of Moldova to the closest touristic area of Greece, i.e. Khalidhiki, while by plane it is expensive, particularly because of lack of direct routes from Moldova to many of the Greek destinations. The positive aspect that influences beneficially the flow of Moldovan tourists to Greece is a common religion, i.e. 98% of Greeks [Ibidem] and 97% of Moldovans [5] are Christian Orthodox. Also, the differences in culture, such as music, dance etc. have a positive impact on the flow, which was demonstrated in one of our studies [3].

*Some other factors among the intangible factors, including media* have a positive impact on the touristic flows, such as the rich Greek history, the modern Greek language, the Mediterranean culture and cuisine, whereas other factors have a negative influence on the Moldovan touristic inflows to

Greece, for instance the Greek government-debt crisis image, the regular strikes and demonstrations, the image of Greeks as a too relaxed nation etc. [4].

##### 5) External Economic Factors

*The efficiency of Greek national economy* probably has a negative influence on the Moldovan touristic inflows, though the reality demonstrates the opposite. Greece is considered Europe's most indebted country. Moreover, since the onset of the crisis, Greece has been thrown into a depression-era decline with the loss of  $\frac{1}{4}$  of its GDP and unemployment peaking at 28% [8].

*The competition factor* appears to play a positive role. More specifically, in 2016, after Bulgaria and Romania, which are cheaper destinations than Greece, Greece had more Moldovan tourists than other EU destinations, i.e. Spain, Montenegro, Italy, Czech Republic, Austria [1].

*The exchange rates* of the Moldovan currency against the European one seem to impact negatively the touristic flows. Depreciation of the Moldovan currency (exchange rate MDL/EUR from 0.067 in 2012 to 0.048 in 2017) over the last 5 years leads to higher prices for Moldovan tourists in Greece [Ibidem].

*The income effect* has also been strong. Only a small percentage of the Moldovan citizens have good salaries, i.e. Moldovans involved in financial and insurance activities, energy production and supply, information technology, technical activities. In general, the Moldovans have a very small salary (average monthly salary in 2016 was of MDL 5084~EUR 228, while the monthly income for a person was MDL 2060~EUR 99). Moreover, the reality shows that remittances are a major source of income [Ibidem]. Obviously the small income determines most of the Moldovans to choose Bulgaria, Romania and Turkey over Greece, even though they demonstrate high willingness to visit Greece.

*Elasticity and Substitution effect* show that, in case the prices for touristic packages in Greece become similar to those in Turkey and Bulgaria, Moldovans will definitely choose Greece over the other destinations. However, because of their small incomes, Moldovans are likely to choose cheaper destinations, if prices for the touristic packages in Greece increase.

##### 6) External Political and Health Factors

*Terrorism and political risk factor* shows that, generally, there is not a specific threat to Moldovan travelers in Greece. However, on a scale from 1 (low threat) to 4 (high threat), the threat from terrorism is rated in Greece with a 2 (underlying terror threat) [4], which might make the tourists somehow afraid for their safety.

As regards the *state of international relations* of Greece, we must say that Greece is on friendly terms with most of the world countries [Ibidem]. Moreover, Moldova and Greece signed a Treaty of Friendship and Cooperation [2, p.71], which influences even more the willingness of the Moldovan tourists to visit Greece. A few issues in the Greek foreign policy are the claims in the Aegean Sea and Eastern Mediterranean by Turkey, the Turkish occupation of Cyprus, and the disagreement over the name of the Republic of Macedonia [4].

Finally, regarding the *health factor*, most public medical facilities in Greece offer adequate care, though the public medical clinics may lack resources and the staff may speak little or no English [Ibidem]. Hence, it appears to be generally safe for health as regards travelling to Greece.

**Conclusions.** Using analytical and applicative methods, this article analysed the factors that impact the tourism flows from Moldova to Greece. It utilized the bilateral tourism framework proposed by the economist Prideaux.

After the application of the framework, we found out that, generally, the *demand factors* influence negatively the touristic flows from Moldova to Greece, basically due to the small incomes of the Moldovans. The *government responsibilities factors* was found to have diverse effects, depending on the exact type of factor. Thus, the state of diplomatic relations, government policy towards tourism, promotion and marketing, government regulations and economic policy have a purely positive impact on the touristic flows analysed. Meanwhile, transport policy, currency restrictions and security have both a positive and a negative influence on the touristic flows of Moldovans to Greece.

The third type of factors, i.e. the *private sector factors*, was found to have a positive influence, due to the well-developed infrastructure of Greece, and a negative influence because of the higher domestic price levels of Greece as compared to the prices in Moldova. The *intangible factors* have mainly a beneficial impact on the touristic flows from Moldova to Greece, due to a positive perceived image of Greece and its icons, common religion and cultural unique differences. Only a few intangible factors influence negatively the touristic flows, such as the relatively large travel distance, the Greek government-debt crisis image, the regular strikes and demonstrations.

Among the *external economic factors*, only competition clearly plays a positive role. However, the other factors, such as efficiency of Greek national economy, exchange rates of the Moldovan currency, Moldovans' income effect, elasticity and substitution effect play basically a negative role on the touristic flows of Moldovans to Greece.

The last type of factors, i.e. the *external political and health factors*, generally have a beneficial impact on the touristic flows from Moldova to Greece, due to low terrorism threat in Greece, friendly terms of Greece with most of the world countries and adequate health care services.

Hence, we can notice that, both quantitatively and qualitatively, the factors that have a positive influence on the tourism flows from Moldova to Greece are numerous and strong, while the negative factors have a weak influence on the tourism flows from Moldova to Greece. This explains the large and constantly increasing number of Moldovan tourists in Greece.

The findings of this research study show that there are several corrective actions that must be taken in enhancing the Moldovan tourist flows to Greece. For instance, because of the generally small incomes of the Moldovans, the Greek tourist marketers should create special low-priced packages for such potential customers. Also, the Greek airlines should offer direct flights from/to Moldova to more destination areas of Greece. Additionally, in order to reduce the security issues, the Greek authorities must work harder on safety maintenance and must also send messages to the foreigners that Greece is a safe country to visit. Further, the currency restrictions imposed in Greece should limit their impact on the tourists' ability to use currency.

As regards intangible factors, the Greek tourist marketers must work on reducing the impact of the Greek government-debt crisis image, thus on enhancing the image of Greece as a tourism destination. Further, concerning the external economic factors, the Greek authorities, businesses and citizens should work harder on making the Greek national economy more efficient.

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