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DIGITAL GREECE: THE PATH TO GROWTH

TOURISM INDUSTRY DIGITAL STATE

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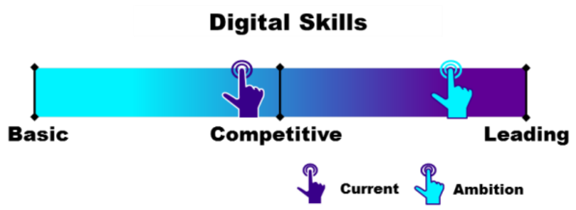
1 Identifying the digital maturity of the Greek Tourism Industry

At a global level, heretofore, Tourism[1] industry has been a frontrunner in its digital transformation. Companies such as Expedia, TripAdvisor and others, have completely altered the way we travel and reserve accommodation and travel experiences. New ecosystems are being created, offering entirely novel travels experiences. To successfully react to these challenges, we believe that the Tourism companies must sustain their digital efforts, to drive future revenues and maintain their leadership positions. In this context, their Greek counterparts who were surveyed by Accenture[2], recognized the criticality of accelerating their digital rotation, which will help them differentiate them from their direct competitors like Spain and Italy.

Source: Questionnaire of Perceived Digital Maturity, Accenture Analysis

Figure 1: Overall Perceived Digital Maturity – Tourism Industry (Current State – Ambition)

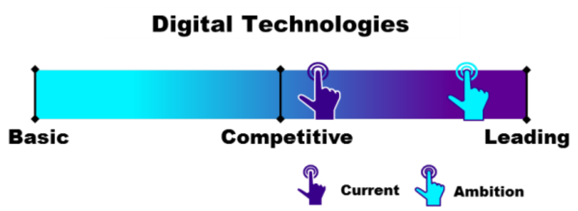
Focusing on the Greek tourism industry, the surveyed executives appear to understand the role of digital and perceive themselves to perform slightly above the market-competitive level of other global players. The survey respondents seem very ambitious to improve their overall digital maturity (Figure 1).



Source: Questionnaire of Perceived Digital Maturity, Accenture Analysis

Figure 2: Perceived Digital Skills Maturity - Tourism Industry (Current State – Ambition)

Dissecting the digital maturity score into its levers, it is evident that the sampled tourism executives see themselves scoring below par with the rest of the global market with regards to their **digital skills**. However, as stated also in the relevant workshop, Tourism companies want to improve the permeation of digital skills in their market, especially for small and medium enterprises (Figure 2).



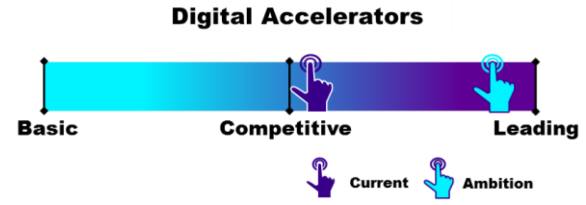
Source: Questionnaire of Perceived Digital Maturity, Accenture Analysis

Figure 3: Perceived Digital Technologies Maturity - Tourism Industry (Current State – Ambition)

By examining the **digital technologies** lever, Tourism representatives claim to have already adopted a set of leading practices that will enable them to rotate to digital, with increased sensitivity showed in the Technology and Platforms area and Security and Privacy (Figure 3).

[1] Our analysis in this industry booklet focuses mainly on the following sub-industries: Lodging, Catering and Gastronomy, Online Travel Agencies (OTA's)

[2] The performed analysis and the respective conclusions were based on data recorded through the "*Questionnaire of Perceived Digital Maturity*", launched on December 19, 2016 and remained open until January 30, 2017



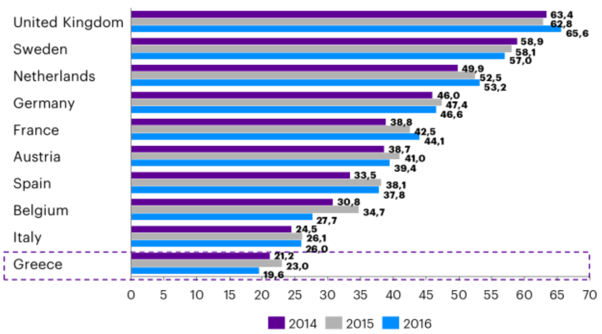
Source: Questionnaire of Perceived Digital Maturity, Accenture Analysis

Figure 4: Perceived Digital Accelerators Maturity - Tourism Industry (Current State – Ambition)

Finally, it is apparent that the surveyed executives demonstrate a slightly improved performance across their **digital accelerators** lever. This indicates that the survey participants believe to be operating within a rigid and highly regulated business environment that sometimes prohibits their evolution and their investment in further digitalization (Figure 4).

1.1 Evaluating the Greek Tourism Industry's digital maturity

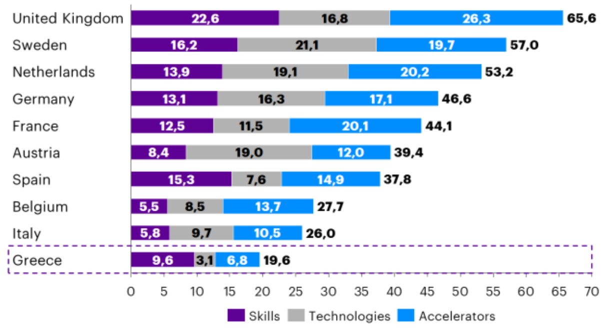
Moving one step further from our initial analysis, we analyzed secondary data against the executives' opinions, in order to extract supplementary information. To evaluate the Greek Tourism industry's digital maturity and identify the primary factors that can drive economic growth in their digital economic output, we have applied the Digital Economic Opportunity Index (DEOI) for the Tourism industry.



Source: Oxford Economics, Accenture analysis

Figure 5: Tourism Industry Digital Economic Opportunity Index from 2014 to 2016

Our analysis for the Greek Tourism industry with regards to its digital maturity suggests that the Greek companies score at the bottom against nine other European peers over the last three years (2014 to 2016). In more detail, since 2014 the Greek Tourism industry has regressed, decreasing its digital maturity by about half a point. It is worth noting that the industry made notable progress in 2015 and then experienced a major setback that put it behind by more 3,4 points.



Source: Oxford Economics, Accenture analysis

Figure 6: Tourism Digital Economic Opportunity scores by country

The dissection into the three levers that make up the Digital Economic Opportunity Index, namely, digital skills, digital technologies and digital accelerators expresses the following picture, as seen in Figure 6.

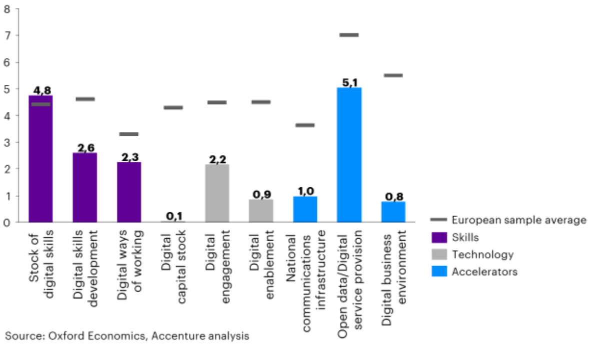


Figure 7: Tourism Industry - Digital Economic Opportunity Index Components Breakdown

To further understand the key influencers of the Digital Economic Opportunity Index, we deep dive into the nine underlying components to get a more in-depth view of the factors that contribute to the poor performance of the Greek Tourism industry (Figure 7).

By first analyzing the ***digital skills*** lever, we see that the Greek Tourism companies appear to be strong in their “digital capital stock” component, most likely by more actively using ICT specialists and digitally-skilled workers. In contrast, Greek companies are far less mature in terms of their “digital skills enablement” and “digital ways of working”, suggesting that they need to further invest in digital skills training and usage of tools and technologies that will facilitate mobility, remote working and a culture of innovation.

While Greek companies may be performing somewhat adequately regarding their digital skills, the ***digital technologies*** lever appears to be scoring low across the board. More specifically, we see that the Greek Tourism companies have made close to no significant investments in hardware and software assets. Moreover, the Greek Tourism organizations reveal limited usage of emerging technologies (i.e. IoT, cloud, analytics), scoring much lower than their European peers. Collaboration and other enterprise tools are not widely used by Greek companies and their connections to their customers are primarily driven by traditional channels.

Furthermore, the Greek Tourism industry scores very low in all three components of the ***digital accelerators*** lever. We believe that even though the government seems to have prioritized the industry’s digital acceleration to some extent, the overall business environment is not favorable to doing business. The overall score is further diminished by the low maturity of the national communications infrastructure and other structural inhibitors that hold back the industry’s digitalization. It is worth noting that the low maturity of the Greek online marketplace for tourism also negatively contributes to the overall low performance of the digital accelerators lever.

1.2 Defining the contribution of digital to the Tourism industry’s economic output

Our analysis with regards to digital contribution of the Tourism industry to the Greek economy, indicates that the overall digital inputs contribute to 8,3 percent of the industry’s Gross Value Added (GVA)[3] and are equal to €960,8 million. The contribution of digital to the Greek industry’s GVA is positioned more than 4 percentage points below our international sample’s average and situates the Greek Tourism industry in last place among the examined international industries (Figure 8). At the top of our analysis we see the US Tourism industry. It currently displays the highest digital contribution to their GVA, with a digital output estimated to comprise 18,6 of the industry’s economic output. Among the European industries we examined, the UK and Germany industries are digitally contributing the most to their GVA at 15,8 percent and 13,6 percent of their digital potential.

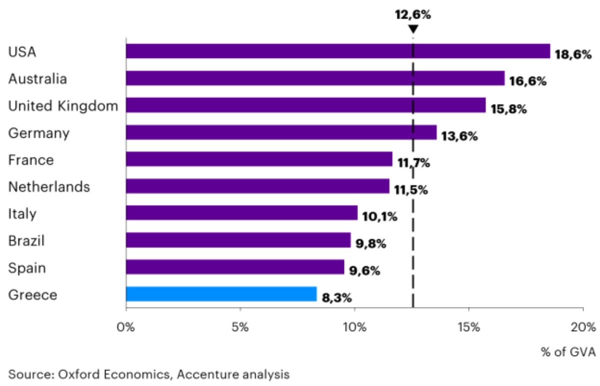
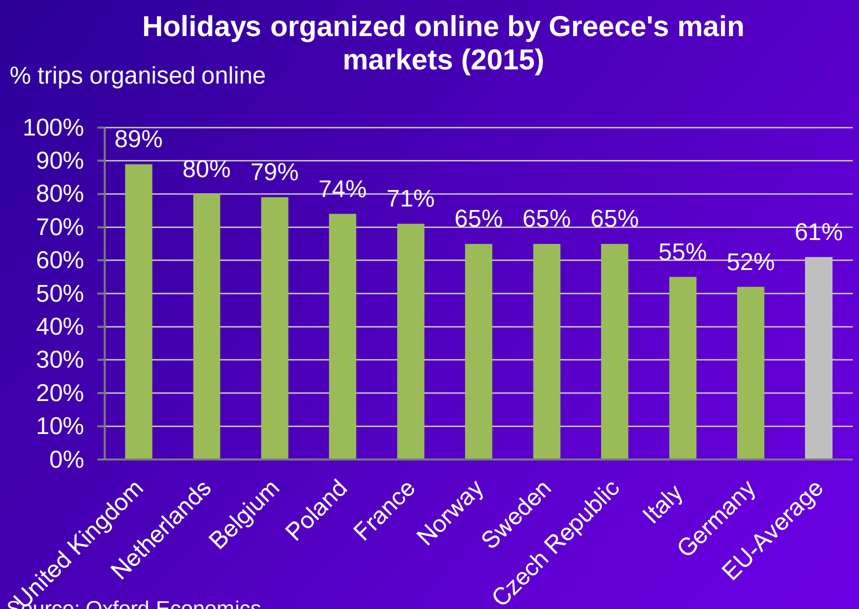


Figure 8: Percentage Contribution of Digital to Tourism Industry’s GVA

[3] Gross value added (GVA) is a productivity metric that measures the contribution to an economy, producer, sector or region. Gross value added provides a dollar value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production. The relationship between GVA and GDP is defined as:
GVA + taxes on products - subsidies on products = GDP, or restated as:
GVA = GDP + subsidies - (direct, sales) taxes

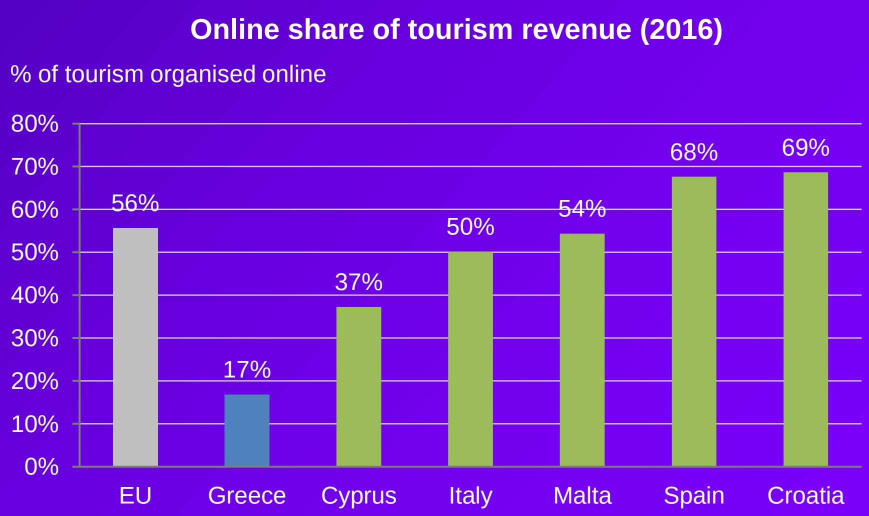
Comparison of the Greek tourism sector with selected European peers, with regards to the use of online tools

- Greece's tourism markets are digital-ready. They organize at least 50% of their trips online in other destinations.
- The majority of Greece's Tourism inflows come from Europe, where on average more than 60% of trips are organized online. In some countries, such as the UK – Greece's second largest tourism market – trips are booked almost exclusively online.



Source: Oxford Economics

- However, The Greek tourism sector makes much less use of online tools than its competitors in Europe.
- Compared to its neighbours in the Mediterranean, the Greek Tourism sector makes much less use of online tools to attract business. Only 17% of Greek tourism revenues are from trips organized online, according to analysis. This is only one third of the EU average and one quarter of the share of tourism revenues in Spain and Croatia.



Source: Oxford Economics

2 Tourism Industry - Rotation to Digital

There is wide-spread evidence that all industries are impacted by digital. In fact, as per Accenture research, "every business is a digital business". However, as each industry is also unique, its digital rotation puts the emphasis on different parts of the value chain, which we refer to as "digital pivot points".

What are the digital pivot points?

Companies organize their business activities against value chains that typically consists of strategy, production, sales and customer services and operations. There is widespread evidence that all industries are impacted by digital. However, as each industry is also quite unique, its respective digital rotation places emphasis on different areas of the value chain. These areas are referred to as digital pivot points.

This below mentioned value chain (see Figure 9) will be used as our framework to identify the digital "pivot point(s)" of the Greek industries.

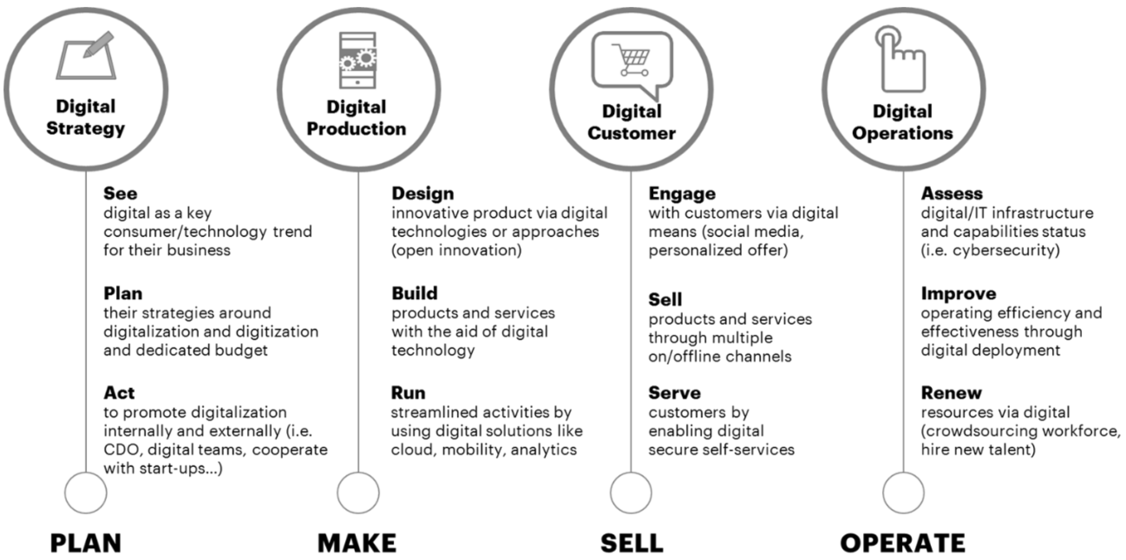


Figure 9: The typical Value Chain

2.1 Industry Clustering

According to our analysis on how digital impacts the Greek industries' value chain, we have placed the Greek Tourism industry within the third group of the Greek industries, the "consumer-facing" industries (see Figure 10).

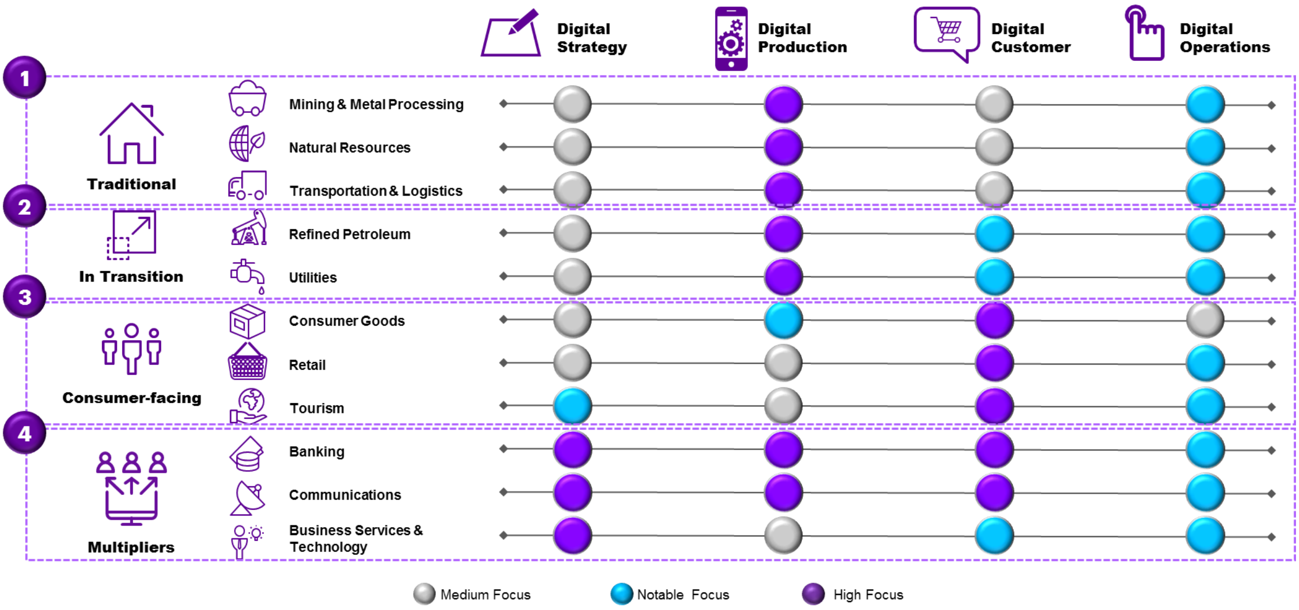


Figure 10: The Clustering of the Greek industries

Organizations that belong to this group demonstrate predominantly a Business to Consumer market orientation and focus primarily on the provision of both products and services to the end consumer. Digital affects all areas of the value chain, with particular emphasis situated at the front end – client interaction. Nine digital themes influence the "consumer-facing" industries as presented in the Figure 11 below. The description of the digital themes is presented in Figure 13.

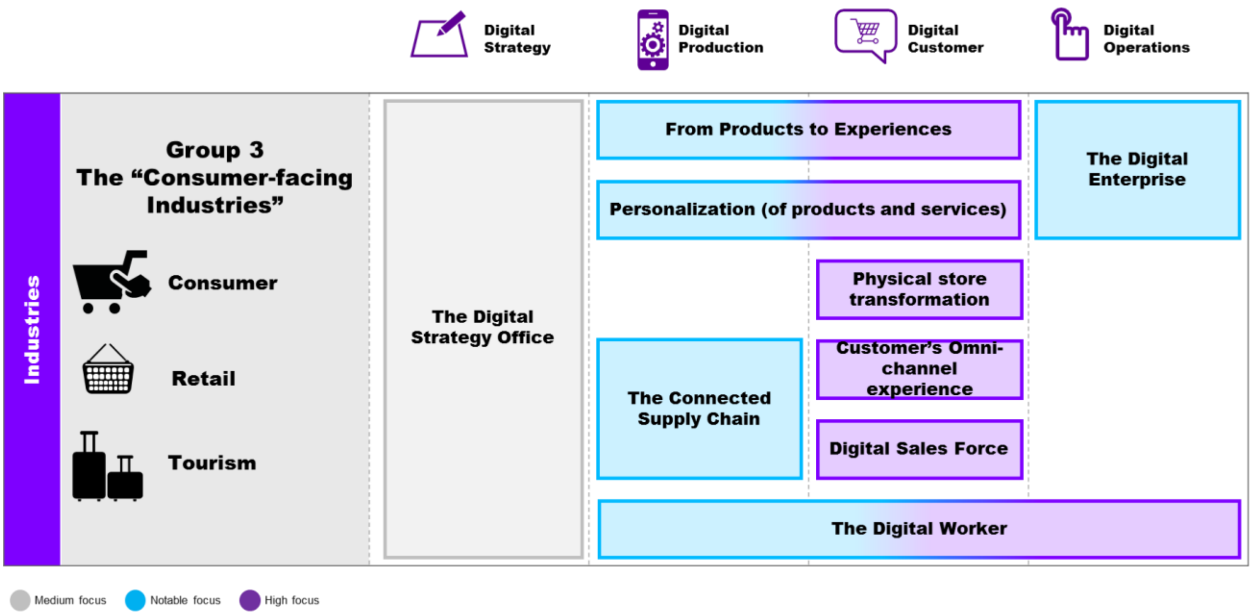


Figure 11: The "Consumer-Facing" industries

International best practices suggest that, at the core of their digital rotation, Tourism companies must leverage digital capabilities to orchestrate all touch points and offer relevant, personalized and contextualized travel experiences for their customers. Figure 12 illustrates elements of the above.

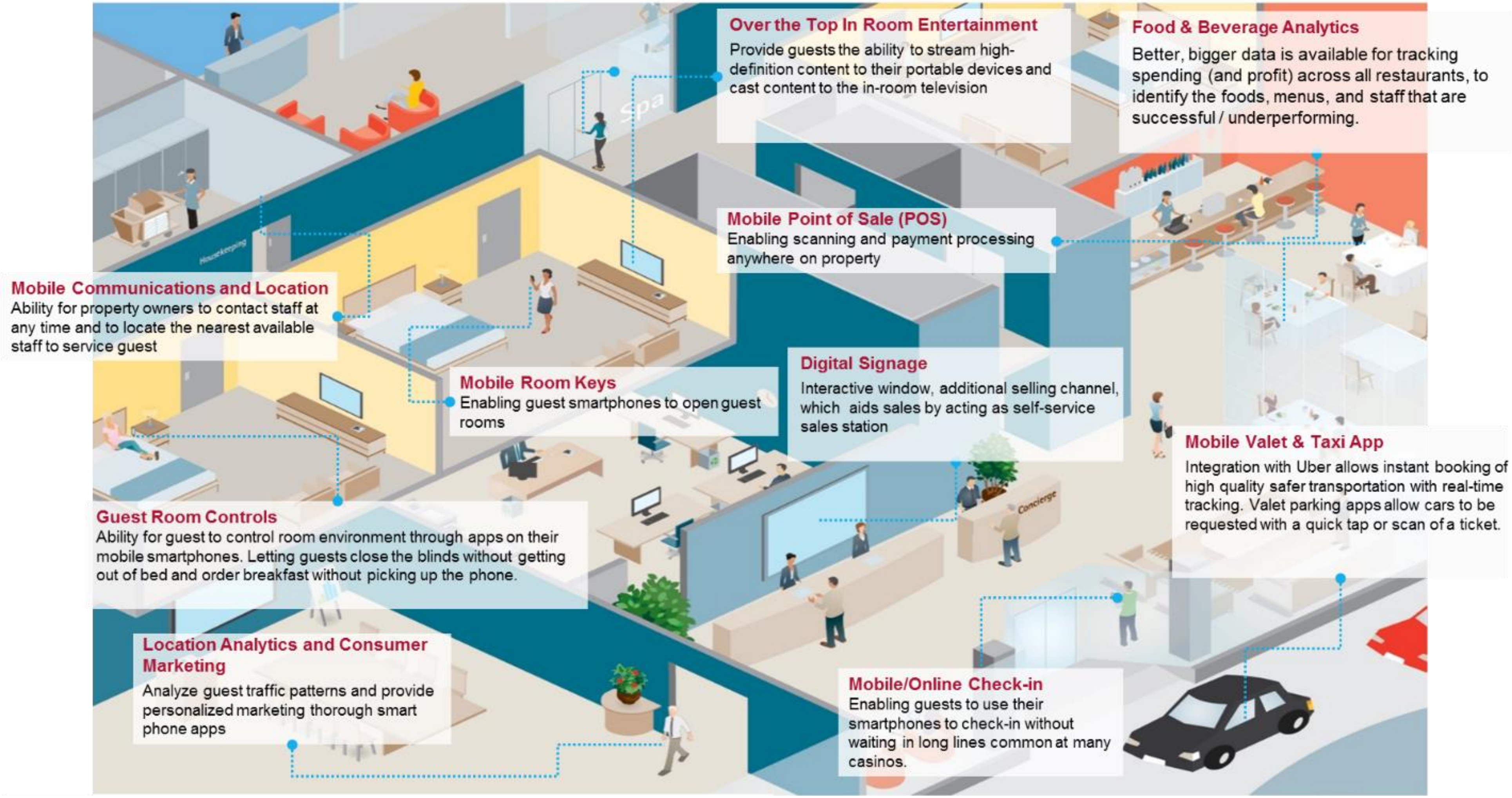


Figure 12 : Digital in Tourism

The Digital Strategy Office	The Digital Strategy Office will be established to serve as a sponsor and ambassador of the digitalization, drive the digital agenda across business units and organizational layers and provide the required oversight to operationalize the digital strategy
The Connected Supply Chain	A data-driven, insight-powered supply chain network will lead the way to the operations of the future. Supply chain analytics paves the path for generating strong business insights that enable better decision-making
The Digital Worker	Digitally-equipped workers can benefit from on-demand, real-time push and pull information and use mobile and wearable technologies (e.g. tablets, wearable glasses, watches, and vital trackers) to interact with sensors, robots and other systems around them, improving operational efficiency
The Digital Enterprise	In the future, back-office functions will work autonomously, with minimal human intervention thus empowering the rest of the organization to focus their efforts on front-line activities
From Products to Experiences	Products and services must turn into experiences that deliver some of the fundamental elements that create value for their customers, by appealing to their emotions, achieving positive impact on society or functionally improving their lives by saving time, simplifying or organizing various tasks and activities
Personalization (of products and services)	Today, offering a product that is generic and cannot answer a specific requirement is not enough. Customers increasingly expect to experience interactions that are personalized, relevant and contextualized
Physical store transformation	Companies with physical stores and other points of sale must leverage digital capabilities within the complex store environment to transform their stores, making the experience more personalized and interactive
Customers' Omni-channel Experience	Being able to engage with customers across all online and offline channels is critical for modern organizations. Organizations must break down internal siloes that offer rigid, one-dimensional experiences and change the underlying capabilities of each touchpoint to engage in a customer-focused and holistic approach
Digital Sales Force	Companies are leveraging technologies such as big data, advanced analytics and digital points of sale like tablets to facilitate the selling process and improve their efficiency

Figure 13: Digital Themes

2.2 Digital Pivot Points

Contextualizing these observations with industry's executives, we have identified the areas of effective collection, use and interpretation of travelers' data and the digitalization of the workforce for SMEs as the primary areas for digital attention. Figure 14 illustrates the emphasis on the different pivot points for the Tourism industry.

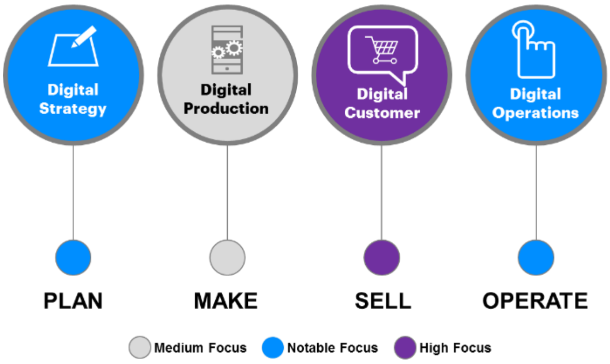


Figure 14: Tourism Industry - Digital Pivot Points

2.3 Initiating the digital transformation

With global best practices as our reference point, we propose a set of initiatives that will accelerate the industry's digital rotation. It is evident that not all initiatives may be applicable for all organizations within this industry; indeed, digital initiatives are recommended to be selected in accordance to the different strategy, business model, size, available budget and most importantly, each company's own digital aspirations and vision.

The initiatives that follow, are broken down into tactical, which we call **"tactical moves"** and disruptive, which we refer to as **"cut new ground"**. The "tactical moves" relate to initiatives that Greek organizations shall chronologically investigate as a first step, since they can be easily and immediately applied to the Greek Tourism industry. The "Cut new ground" initiatives refer to more disruptive moves that incorporate the use of emerging technologies (i.e. Artificial Intelligence), require a higher organizational digital maturity and may require longer implementation times. These initiatives shall be further evaluated by organizations at a later stage and upon the execution of some key, tactical initiatives.

In addition, they are linked to the digital themes presented previously that influence the specific group of industries. The classification of the identified initiatives is depicted in Figure 15.

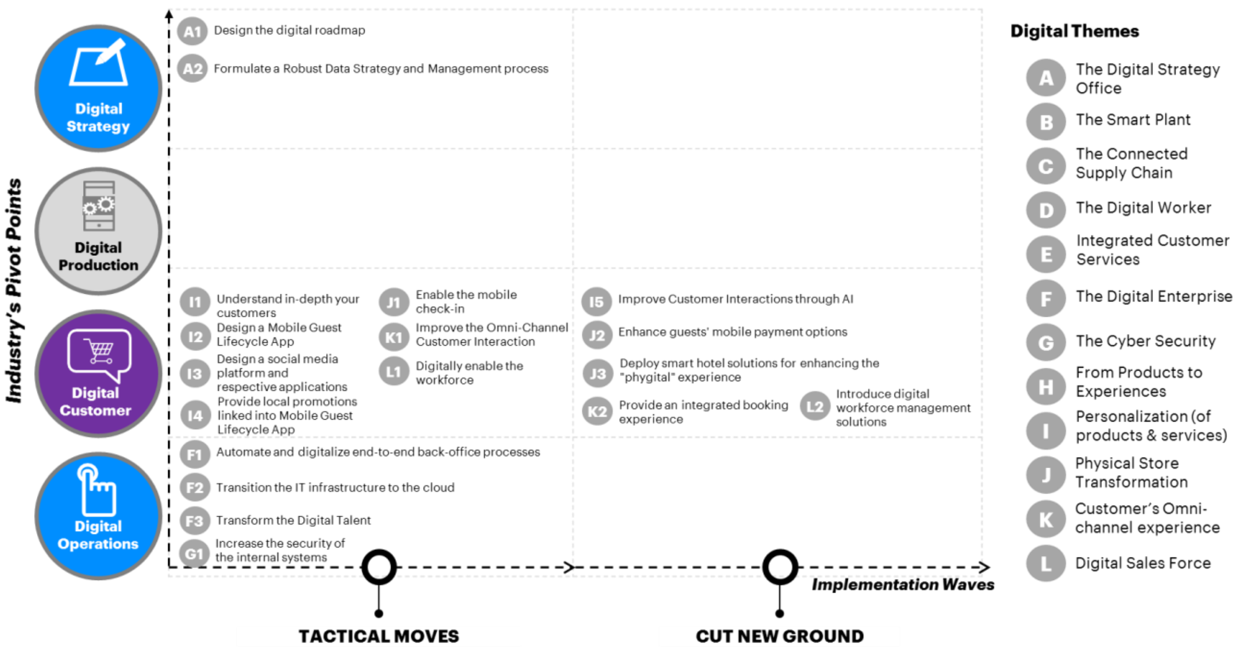


Figure 15: Classification of Suggested Initiatives Across Three Dimensions

A description of the proposed initiatives is presented in the tables below.

#	Digital Initiative	Description	Value Chain Area
A1	Design the digital roadmap	Design and implement a digital roadmap that will incorporate all digital initiatives to be undertaken by the organization	Digital Strategy
A2	Formulate a Robust Data Strategy and Management process	Formulate a robust data strategy and data management process that will involve a set of initiatives around building an effective data architecture, data quality management, as well as data security. Tourism organizations shall design data strategies and respective platforms to manage multiple sets of data, i.e.: - Partners data: Contractualization of data bases	Digital Strategy

#	Digital Initiative	Description	Value Chain Area
		accesses or APIs to feed the platform - Open data: Use of public & private open data, especially developed in public transports - Customer data: Data provided by customers during their interaction with organizations - Travel Agents data: Build gates to other Travel Agents systems to share data / APIs, etc.	
F1	Automate and digitalize end-to-end back-office processes	Digitalize and automate end-to-end internal processes (i.e. finance, sourcing & procurement) powered by artificial intelligence (robotics) and big data analytics	Digital Operations
F2	Transition the IT infrastructure to the cloud	Move the IT infrastructure to the cloud, in order to improve efficiencies, enable the seamless integration of business processes and provide immediate, on-demand access to the latest solutions and approaches and ready-to-deploy environments for creating and delivering the innovative business strategies and products	Digital Operations
F3	Transform the Digital Talent	Define the new digital roles, capabilities and skillset, assess the active workforce and design digital training sessions to digitally upskill and reskill the organizations' personnel according to their personal development needs	Digital Operations
G1	Increase the security of the internal systems	Strengthen internal systems and incorporate increased security measures such as multilayered authentication and internal control processes to strengthen security and comply with increased regulations	Digital Operations
I1	Understand in-depth your customers	Use big data analysis in order to obtain an in-depth understaning of your customers, anticipate their needs by leveraging individual guest profiles based on brand wide history, loyalty, preferences and behavior and prepare focused offers. Deliver targeted information, messages and offers to guest's mobile throughout guest lifecycle	Digital Customer
I2	Design a Mobile Guest Licecycle App	Design Guest Lifecycle Mobile Apps with user interface designed around guest lifecycle. The app should be desirable, easy to use, and should promote the brand enough to overcome a measurable level of price sensitivity. Incorporate research and book capabilities with superior user experience. The mobile app capabilities shall enable guests to be notified of, select and order services that are most relevant to their wants and needs around prior their arrival, during their stay and after their departure (i.e. online reservation, mobile check-in, directions to hotel, late arrival room service, tee times, spa reservations, mobile payment options, etc.). Integrate loyalty into the Guest Lifecycle mobile app to enable guests to easily manage all aspects of their loyalty program from mobile	Digital Customer
I3	Design a social media platform and respective applications	Leverage social media and design a dedicated platform and respective apps for personnel that will provide real time access to feedback and increase responsiveness through social media sites. The mobile app will link into major social media channels to display premises' reviews and will aggregate positive and negative social	Digital Customer

#	Digital Initiative	Description	Value Chain Area
		feedback and reposts with searchable criteria (e.g. #mygreathotelstay). The platform will deploy social listening and perform sentiment analysis and reputation management.	
I4	Provide local promotions linked into Mobile Guest Lifecycle App	Use advanced analytics, the mobile guest lifecycle app and smart sensors located on premises to: - Enable property/hotel management to shape and configure targeted promotions from brand and partners, and transmit to incoming guests via Guest Lifecycle App - Link with loyalty profiles to identify key criteria about past, in-progress and upcoming stays, identify guest's loyalty tier, and search individual preferences, contributing to a more complete upsell approach - Identify and anticipate guest location on property to increase relevance of specific offers by location and timing (i.e., cocktails poolside, appetizers near bar) - Initiate offers to guest that are particularly relevant for time of arrival (i.e., late night meal, tee time) and length of stay (i.e., resort activities)	Digital Customer
I5	Improve Customer Interactions through AI	Deploy artificial intelligence via the introduction of digital assistants for the provisioning of digitalized customer services	Digital Customer
J1	Enable the mobile check-in	Implement mobile check-in that will work with guest's mobile to reduce or eliminate lobby wait time	Digital Customer
J2	Enhance guests' mobile payment options	Link loyalty account balances to mobile payments to enable guests to use points as currency to pay for services where mobile payments are accepted	Digital Customer
J3	Deploy smart hotel solutions for enhancing the "phygital" experience	Deploy smart sensors and intelligent devices that will enhance the "phygital" experience of the customer. Indicative solutions may be: - Mobile Room Keys: Enabling guest smartphones to open guest rooms - Guest Room Controls: Ability for guest to control room environment through apps on their mobile smartphones. Letting guests close the blinds without getting out of bed and order breakfast without picking up the phone - Over the Top In Room Entertainment: Provide guests the ability to stream high-definition content to their portable devices and cast content to the in-room television, etc.	Digital Customer
K1	Improve the Omni-Channel Customer Interaction	Introduce and rollout customer journeys to understand the end-to-end customer lifecycle, map the key customer experience touch-points, identify the ones that have the most influence over the customer's perception of the company and implement new customer journeys to ensure consistency across the channels / the journey timeline	Digital Customer
K2	Provide an integrated booking experience	Design an one-stop-portal that will enable the purchase of the various transportation modes but also hotels, restaurants, activities planned during the trip and propose upsell / cross sale opportunities to the customer	Digital Customer

#	Digital Initiative	Description	Value Chain Area
L1	Digitally enable the workforce	Equip key management and staff members with mobile apps and tools to leverage "from-anywhere/always-on" ubiquity that enable them to rapidly respond to customers' concerns, manage operational logistics and deal with unexpected issues on property	Digital Customer
L2	Introduce digital workforce management solutions	Harness digital to make property associates who serve guests more productive. The solution can provide numerous digital capabilities, i.e. - smart shift, eliminating the need for initial shift - dynamic scheduling capabilities, enabling flexible working patterns, reacting to the needs of both the property and workers planning - smart problem reporting: Combined categorized, and verbal reporting, alongside location tracking reduces risk for error in housekeepers reporting. Automatic report processing reduces the supervisor's load and ensures completion - Smart early guest check-in: Real-time communication and scheduling enables reception to give an exact time when rooms will be ready, allowing guests to plan their day	Digital Customer

2.4 Global Leading Practices

- **Case Study - Melia Hotels and Accenture**

Meliá Hotels International has collaborated with Accenture to implement a new digital transformation strategy, which helped increase direct sales by 27 percent, achieve more than 336M Euros in 2015 in direct sales revenue, and add more than one million registrations to its re-launched Meliá Rewards program.

Accenture Interactive combined its digital marketing and commerce expertise with deep hospitality industry experience from Accenture Travel to build and implement a new digital transformation strategy at Meliá Hotels International, the largest hotel company in Spain and one of the largest in Europe. This initiative was called Be More Digital. Together the companies implemented a range of digital solutions and services for the hospitality industry that helped improve the effectiveness of direct sales channels, spanning web, mobile and call centers.

This strategy has set customer personalization as a top priority for all digital sales channels and touches every stage of a customer's experience – from booking to staying with the hotel group and beyond. This is underpinned by digital direct sales channels, such as Melia.com, Meliá app and a dedicated call center. In addition, customer data is now analyzed and used to target new and existing customers. The re-launch of the Meliá Rewards program has even increased member participation, which now accounts for 80 percent of total direct sales.

José María Dalmau, vice president of Global Sales and Marketing at Meliá Hotels International, said: "This digital transformation is strategically important to the growth of our robust hotel, resort and vacation club property portfolio. We've not only already achieved impressive results but are forecasted to deliver even stronger numbers. With Accenture's help, direct sales increased 27 percent in the first year of implementation and are expected to grow on a 30 percent basis over the next three years. We serve every customer with content personalized just for them to build stronger one-on-one relationships, nurture loyalty and drive an increase in direct sales at every digital touchpoint."

This growth is primarily driven by a new customer segmentation strategy that supports more than 200 million communications every year, more than 500 new landing pages custom designed to each customer's individual preferences and marketing activities that are run in-house. This approach to marketing achieved a 25 percent increase in programmatic marketing return on investment.

The results of the digital transformation has increased direct sales to more than 40 percent in the first quarter of 2016. Further, the 27 percent increase in 2015 direct sales has translated to a 17 percent growth in share of overall Meliá Hotels International's sales.

Source: https://newsroom.accenture.com/news/accenture-helps-melia-hotels-international-increase-sales-with-a-new-digital-transformation-strategy.htm

2.5 Maximizing the Tourism industry's economic output (GVA)

Our econometric analysis suggests that by 2021 the initiation of the digital rotation for the Tourism industry is expected to result to a slight increase in the economic output by 1,94 percentage points equal to approximately €260,23 million[4]. The projected GVA uplift is a product of macroeconomic analysis assuming a 10% increase on the industry's digital maturity (Figure 16).

Source: Oxford Economics, Accenture analysis

Figure 16: Tourism GVA Uplift as % of the 2021 GVA Baseline, (Million Euros, %)

[4] 2021 Gross Value Added is calculated from Eurostat data using Oxford Economics projected growth rates. The spill-over effect to the economic performance of other industries is not included in this figure.