

Impact of COVID-19 on the Tourism and Construction Operations

2021 OUTLOOK CRETE, GREECE

Predicting the Future with a Big Data Analytics Survey

FEBRUARY 2021

PROLOGUE

On December 2019 Wuhan Municipal Health Commission, China, reported a cluster of cases of pneumonia in Wuhan, Hubei Province. A novel coronavirus was eventually identified and the world has dramatically shifted. On 11 March 2020, the WHO deeply concerned both by the alarming levels of spread and severity, and by the frightening levels of inaction, made the assessment that COVID-19 can be characterized as a pandemic.

Almost 14 months later, COVID-19 is everywhere, literally, and during 2020 its spread and resulting impact has led to a global crisis of unparalleled reach and proportion. The number of people suffering from infection, death of loved ones, unprecedented level unemployment, record-critical economic impact, health and wellbeing is overwhelming.

In addition, our social interactions, communication, daily habits and digital information connections are all transformed. The coronavirus pandemic struck just as Greece was about to overcome its decade-long dramatic debt crisis. However, the country successfully handled the pandemic, and some Greeks are proudly cheering their country as a rare success. Nevertheless, the current satisfaction with the government could easily disappear, depending on how the country manages the financial impact of the pandemic.

In a sense, we were prepared for this crisis by our experience and lessons learned with a decade of deep economic depression. *However, a painful twist for a country that had only begun to emerge from its financial hardship, even a successful response against the virus won't stop the fallout.* [source: *Washington Post*]

Indeed, Greece is estimate to face one of the heaviest economic blows in the world, because of its immense dependency on tourism. The same industry that helped pull the country out of recession is now poised to send it spiralling again.

Tourism, which accounts for 18 percent of the country's G.D.P. and construction sector which contributed 709.69 EUR Million in the third quarter of 2020 are expected to be the hardest-hit sectors in Greece, which was just recovering from the financial crisis.

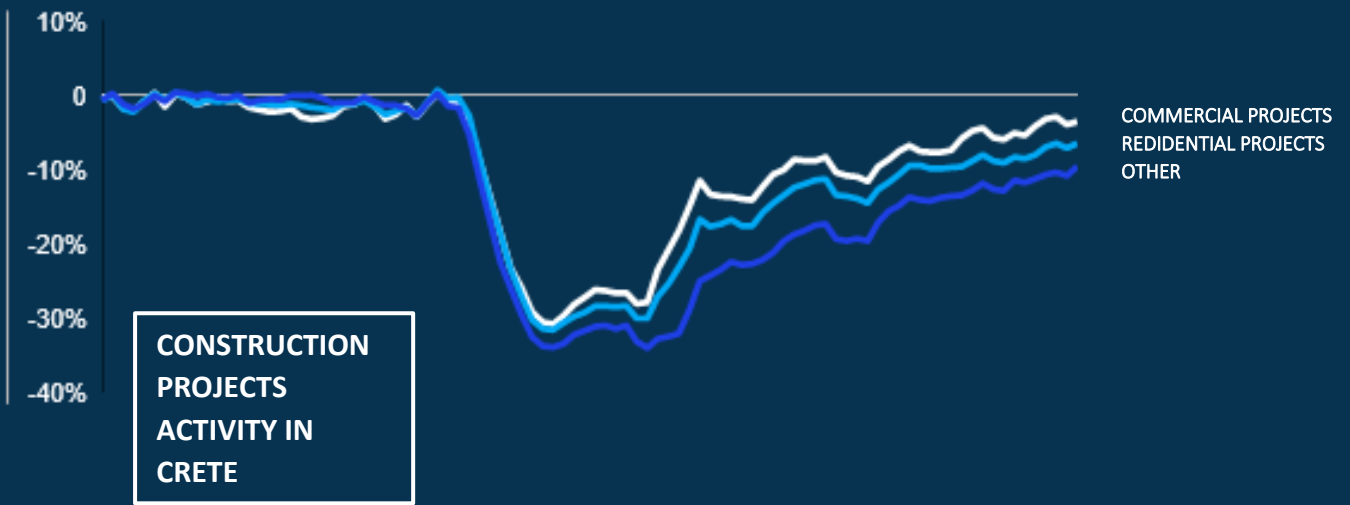
Last summer many tourism businesses in Crete were forced to close on a temporary basis, often escalating into permanent closures. While tourism businesses that remained open in Chania, Heraklion, Rethymnon and Lassithi region, only saw limited activity.

The construction sector is also facing problems such as supply chain issues, lack of project financing, halt to planning and inspection timetables and new measures to ensure the health and safety of the workforce. However, the major issue is the unprecedented level of uncertainty and risk management which project owners and investors are facing not only in Crete, Greece but worldwide.

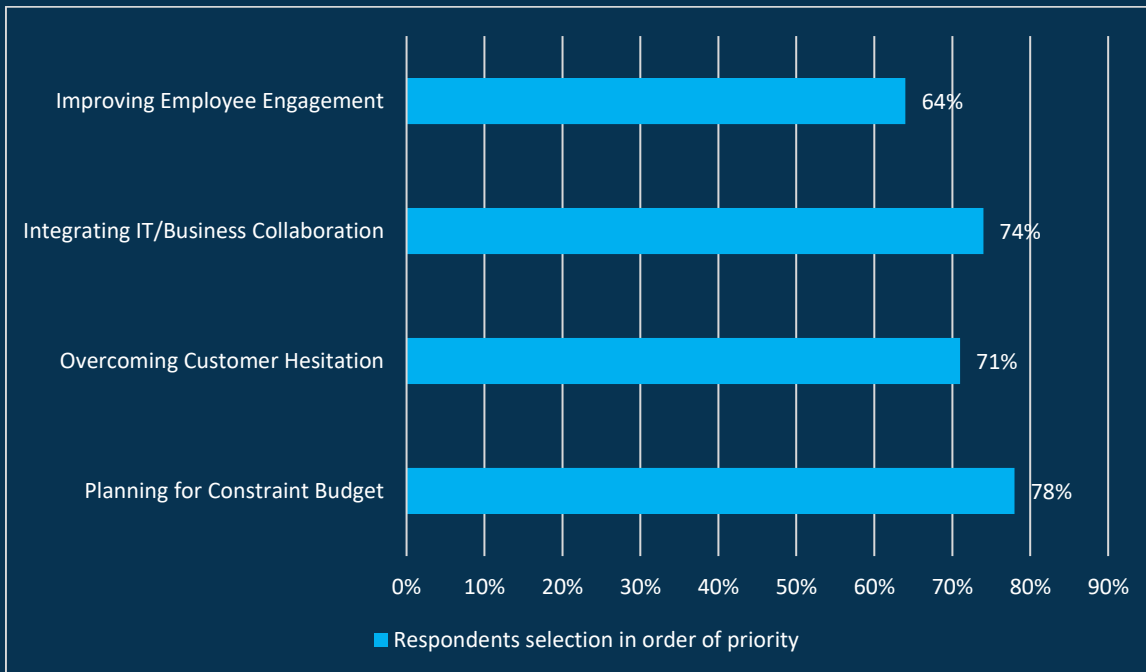
To rebuild the trust of owners, investors and embracing the acceleration of technological transformations we need a universal coordinated approach. At the same time, it will be crucial for our economies, a continuous governmental support with reliable, effective and robust incentives.

As a part of this outlook - study, we implemented a big data analytics approach for the affected construction and tourism businesses (major hotels, resorts, villas, and business hotels, contractors, construction firms) how COVID-19 has impacted their businesses in Crete, Greece. The probabilistic outcomes have given us a great insight into the challenges the construction and tourism sector in Crete has faced over the past few months, and what the post-COVID construction and tourism sector in Crete might look like.

JAN 2020 FEB 2020 MAR 2020 APR 2020 MAY 2020 JUN 2020 JUL 2020 AUG 2020 SEPT 2020 OCT 2020



How will hospitality service in Crete change? How do you intend to improve the personalised service?

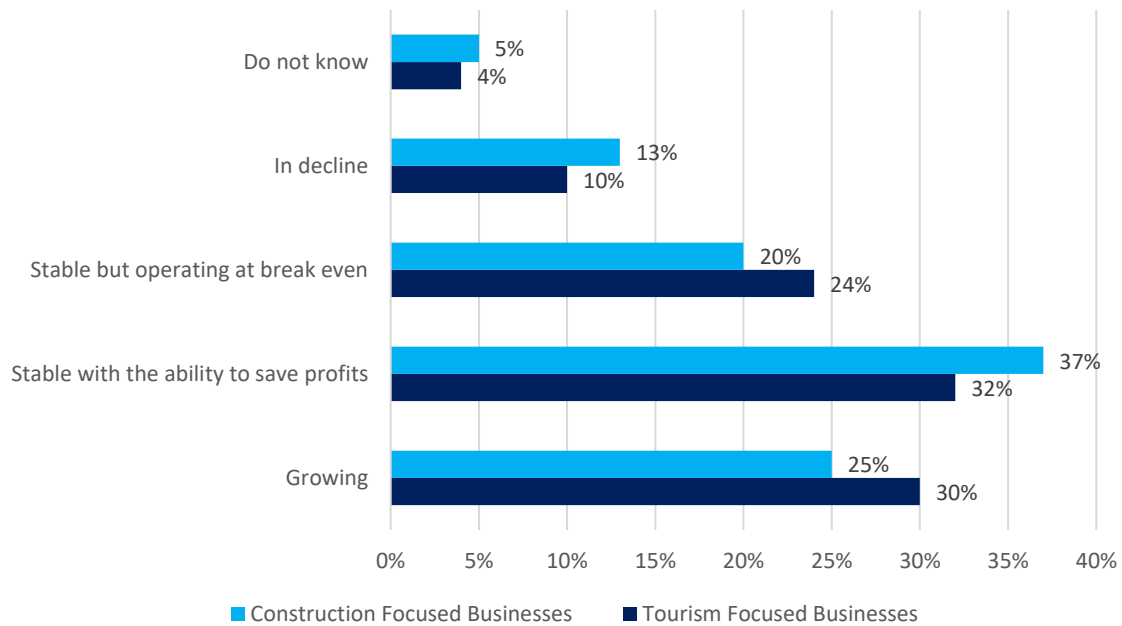


Executive Summary & Trends

- Overall, our data analysis shows that tourism businesses and construction firms owners in Crete, Greece expect Covid-19 to have the largest impact on Sales/Revenue (71%), investments (67%), Business Continuity (70%), and Wellbeing (77%).
- The most recent analysis outcomes indicated that Financial Governmental Support - Incentives and support would be most helpful to them (71%).
- The most commonly noted capabilities that tourism businesses owners said they need more of were '*...more digital marketing and social media to engage and attract new customers*' (44%) and '*target the domestic market*' (39%). Yet, construction form owners noted that '*they are seeking new ways to attract real estate investors and property owners*' (57%).
- In most cases in the tourism and construction sectors we expect significant impacts over a number of business domains. Yet, the digital, scientific and technical services appear to be expecting less impact.
- From the analysis conducted, there is a clear indication that the smaller the business (small hotel or a construction firm), the more significant the impact is. Large businesses are experiencing more impacts than smaller businesses because of the Covid-19 pandemic.



Figure 1. Before the COVID-19 crisis hit Crete, what was your business growth?



Before COVID-19, the performance of most businesses was positive with the majority in a stable or growing position. Overall, approximately 80.00 percent of the businesses analyzed were either growing or stable with the ability to save profits. Tourism firms were more likely to be in a growing position while construction businesses were more likely to be stable with the ability to save profits.

Figure 2. Rate your level of concern about how COVID-19 will continue to impact your business.

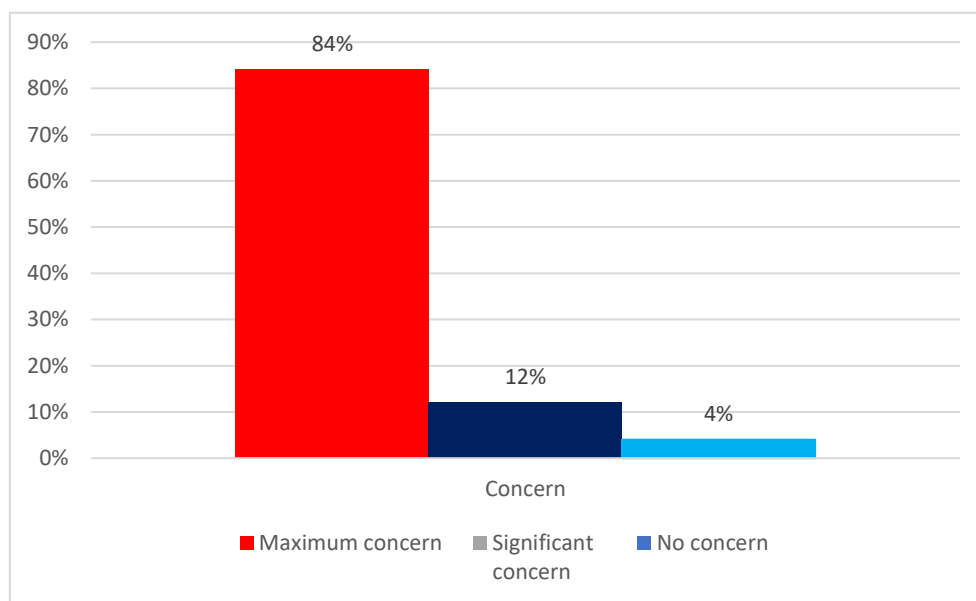


Figure 3. Is your business at risk of closing permanently because of impact caused by COVID?

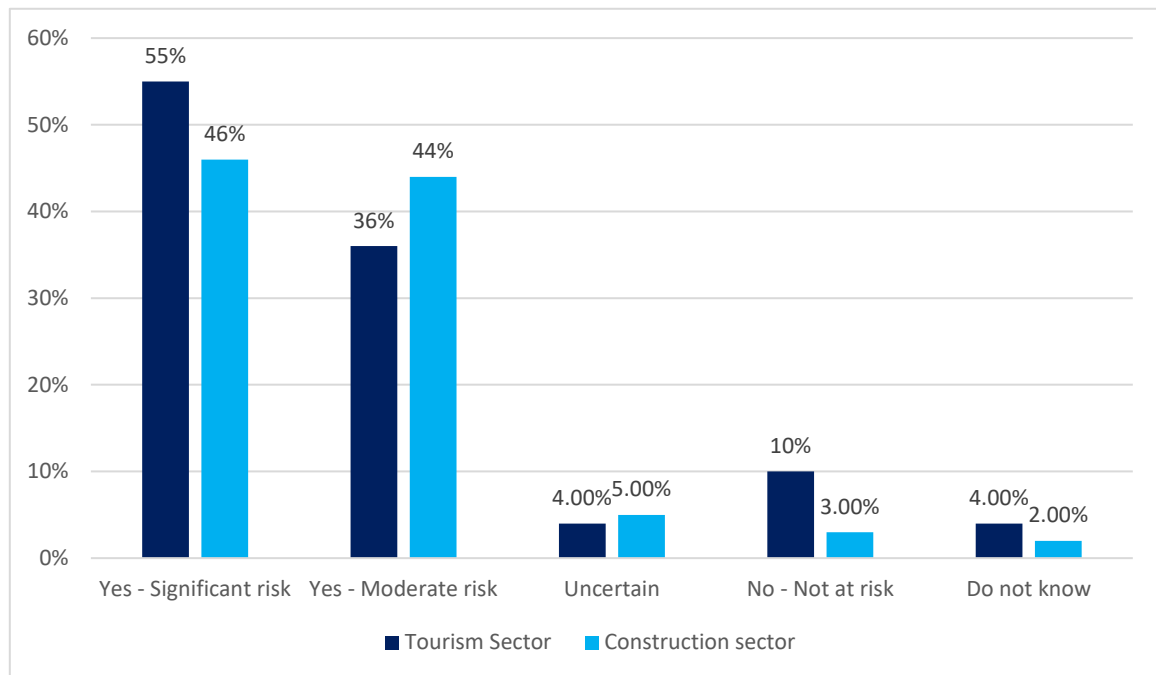
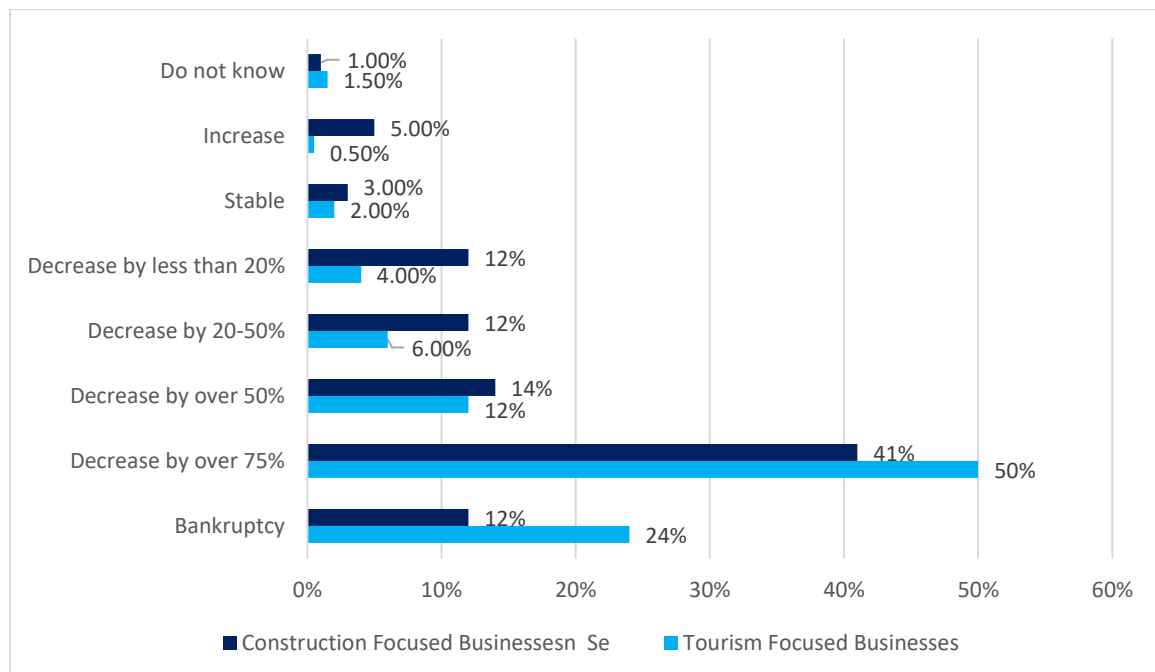


Figure 4. If COVID-19 lasts for up to October 2021, how do you anticipate your business's revenue to change compared with 2019?



Tourism businesses anticipate being impacted more significantly than construction businesses if the COVID-19 crisis continues during the summer months of this year, with 24 percent of the tourism businesses and 12 percent of construction firms analysed facing bankruptcy during this timeframe. The outcomes also reveal that over 35 percent of the businesses across the tourism and construction sector in Crete expecting imminent bankruptcy due to COVID-19.

Figure 5. Have any of your clients cancelled or postponed a construction project with your firm because of the COVID-19?

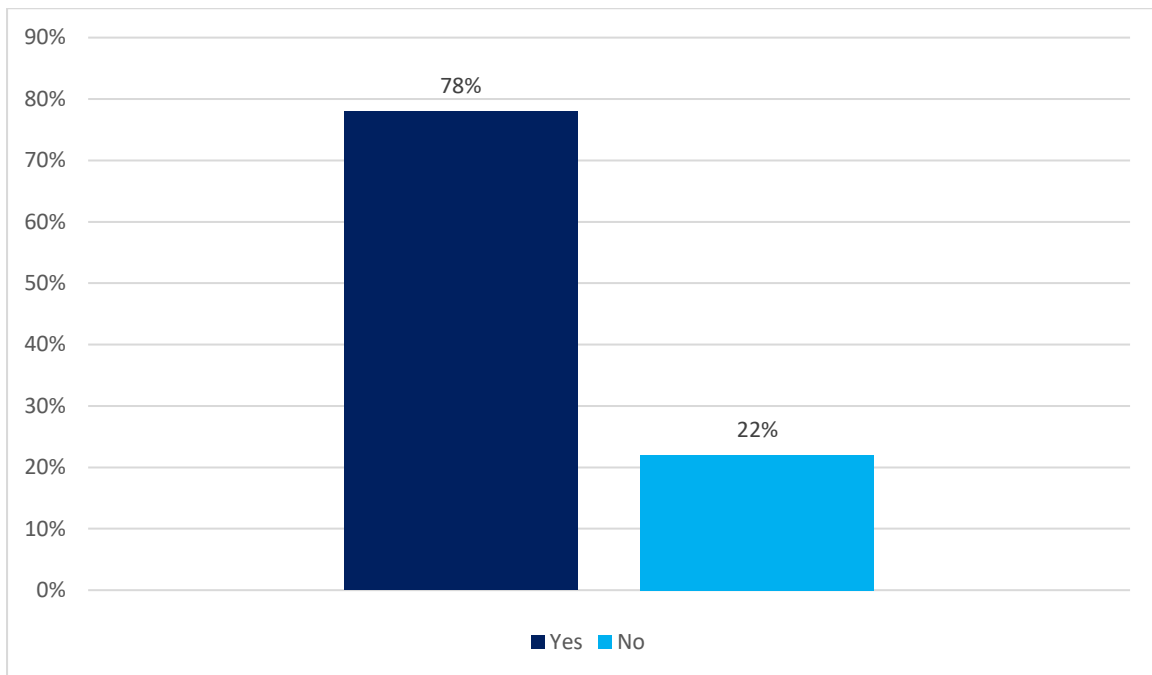


Figure 6. Top concerns (percent very concerned or concerned)

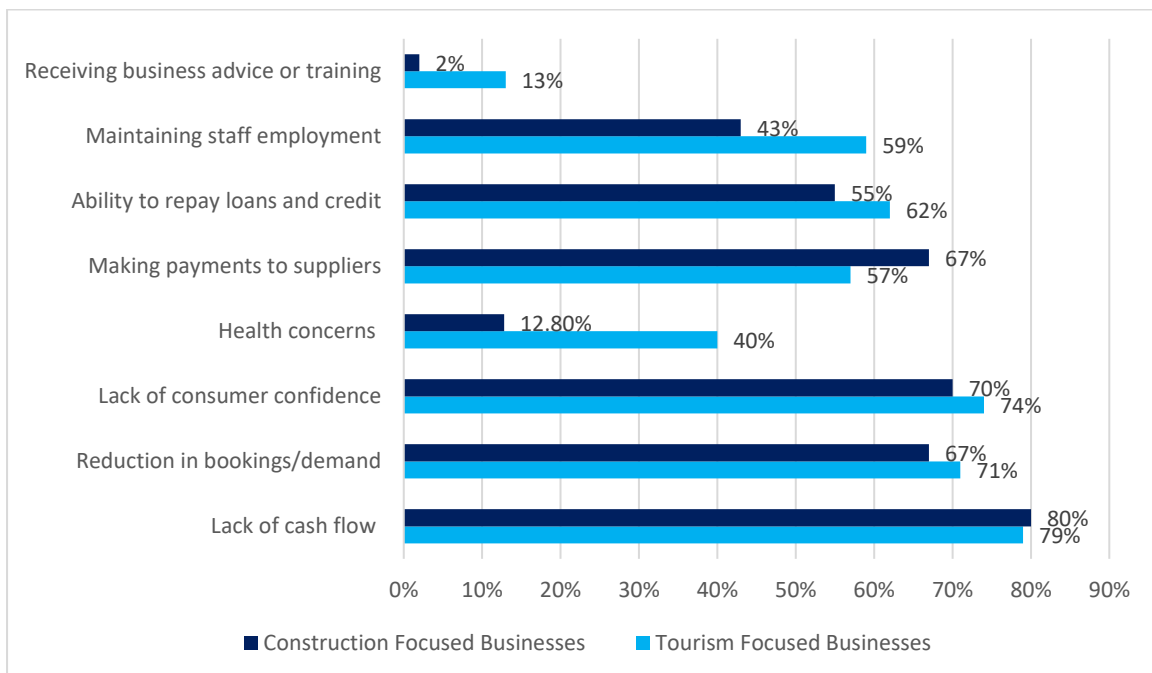


Figure 7. How much longer do you expect disruption to last (hospitality/construction sector) in Crete, Greece?

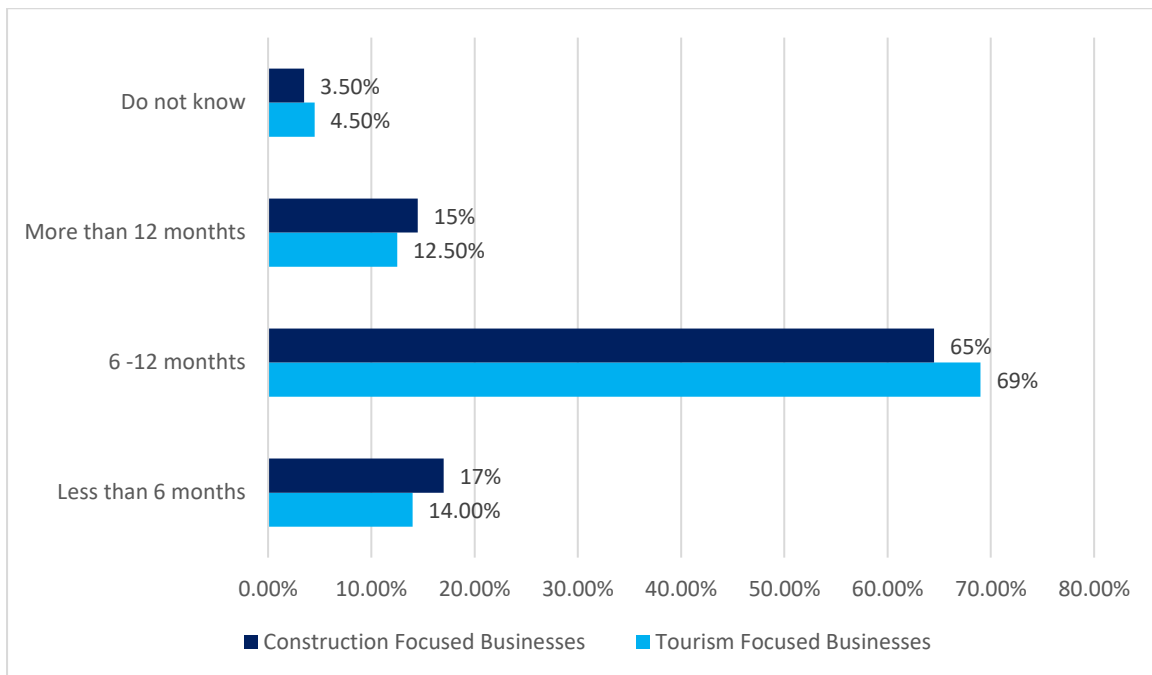


Figure 8. Access to governmental and EU support initiatives.

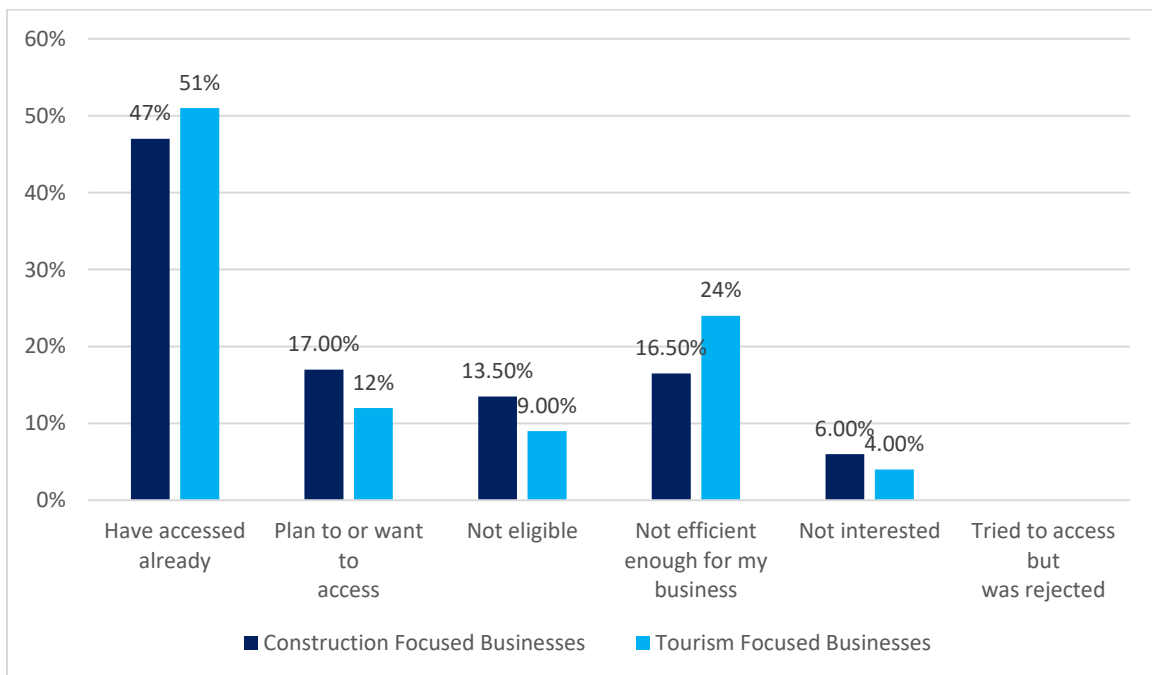
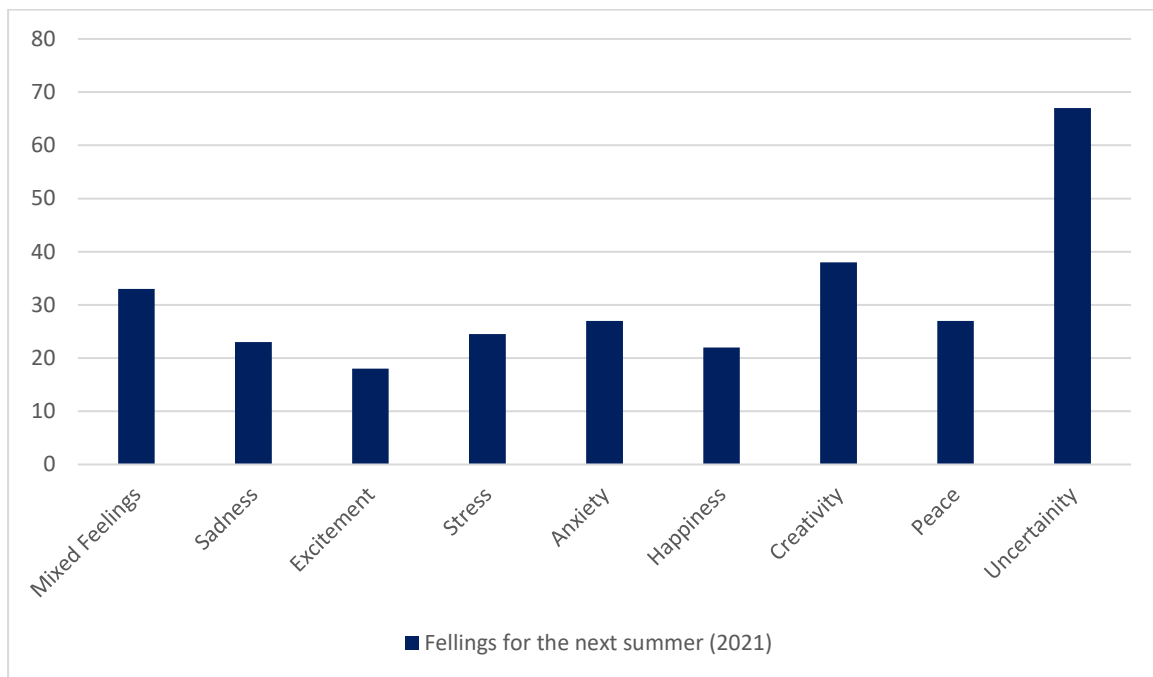


Figure 9. What feelings you associate with the next summer (2021)?



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