

Travel business history in Greece: entrepreneurial and financial practices

Abstract

The current draft paper is a part of an ongoing research in the context of my dissertation regarding *the history of tourism and especially the evolution of travel business in Greece since the late 19th century*. The information gathered, is mainly primary, and was drawn from the historical Greek press, travel guides, archives of people whose families ran travel enterprises in the past, and archives of public services such as the National Tourism Organization.

Tourism-oriented policies were developed in Greece later than in other European countries; important steps were made during the interwar years and after the Second World War. During the pre-First World War era, the private tourism sector was the main driving force of changes in traveling. Travel agencies' role was of overwhelming importance; Thomas Cook's agencies changed completely the concept of traveling with the introduction and gradual expansion of pre-paid traveling packages. During the interwar years government intervention started; It then accelerated after the Second World War.

Keywords: Tourism, travel agencies, entrepreneurship, finance, public policies

Early entrepreneurial and financial practices in the business of travel

During the mid-nineteenth century the prevailing circumstances in Greece did not favor a systematic tourism development. The country was preoccupied with efforts to stabilize its political system. In the late 19th century railway transport and road networks were still inadequate¹. In the 1880's Greece under the leadership of Charilaos Trikoupis begun sustained effort for economic development. The improvement of communications and transport was central in these efforts. During the last third of the century, the -almost absent then- railways² multiplied, and steam shipping emerged. Early foreign visitors –mainly aristocrats and intellectuals- were accompanied by couriers known as “*dragomans*”, whose task was mainly to interpret for and escort visitors. Some dragomans became professionals by taking advantage of the improved communication conditions in the last quarter of the nineteenth century, and worked

privately by welcoming visitors in the harbor, organizing excursions under request and guiding tourists in various places, such as archeological sites in Attica and elsewhere. Gradually they also escorted them occasionally on cruises to the Aegean islands.

During the same period important events took place in Greece, attracting visitors. The University Jubilee and the wedding of Prince Constantine were some of them. Later on, the celebration for the fifty years anniversary of the French Archeological School in Athens, and the revival of the modern Olympic Games of 1896 urged foreigners to travel to Greece. Furthermore, the importance of Greek emigration in the 1890's especially to America opened new opportunities for travel businesses. Visitors arriving in Greece were urged by the travel handbooks to make an agreement, a "*symfonia*"³ with the courier-guide. In a few years this agreement acquired an official contract status which was signed by the two parties. The contract was compiled by the *Societe des Courriers d' Athènes*, and it contained a full description of itinerary, detailed catering arrangements, what would happen in case of illness etc⁴.

Until the First World War, more travel handbooks were published providing details about the service sector (shipping companies, travel agencies, hotels, restaurants etc), which had expanded. At the turn of the century, steamship companies appeared to have grown five fold since the previous decade and tourism agencies quadrupled. Apart from issuing railway and boat tickets, the agencies arranged guided excursions after welcoming English and American travelers at the harbor. Since travelers were aristocrats and intellectuals agents called the ships carrying those visitors "*lordadika*". In order to transfer them to the center of the city, horse carriages were used for first-class travellers, and train for second-class travellers. A visit to the Acropolis was a one-day excursion, three days were needed for Sounion and fifteen days for Olympia.

Whoever spoke English –a very rare qualification then- could take the job of guiding visitors around the country and show them the famous Greek monuments. A courier active for the last fifteen years of the 19th century was Panagiotis Ghiolmas, originating from the island of Cefallonia. He was educated in Germany, and then worked for Thomas Cook in London for a while, before he decided to practice his profession in Greece. Using his acquaintances he initiated guiding which soon led to the establishment of the first wholly Greek tourism agency in Athens, in 1902. At the

turn of the century there were other agencies operating in Athens called “*emigration bureaux*” and were arranging emigration formalities (issuing tickets for emigration passengers and their families, handling paper work, filling necessary forms etc) for Greeks leaving the country to find a better life abroad, heading mainly for America. Emigration was so intense then that all travel agencies had numerous clients. Those emigration bureaux may be considered as the precursors of travel bureaux. Furthermore, the volume of emigration to America had motivated several Greeks to establish travel businesses in America, especially in New York, in order to serve the increasing interest of Greek-Americans to travel back to Greece to visit their families, or bring over their fiancés, wives or other relatives. The oldest Greek agency of that type was established in New York in 1893⁵. Until 1910, at least ten such agencies were operating in New York. Later on, Greek-Americans also established branches in Greece⁶.

The fact is, that the initiative for the establishment of travel agencies in Greece with tourism orientation, belonged to Thomas Cook, who had broken ground in the travel business, and whose branch in Athens opened before 1890. Ghiolmas and Polemis established their own travel agencies in the vicinity of Cook’s probably to benefit from the proximity to it. The location was Constitution Square, already the upper class center of Athens in which various prestigious hotels were situated. This area has a high density of travel agencies to date. Polemis was a ship-owner originating from the island of Andros⁷. However, his travel agency did not survive for more than ten years⁸. On the contrary, Ghiolmas’ agency is still around, now in its third generation. The agencies at that time were multifunctional and undifferentiated; they would find their customers, mainly by going to the harbor during arrivals of steamers, then advertise various excursions and executing them by issuing tickets and arranging guiding.

Throughout this period tourism was an exclusively private affair; moreover, firms were small. Banks were interested neither in tourism nor in small businesses. Travel agencies relied on their own finance, which did not appear to be a problem because start-up capital requirements were low; one should find proper premises, some furniture and perhaps a telegraph machine, since telephones were very few⁹ and correspondence was the basic means of business communication. Ghiolmas acquire

capital to invest in his business, by selling the land he owned in his homeland, Cefallonia. Polemis used capital from his shipping activities. All businesses were family owned and run, usually by brothers and sons, since it was still not common for women to work in such professions. Ghiolmas started the business with his brother and later the agency was named Ghiolman Bros (Brothers). Likewise Polemis agency was established by two brothers and was named Polemis Bros.

The interwar years

During the First World War (1914-18) travel businesses either interrupted their activities or decided not to advertise. Evidence from our sources is sparse; many newspapers ceased their circulation during the war and the number of travel handbooks decreased.

After the war, the government began to realize the importance of tourism and travel, while newspapers began to refer to travel industry. Eleftherios Venizelos, statesman and twice Prime Minister (1910-1915) (1928-1932) made the first efforts to develop tourism in Greece. For that cause the Department for foreigners and expositions in the Ministry of Economy was established in 1914, which dealt with the Greek participation to the World's Exposition held in San Francisco in 1915¹⁰. Another activity of the Department was to publish a formal travel guide named "Guide officiel de communication de Grèce". Soon, law 1698 was issued in 1919, to create the conditions to attract visitors and make their stay comfortable. The law specified the tasks of the Department for foreigners and expositions which included the supervision and support of the travel agencies. However, the most important step of Venizelos' governments was the foundation of the National Tourism Organization (N.T.O.) in 1929. A school for tourism professions and a separate school for guides was established by the organization, which improved the level of knowledge and training in hosting and guiding. N.T.O. operated until 1936, when the Metaxas regime removed its autonomy and integrated it in the "under-secretariat for Tourism and Press". N.T.O started to operate as an autonomous organization again in 1950, having many departments, one of which had the responsibility of establishment and operation of travel agencies, as well as the supervision and control of their activities.

After the First World War, traveling gradually regained its lost ground. Tourists from all over Europe and America visited Greece; emigration reached a peak until USA enforced a restrictive quota system in 1921 restricting immigration. Greek expatriates continued to travel to Greece in order to visit their families, and travel agencies arranged cruises abroad for the Greek bourgeoisie. Greeks began to travel around Greece and abroad in order to discover new places, people and cultures. The trips *à forfait* and *tout compris* were offering opportunities to travel by pre-paying a specific amount of money. Among the middle-classes in Greece and abroad, new travel patterns arose, which, accompanied by the major shifts in public policies, accelerated the rate of tourism growth.

Greek travel agencies multiplied and more foreign ones established branches in Greece¹¹. In 1920, the Greek Association of travel, tourism and emigration agencies was founded. Furthermore, some agencies approached FIAV (Federation International des Agènces de Voyages) and became members. Strategic alliances emerged, between Greek agencies and foreign tourism organizations for incoming and outgoing tourism. However, there were cases whereby Greek consortia appeared to handle domestic tourism activities in the late 1920's, in order to respond to the economic depression and later the outbreak of World War II, when international tourism gradually diminished.

As competition grew stronger the need for managerial tactics became a necessity. Agencies did not really lose their family character but they gradually hired more employees¹². Advertisement was widely used, in newspapers, travel handbooks, and leaflets. In 1930 a new magazine specializing in tourism started circulating, named "*Touristiki Hellas*", which was, probably the first magazine concentrated on tourism. "*Viomihaniki Epitheorisis*" also contained articles regarding tourism after 1936.¹³

Although our research is still at the beginning, we notice a new pattern taking place in the sector gradually during the interwar years. Travel agencies in Athens grew larger while those operating in Piraeus were limited to the transport of passengers. This specialization might have been a consequence of the gradual development of international tour operators which cooperated with agencies in Athens, co-arranging group cruises and trips, as well as the development of air transport. In 1939 Deutsche Lufthansa flew six times a week, from Athens to Southeast Europe (Sofia, Belgrade, Budapest, Vienna and Berlin).

In the thirties, public policy for tourism development became more systematic, imitating initiatives taken by other European countries. In Italy, special coupons were offering discounts to tourists for over ten days residence. In Germany a special tourist currency circulated with similar discounts. In Serbia fifty percent discount was offered in railway travel for twenty days residence. Greece was focusing mainly on organizing tourism facilities and services rather than developing strategies. This notwithstanding it also offered analogous discounts (35-50% depending on the residence length of time). During the latter part of the thirties important steps concerning travel agencies took place; law 864 in 1937 was the first of its kind promulgated with regard to travel business. The law distinguished travel agencies from tourism agencies. Travel agencies should have an exclusive role i.e. the issue of tickets, whereas tourism agencies could also handle organized trips of people individually or in groups. The issue of tickets was a profitable activity, since commissions for the agencies were very high; Steamship companies would pay back 18-30% of the ticket value, depending on the total sales of the agency. This was a high percentage if we consider that nowadays, similar commissions reach a maximum of 9%.¹⁵ Differentiation was a result of law 864. Tourism agencies were divided into those handling domestic and those handling general tourism. The law also distinguished emigrating agencies; a special license would be necessary for carrying out tasks regarding emigration. The necessary license for a tourism agency cost then two thousand drachma and was renewed every year. In an attempt to give incentive to new entrepreneurs, no payment was required for the first renewal.

The law also imposed restrictions on the titles of the agencies¹⁶ as well as a number of explicit rules about the performance of tourism functions. A hotel employee for instance or a chauffeur could not work as a travel agent. The purpose of such constrained was to introduce some sort of order in the prevailing situation whereby anyone to act as an agent. In many cases tickets for excursions and cruises were sold in cafes, restaurants, tobacco shops etc. In 1938, after the foundation of the School of Tourism Studies, its chairman Theodoros Petrakopoulos,¹⁷ invited¹⁸ all employees in hotels, restaurants, cafés and dairy shops to attend courses, acknowledging the strong linkage of such premises with tourism activities.

The afore-mentioned measures initially caused problems to the travel sector. Agents found it difficult to establish and maintain a business, because they should pay to get a license and renew it every year. Furthermore the law activated mechanisms for license withdrawal and fine payments, in cases of non-abiding with the law. For supervision and control of tourism activities the *tourist police* was founded in 1935.

These early steps related with the travel growth of travel industry in Greece were relaxed with the outbreak of World War II. The Civil War which followed interrupted this important phase of development. Many businesses encountered problems like Ghiolman Bros travel agency which went almost bankrupt and the proprietors invited French capital to the business in order to save it¹⁴. The goal was achieved although the new business pattern was different. However the Ghiolman family retained control, but the French partners remained in the business for a long time.

We do not have adequate data to speak with certainty about financing, but a tentative hypothesis stemming from personal testimonies and observation of business structures is that financing was still privately raised for the travel agents.

Post War practices

Greece returned to a relative normality in the fifties. Despite the instability of the political system that followed, tourism was reactivated as a desired economic activity. The National Tourism Organization reemerged and Greece received capital through the Marshall Plan. The capital stemming from the Plan, invested in the sector of tourism until 1952 was about six million dollars.¹⁹ The Plan also comprised a special travel development section (TDS). Its aim was to encourage the mobilization of American tourists to transatlantic trips for foreign-policy goals²⁰. We are not yet certain of how this policy was implemented in the case of Greece but in whatever way it seemed to suit the priorities of Greek authorities, since American visitors were spending much more than Europeans and this policy allowed the expansion of tourism inflow.

The resuscitated National Tourism Organization paid some attention to travel agencies. In the past, several travel agents were members of its board. Dimitrios Papaefstratiou, the representative of the American Express Agency in Athens sat on its

board during the first two decades of its operation. Kostantinos Athanasoulas, owner of the “Hermes” tourism agency, and later, Georgios Tsaldaris, owner of the “Horizon” tourism agency²¹, were also members of the board of the N.T.O.. One of the first actions of the N.T.O. was to establish a committee for licensing of tourism agencies. Gradually it developed co-operations schemes with agencies on matters such as organizing excursions of VIPs.

Travel patterns were changing after the War, and mass tourism promotion tactics were introduced. The concept of vacation packages was emerging world widely, connecting travelling with leisure. Air transport brought a revolution in travelling history; Various foreign companies such as TWA (American Airlines) and SAS (Scandinavian Airlines) provided many flights during the week, connecting Greece with other countries. TAE (Greek Airlines) was operating already in the forties, but the most important Greek company was Olympic Airways established in 1957, and operates to date.

Tourism agencies multiplied rapidly; according to the “Xenia” magazine, issued by N.T.O., in 1950 there were fifteen tourism agencies operating in Athens. In the fifties, Greek travel agencies acceded to power in the international arena. Ioannis Arvanitidis became president of FIAV for years 1950-52.²² “*Tourist Week*” reported the existence of forty-one agencies in 1961, and in the same year according to tourist handbooks, there were another twenty-six operating. According to the National Statistical Service bulletin in 1969 the sum of Travel, Tourism and Emigration Agencies was 974. The structure of the sector was gradually becoming clear. There were two Associations for agencies now; one for tourism agencies and another for travel and emigration agencies.²³ The agencies of Piraeus remained maritime bureaus issuing ship tickets and gradually stop appearing in the press either than for itineraries. The tourism agencies of Athens were still family businesses-most of them-although there were some foreign ones, and continued to grow as tourism developed. Emigration was still an important parameter influencing the aforementioned progress. Furthermore there was an increase in the number of agencies operating in other Greek cities other than Athens and Piraeus. In many cases the big agencies of Athens established branches in the regions, instead of having representatives as before. It is worth mentioning that tourism agencies were related with local publications on tourism like

the newspaper “Touristiki Kos” which circulated in the fifties on the island of Kos. Its manager was a tourism agency proprietor, Gerasimos Matthaios, one of the at least four who operated on the island. The paper promoted tourism on the Greek islands by advertising their beauties and at the same time it included advertisement of other tourism businesses. It also served financial purposes for its proprietor’s travel business through its profits and possible financing from N.T.O.²⁴

Our research is incomplete as far as post-War practices are concerned; however it seems that the private initiative in financing tourism agencies prevailed for many years. During the fifties Ltd Companies were created in Greece, and many agencies became corporate. For instance “Helios” agency’s capital consisted of forty shares in the sixties. Moreover in order to finance their activities they issued new stocks. Gradually financing from banks also emerged. Agencies used to create consortia; one was Key Tours, headed by Ghiolman Travel Agency, which was a cooperation of twenty two Greek agencies for touring purposes. For that particular venture about fifty buses were bought, and Ionian Bank financed it. Finally in the seventies the government emerged as a guarantor for working capital loans (Borrowed capital could reach up to 12% of their sales) of the tourism agencies.²⁵

Appendix: Quantitative Analysis of travel business

Table 1 illustrates travel businesses according to their depiction in press, magazines and handbooks.

The first two categories are separated according to the way they appear in the sources. Steamship Companies in some cases, used to own a central office more often in Piraeus, which provided information for the trips of the company or issued tickets (Steamship Agencies). Those were usually the big ones, and could also have other representatives in Athens or in other Greek ports. Travel Agencies were usually firms named by the proprietor, which was the representative of one or more steamship companies. They performed the same activities, that is, mostly ship ticketing. Tourism agencies were located in the centre of Athens, most of them around two big squares: Concord (Omonoia) and Constitution (Syntagma) Square. They had a more complete orientation; they could be representatives of steamship companies, but they also issued railway tickets, organized excursions in Greece or abroad, possessed guides etc.

Practically, the first two categories could be considered cumulatively since they had the same objective. Nevertheless, the third one should be studied separately since it had different structure, objective and significance in terms of tourism influence.

As illustrated in the table, we have used as benchmark six decades.

Table 1: Number of travel businesses in Athens & Piraeus until WW II

	1880-1889	1890-1899	1900-1909	1910-1919	1920-1929	1930-1939
Steamship Agencies	5	9	24	16	15	20
Travel Agencies	0	1	13	15	36	23
Tourism Agencies	1	1	4	8	23	22
Total	6	11	43	39	74	65

Data gathered from press, magazines and travel handbooks

Table 2 illustrates the increase of the agencies in Athens as well as in Piraeus and other cities. Piraeus was the biggest Greek port in the early twentieth century (Syra was the biggest up to the last century) and all around the harbor there were travel agencies located. Also, in table 2 it is obvious that in the 1920s travel agencies emerged in other Greek ports like Salonica, Patras, Crete etc.

Table 2: Dispersion of travel businesses in various cities/ports of Greece until WW II

Central Offices and Branches	Athens	Piraeus	Syra	Corfou	Salonica	Patras	Samos	Mitilini	Sparte	Tripoli	Chios	Kos	Chania	Rethymnon	Herakleion	Volos
1880-1889	6	5	2	1	0	0	0	0	0	0	0	0	0	0	0	0
1890-1899	6	9	2	1	0	0	0	0	0	0	0	0	0	0	0	0
1900-1909	13	38	1	0	0	1	0	0	0	0	0	0	0	0	0	1
1910-1919	13	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1920-1929	30	38	0	0	2	2	1	1	2	1	1	0	0	0	1	1
1930-1939	30	45	0	0	4	2	0	0	0	0	0	0	0	0	0	0

Data gathered from press, magazines and travel handbooks