Prague Business School
Werichova 1145/29
152 00, Prague
Czech Republic
www.pbs-education.cz

Policy Brief **March 2026**

Tourism in the Adriatic–Ionian region in the shadow of the war in Iran: implications for Croatia, Montenegro, Albania, and Greece

Wadim Strielkowski

Centre for Tourism Studies
Prague Business School
ORCID: https://orcid.org/0000-0001-6113-3841
e-mail: strielkowski@pbs-education.cz

Abstract

The current conflict in the Middle East is already reshaping tourism in the Adriatic-Ionian region of Southern Europe. Its strongest effect is not a collapse in European travel per se, but a reallocation of tourism demand. Tourists are still planning summer holidays (people are travelling more and are prepared to spend more in general while going abroad after COVID-19 pandemic), yet many are choosing destinations differently, making their booking later, and picking up locations that feel safer, easier to reach (e.g. by car), and less exposed to the disruptions of any kind. In this environment, the Adriatic–Ionian region stands to benefit, but only unevenly and not without new risks. Therefore, the policy challenge for governments is twofold: to capture redirected demand while protecting local profitability, service quality, and long-term resilience.

1. Is the war already changing European travel behaviour?

The ongoing war in Iran is changing global geopolitics and European travel behaviour [1,2]. Current evidence and past crisis (e.g. COVID-19 pandemic) research both indicate that geopolitical shocks influence destination choice, booking windows, and, over time, spending patterns and trip structure [3-5]. The strongest immediate change is in destination substitution. Tourists are moving away from destinations perceived as closer to the conflict zone and toward alternatives that appear safer and operationally simpler [6,7]. These fits established crisis-tourism patterns: tourists respond not only to actual danger, but also to perceived proximity, media coverage, and route uncertainty [8,9]. That is the reason why the present conflict is affecting tourism well beyond the Middle East itself.
In addition, there is also growing evidence of shorter booking windows. Instead of committing months in advance, many tourists are waiting to see how the conflict develops before booking. This "wait-and-see" behaviour is a familiar response to crisis conditions and reflects a desire for flexibility and reduced exposure to disruption [10,11]. Thence, many tourists are not cancelling holidays altogether but simplifying them by choosing single-destination or easier-

https://doi.org/10.13140/RG.2.2.34156.73601

to-manage trips. By contrast, the evidence on length of stay is weaker so far. It is too early to conclude that the conflict has already shortened stays across Southern Europe, although higher travel costs could still push tourists either to spend less per day or to take shorter holidays later in the season.

2. Is Southern Europe absorbing demand displaced from the Eastern Mediterranean?

Southern Europe can absorb the demand displaced from the Eastern Mediterranean, but it will do so unevenly. It is absorbing part of the demand that is shifting away from the Eastern Mediterranean, though not every destination is benefiting in the same way. The clearest immediate beneficiaries are destinations seen as Mediterranean substitutes without being strongly associated with the conflict zone. This means that the perception of safety matters as much as geography. A destination may be geographically close to the region of conflict but still benefit if it is viewed as stable, accessible, and relatively insulated [12].

For the Adriatic–Ionian region, the evidence is more suggestive than definitive, but the conditions for gaining redirected tourism are clearly present. Croatia, Montenegro, and Albania all offer coastal summer tourism products that can serve as alternatives to more exposed Eastern Mediterranean destinations. Greece has a more complex position here: it remains a powerful tourism destination, but because it is often mentally grouped with the Eastern Mediterranean, it may at once attract some diverted demand and lose some pre-bookings from more cautious tourists. Another issue is that most popular Greek islands require air travel (or long ferry travel over the Ionian Sea). Overall, Southern Europe is receiving part of the displaced demand, but the benefits are not automatic and are shaped by perceived risk, transport access, and pricing.

3. Do energy and transport costs offset the benefits of higher tourist demand?

Energy and transport costs offset the benefits of higher tourist demand to a significant extent. This is especially true for the air-dependent destinations [13,14]. Higher demand can improve arrival numbers, but this does not necessarily translate into stronger net economic gains. The current conflict in the Middle East is also driving up fuel and transport costs, creating a second shock that affects both tourists and tourism businesses [15]. Higher airfares absorb a larger share of holiday budgets before visitors even arrive, leaving less to be spent on accommodation, food, excursions, and local services. At the same time, hotels, restaurants, and transport operators face higher energy and procurement costs. As a result, destinations may see more visitors but lower margins.

This problem is most acute in air-dependent and island-heavy tourism systems. Greece is the clearest example because of its reliance on aviation and onward domestic island connectivity. Montenegro is also vulnerable because of its high dependence on foreign tourism and more limited economic buffers. Albania can still benefit if it remains cost-competitive, but it too would be affected if access costs rise sharply. Croatia is relatively more insulated because a substantial share of its tourism can arrive by road from Central Europe. The key point is that rising transport and energy costs do not erase the upside of redirected demand, but they can materially reduce its local economic value.

4. How could these changes affect Montenegro, Croatia, Albania, and Greece?

The likely effects would differ significantly by country. Let us investigate each specific case one by one:

https://doi.org/10.13140/RG.2.2.34156.73601

Croatia appears the most resilient of the four. Its strong road access from Central Europe, established tourism brand, and diversified source markets make it well positioned to attract risk-averse and late-booking tourists. It is likely to benefit from some redirected demand, but the gains may be modest and could come with tighter margins if tourists become more price sensitive. Croatia’s strength lies in accessibility and familiarity, though its continuing dependence on seasonal coastal tourism remains a structural weakness.

Montenegro has clear upside potential, but also the highest exposure to volatility. Because it is highly dependent on foreign tourists and heavily concentrated in seaside tourism, even a positive demand shift can be unstable. Montenegro may benefit quickly if tourists substitute away from more exposed destinations, but it is also more vulnerable to airline pricing, booking uncertainty, and abrupt changes in sentiment. This makes it the most fragile beneficiary in the region.

Albania may be the strongest upside case in relative terms. Its lower-cost image, rapid recent growth, and appeal to value-seeking tourists make it an attractive alternative for tourists looking for a Mediterranean experience at lower perceived risk and lower price. However, Albania’s opportunity comes with a capacity challenge. If it cannot match growth with infrastructure, service quality, and destination management, it risks losing the reputational gains that come from crisis-driven diversion demand.

Greece remains the strongest tourism economy in the group, but it is also the most directly exposed to the current shock. Its scale, brand strength, and past momentum remain major advantages. Yet Greece is (more likely than Croatia or Albania) to be associated by tourists with the Eastern Mediterranean, and it is particularly sensitive to rising aviation and island transport costs. As a result, it faces a more mixed outlook: still fundamentally strong, but more vulnerable to softer pre-bookings, route uncertainty, and cost pass-through.

5. How should governments respond?

Governments should not treat the Middle East crisis solely as a marketing opportunity. The policy response needs to address three linked problems at once: risk perception, transport vulnerability, and cost pressure. The countries that will benefit most are those that can show not only attractiveness, but competence, stability, as well as adaptability.

First, governments should prioritize clear and credible communication. Tourists need frequent, coordinated information on safety, transport continuity, and operating conditions. This is especially important for Greece, but relevant to all four countries, since uncertainty quickly spreads across nearby destinations.

Second, governmenst should pursue transport diversification and cost restraint. Croatia should deepen road- and rail-based demand from Central Europe. Montenegro and Albania should strengthen airport resilience, regional road access, and cross-border mobility. Greece should reinforce mainland and near-island circuits and reduce the friction of domestic travel. Across all four countries, authorities should avoid new taxes, fees, or regulatory delays that would amplify travel costs during a fragile season.

Third, governments need to run real-time tourism intelligence. Monitoring arrivals alone is not enough. Governments should track booking windows, cancellations, air capacity, stay length, average daily rates, and per-visitor spending to distinguish sustainable gains from fragile increases in footfall.

https://doi.org/10.13140/RG.2.2.34156.73601

Fourth, governments should use the current turmoil to promote destination dispersion and season extension. The shift in demand offers a chance to reduce overdependence on crowded summer coasts by developing inland, cultural, wellness, and shoulder-season tourism. This is particularly important for Montenegro and Croatia, but also relevant for Albania and Greece, where regional imbalance remains a persistent challenge.

Finally, governments should support tourism SMEs and energy resilience. Small businesses are the first to feel the strain of late bookings, higher utility costs, and staffing uncertainty. Targeted liquidity support, temporary energy relief, workforce retention measures, and incentives for efficiency upgrades are likely to be more effective than broad subsidies. Over time, resilience in tourism is likely to depend less on promotional campaigns and more on the ability to manage volatility well.

Conclusions

The current Middle East conflict is already influencing European tourism, mainly by changing where and when people travel rather than whether they travel at all. Southern Europe is absorbing part of the displaced demand from the Eastern Mediterranean, but the benefits are uneven and partly offset by higher energy and transport costs. In the Adriatic–Ionian region, Croatia and Albania seem best placed to gain from redirected flows, Montenegro may benefit but remains highly volatile, and Greece remains strong but is also the most exposed to confidence and cost shocks. The right government response is therefore not simple promotion, but a broader resilience strategy built on communication, access, data, diversification, and support for local business.

References:

[1] Saed, M. B., Omar, A. F. B., & Attia, G. (2026). War and Geopolitics in the Skies: The 12-Day Iran-Israel Conflict versus Airspace Safety. Transport Policy, 103986. https://doi.org/10.1016/j.tranpol.2025.103986
[2] Strielkowski, W. (2026). Geopolitical conflicts and global energy system volatility in the 21st century. Zenodo. https://doi.org/10.5281/zenodo.19109982
[3] Ketter, E., & Farkash, D. (2026). Tourism Resilience in the Face of Crises: The Adaptive Capacity of Travel Demand. International Journal of Tourism Research, 28(2), e70258. https://doi.org/10.1002/jtr.70258
[4] Strielkowski, W. (2020). International Tourism and COVID-19: Recovery Strategies for Tourism Organisations. Preprints. https://doi.org/10.20944/preprints202003.0445.v1
[5] Strielkowski, W. (2020). COVID-19 recovery strategy for tourism industry. Prague Business School, Centre for Tourism Studies. ResearchGate. https://doi.org/10.13140/RG.2.2.19039.82086
[6] Xu, J., Mckercher, B., & Ho, P. S. Y. (2025). Tourists' perceptions of the competitive destination. Journal of Vacation Marketing, 31(4), 789-812. https://doi.org/10.1177/13567667241236490
[7] Grigoriadis, P., Salepaki, A., Angelou, I., & Kourkouridis, D. (2025). Risk and resilience in tourism: How political instability and social conditions influence destination choices. Tourism and Hospitality, 6(2), 83. https://doi.org/10.3390/tourhosp6020083
[8] Bao, C., Hui, Y., Zhang, Z., Zheng, Q., & Meng, Q. (2025). Want a worry-free trip? Seeking the optimal travel paradigm in view of public-to-individual risk perception.

https://doi.org/10.13140/RG.2.2.34156.73601

Humanities and Social Sciences Communications, 12(1), 1-22. https://doi.org/10.1057/s41599-025-04992-9
[9] Zhang, J., Xie, C., Liu, Y., Li, W., & Huang, Q. (2026). Identification of tourists' dynamic risk decision-making: a crisis communication lifecycle perspective. Current Issues in Tourism, 29(4), 803-820. https://doi.org/10.1080/13683500.2024.2439386
[10] Dundas, G. (2026). No 'softening' in luxury travel amid Middle East conflict, says Glading. Available at: https://latteluxurynews.com/2026/03/20/no-softening-in-luxury-travel-amid-middle-east-war
[11] Rogowski, M., Zawilińska, B., & Hibner, J. (2025). Managing tourism pressure: Exploring tourist traffic patterns and seasonality in mountain national parks to alleviate overtourism effects. Journal of Environmental Management, 373, 123430. https://doi.org/10.1016/j.jenvman.2024.123430
[12] Okafor, L. E., & Khalid, U. (2021). Regaining international tourism attractiveness after an armed conflict: The role of security spending. Current Issues in Tourism, 24(3), 385-402. https://doi.org/10.1080/13683500.2020.1734547
[13] Strielkowski, W., & Lisin, E. (2016). Economic analysis of renewable energy sources in European Union. Journal of Environmental Management & Tourism, 7(4 (16)), 553-558. https://doi.org/10.14505//jemt.v7.4(16).01
[14] Sun, Y. Y., Lin, P. C., & Higham, J. (2020). Managing tourism emissions through optimizing the tourism demand mix: Concept and analysis. Tourism management, 81, 104161. https://doi.org/10.1016/j.tourman.2020.104161
[15] Lahiri, S., & Manekar, S. (2026). Airlines raise fares as Middle East conflict lifts fuel costs, disrupts flights. Available at: https://www.reuters.com/world/middle-east/airlines-begin-hike-fares-due-higher-fuel-prices-shares-stabilise-2026-03-10

https://doi.org/10.13140/RG.2.2.34156.73601