Hochschule Bremerhaven
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Institut für Maritimen Tourismus

Cruise Sector Growth & Destination Development

Development for cruising vs. Development through cruising

Meeresnutzung im Jahr 2025
Wirtschaftliche Chancen für Cuxhaven!?
Cuxhaven - 14th November 2008

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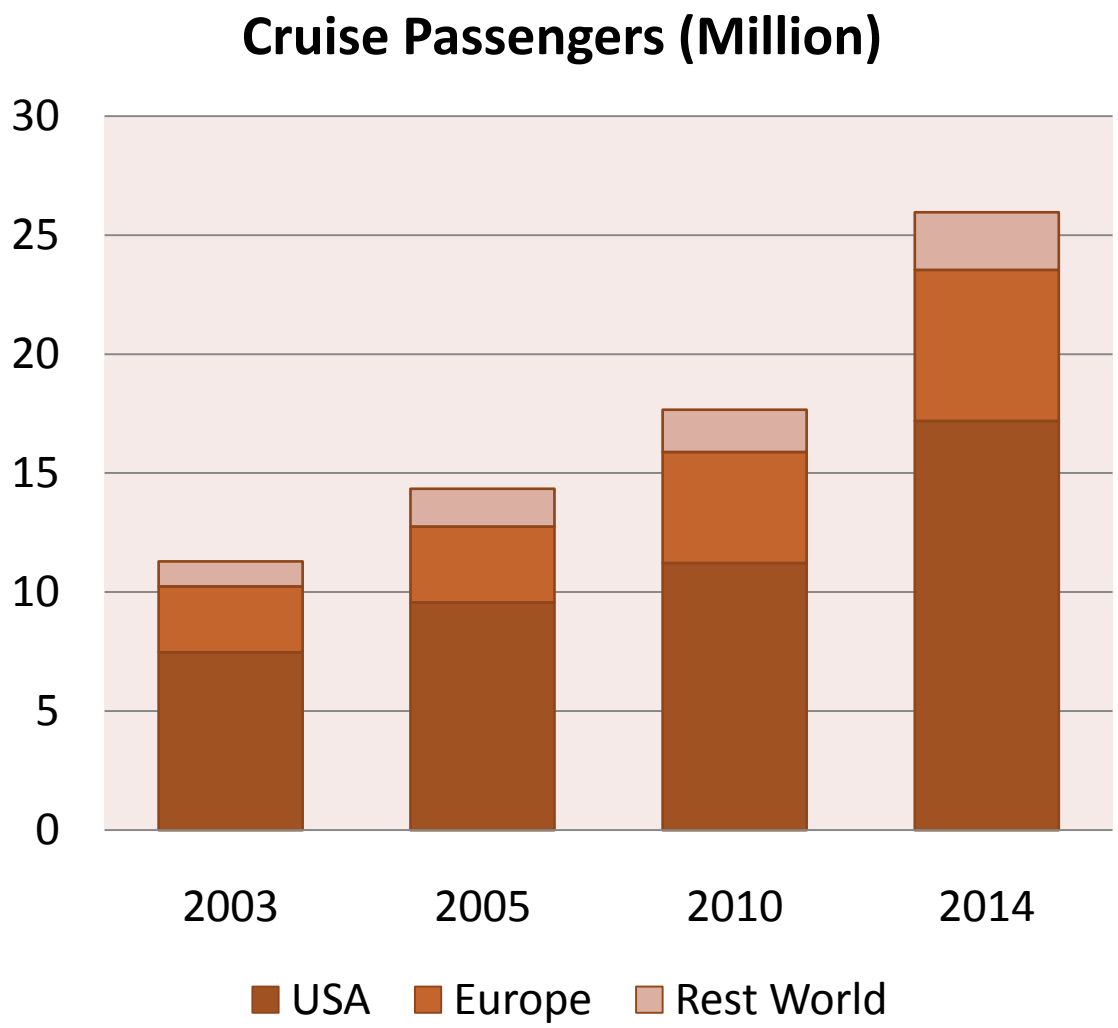
Demand & supply trends

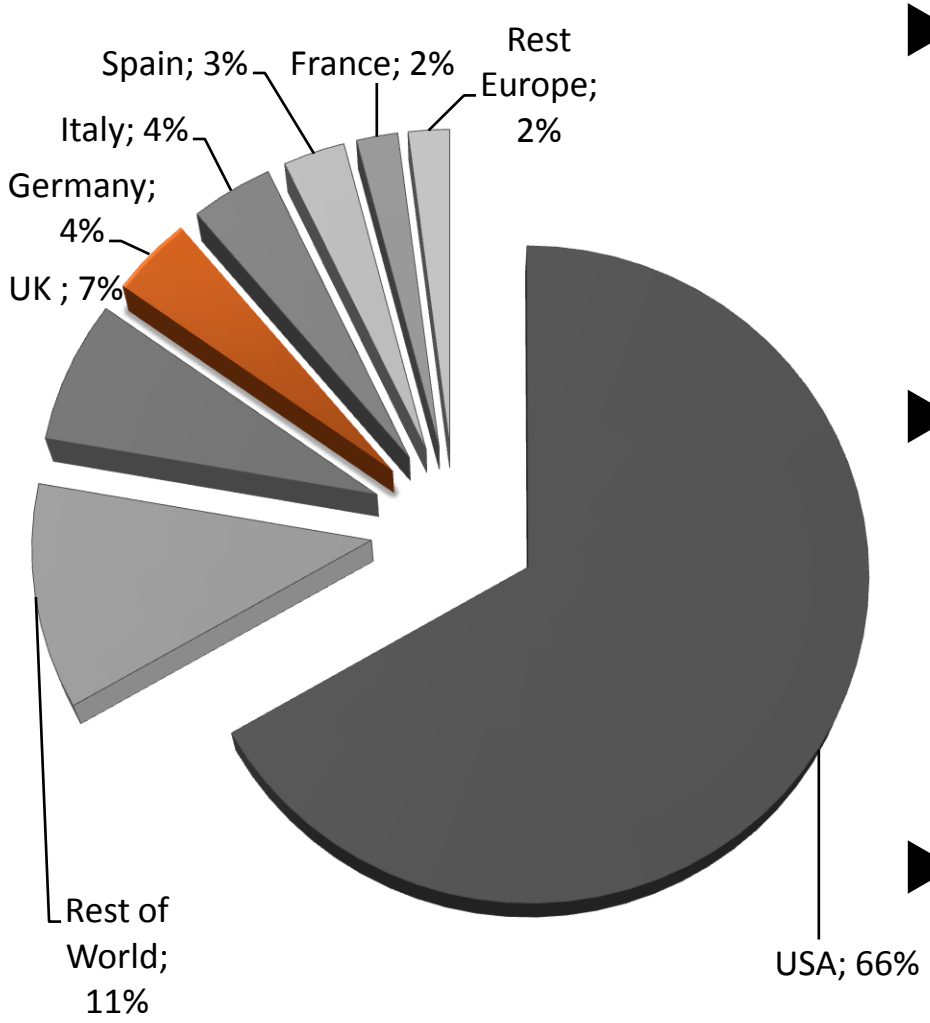
Growing passenger numbers and increasing capacities



- Passenger Growth:
  - North America ≈ 6%
  - Europe ≈ 10%
  - Rest of World ≈ 7%
- Capacity Growth:
  - 2005: 317.000 LBs
  - 2010: 407.511 LBs
  - Capacity increase of 28%
  - Approx. 40% of capacity serving European source markets

Base data: European Cruise Council; GP Wild Ltd (2005: 107)

Passenger characteristics
Breakdown, movements & port spending



- Europe:
  - Europeans taking cruises ≈ 3.287.000
  - Pax travelling from Europe ≈ 2.839.000
  - Pax arriving at European ports ≈ 13.146.000
- Germany:
  - Germans taking cruises ≈ 639.000 (19.4%)
  - Pax travelling from Germany ≈ 139.000 (4.9%)
  - Pax arriving at German ports ≈ 202.000 (1.5%)
- Average passenger spending on ports:
  - Approx. € 100 home ports
  - Approx € 50 at visiting ports

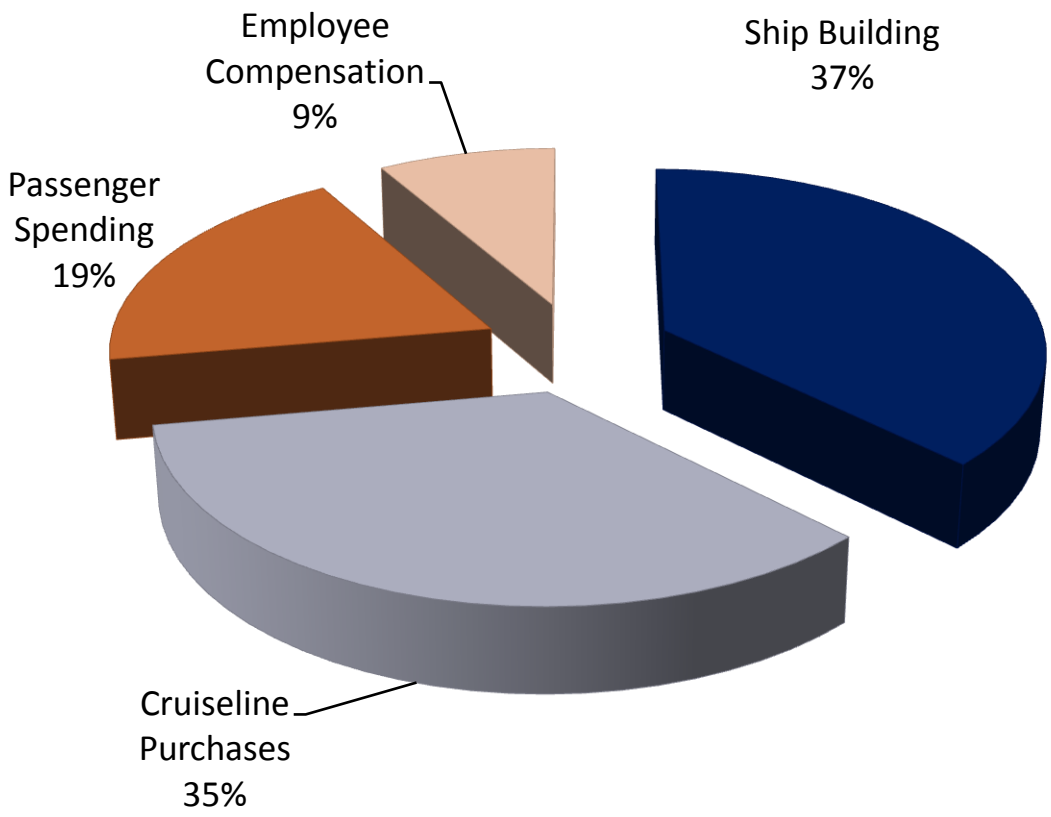
Base data: European Cruise Council; GP Wild Ltd (2007: Online)

EUROPEAN SOURCE MARKETS ARE DISCOVERING THEIR POTENTIAL…

EUROPEAN DESTINATIONS ARE PROFITING FROM THE OVERCROWDING IN THE CARIBBEAN…

Economic impacts of cruising
Direct cruise expenditure and job creation in Europe

Direct Cruise Expenditure



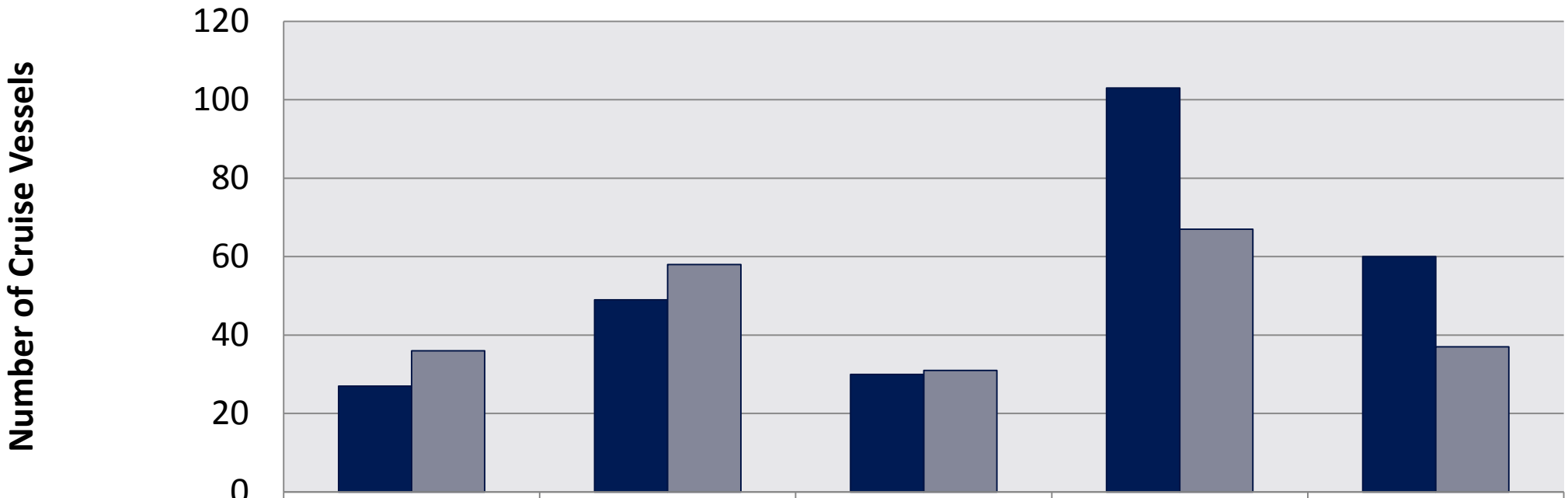
- Direct cruise spending:
  - 2005≈ € 8.3 Billion
  - 2010 ≈ € 12.7 Billion
  - German share = 13%
- Employment impacts:
  - 2005:
    - 90.104 Direct jobs
    - 97.148 Indirect Jobs
  - 2010:
    - 117.000 Direct jobs
    - 123.000 Indirect Jobs
  - German share = 11%

Base data: European Cruise Council; GP Wild Ltd (2007: Online)

TRADITIONALLY, GERMANY IS A LEADING SOURCE (OUTGOING) MARKET…

… NOT A LEADING SUPPLIER OF INCOMING SERVICES & FACILITIES

Does more capacity mean more ships?
... Or fewer, bigger ships!



	Over 291 meters length (Post-Panamax & ULPCs)	251-290 meters length (Panamax)	211-250 meters length	131-210 meters length	Under 130 meters length
In Service 2004	27	49	30	103	60
In Service 2014	36	58	31	67	37

Base Data: GP Wild International (June 2005)

PROFITING FROM THE SECTOR'S GROWTH: "WHO IS THE MOST LUCRATIVE CUSTOMER?"

… IS IT CRUISE PASSENGERS? OR CRUISE OPERATORS!!!

Key sector trends

Capacity dev. rate > Demand dev.rate = Overcapacities & maturity?

Onboard revenue importance (share of cruise-guest wallet)

- Enabling competitive ticket prices
- Covering a challenging cost-base (e.g. Increasing energy costs, emerging standards and regulations)

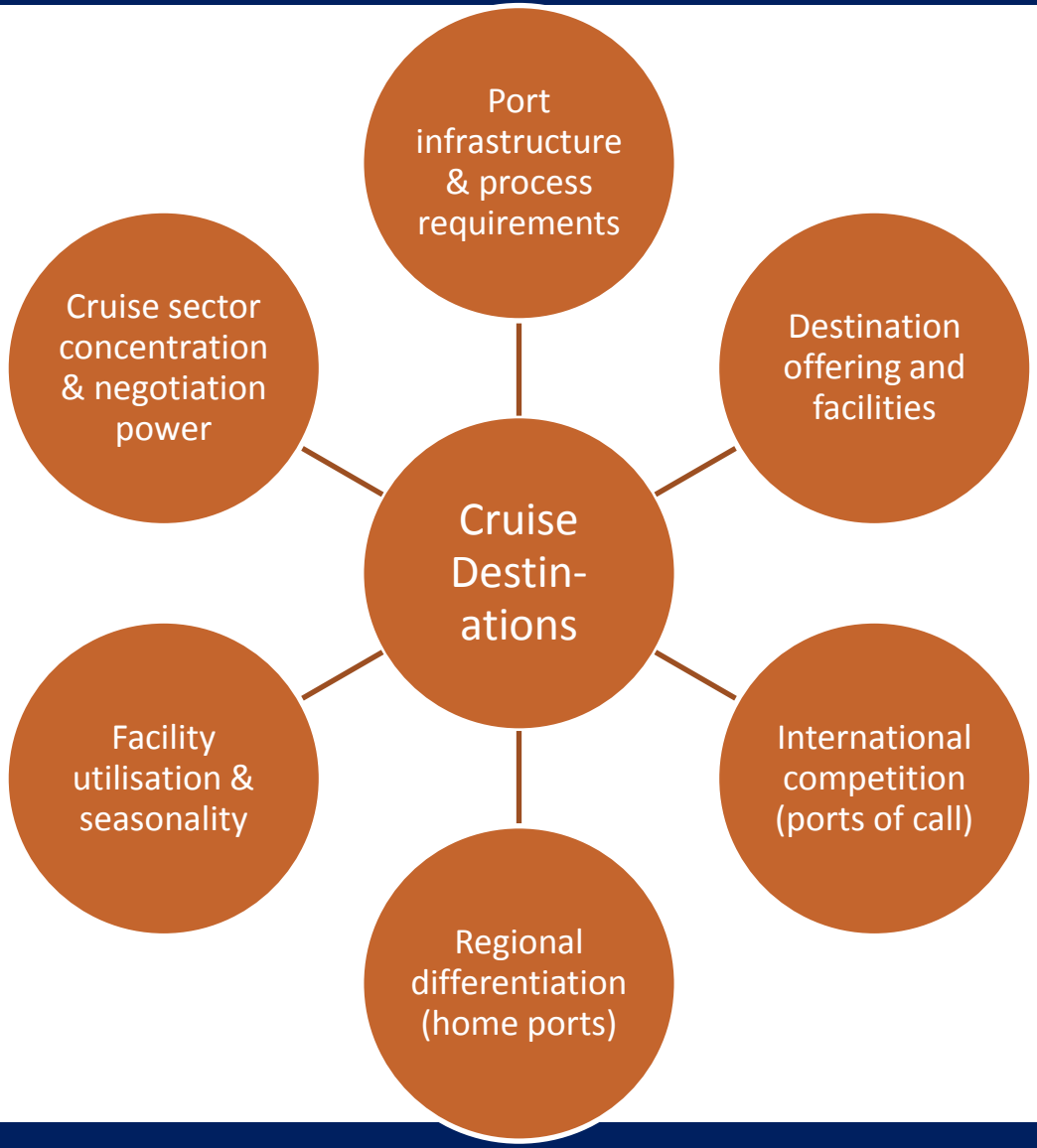
Bigger cruise-ships (floating destinations)

- Reduced itinerary
- Guests are forced to spend more money on board (i.e. Less at ports of call)
- Logistical challenge for ports of call (both in terms of handling and services offering at home ports)

Intensified segmentation (market granularity)

- Increased number of specialist cruise operators (together with mass cruising)
- Segmentation beyond nationality and age (e.g. Theme cruises)

Questions for ports of call / home ports
Learning from the 'Tourism past'



- Sustainable destination development?
  - Dependency on cruise operators?
  - Unique attraction point?
  - Tourism facilities & local character?
  - Overcrowding
  - Socio-cultural impacts?
- Return on investment?
  - Peak vs. off-peak facility management?
  - Negotiation power & account management?
  - Does the potential guest spending justify infrastructure expenses?

CRUISES ARE FOLLOWING THE MASS-TOURISM PATH…

… WHAT CAN WE AVOID THE POLICY MISTAKES OF THE PAST?

Towards a destination development strategy
Cornerstones / blueprint