Hochschule Bremerhaven
University of Applied Sciences

Cruise Research Society

Institut für Maritimen Tourismus

‘Income Lighthouses at Sea’: The Potential of Cruise Tourism for German Destinations

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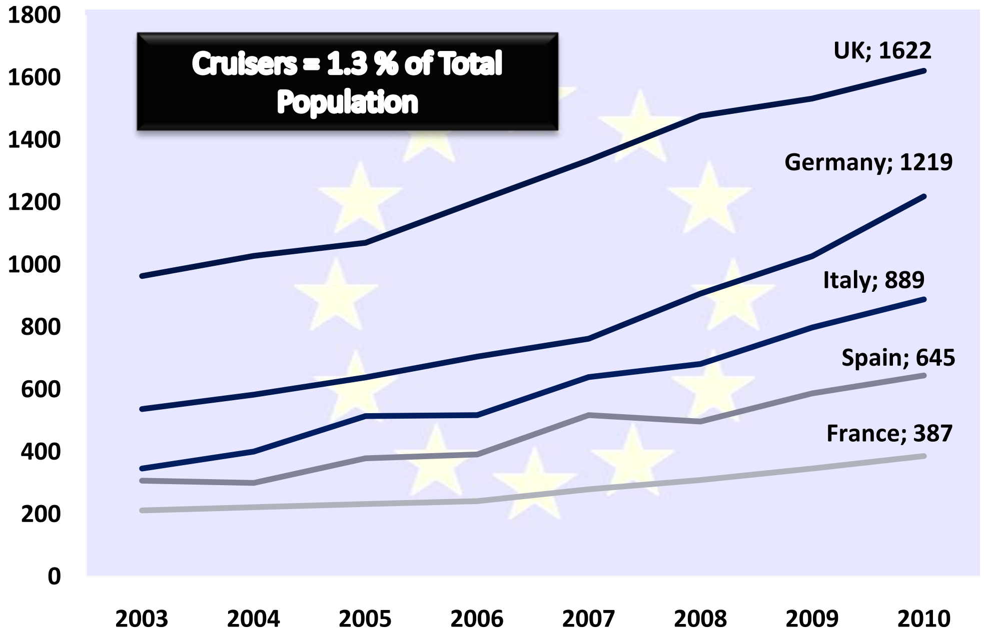
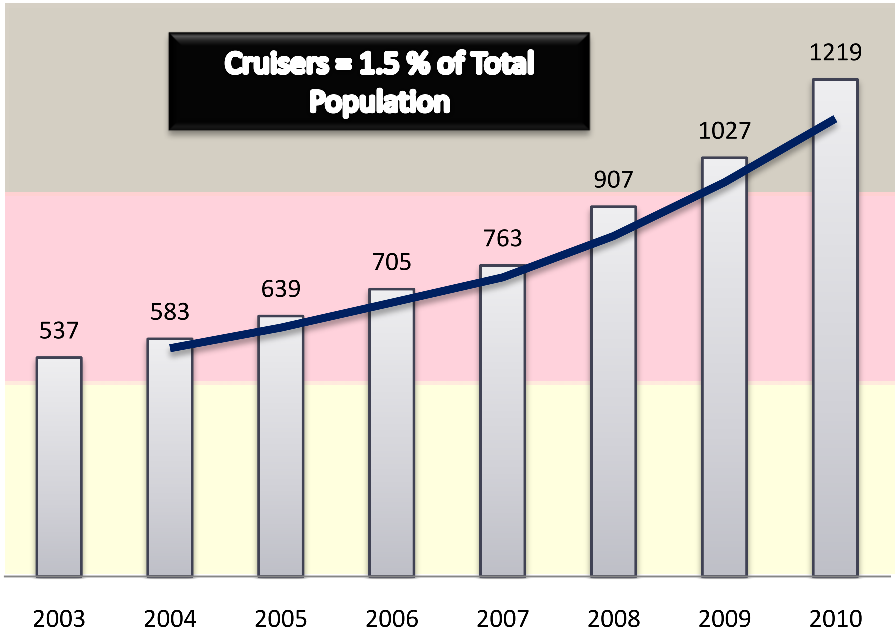
Source Market Perspective: Cruise Sector Growth & Pax Developments

European Pax Development ('000)*



German Pax Development ('000)*



European Average Growth Rate

- *2006-2010 = 11.8%*
- *2009-2010 = 10%*

German Average Growth Rate

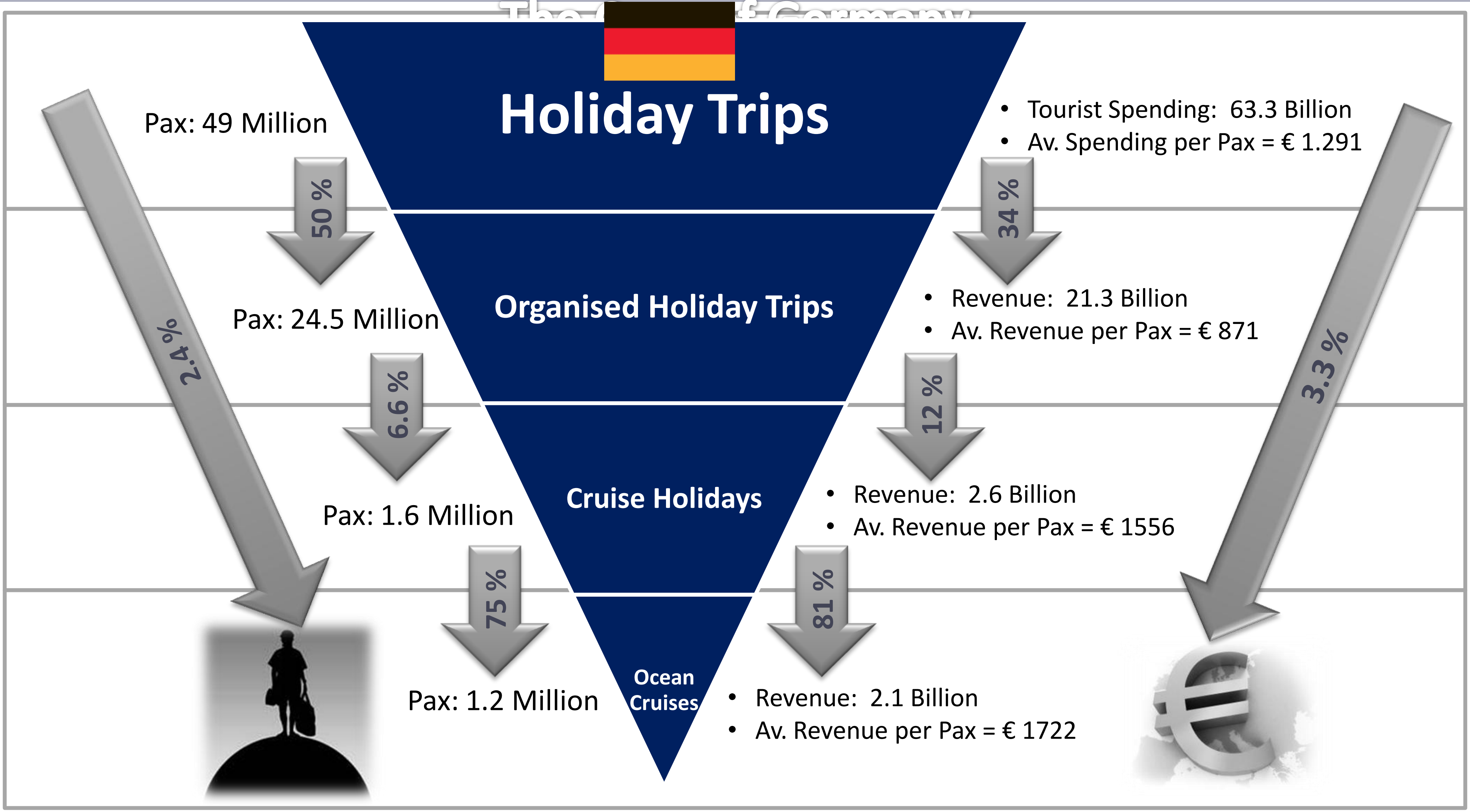
- 2006-2010 = 13.9%
- 2009-2010 = 19%

Base data: European Cruise Council (2010a: Online)
* River Cruises are not included in the data

Source Market Perspective:
Cruise Tourism as the 'Growth Lighthouse' of the German Tourism Sector?

* Photo downloaded from: http://voillusions.blogspot.com/2010_04_01_archive.html

Source Market Perspective: Cruising is a Niche in Germany



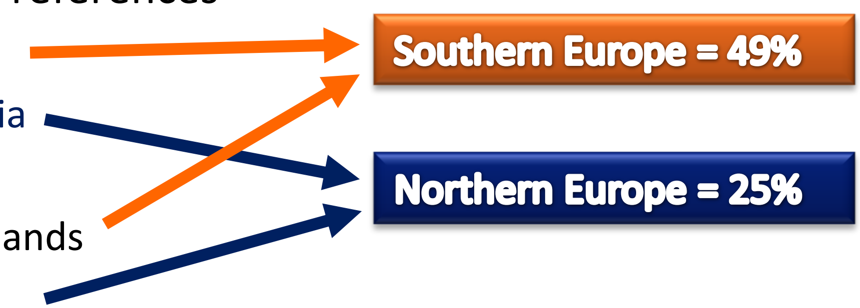
* Source Data: DRV Fakten und Zahlen zum deutschen Reisemarkt 2010 (http://www.drv.de/fileadmin/user_upload/fachbereiche/Fakten_und_Zahlen_zum_deutschen_Reisemarkt_2010.pdf)

Source Market Perspective:
… The Answer to this Question is Relative and a Matter of Perspective!

* Photo downloaded from: http://voillusions.blogspot.com/2010_04_01_archive.html

Source Market Perspective: Key Developments

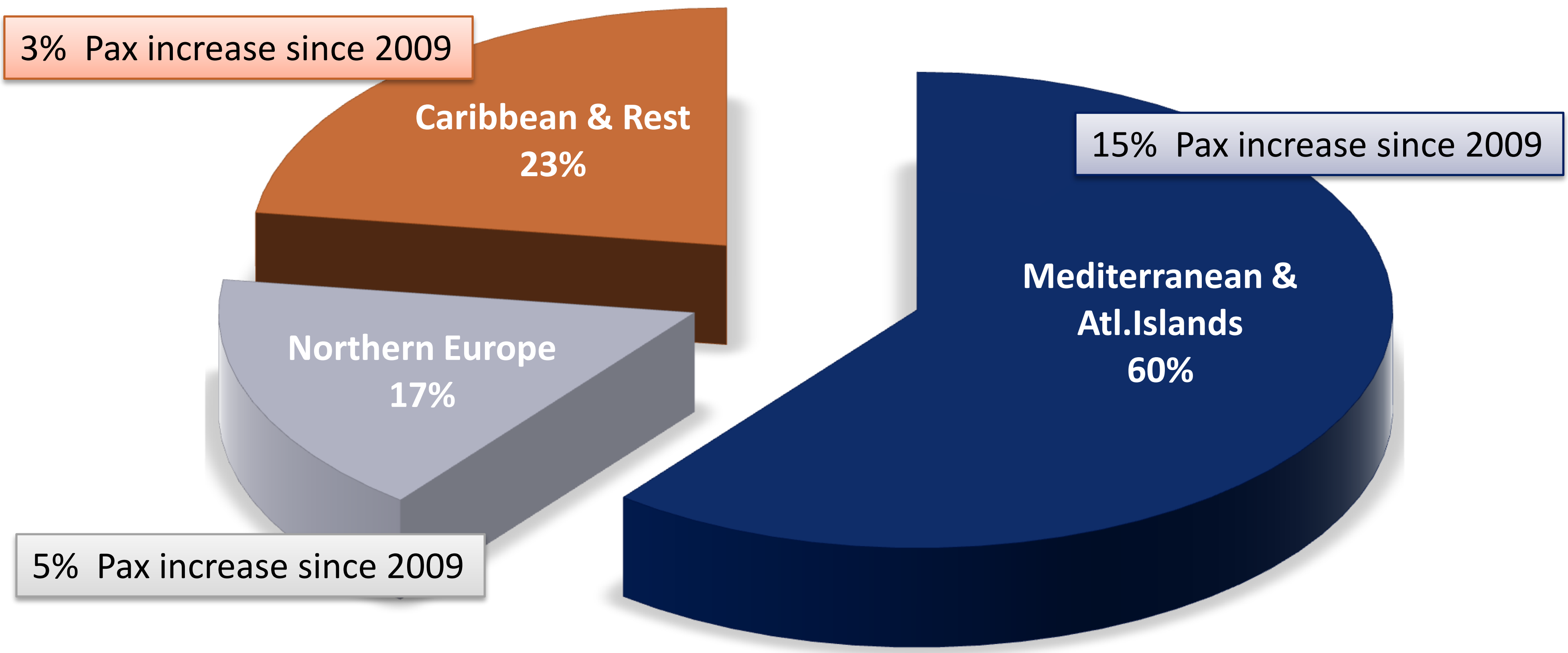
- Product-Related Preferences
  - German-speaking cruise brands
  - Popularity of club cruises
  - Focus on itinerary
  - Dominating distr. channel is the stationary travel agency
  - Above average day rates (2009: € 183 / EU Average: € 149)
  - Above average cruise duration (2009: 9.3 nights / EU Average: 9.0)
- Itinerary-Related Preferences
  - 35% Med
  - 16% Scandinavia
  - 15% Caribbean
  - 14% Atlantic Islands
  - 9% Baltic



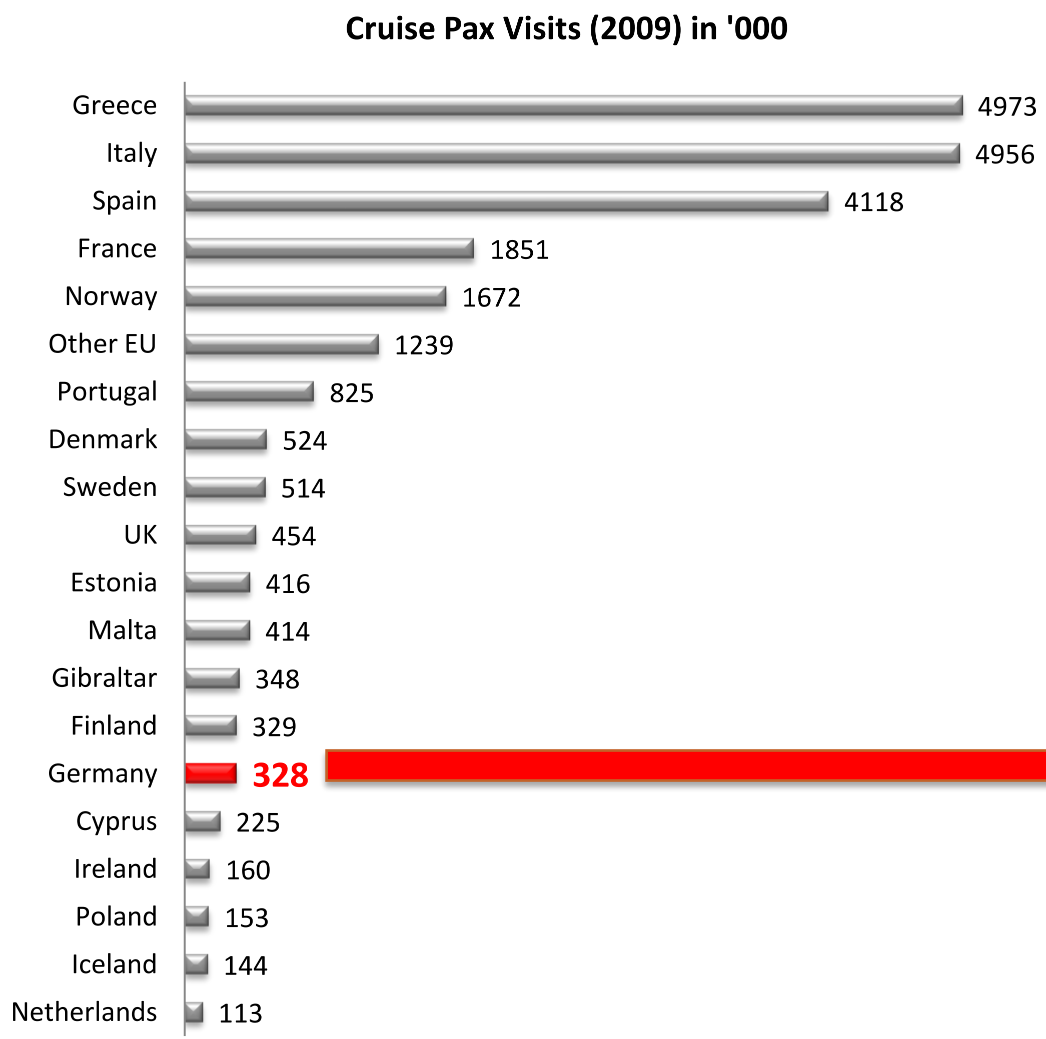
- Market Developments
  - Deployment of US cruise products in Northern Europe (2009: 25 Vessels / 35345 LBs), representing a cruise supply increase of 58%

Base data: European Cruise Council (2010a: Online)
Photo downloaded from: http://www.freakingnews.com/pictures/36500/Lighthouse-Currency-Illusion--36729.jpg

Destination Perspective: Cruise Pax Visits 2010



Destination Perspective:
Germany as a Cruise Destination… A Simplistic Calculation



- **Average Cruise Pax Spending / Visit at Port of Call = € 98**
- **Average Crew Spending / Visit at Port of Call = € 16**

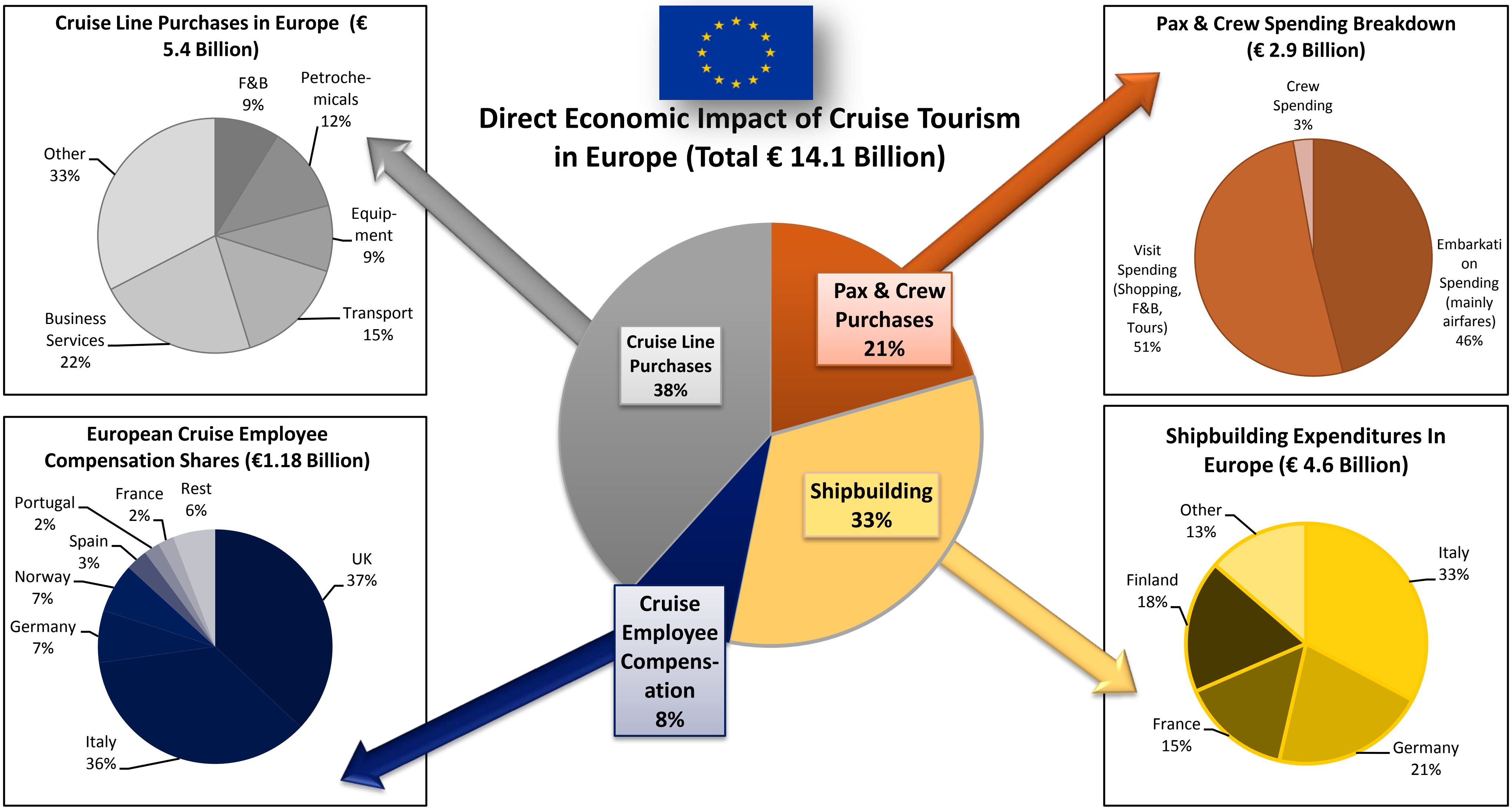
Annual Incoming Revenue approx. € 32 Million*

* This is a very simplistic calculation based on 2009 figures for illustrative reasons.
Base data: European Cruise Council (2010b: Online)

Destination Perspective:
… Let‘s have a look at some Cruise Economics!!

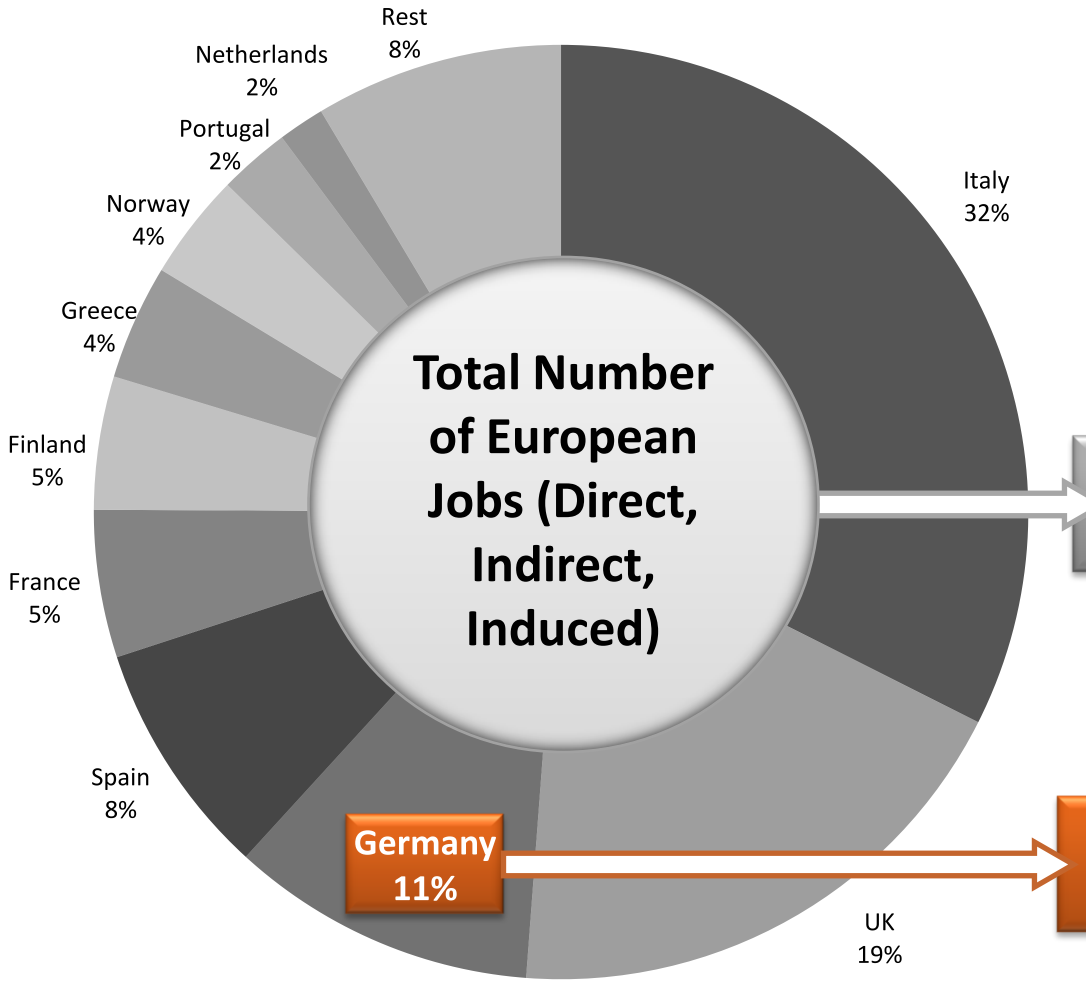
Does this mean that Germany should not invest too much in attracting intl. cruise operators and their customers?

Economic Impact of Cruise Tourism in Europe
An Overview



Cruise Sector as a European Job Motor? For Germany Indirectly!

Importance of indirect impact of shipbuilding and transportation services as income and employment generators for Germany



Total = 296,288 Jobs

48.3%

Total = 31,395 Jobs

11.4%

Potential of Cruise Tourism for German Destinations?

- International Competitive Potential:
  - Indirect and Induced Economic Benefits (Income & Employment)
    - *Ship-building / Technology supply*
    - *Transportation services / Logistics*
    - *Business services / Educational Infrastructure*
- Domestic Competitive Potential:
  - Indirect Benefits from Regional Marketing
    - *Promotion of the Northern European cruising region (Marketing synergies)*
    - *Focus on cruise segment niches and regional positioning*
  - Direct benefits from German outgoing cruisers
    - *Home-porting & Land-sea products*
    - *General tourism development / infrastructure enabler*

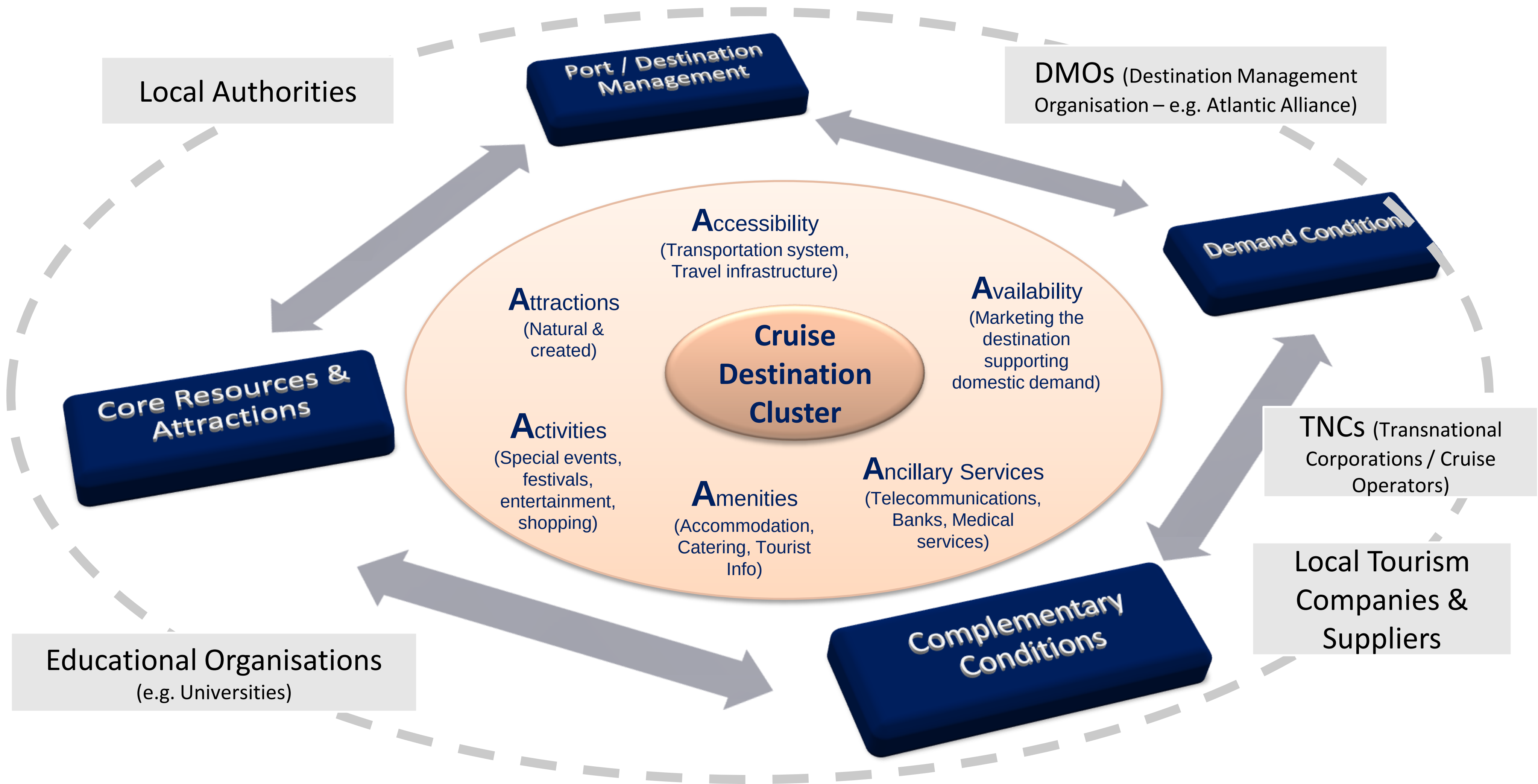
* Photo downloaded from: http://www.freakingnews.com/pictures/36500/Lighthouse-Currency-Illusion--36729.jpg

UNDERSTANDING CRUISE DESTINATION DEVELOPMENT

Cluster Theory & PORTfolio Matrix

Developing Competitive Cruise Destinations

*Cluster Theory & the 6As**



* Adapted from Kim & Wicks (2010) and complemented from Buhalis (2000)

Cruise Destination Positioning and Development Strategy

*PORT-Folio Matrix**

Tourism Development: High / Low

Attractions (Natural & created)

Activities (Special events, festivals, entertainment, shopping)

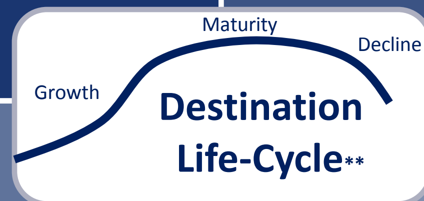
Amenities (Accommodation, Catering, Tourist Info)

Exclusive Cruise Destination

- Competitive focus: Differentiation
- Critical resources: Unique POIs
- Strategic focus: Market penetration, strategic investment
- Marketing approach: B2C 'Push' & B2B 'Pull'
- Risks: Antagonism (locals -> guests)

Established Cruise Destination

- Competitive focus: Reputation
- Critical resources: Image / Brand
- Strategic focus: Loyalty & Sustainability (Economic, Social, cultural Environmental)
- Marketing approach: B2B 'Pull' & B2C 'Pull'
- Risks : Exploitation (locals -> guests), Overcrowding



Authentic Cruise Destination

- Competitive focus: Cost leadership
- Critical resources: Gov. funding, Educ. facilities
- Strategic focus: Innovation, social investment
- Marketing approach: B2B 'Push' & B2C 'Push'
- Risks: Guest safety & security

Gateway Cruise Destination

- Competitive focus: Revenue maximisation
- Critical resources: Local economy
- Strategic focus: Public Private Partnerships (PPP), network-creation
- Marketing approach: B2C 'Pull' & B2B 'Push'
- Risks: Apathy (locals -> guests), Overcrowding

Low — High

Infrastructure Development

Accessibility (Transportation system, Travel infrastructure)

Ancillary Services (Telecommunications, Banks, Medical services)

Availability (Marketing the destination supporting domestic demand)

* Papathanassis (2011)

** Life Cycle Concept originally discussed by Butler (1980)

IN A NUTSHELL…

Summary & Key Points

For Germany, supplying the cruise business is more economically beneficial than attracting its passengers!

- Leading source market with relatively good margins
- Secondary importance as a cruise destination
- Destination development investments need to be economically-driven (not just politically)
- Indirect income and employment potential (Shipbuilding, transportation / logistics, business services)

A destination is not a product… It is a complex value-chain / socio-economical system

- Interplay of environmental, social, economical and infrastructural factors
- Multiple stakeholders with various interests – coordination challenge

Cruise tourism requires ‘tourism’ and ‘tourism’ can benefit from Cruising

- Cruise tourism development cannot (should not) be planned and implemented in isolation to other service areas

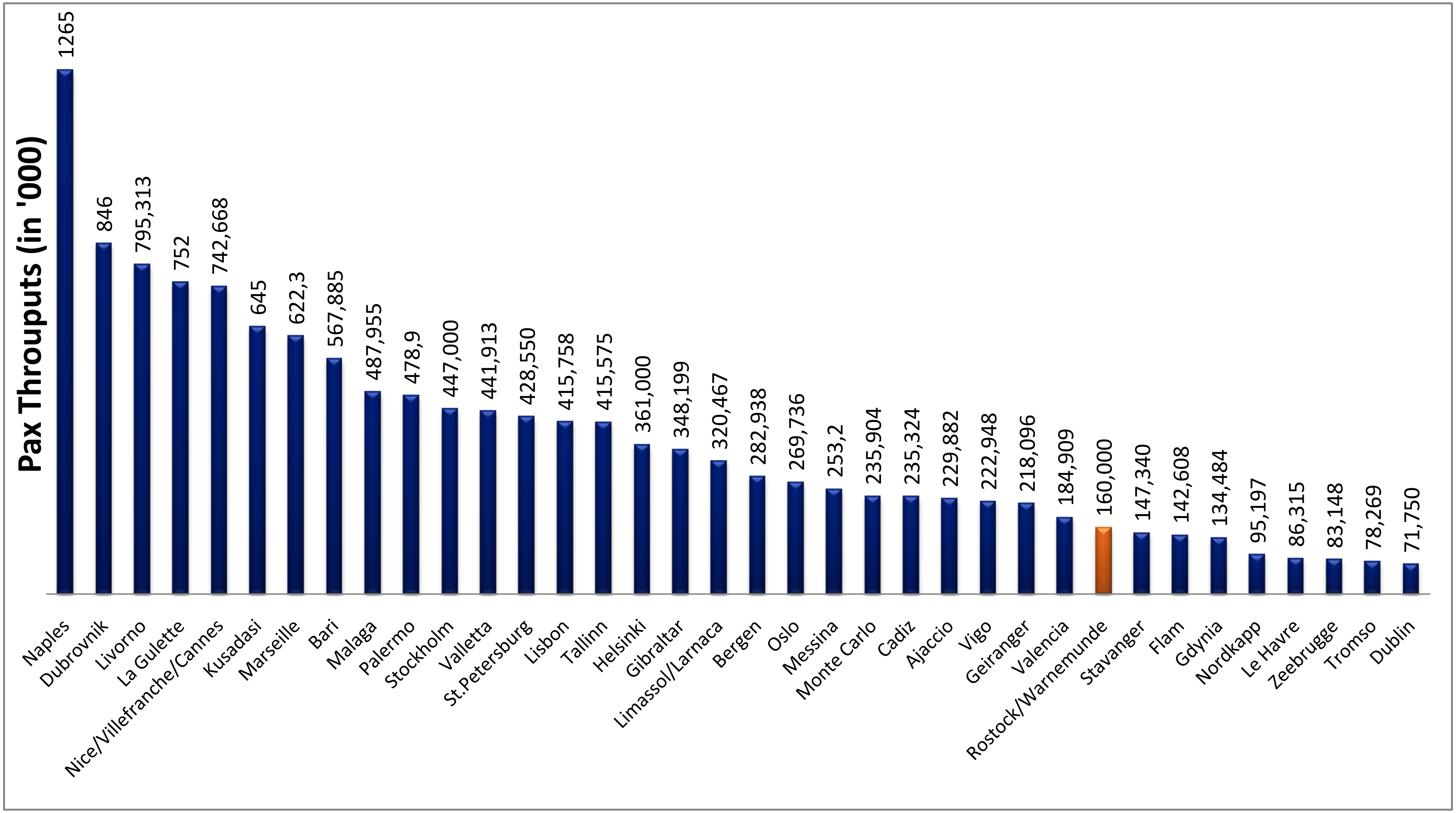
Thank You for your Attention

- ***Research Functions:***
  - Founder & Chairman of the **Cruise Research Society** (http://www.cruiseresearchsociety.com)
  - Co-Director of the **Institute for Maritime Tourism (IMT)** (http://www.imt.hs-bremerhaven.de/)
  - Editorial Board Member of the Journal of the European Journal of Tourism, Hospitality and Recreation (EJTHR) – (http://www.ejthr.com/)
  - Reviewer of the Tourism Management Journal (http://journals.elsevier.com/02615177/tourism-management/)
- ***Administrative Functions:***
  - Dean of Studies – Faculty of Business & Economics
  - Chairman of the CIM Examinations Committee
  - Member of the CIM Study Affairs Committee

BACKUPS

- *Pax Throughputs in Europe*
- *References*

Cruise Passenger Throughputs in European Ports



Base data: European Cruise Council (2010b: Online)

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