Hochschule Bremerhaven
University of Applied Sciences

Cruise Research Society

Institut für Maritimen Tourismus

‘High Hopes & High Seas’:
The Role and Impact of Cruise Tourism in Destination Development

Prof. Dr. Alexis Papathanassis

Cruise Management & E-Tourism

Prof. Dr. Dr. h.c. Alexis Papathanassis

ITSA – Greenwich (UK), 19th August 2016

‘HIGH-HOPES’ FOR DESTINATIONS

Cruise Sector Growth, Cruiser Spending & Economic Impact

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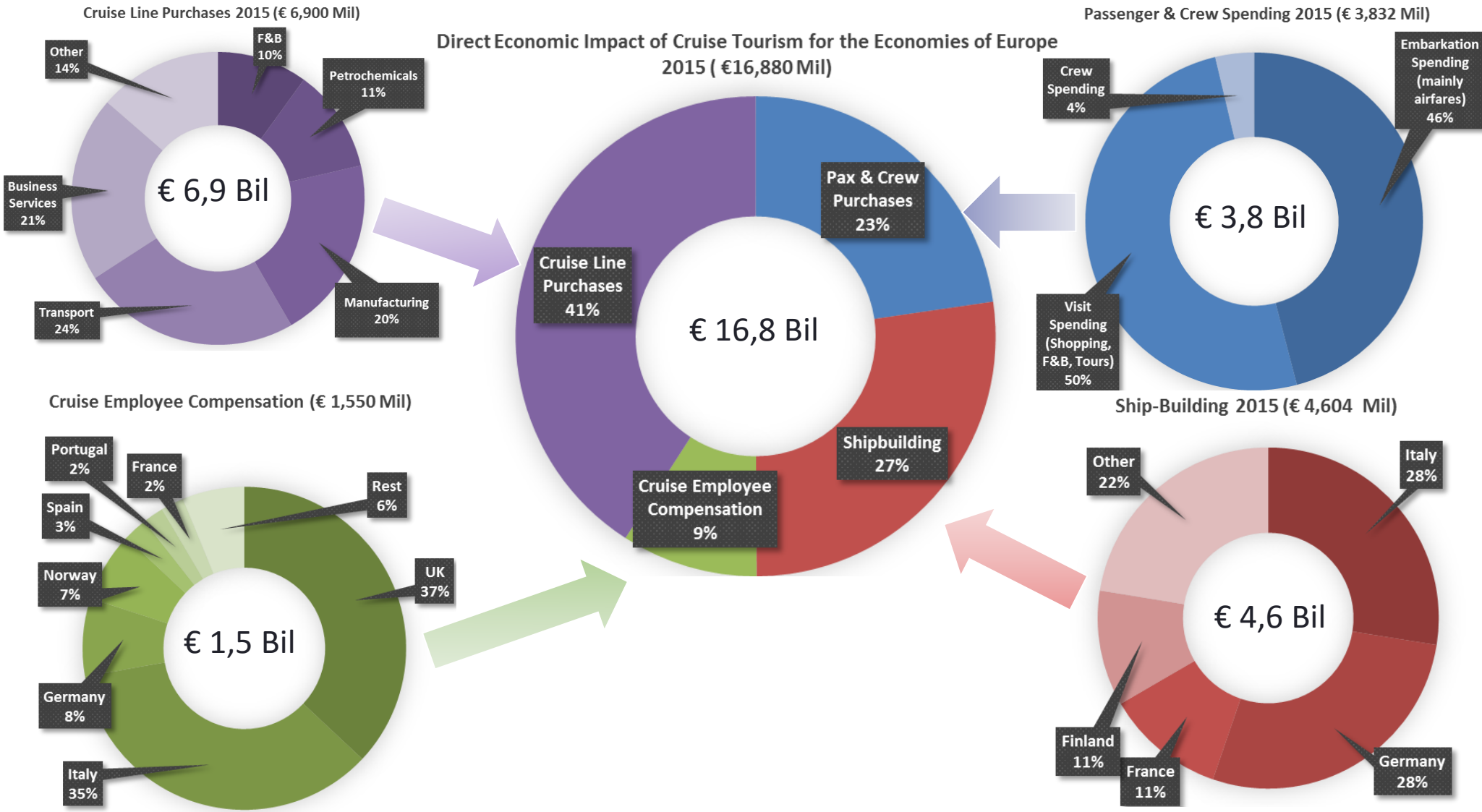
Direct Economic Impact of Cruise Tourism for the Economies of Europe 2015



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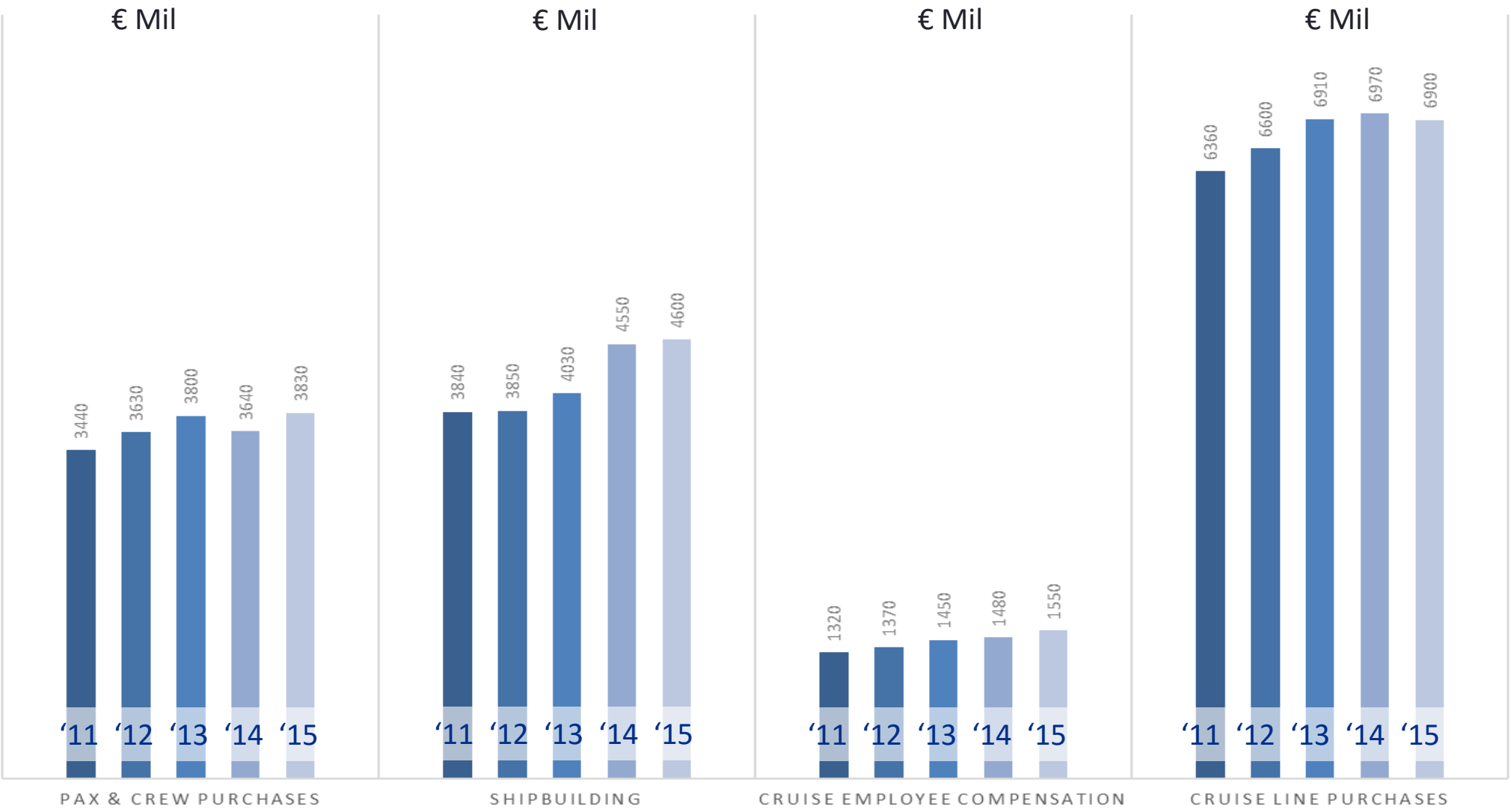
* Data Source: CLIA Europe Economic Impact Reports 2012-2016 – Online: http://www.cliaeurope.eu/media-room/clia-europe-economic-contribution-report

Direct Economic Impact of Cruise Tourism for the Economies of Europe 2011-2015



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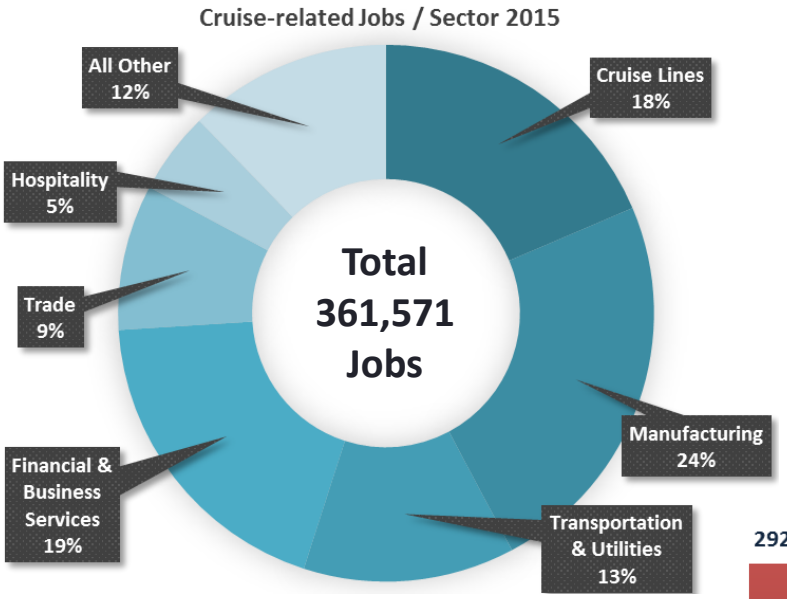
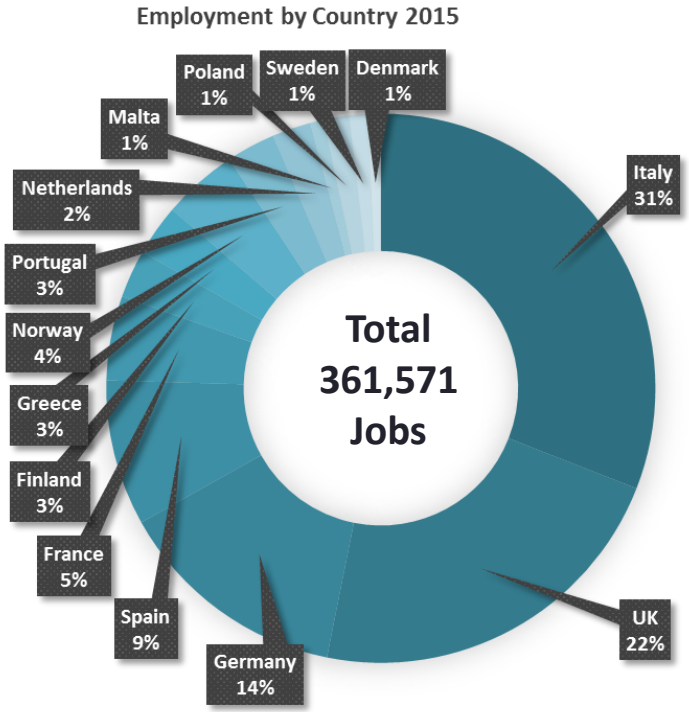
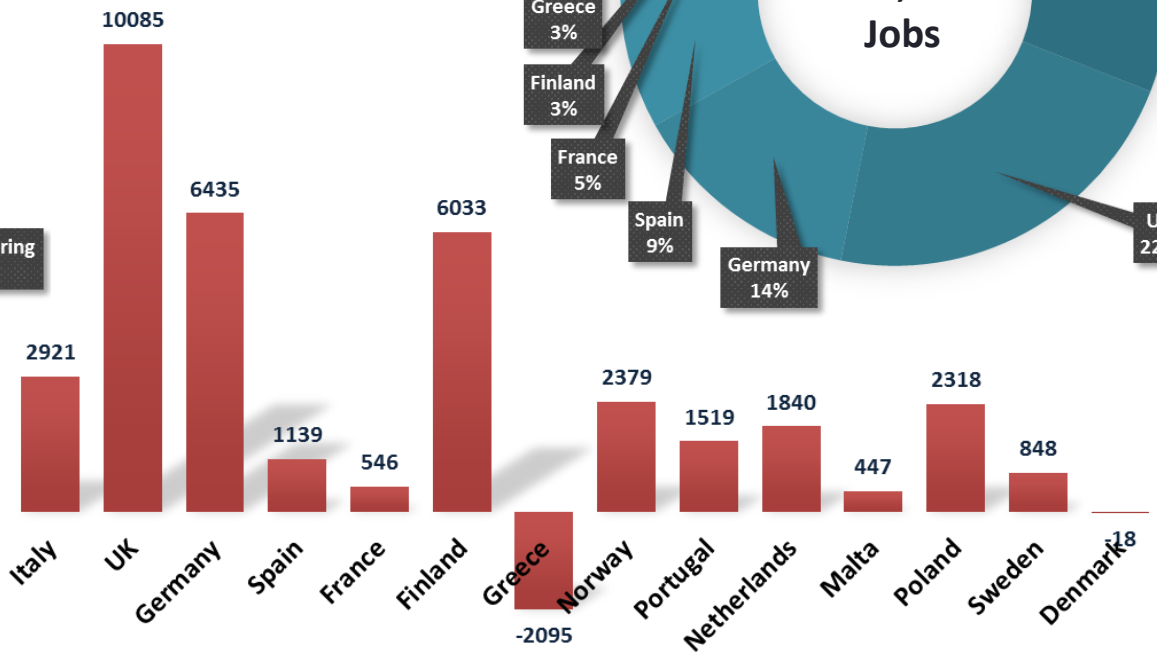
Cruise Employment Impact







Employment Changes between 2011-2015

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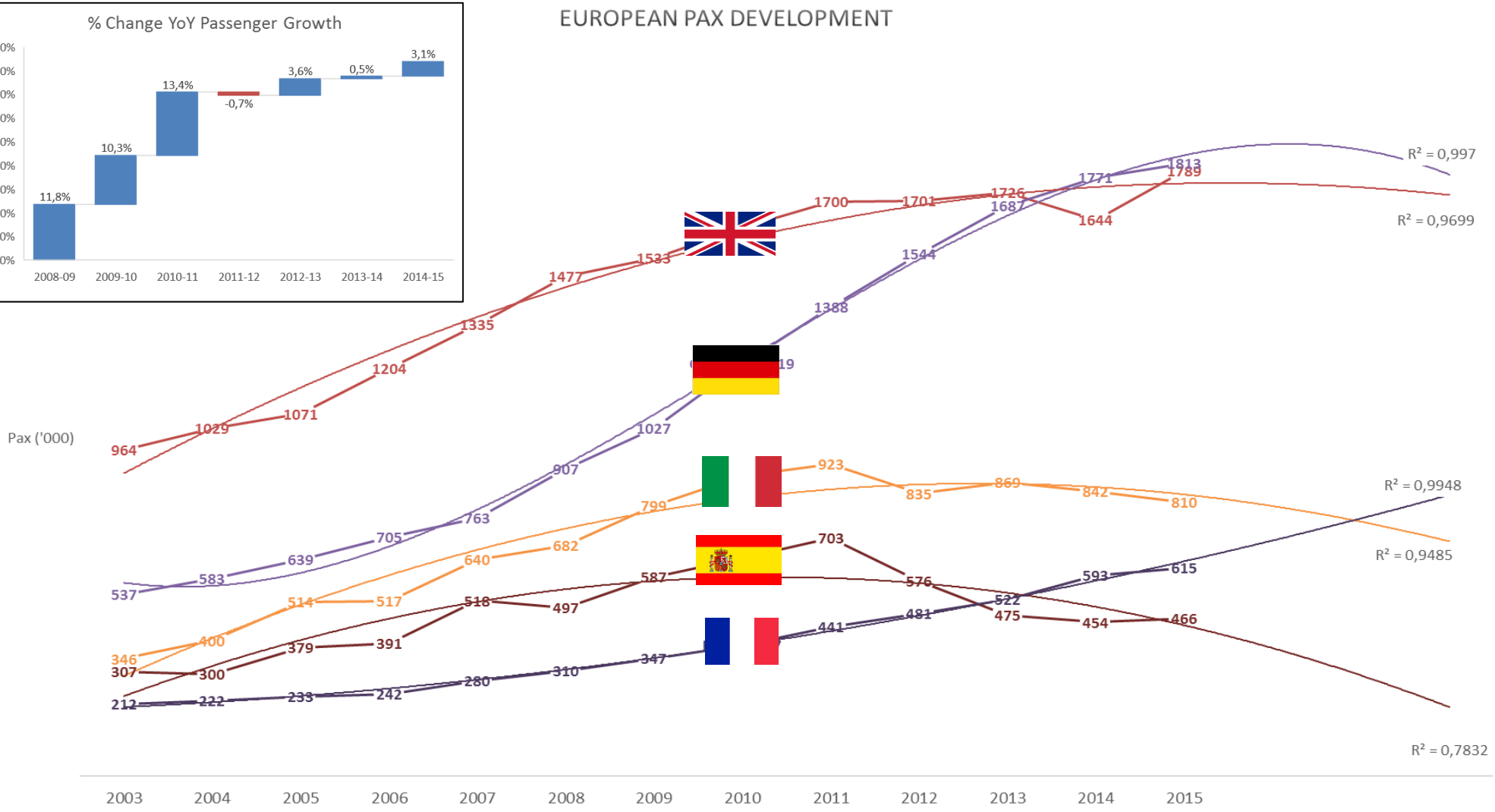
* Data Source: CLIA Europe Economic Impact Reports 2012-2016 – Online: http://www.cliaeurope.eu/media-room/clia-europe-economic-contribution-report

Cruise Passenger Development

Main European Markets



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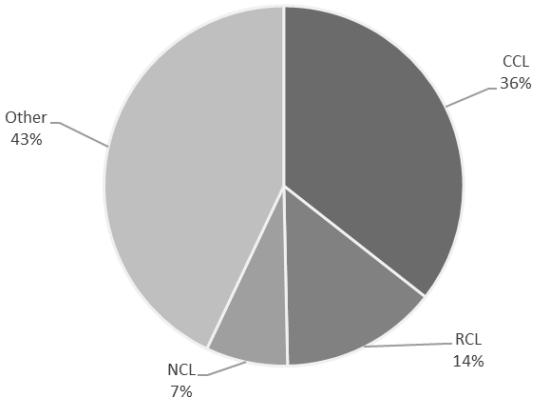
* Data Source: CLIA Europe Economic Impact Reports 2012-2016 – Online: http://www.cliaeurope.eu/media-room/clia-europe-economic-contribution-report

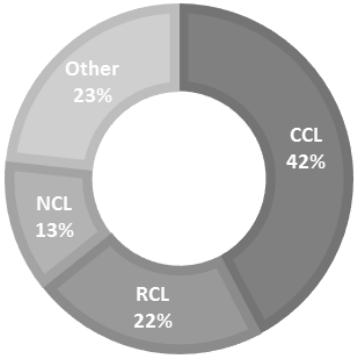
Intl. Cruise Capacity 2015:
Big 3 = 57% of Vessels / 79% of Pax Capacity

2015 Intl. Capacity (Ships = 298)

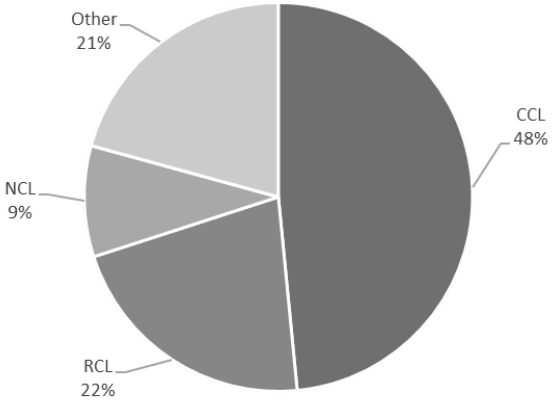


Size Matters!!!

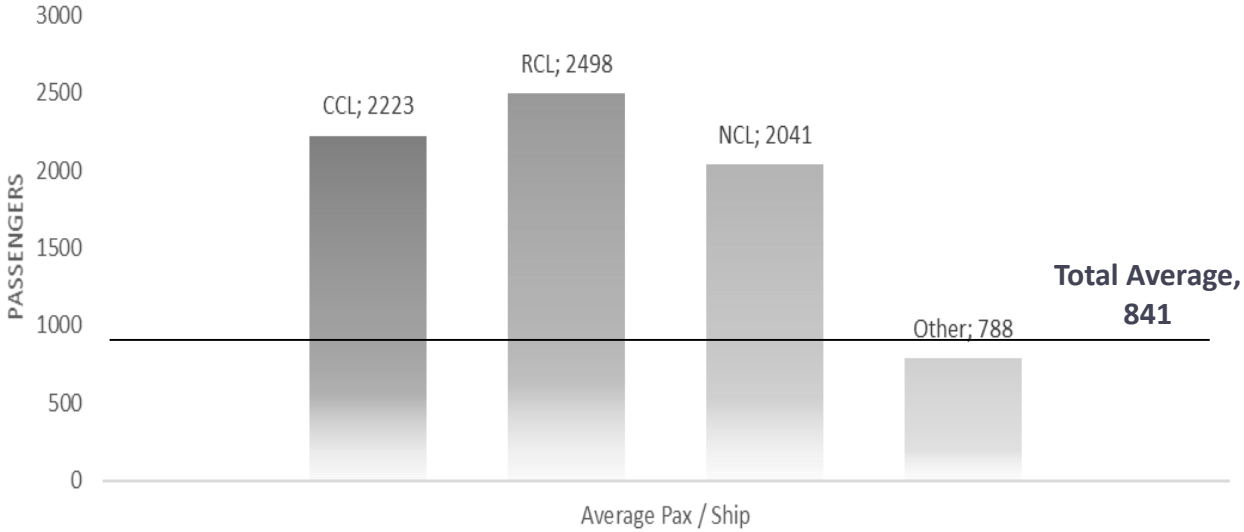
REVEVUE (% OF TOTAL)



2015 Intl Passenger Capacity (250.732)



AVERAGE PAX / VESSEL



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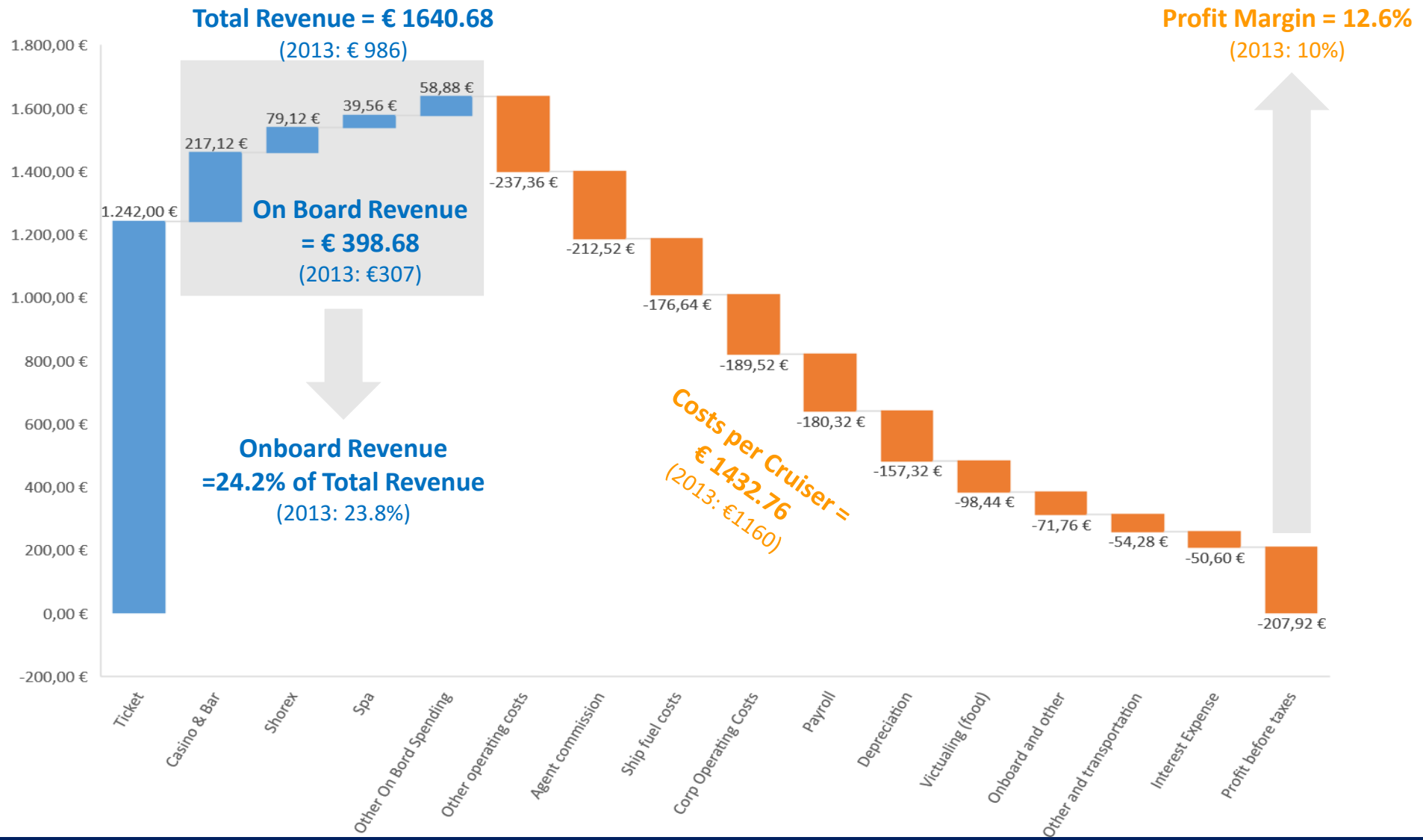
* Data Source: Cruise Market Watch (2016) - http://www.cruisemarketwatch.com/market-share/
** Data Source: Cruise Market Watch (2016) - http://www.cruisemarketwatch.com/capacity/

Average Cruiser 2015
*Financial Breakdown**



* Data Source: Cruise Market Watch (2016) - http://www.cruisemarketwatch.com/home/financial-breakdown-of-typical-cruiser/

Cruise Guest Spending on Ports

Mainly for Excursions, Food & Beverage

HOME PORT: € 80-200 / PAX

TRANSIT PORT: € 60-170 / PAX

The Cruise Sector reports:

- Cruise Lines International Association Europe (2015):
  - *Home = €81 (excl. Airfares)*
  - *Transit = €62*
- Florida-Caribbean Cruise Association (2015)
  - *Home / Transit = €93.44 Euro*
- *Cruise Lines International Association Australasia (2015)*
  - *Home = Intl Pax €630 (incl. Airfares), Domestic Pax €434.70*
  - *Transit = Intl. Pax €162.90, Domestic Pax €135.90*

The Ports report (examples):

- Portland, Maine (2009)
  - *Transit = €72.45*
    - *F&B = €25.29*
    - *Apparel items = €19.06*
    - *Drug & beauty items = €1.80*
- Copenhagen, Denmark (2010):
  - *Transit = € 75.59 (€ EU Average = €63.86)*
    - *Excursion = €40.94 (EU Average = €32.17)*
    - *Other goods = €34.65 (EU Average = €31.69)*

Sources

CLIA (2015) Contribution of Cruise Tourism to the Economies of Europe 2015 Edition. Online: http://www.cruising.org/docs/default-source/market-research/2015-europe-economic-impact-study.pdf?sfvrsn=0

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Gabe & McConnon (2009). Economic Impact of Cruise Ship Passengers in Portland, Maine. SOE Staff Paper 578. Online: http://umaine.edu/soe/files/2009/09/Portland-Cruise-Final.pdf

ECC Port Survey (2010). Online: http://www.visitcopenhagen.com/sites/default/files/asp/visitcopenhagen/CruiseCopenhagen/1024x576/Pressemeddelelser/ccn_new_ecc_port_survey__cruise_guests_love_copenhagen.pdf1

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Cruise Guest Spending on Ports
*Critics… 'Belly Full, Purse Closed'**

"Results indicate that cruise passengers **spend** significantly **less** at their destinations than **other tourists**. In addition, the data indicate that cruise tourists **overestimate** their expenditure to a higher degree than other tourists" (Larsen, 2013)*

"**Camping tourists** spend twice as much as cruise tourists"**

"The most obvious question is whether passengers have any money left for spending onshore given the range of **spending options onboard**" (Klein, 2009)***

An even larger problem…is the **uncritical acceptance** of the assumption that cruise passengers on average spend US$100 in each and every port of call. (Klein, 2009)***

* Larsen, S. , Wolff, K. , Marnburg, E. & Øgaard, T. (2013). Belly full, purse closed: Cruise line passengers' expenditures, Tourism Management Perspectives, 6: 142-148
** http://www.uib.no/en/news/36477/cruise-tourists-spend-less
*** Klein; R. 2009). Keeping the Cruise Tourism Responsible: The Challenge for Ports to Maintain High Self Esteem. Online: http://www.cruisejunkie.com/icrt2.pdf

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THE 'HIGH SEAS' OF COOPETITION…

Cruise Sector Integration in Overall Tourism Development

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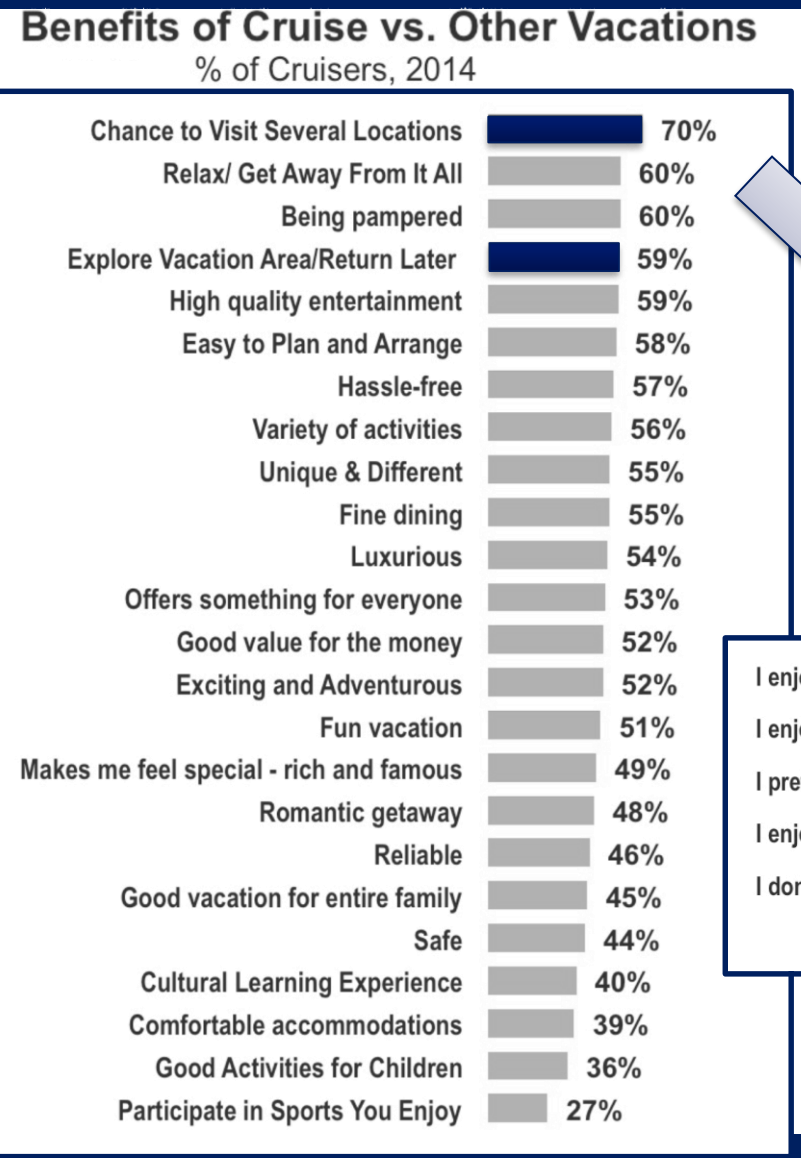
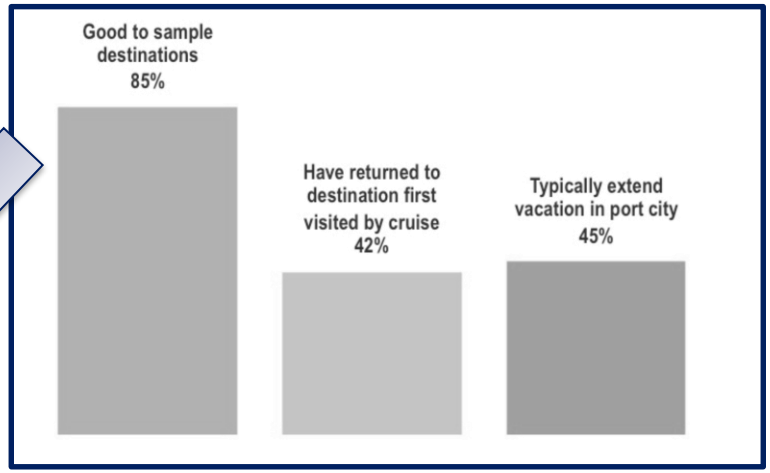
Cruise Guest Motives*

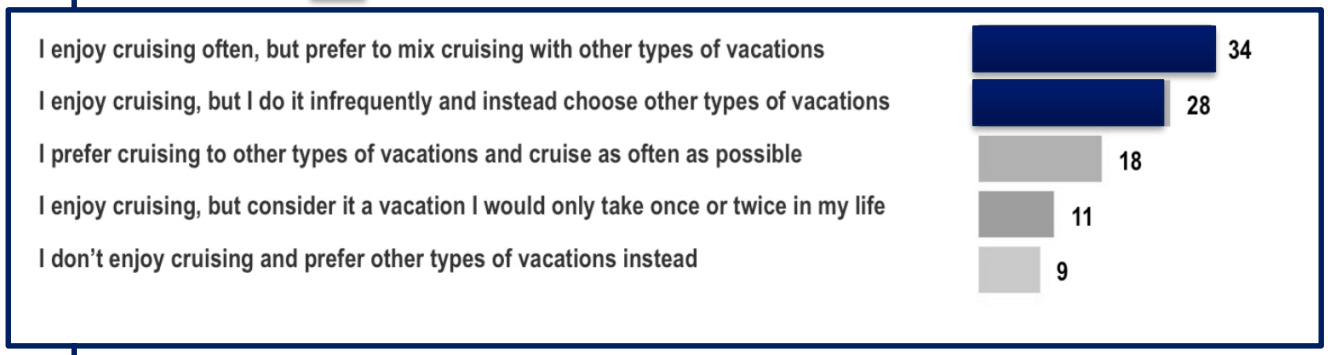
Opportunities for Destinations - Cooperation



Visitors2Guests



Cruising as a Source for Future Trips
% of Cruisers, 2014



Cruise Vacation Beliefs
% of Cruisers, 2014

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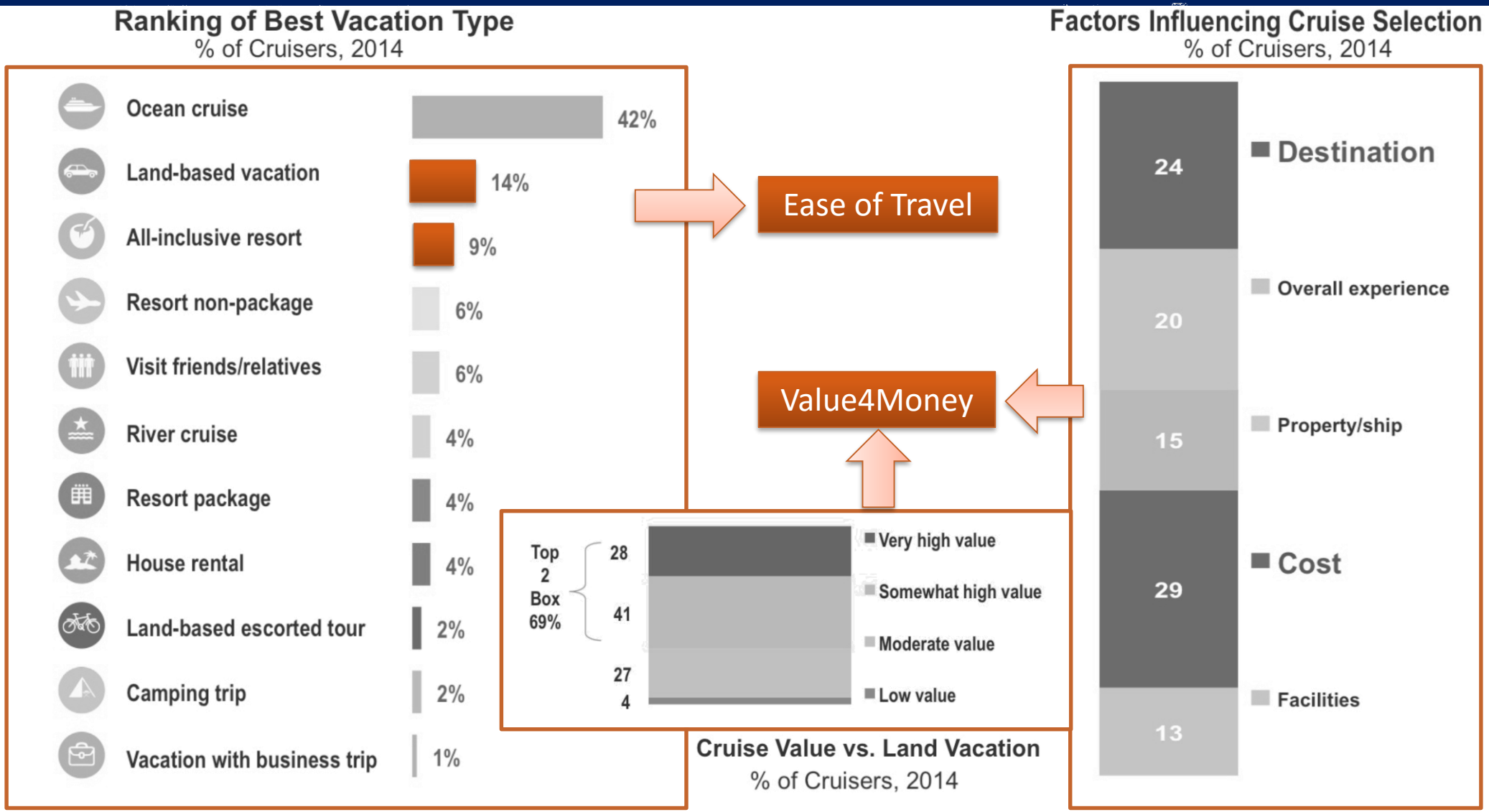
* CLIA (2015). 2014 North American Cruise Market Profile Report. Online: http://www.cruising.org/docs/default-source/research/clia_naconsumerprofile_2014.pdf

Cruise Guest Motives*

Challenges for Destinations - Competition



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* CLIA (2015). 2014 North American Cruise Market Profile Report. Online: http://www.cruising.org/docs/default-source/research/clia_naconsumerprofile_2014.pdf

THE ‘HIGH SEAS’ OF SUSTAINABILITY…

Cruise Sector Externalities for Destinations

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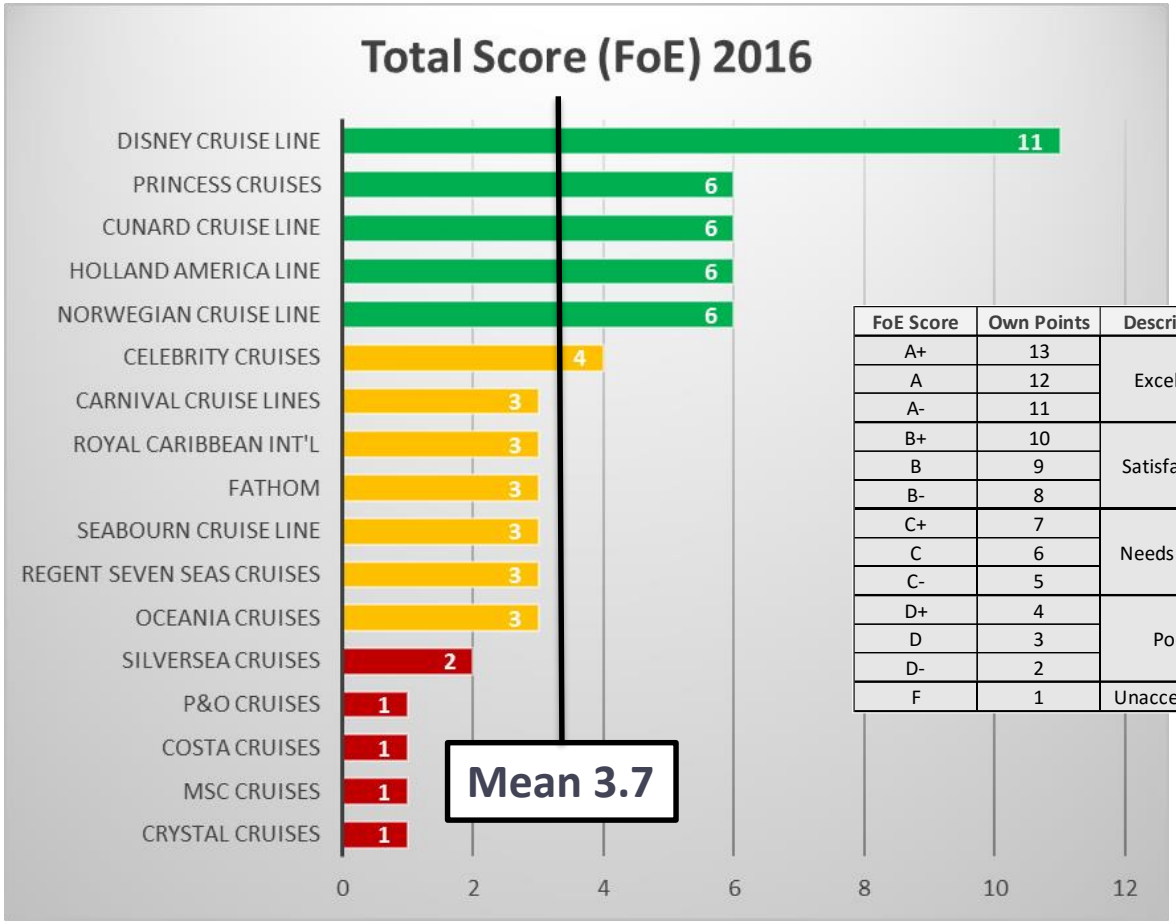
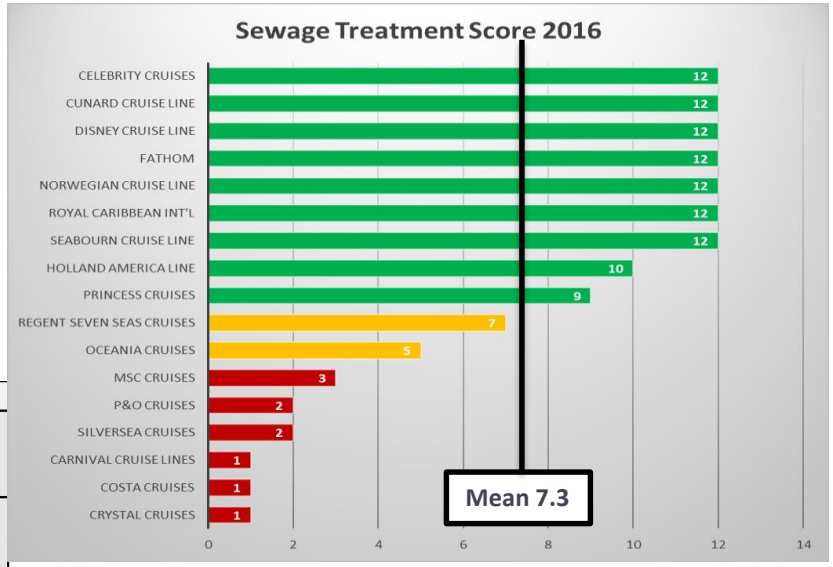
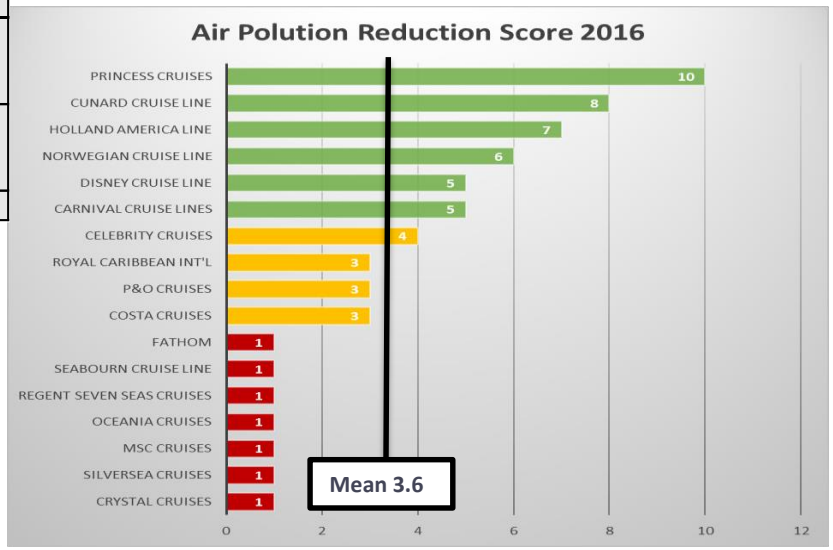
Environmental Sustainability

2016 FoE Scorecard Cruise Operator Results



FoE Score	Own Points	Description
A+	13	Excellent
A	12	
A-	11	
B+	10	Satisfactory
B	9	
B-	8	
C+	7	Needs Work
C	6	
C-	5	
D+	4	Poor
D	3	
D-	2	
F	1	Unacceptable





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Source Data: Friends of the Earth Cruise Ship Report Card - http://www.foe.org/cruise-report-card

Friends of the Earth Scorecard

The Smaller the Better?

The higher the Passenger Capacity, the higher the Air Pollution Reduction Score

(i.e. correlation significant at the 0.01 level)

The higher the Passenger Capacity, the higher the FoE Total Score

(i.e. correlation significant at the 0.05 level)

		Passenger Capacity	Sewage Treatment	Air Pollution	Total FoE Score
Passenger Capacity	Correlation Coefficient	1,000	,143	,227**	,194*
	Sig. (2-tailed)	.	,062	,003	,011
	N	171	171	171	171
Sewage Treatment	Correlation Coefficient	,143	1,000	,184*	,831**
	Sig. (2-tailed)	,062	.	,016	,000
	N	171	171	171	171
Air Pollution	Correlation Coefficient			1,000	,677**
	Sig. (2-tailed)			.	,000
	N			171	171

FoE Grading System correlated with stated criteria

(i.e. correlation significant at the 0.05 level)

Tech-advancement vs. life-span of cruise vessels is the key!

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Source Data: Friends of the Earth Cruise Ship Report Card - http://www.foe.org/cruise-report-card

Overcrowding… Carrying Capacity Restrictions

The Telegraph

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Giant cruise ships 'crushing the life out of Venice'

Warning comes at opening of controversial exhibition of photographs showing how Venice is dwarfed by huge cruise liners

0 0 0 0 Email

A 2013 photograph of the MSC Divina cruise ship passing by the old town Photo: Gianni Berengo Gardin-Courtesy Fondazione Forma per la Fotografia

NEWS 22 JUL 16

Cruise Liners' Terminal 'Not Needed' in Dubrovnik

After the project to build a special cruise-liner terminal in Dubrovnik foundered on Wednesday, some analysts say the world-famous Croatian maritime resort would not have gained much from it.

Sven Milekic | BIRN | Zagreb

Current port in Dubrovnik. Photo: Wikimedia Commons/Laszlo Szalai

The Croatian coastal city of Dubrovnik "won't suffer much" from the abandoned project to construct a terminal for overseas cruisers, an analyst told BIRN.

BUSINESS 28.02.2016

Santorini planning to ration cruise tourists during peak

STATHIS KOUSOUNIS

Tourism

Authorities on the island of Santorini are introducing a system to manage the flow of cruise traffic to the popular destination, which will allow a maximum number of 8,000 passengers per day, following a study on its capacity.

Overcrowding is a time- and place-specific phenomenon!

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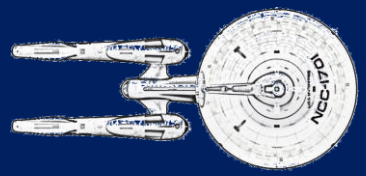
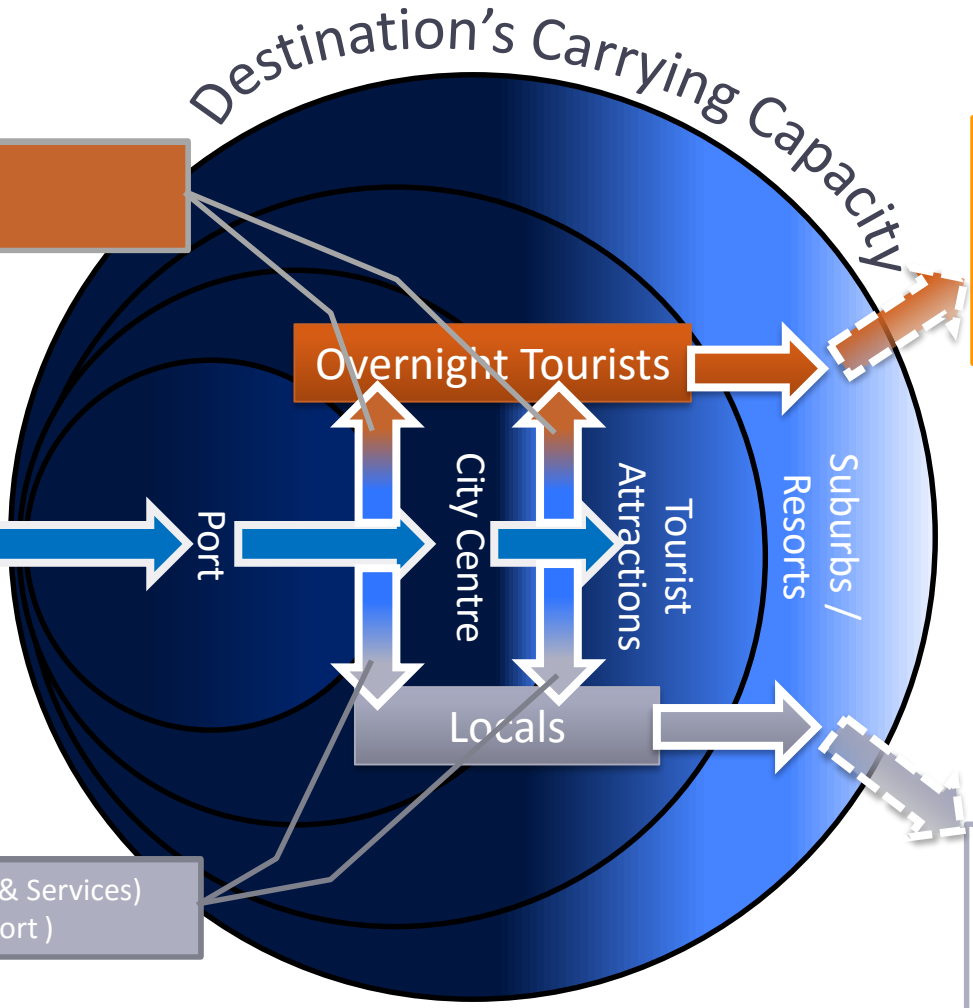
Overcrowding and Implications



- Return on Experience Reduction
- Safety & Security

Cruise Tourists ('Crowd')



- Enclave Tourism (Holiday Ghettos)
- Tourism Income Leakages
- Mass Tourism

- Cost-of-Living Increase (Property, Goods & Services)
- 'Infrastructural-Strain' (e.g. Public Transport)

- Hospitality / Antagonism
- Cultural Sustainability
- 'Beach Disease' Facilitation

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FROM ‘HIGH HOPES’ TO ‘DREAMS COME TRUE’

Destination Competitiveness and Port-Alliances

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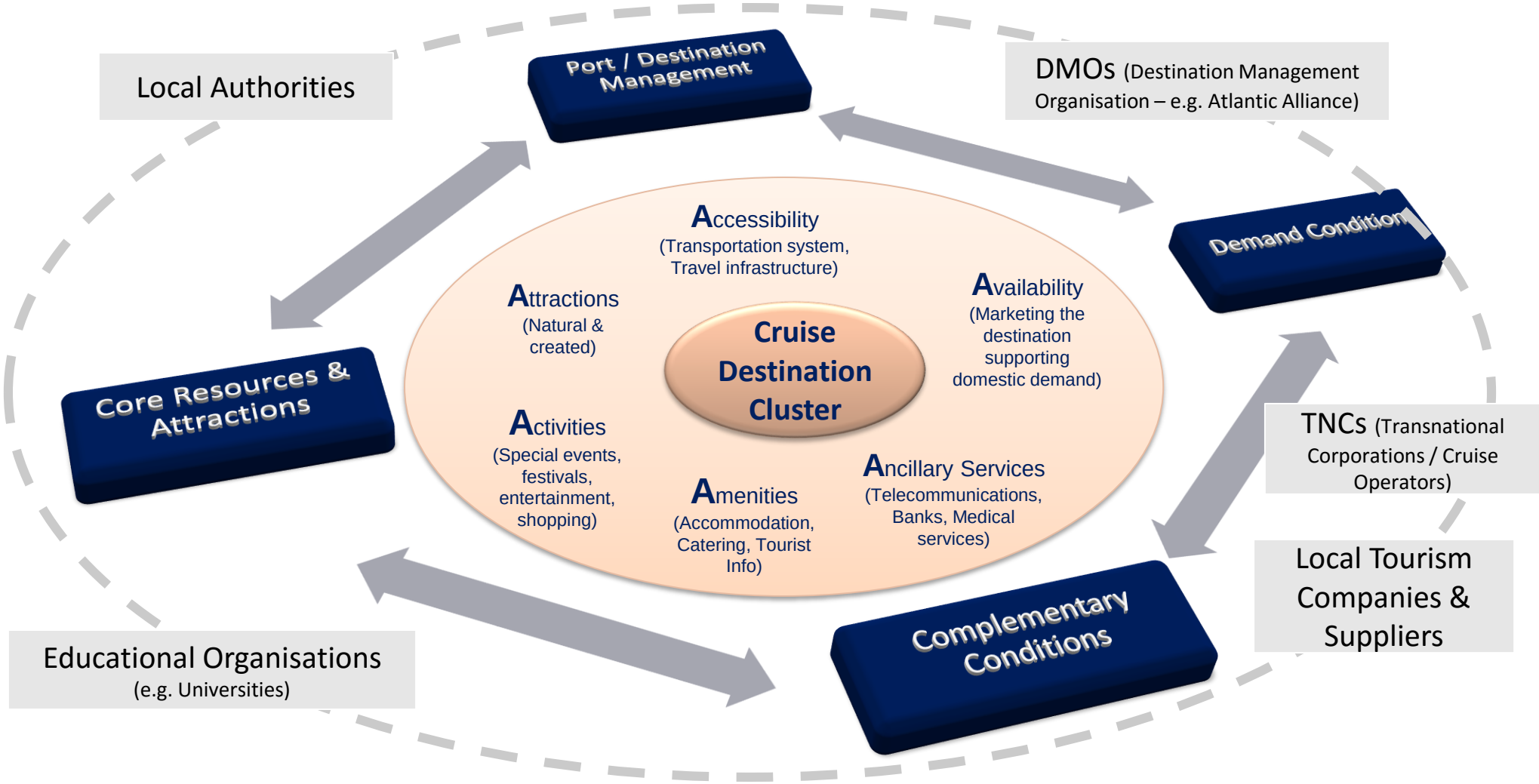
Developing Competitive Cruise Destinations

*Cluster Theory & the 6As**



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* **Papathanassis, A. & Bunda, N.R.** (2016). Action Research for Sustainable Cruise Tourism Development: The Black Sea Region Case Study. Tourism in Marine Environments, 11(2-3): 161-180

Cruise Destination Positioning and Development Strategy

*PORT-Folio Matrix**

Attractions
(Natural & created)

Activities
(Special events, festivals, entertainment, shopping)

Amenities
(Accommodation, Catering, Tourist Info)

Tourism Development

High

Low

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)

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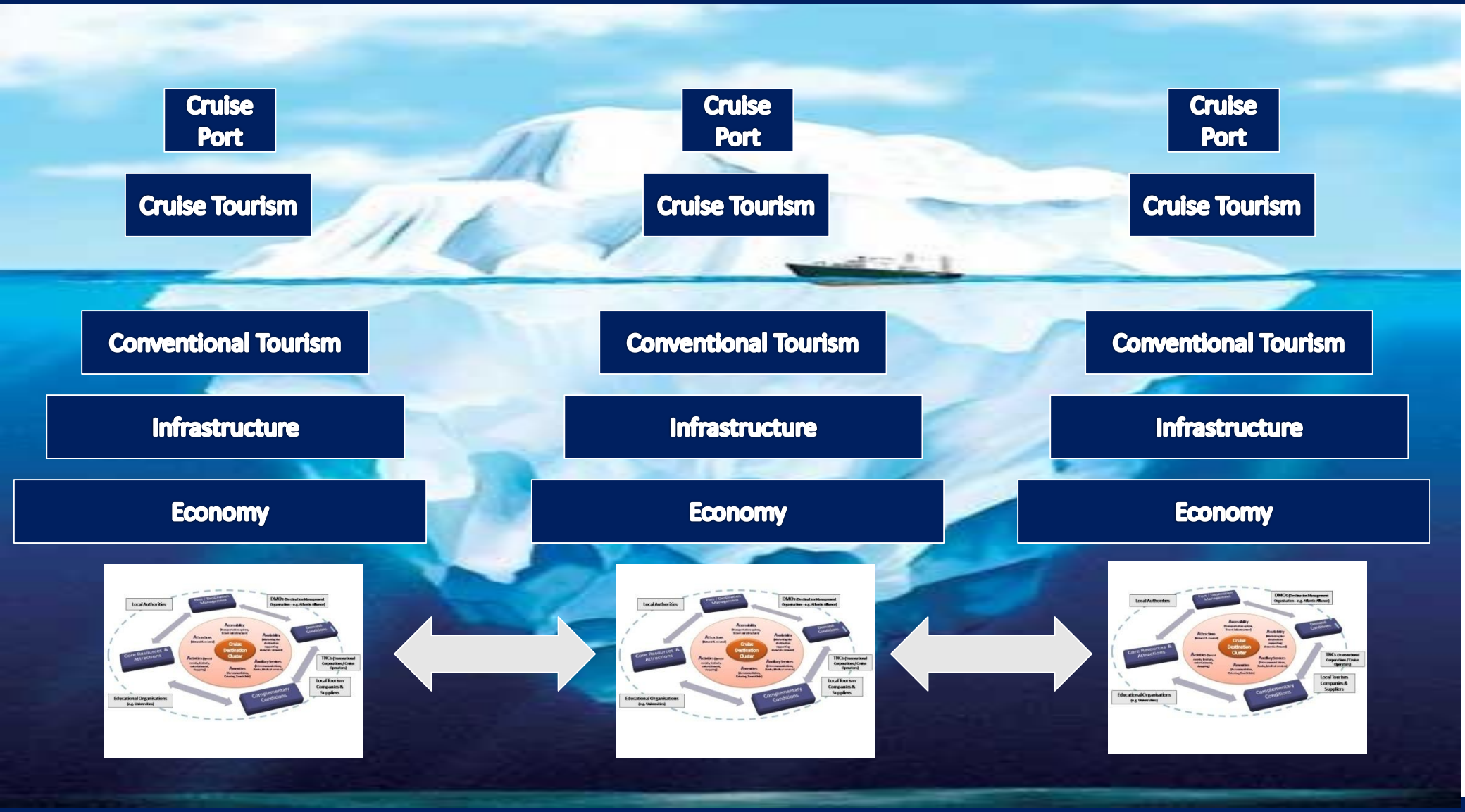
* **Papathanassis, A. & Bunda, N.R.** (2016). Action Research for Sustainable Cruise Tourism Development: The Black Sea Region Case Study. Tourism in Marine Environments, 11(2-3): 161-180

Developing Regional Cruise Destinations

X-Clustering Challenge



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Implications for Regional DMOs

Destination Awareness & Image Campaigns are the Tip of the Iceberg

Destination Promotion

- End customers (pull) - Web-presence, Media campaigns, Trade fairs
- Tour / Cruise Operators (push) - Key account man/t
- 'Alternative' PR initiatives (e.g. destination 'film' placement)

Content Development & Management

Destination Positioning & Image

- Destination branding
- Marketing research & reporting
- Crisis management (Communication / PR level)

Data Collection & Research Dissemination

Destination Development Strategy

- Life cycle management & regional capacity control
- Pluralistic objective definition (i.e. sustainability, multi-stakeholder interests)
- Neutrality assurance and stakeholder commitment

KPI Development & Controlling

Co-opetition Infrastructure

- Enable and support PORT-folio balance
- Facilitating PPP (Public Private Partnerships)
- Synergy identification and syndication

Syndication, Political Lobbying & Promotion

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Just like the **open sea**… The potential of **cruise tourism** and its externalities are **not** a **choice**; But a challenge to be **cooperatively managed**!

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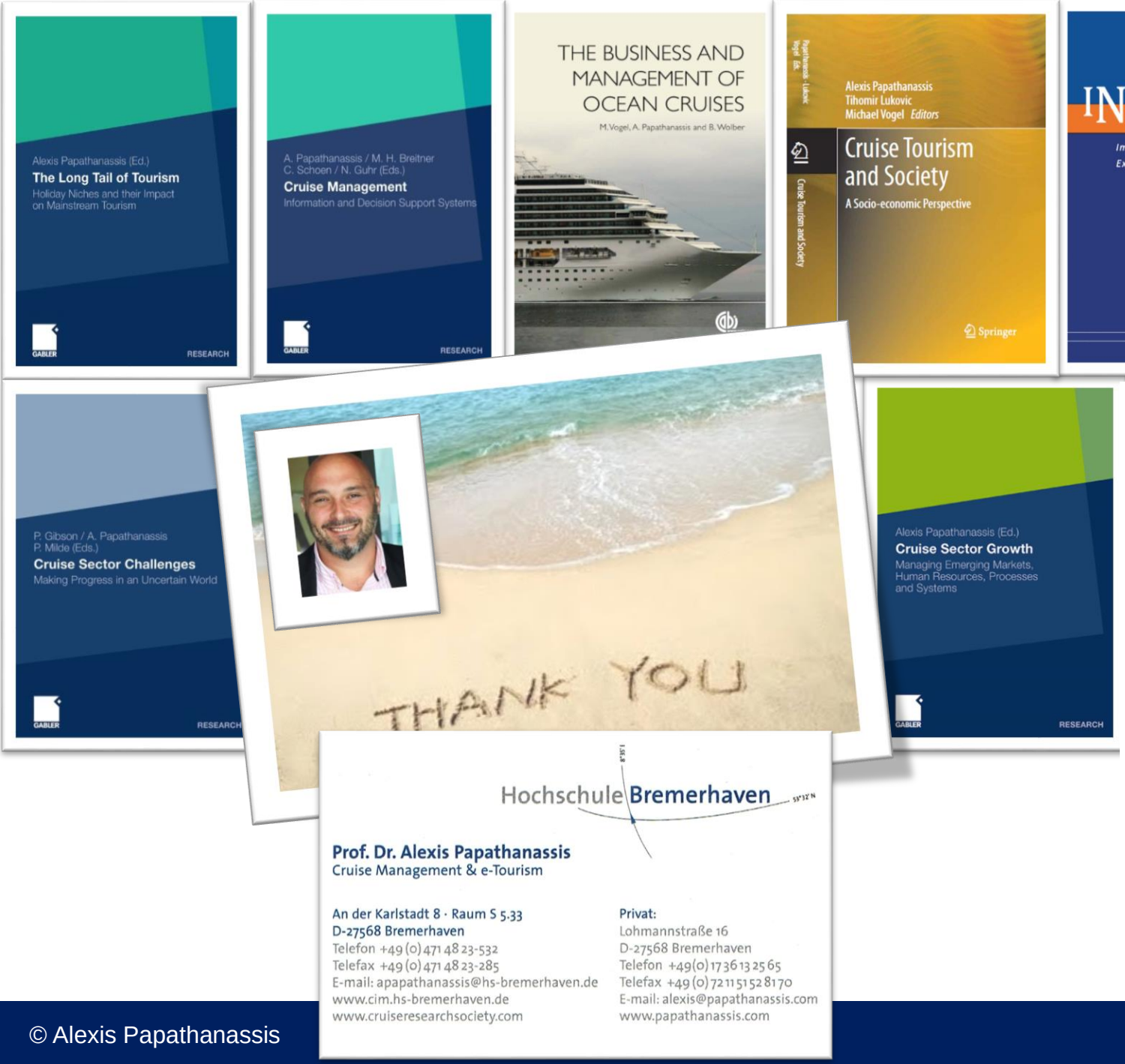
THE PERSON WHO LIVES BY HOPE WILL DIE BY DESPAIR

Proverb

© Alexis Papathanassis & Insa Beckmann



- ***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/)
- ***Administrative Functions:***
  - Dean – Faculty of Management and Information Systems
  - Member of the Research Committee of the Bremerhaven University of Applied Science
  - Chairman of the CTM Examinations Committee
  - Member of the CTM Study Affairs Committee