

Institut für  
Maritimen  
Tourismus

# The 'Holiday Cartels': Concentration in Tourism & Implications for the Destinations

Papathanassis

Prof. Dr. Alexis



Cruise Management &

E-Tourism

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Athens – 26<sup>th</sup> March 2015



Cruise Research Society

**Power** is not an institution, and  
not a structure; neither is it a  
certain strength we are endowed  
with; it is the name that one  
attributes to a **complex  
strategical situation** in a  
particular society.

Michel Foucault

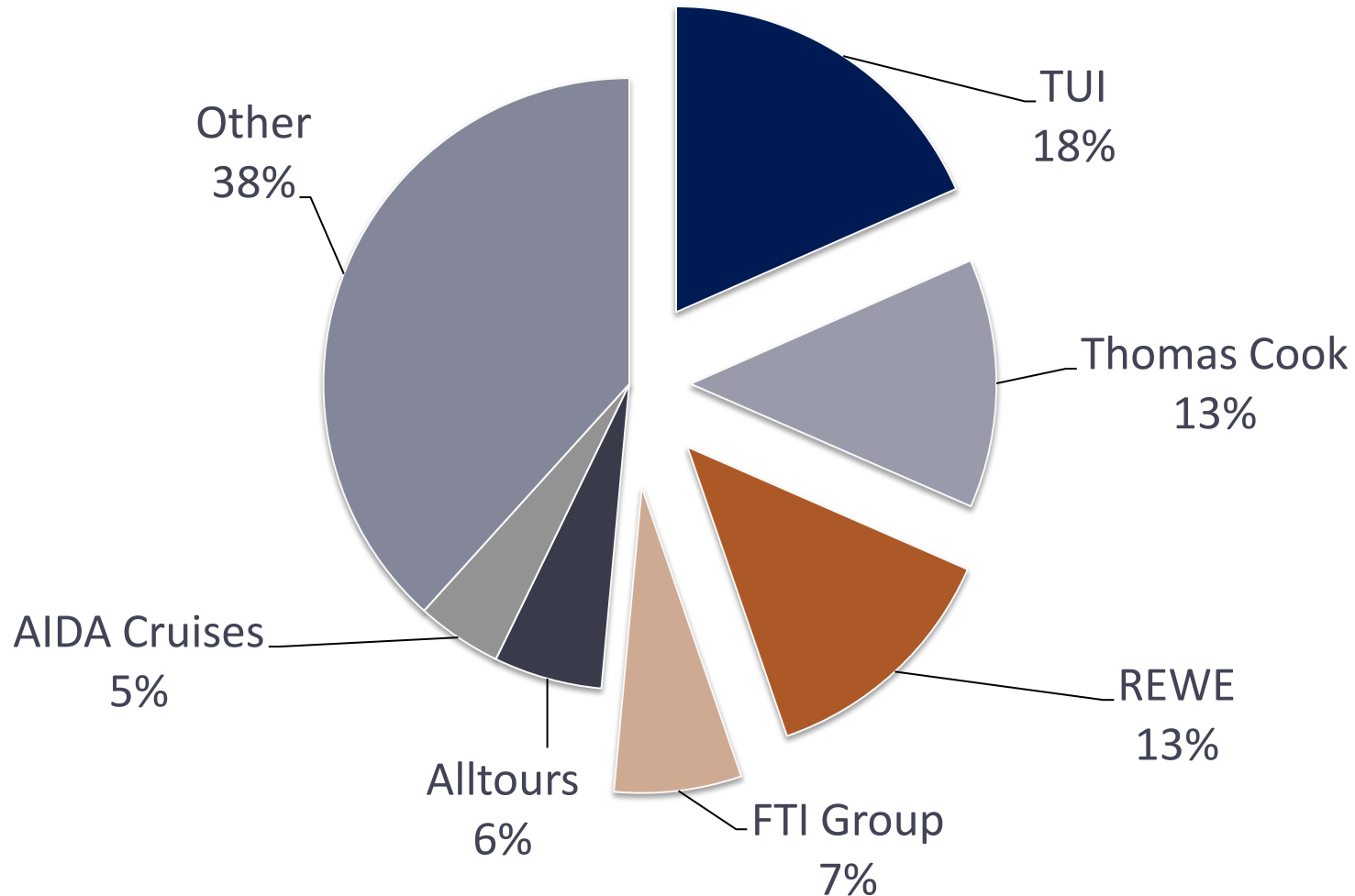
The background of the slide is a grayscale photograph of ocean waves. The waves are breaking, creating white foam and spray. The sky is overcast with soft, diffused light. The overall tone is serene and natural.

# ORGANISED (PACKAGED) TOURISM

*TUI & Co*

# In Germany Four Tourism Groups Dominate the Organised Holiday Market (approx. 50% Market Share)

Tour Operator Market Shares in Germany (Turnover)



# TUI & Thomas Cook

## *"Putting a smile on... Shareholders' faces"?*



### TUI AG (2013)\*:

- Revenue: 18,5 Bil Euro
- Profit: 187 Mil Euro
- Guests: 30 Mil from 30 Source Markets
- Employees: 74.400
- Own Bed Capacity: 293 Hotels in 24 countries
- Own Seat Capacity: 142 (Airplanes)
- Distribution: 1800 Travel Agencies
- Marketing: 220 Brands



Thomas  
Cook

### Thomas Cook AG (2013)\*\*:

- Revenue: 11.2 Bil Euro
- Profit: 16.4 Mil
- Guests: 20 Mil from 17 Source Markets
- Employees: 27.000
- Own Bed Capacity: 66 Hotels
- Own Seat Capacity: 86 (Airplanes)
- Distribution: 1000 Travel Agencies
- Marketing: 30 Brands

# Thomas Cook & TUI

## Many Brands... One Group!



### Brand architecture





# Impacts of Organised Tourism in Local Communities

*All-Inclusive... Trouble!!*

Tourism Income  
Leakages

Environmental  
Externalities

Socio-Cultural  
Costs

CyprusMail

Saturday, 22nd November, 2014

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The problems with all-inclusive holiday deals

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25 April 2012 Last updated at 08:33 GMT

All-inclusive holidays have soared in popularity in recent years as increasing numbers of people enjoy the benefits of having everything paid for before they head abroad.

The demand for such deals has reached a level where tour operator First Choice has announced that from next month it will only offer all-inclusive deals.

However, not everyone is happy with the increase, with local businesses in holiday destinations finding themselves hit particularly hard by the rise in these excursions.

The background of the slide is a grayscale photograph of ocean waves. The waves are breaking, creating white foam and spray. The sky is overcast and gray. The overall tone is somber and dramatic.

# CRUISE TOURISM

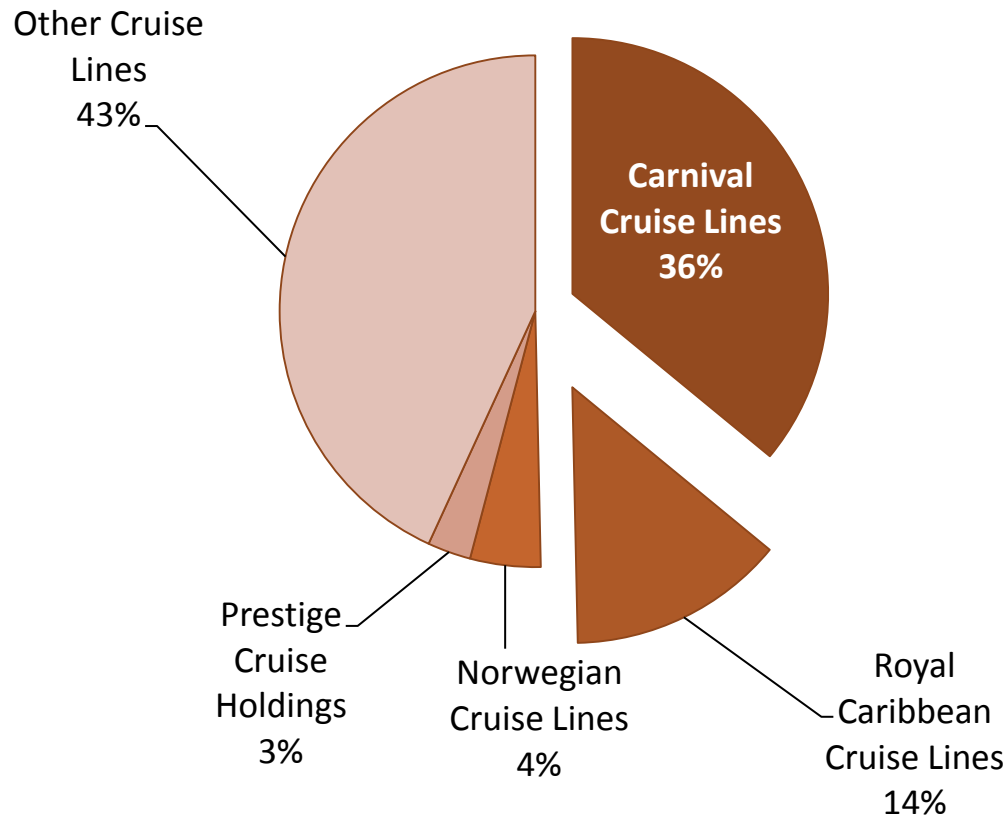
*'Carnivalisation'*



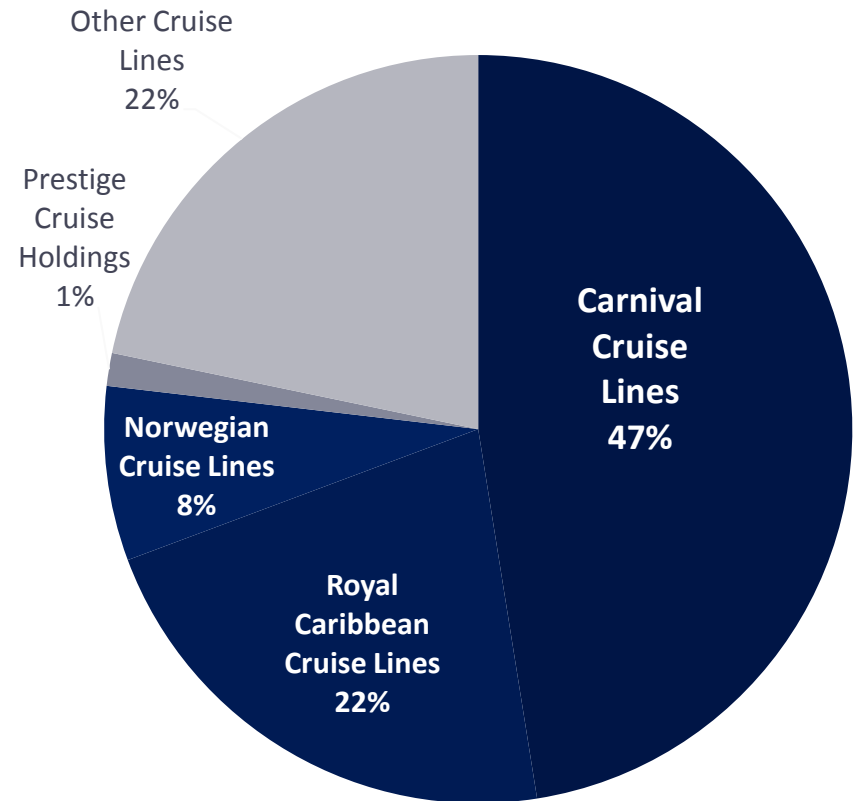
# Cruise Sector Concentration (Supply)

## *The Big 3 Own 77% of the Total Cruise Capacity*

**Ship Count (TOTAL 292 Vessels)**

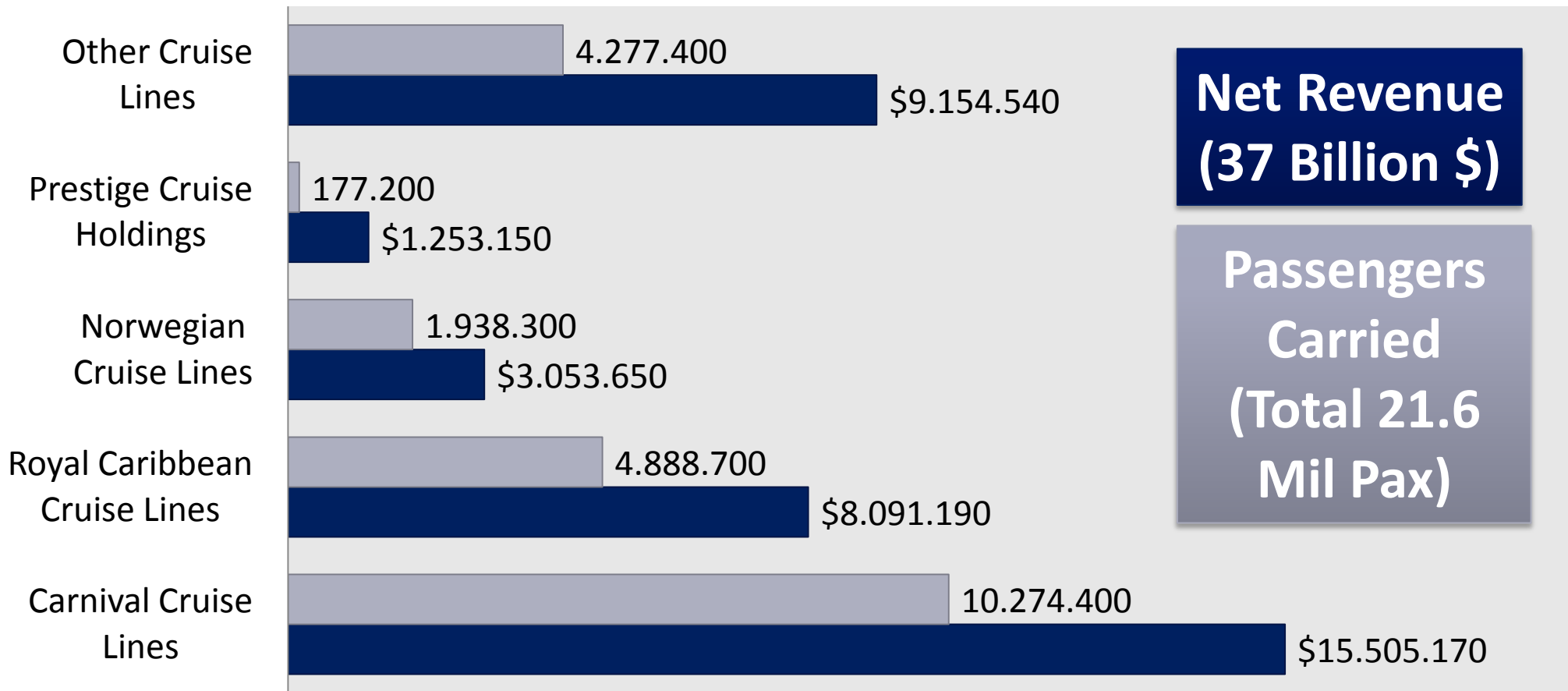


**Passenger Capacity (TOTAL 453.697 LB)**



# Intl. Cruise Lines Net Revenue & Passengers

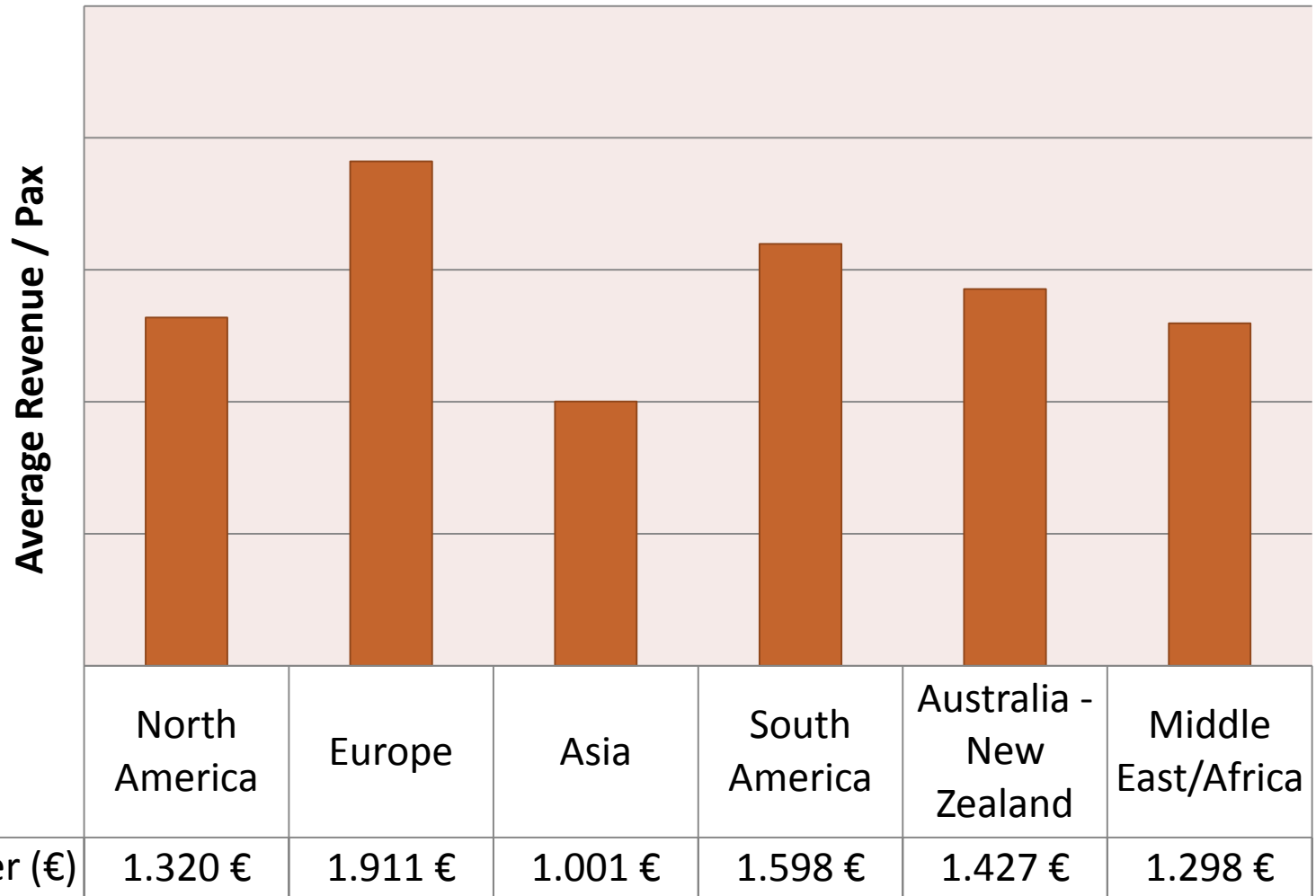
## *The Big 3 Transport 89% of the Total Cruise Passengers*



# Average Revenue Per Cruise Passenger

## *Good Earnings... But Who Benefits?*

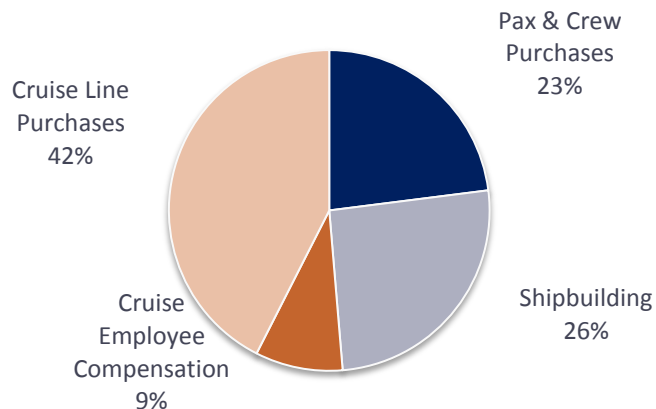
Av. Revenue / Cruise Passenger (€) - Average € 1.426



# The Cruise Economy:

## *Direct Economic Impact of Cruise Tourism in Europe*

**Direct Economic Impact of Cruise Tourism in Europe 2012**  
(Total € 15 Billion)



### Total Economic Output

- Indirect: € 22.2 Billion
- Direct: € 16.2 Billion

### Employment

- Direct: 164.804 Jobs (48%)
- Induced: 50.415 Jobs (15%)
- Indirect: 124.198 Jobs (37%)
- Total: 339.417 Jobs
- 62.400 of those jobs were European (5.600 on Land)
- € 10.5 Billion in Employee Compensation
- Average salary = € 31.000

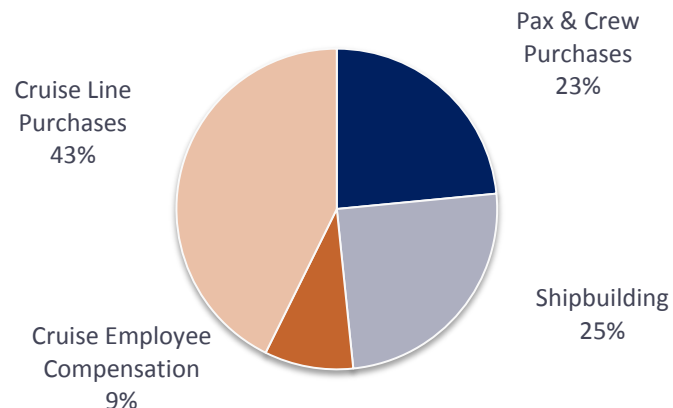
### Incoming

- Average expenditure per visitor € 62

### The Economic 'Winners'

- 3 European countries comprise 45% of the total direct economic benefits of European cruising
- Italy (€ 3.1 Billion Income): Manufacturing (29%), Employment (16%), Tourism (25%)
- UK (€ 2.58 Billion): Business & Financial services (25%), Tourism (19%) Employment (22%)
- Germany (€ 1.7 Billion): Manufacturing (40%), Tourism (18%), Employment (6.5%)

**Direct Economic Impact of Cruise Tourism in Europe 2013 (Total € 16.2 Billion)**



# The Cruise Employees?! *Employment Conditions on board... Media Dramatisation?*

the guardian

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## Cruise ships are a floating microcosm of our global economic hierarchy

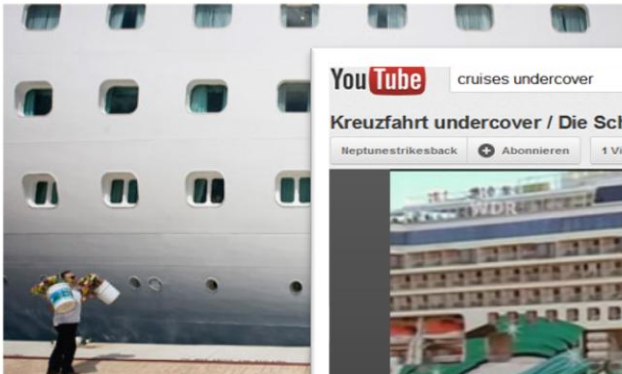
Titanic-style divisions below deck on luxury cruises are still evident 100 years on, exploiting an international workforce



Paul Mills

guardian.co.uk, Monday 1 October 2012 14.53 BST

Jump to comments (92)



A vendor offers flowers for sale outside Royal Caribbean's ship of the Seas. Photograph: Reuters

The Titanic, and its striking imagery of opulence, champagne and chandeliers, is vividly ingrained on our imagination. Italian waiters, the toil and trouble of the ship, the luxury is no longer so exclusive. But the reality certainly aren't European – but not a

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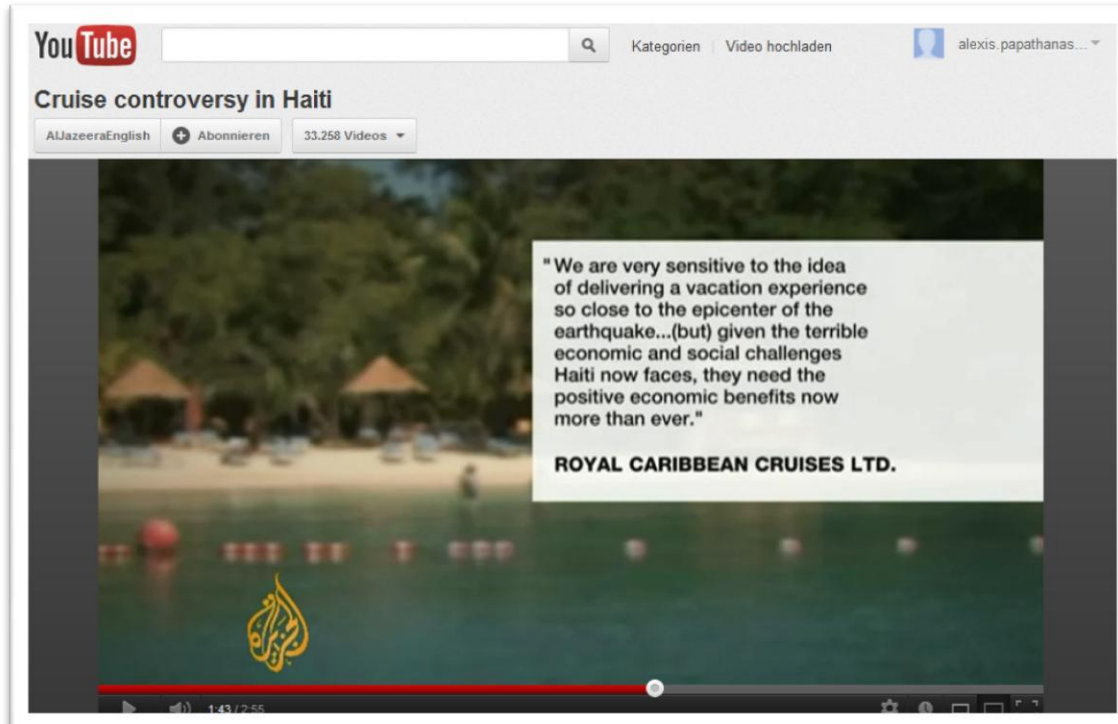
KREUZFahrt  
UNDERCOVER

Perhaps, maybe for a number of crew, the **wages and life on board are better than at home...** But are they fair? For how long? With what implications?



# The Ports of Call?

## *Cruise Contribution to Local Communities?*



**Cruisers** may spend an average of **70 Euros** at the ports of call. Question is if the money spent at port covers the **indirect costs** and if it goes into the **wallet of the locals**

## The Telegraph

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### The crowd of cruise ships will damage Venice

Protecting Venice's historic buildings



Transporting tourists: gondolas are better suited to the Venetian lagoon than cruise ships  
Photo: All Canada Photos / Alamy

6:58AM BST 16 Oct 2012

28 Comments

SIR – We have just returned from a trip to Venice, a city that we love, and after only a three-year gap we noticed many changes for the worse ("Venice is cracking up, say gondoliers", report, October 12).

We felt that there were far too many cruise ships. Every day during our stay there were at least six cruise ships docked in the lagoon, four of which were so-called super vessels. Although the passengers do bring welcome income, the motion of the water dispersed by these liners must be having an adverse effect on the area.

By allowing such a vast influx of tourists from these liners, the Venice authorities may find that rather than keeping the city alive, they are helping to dig a watery grave. We hope campaigners are successful in limiting the number of cruise ships. They have our support.

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# The State?

## Flags of Convenience + Globalisation = Near Zero Taxation

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ECONOMIC SCENE

### The Paradox of Corporate Taxes

By DAVID LEONHARDT

Published: February 1, 2011

The [Carnival Corporation](#) wouldn't have much of a business without help from various branches of the government. The United States Coast Guard keeps the seas safe for Carnival's cruise ships. Customs officers make it possible for Carnival cruises to travel to other countries. State and local governments have built roads and bridges leading up to the ports where Carnival's ships dock.

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Andy Newman/Carnival Cruise Lines, via Associated Press

Thanks to an obscure loophole in the tax code, Carnival can legally avoid most taxes.

But Carnival's biggest government benefit of all may be the price it pays for many of those services. Over the last five years, the company has paid total corporate taxes — federal, state, local and foreign — equal to only 1.1 percent of its cumulative \$11.3 billion in profits. Thanks to an obscure loophole in the tax code, Carnival can legally avoid most taxes.

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I cover tax; paying tax is painful but reading about it shouldn't be.  
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### Ship Isn't The Only Thing That Stinks At Carnival: Low Tax Rate Stirs Ire

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I love a good cruise story — even those gone bad. Gilligan's Island? I'd totally live with those seven strangers (did anyone else find the Professor dreamy?). And the Titanic? Even when dying, Leonardo DiCaprio



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### Carnival Reportedly Shuts Down Shareholders Meeting Webcast After Protestors Ask About Taxes

Posted: 04/11/2012 1:53 pm EDT | Updated: 04/23/2012 11:15 am EDT



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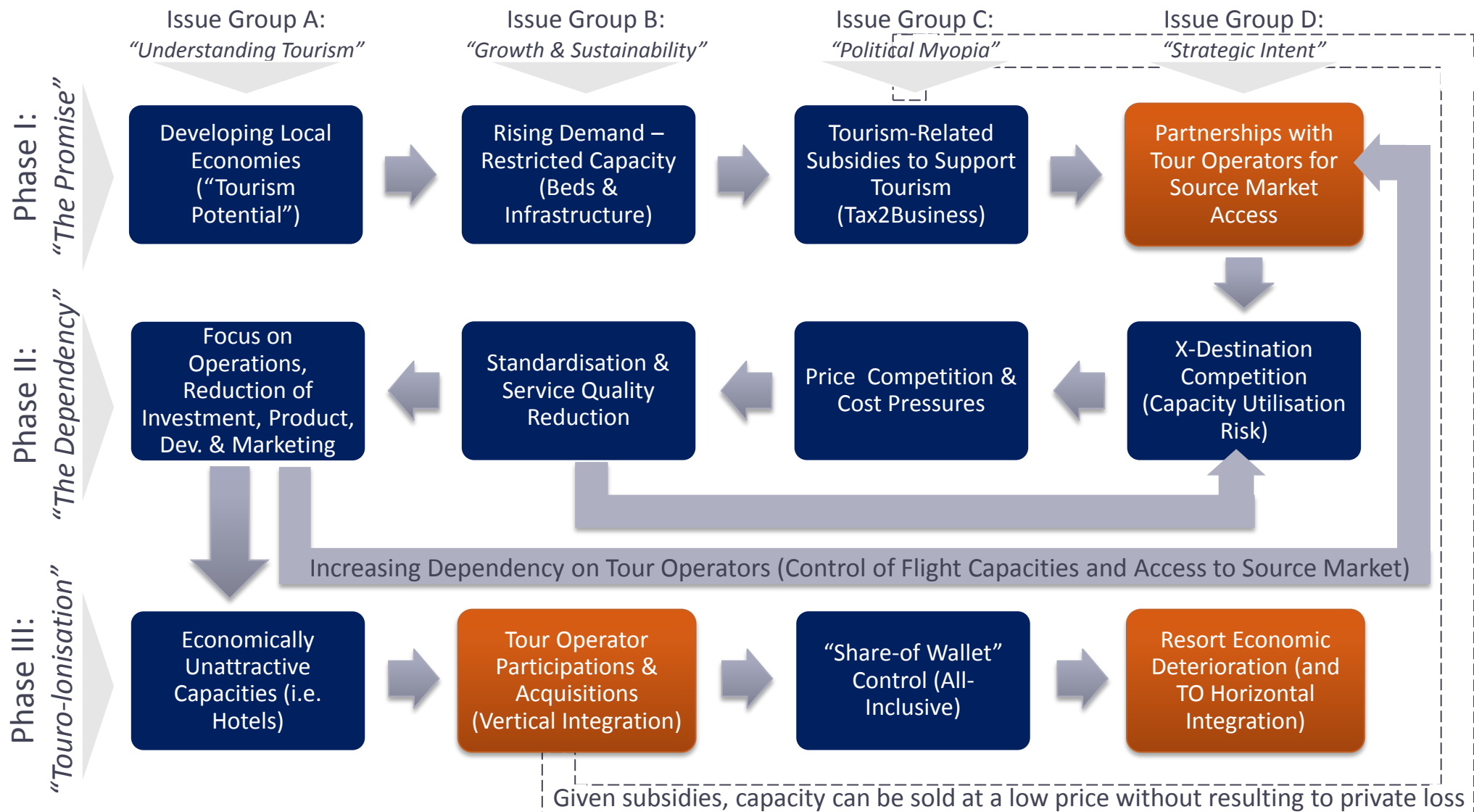


# THE HOLIDAY CARTELS

*What Happened?*

# Crisis and Economic Recovery through Tourism...

## *The 'Tour-olonisation' Phenomenon Explained...*



# 'Tour-olonisation' Implications

## *Growth for the sake of Growth is the Ideology of a Cancer Cell...*



**Carnival  
Cruise Lines**



### Mass Tourism & Growth Imperative

- Mass Tourism = Price Competition
- Economies of scale = Cost Reductions

### Growth & Vertical Integration

- Currency = Capacity Risk Transfer
- Opportunity = Share of Wallet

### Risk & Horizontal Integration

- Intent = Capacity Risk Reduction
- Result = Management Complexity

### Standardisation & Mass-Tourism

- Requirement = Control through Vertical Integration
- Outcome = Investment in Corporate Governance & Systems

### Economic Development Potential

- Paradigm Shift: From Industrial – Agricultural Economy to a Service Economy

### Infrastructure Investments & Risk

- Economic Mono-cultures
- Politically-driven decision-making (Short-term, lack of long-term strategy)

### Sustainability & Externalities

- Socio-Cultural Issues (Antagonism between Locals & Tourists)

### Mass-Tourism & Exploitation

- Economic Colonialism (Privatisation of public resources, property transfer to foreign investors, etc.)



# THE FUTURE...

*The Long-Tail of Tourism & Destination Empowerment*



# 'Tour-olonisation' Resistance... Some Examples!

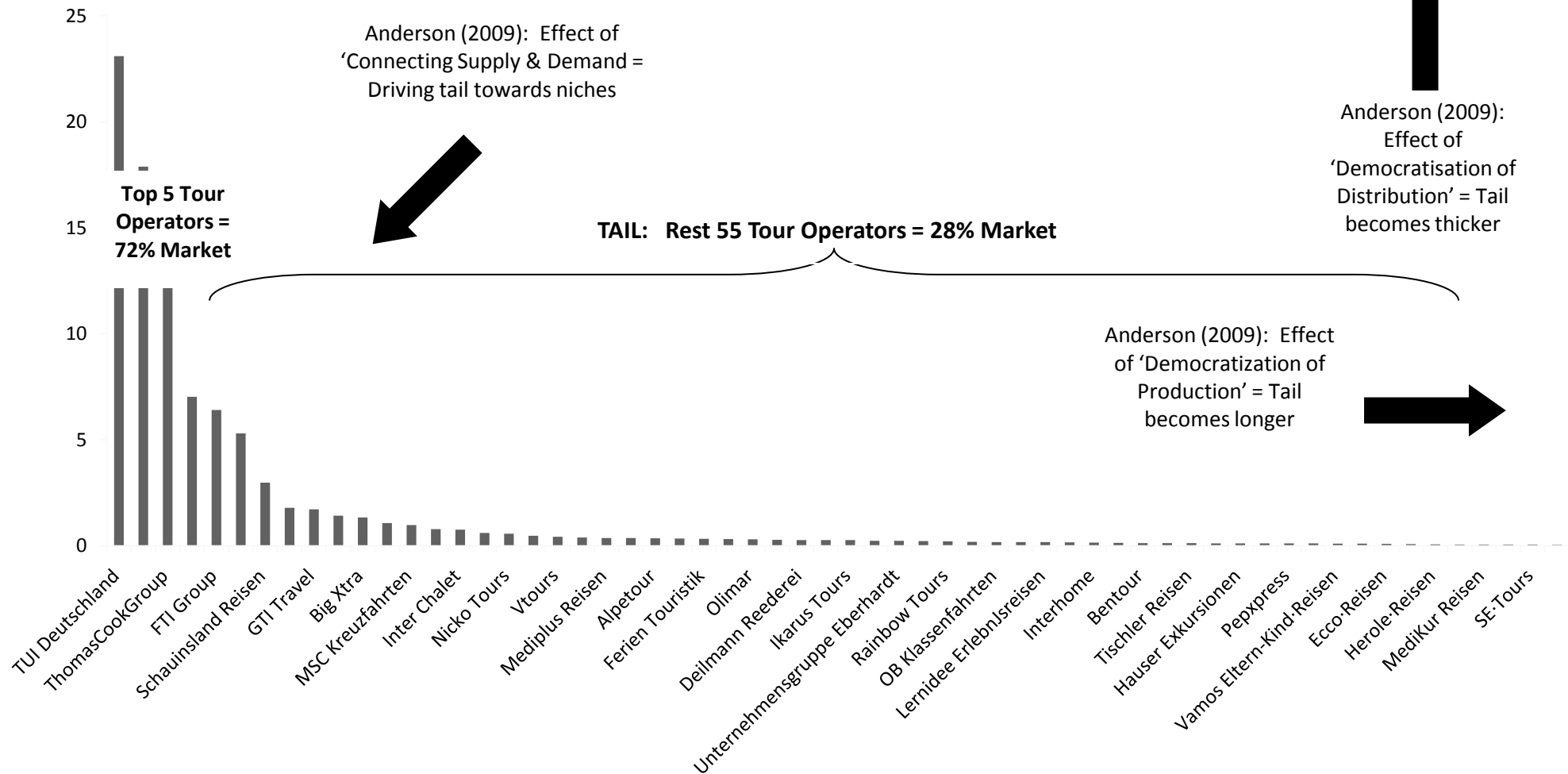




# The 'Push' - The Tourism Long-Tail

## The 'e-Revolution' & Tourism Democratisation

**German Tour Operators - Market Share 2009 (%)**



# The Missing 'Pull'

## *A 'Prisoner's Dilemma'...*

### Fair vs. Cheap Holiday

- Willingness of travellers to incur an extra cost for sustainability is limited
- Real-Time packaging & Dis-intermediation (Tourist is a tour operator)
- Support of local businesses & immersion in the local culture

### International legislative cooperation and enforcement of CSR standards

- Offshore locations – 'Tax Heavens'
- Flags of Convenience
- Regional Destination Co-Opetition

### Tourism Governance in Destinations

- Long-term focus – Beyond an election period
- Clear strategic objectives + Tourism controlling
- Integration of tourism policy into overall economic development strategy

### Tourism Education and Research Development

- Limited understanding of the tourism phenomenon (Multi-disciplinarity = Blind people feeling an Elephant)
- Education of political decision-makers and society
- Sensitization of tomorrow's tourism business leaders

If a man is proud of his  
**wealth**, he should not  
be praised until it is  
known how he **employs**  
it.

Socrates

# 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