Customer Orientation of Cruise Destinations in Newfoundland and Labrador, Canada – Are They Ready for Challenging Economic Times?

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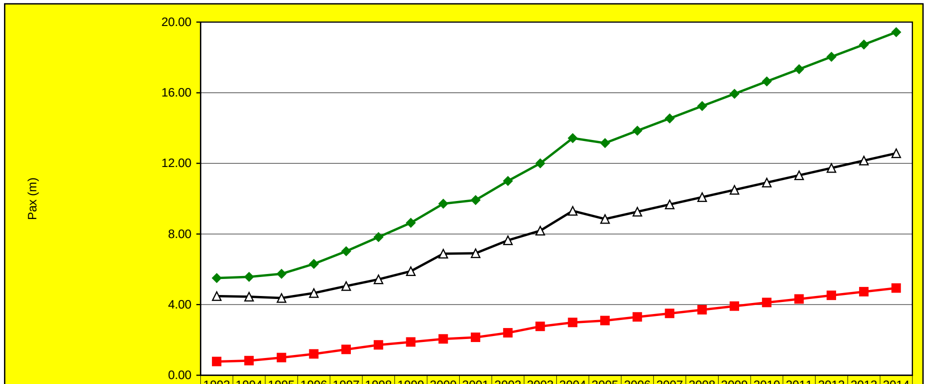
Outline of Presentation

- Introduction
- Aims and Objectives
- Literature Review
- Methodology
- Findings/Analysis
- Conclusions/Further Research

Introduction

Introduction	Aims/Objectives	Literature Review	Methodology	Findings/Analysis	Conclusions

- From passenger transportation to leisure cruising.
- Cruising is the fastest growing sector of tourism industry at the start of the 21st century.
  - 2100% growth in numbers since 1970; in 2009 13.5m people went on a cruise; >60% originated from North America (Barron & Greenwood, 2006)
- Provides passengers with opportunities to visit a variety of places in a short time, travel is safe, convenient, self-contained and characterized by exceptional levels of service, high satisfaction, at a competitive price (Dowling 2006).



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Pax Demand (m)	5.51	5.57	5.74	6.30	7.03	7.82	8.63	9.72	9.92	11.01	12.00	13.43	13.15	13.85	14.55	15.24	15.94	16.64	17.34	18.03	18.73	19.43
Pax Demand (Europe)	0.78	0.82	1.00	1.20	1.46	1.72	1.89	2.06	2.14	2.40	2.76	2.99	3.09	3.30	3.50	3.71	3.91	4.11	4.32	4.52	4.73	4.93
Pax Demand (N. Am.)	4.48	4.45	4.38	4.66	5.05	5.43	5.89	6.88	6.91	7.64	8.19	9.31	8.85	9.26	9.67	10.09	10.50	10.91	11.33	11.74	12.15	12.57

Pax Demand (m) Pax Demand (Europe) Pax Demand (N. Am.)

Introduction

- From 2004 to 2009 Newfoundland and Labrador on Canada's east coast experienced a 19% growth rate in passengers from 38,842 to 47,696.

- Overall direct and indirect economic impact from the cruise industry surpassed CAD$10.7 million in 2009.

Aims and Objectives

- In May 2005, the Cruise Association of Newfoundland and Labrador (CANAL) launched a Port Readiness Programme.
- Purpose:
  - To inform communities of the opportunities for:
    - Local revenue generation
    - Employment enhancement
    - Excursion planning
  - Improve the quality of service of ports
  - Increase number of cruise ship calls
- Outcome: 18 workshops/30 ports/300 participants

Aims and Objectives

The roles of ports in creation of cruise product is crucial.

Determining factors:

- their policy of investments in specific facilities
- pricing policies

Port services and tourism come together and pool their economic resources to create packages and services for the cruiselines and their passengers.

The Research Question:

Can a better understanding of the customer orientation of cruise lines and ports assist destinations in their long-term sustainability during challenging economic circumstances? If so, how can this be best achieved?

Literature Review

Meeting Customer Expectations

- The average cruiser sails for 6.6 days, spends US$ 1880, has a median age of 46 (down from 49 in 2006); 25% travel with children (CLIA, 2010).
- 55% of cruisers have taken a cruise before (77% in the luxury sector), plan trips 6 months ahead and >75% use a travel agent to book once they have done their own research online.
- Urry (2001:4) talks of travellers being 'in the company of desired strangers'.
- Different market segments have varying expectations of services and facilities onboard and ashore (Gross, 2009).

Customer Satisfaction in Cruising

- There is a considerable literature on the ways to (and challenges of) measuring customer satisfaction (Parasuraman et al, 1985; 1988; Zeithaml et al, 1993; Ekinci & Riley, 1999; Testa & Sipe, 2006)

Literature Review

Cruising As Ethical/Sustainable Tourism

- Cruise passengers are increasingly demanding a sustainable and ethically acceptable cruise experience (Dowling, 2006)
- Can be the ship, the staff, the ports visited, the activities offered, the authenticity of shows and souvenirs
- The young and business owners are the most ethically-aware (Sheppard & Fennell, 2009)
- Increasingly well-educated
- Requires involvement of stakeholders

Literature Review

Co-creation of Cruise Experience

Hemmington (2007:747) discusses the importance of 'providing guests with experiences that are personal, memorable and add value.'

Others have tried to identify which elements of the experience has the greatest impact on customer satisfaction (Grove & Fisk, 1997; Walsh, 2000;)

The issue of the guest/passenger/tourist 'co-creating' a positive or negative experience is being researched in 'service science' and 'service dominant logic' (Prahalad & Ramaswamy, 2002; 2004; Vargo & Lusch, 2004a; 2004b; 2008; Grönroos, 2008)

Literature Review

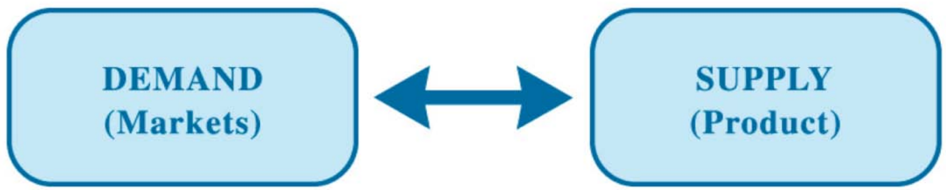
Gaps in Literature

- This presentation has so far discussed the literature on the growth of the cruise industry, on customer satisfaction, the customer experience and the 'co-creation' of such experiences
- There is very little on the satisfaction of cruise passengers with the ports they visit or the cruise ships they travel on
- The next section discusses the findings of a 'Port Readiness Survey' of ports and cruise lines in Newfoundland and Labrador in Canada's North Atlantic region
- There is a gap in determining the satisfaction of passengers with their ships

Methodology

Product-Market Match Approach

- Product=Ports
- Market=Cruise lines and Passengers



Customer orientation is dependent upon:

- Goods and services associated with onshore experiences and excursions
- Classification of the cruiseship
- Market segments

Methodology

- Online port and cruise line surveys
  - Port survey:
    - Key industry partners
    - Products/services
    - Market readiness
    - SWOT analysis
    - Future planning/dev't
  - Cruise line survey:
    - Market readiness of ports
    - SWOT analysis of NL as a cruise destination
    - Future planning/dev't recommendations

Methodology

- List of key stakeholders generated.
- Emailed invitations.
- Followed up with online emails and phone calls conducted one week after surveys launched.
- Response rate
  - Ports: 34 of 97 (35%).
  - Cruise lines: 12 of 41 (29.5%).
- Secondary review of literature also provided contextual information on historical development, impacts, and growth of industry.

Findings/Analysis: Respondents

Port Survey (N=34)

Representative Category	Number of Responses	Response Rate
Port Authority/Development Association/Waterfront Committee	15	44%
Municipality	9	26%
Federal Government/Public Institution	4	12%
Private Businesses/Tour Operators	2	6%
Unknown	4	12%
Total Responses	34	100%

Cruise Line Survey (N=12)

Cruise Type	Respondents	Percent
Adventure/Expedition Cruise	7	58.3%
Transatlantic/Atlantic Coast Cruise/World	3	25%
Did not respond	2	16.7%
TOTAL	**12**	**100%**

Findings/Analysis: Strengths

Ports (N=26)

Resources/capabilities	Key Word Mentions	Percent
Well developed attractions/tourism products	12	21.8%
Variety of services	11	20%
Community interest/organization to meet cruise needs	8	14.5%
Natural harbour/easy navigation and access	8	14.5%
Scenery	7	12.7%
Friendly people	3	5.5%
Brings in revenue/employment	2	3.6%
Established reputation	2	3.6%
Climate for business opportunities	1	1.9%
Established marketing program	1	1.9%
Total Mentions	55	100%

Cruise Lines (N=12)

Mentions	Number of Mentions	Percent
Natural beauty/scenery	7	46.7%
History/culture	4	26.7%
Friendliness of People	3	20%
Willingness of Ports to Work With Cruise Ships	1	6.6%
Total Mentions	15	100%

Findings/Analysis: Opportunities

Ports (N=22)

Resources/capabilities	Key Word Mentions	Percent
To work together with operators/ associations to offer high quality/unique products/services.	17	61%
To improve revenue generation and employment opportunities in ports	3	11%
To actively participate in CANAL and ACCA to bring benefits to our ports	2	7%
To develop a strong marketing strategy targeted a travel trade, media relations, and the Internet	2	7%
To continue to develop our understanding of the cruise sector that has been realized over the last few years	2	7%
To take advantage of the increasing number of cruise visitors to the province	2	7%
Total Mentions	28	100%

Cruise Lines (N=9)

Mentions	Number of Mentions	Percent
Improving Itinerary Planning	3	37.5%
Change of Government Regulations (i.e., customs)	2	25%
Nothing Wrong With Port Readiness	2	25%
Being proactive about marketing the province	1	12.5%
Promoting small-scale expedition cruising opportunities	1	12.5%
Total Mentions	9	100%

Findings/Analysis: Weaknesses

Case-Background | Theory | Methodology | Results | Findings/Analysis | Conclusions

Ports (N=21)

Resources/capabilities	Key Word Mentions	Percent
Poor docking facilities and physical infrastructure	16	48.4%
Lack of proper port services (shopping/ excursions)	12	36.5%
No community coordination and cohesion to work with cruise ships	4	12.1%
Too much government regulation limiting proper development	1	3%
Total mentions	33	100%

Cruise Lines (N=12)

Mentions	Number of Mentions	Percent
Lack of marketing information about the destination	6	46.7%
Weather	3	26.7%
Government obstacles to development (ie customs, labour)	2	20%
Willingness of Ports to Work With Cruise Ships	1	6.6%
Total Mentions	15	100%

Findings/Analysis: Challenges

Ports (N=31)

Category	Key Word Mentions	Percent
The absence of funding for physical infrastructure/docking facilities.	10	32.3%
The need for more awareness and support from the community	9	29%
The lack of programming and services to welcome cruise ships	7	22.6%
To engage cruise ships to visit our ports	4	12.9%
The lack of funding for cruise initiatives	1	3.2%
Total Mentions	31	100%

Cruise Lines (N=9)

Mentions	Number of Mentions	Percent
More support for promotion and marketing programs	5	55.6%
Government obstacles to development of industry (ie, customs, labour regulations)	2	22.2%
Lack of new touring opportunities	1	11.1%
Poor wastewater treatment in St. John's	1	11.1%
Total Mentions	9	100%

Practical Recommendations

Itinerary Planning

- Price
- Languages
- Transportation requirements
- Length of programme
- Number of people accommodated
- Type of interests
- Age groups
- Attractions, activities, experiences

How to Host a Cruise Ship

- Harbour front beautification
- Display of flags
- Currency exchange services
- Way-finding for non-touring passengers
- Shore excursions
- Traffic control/public safety
- Official presentation onboard ship
- Tourism information
- Dockside welcome
- Shopping
- Media
- Vessel schedules

Policies and customer orientation

General planning and policies

- Need for integrated management strategies in port to handle increasing number of cruise ships and passengers.
- Requires partnership and co-creation of tourist experience.
- Port Readiness programme provided tools for ports to understand regulatory issues, marketing strategies and itinerary planning.
- Provided greater understanding of customer orientation to make industry viable during period of challenging economic times.

Conclusions

- Limitations
  - Case study
  - Considers cruise ship and port management in one peripheral geographic region in Canada
- Opportunities for further research
  - Review progress made in and success of the Port Readiness Programme.
  - Carry out customer satisfaction surveys with cruise passengers.
  - Evaluate the relative impacts of the elements that make up a cruise experience in terms of co-creation

Any questions?

Introduction | Aims/Objectives | Literature Review | Methodology | Findings/Analysis | Conclusions

- Thank you for listening
- Full paper on the USB
- All references available at the end of the paper
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