APEC Economic Study on the Impact of Cruise Tourism: Fostering MSMEs' Growth and Creating Sustainable Communities

APEC Tourism Working Group

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Asia-Pacific Economic Corporation (APEC) Tourism Working Group
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This information and recommendations provided in this study were developed using information available at the time and through dialogue with relevant stakeholders who participated in this study.

The views expressed in this document are those of the author and do not necessarily represent those of the APEC member economies. The recommendation provided may be further considered by relevant APEC fora.

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GLOSSARY

Aborted call	A situation where a cruise ship does not visit a scheduled destination. Generally caused by bad weather but there can also be other factors such as heath or mechanical issues.
Adventure/Expedition ship	An adventure/expedition ship is generally flagged with a passenger capacity between 35 and 100. Larger international adventure/expedition ships carry 100+ passengers and can be luxurious e.g. Hurtigruten's MS Roald Amundsen (530pax). There is also a section of the expedition ship market under 35 passengers that stick to local waters.
Arriving cruise	The end of a cruse itinerary where the majority of passengers will debark the ship.
Berth	Where a ship docks to a wharf/pontoon and passengers can walk onto dry land. Also, a place to sleep in a cabin (i.e. a bed) or, by extension, a cabin/stateroom as a whole.
Crew days at port or crew visit days	Number of crew days spent in port. This will be less that the number of crew arriving on a cruise ship as they do not all go ashore.
Crew expenditure	Expenditure by crew onshore.
Cruise line expenditure	Expenditure by cruise lines on administrative and professional expenses (including advertising and promotion), fuel, food and beverages, travel agent commissions, port charges and fees, shore excursions, vessel maintenance and other operating expenses
Cruise to nowhere	A cruise to nowhere is a cruise in open waters for one to three days without reaching a destination. Guests get the chance to experience the amenities of a cruise. These are popular choices for family reunions, romantic getaways, bachelor or bachelorette parties, girlfriend retreats or to get a quick casino fix.
Debark / Debarkation	To leave a ship and go ashore. Debarkation usually refers to leaving the ship at the end of a cruise.
Departing cruise	The start of a cruse itinerary where the majority of passengers will embark the ship.
Destination	A port of call where passengers go ashore either through docking or tenders.
Dolphin (structure)	A man-made marine structure that extends above the water level and is not connected to shore. Often used as a mooring point to extend a wharf for use by larger ships that could otherwise not use the wharf.
Dry Dock	Dry-dock is the period when ships are taken out of the water so external surfaces can be cleaned and machinery can be serviced. A minor refurbishment may take a short time, while a major refurbishment can cost millions, last months, and involve major upgrades to the entire ship.
Embark / Embarkation	To board a ship. Embarkation usually refers to boarding the ship at the start of a cruise.
Employment – direct	The number of full-time equivalent jobs (FTEs) supported by the direct expenditure of passengers, crew and cruise lines in destination.
Employment - indirect and induced	The number of full-time equivalent jobs (FTEs) supported by the subsequent indirect and induced expenditure in the economy.
Expenditure - direct	Total expenditure by passengers, crew, and cruise line companies in a destination.
Expenditure – indirect and induced	Expenditure generated by the spending of the direct expenditure by businesses (indirect) and their employees (induced). These impacts spread throughout the corporate and consumer sectors of the economy. For example, a passenger purchases a tour (direct expenditure). The business supplying the tour needs to fund capital (e.g. bus), labor (e.g. bus driver) and expenses (e.g. fuel) (indirect expenditure). The labor then spends their wages according to their needs (induced expenditure).
Fully (or Freely) Independent Travel (FIT)	An individual or small group vacationing without a packaged tour.

Full Time Equivalent (FTE)	Full time equivalent refers to one person in a full-time job for 1 year.
Gangway	A passageway for entering (embarking) a ship or leaving (disembarking) a ship.
Gateway	An airport or seaport that serves as an entry point to a destination by being the primary arrival or departure point.
Ground Handler	Offers turnaround, shore excursion, port agency and hotel reservations at a destination.
Inbound (Tour) Operator (ITO)	Provides itinerary planning, product selection and coordinates the reservation, confirmation and payment of travel arrangements on behalf of their overseas clients such as wholesaler or retail travel agents.
Inside cabin	Located in the interior of the ship without windows. They are the least-expensive cabins on the ship and best for short cruises and for people who like to sleep during daylight.
Itinerary	The schedule of destinations that a cruise ship visits. A cruise ship may follow the same itinerary over and over or may sail different itineraries each voyage.
Mega size ship	3,500+ passengers. Mega-ships are the biggest and newest of the big ships, generally offering the most restaurants, entertainment venues and accommodation categories in a cruise line's fleet. The largest ships are also limited in terms of which ports can accommodate their size.
Mid-size ship	Cruise ships that carry between 1,000 and 2,400 passengers and offer many of the benefits of being onboard a larger ship.
Outside cabin	A stateroom with a porthole, window or balcony that overlooks the ocean. Also known as an ocean view cabin.
Partial turnaround	A ship visit where a significant number of passengers debark their cruise and new passengers embark but where there may also be many transit passengers continuing their voyage.
Passenger capacity	Total occupancy of a cruise ship based on two people per cabin or that plus the additional portable beds added to cabins. Most ships sail near or above capacity, with an industry average of 104%. Passengers traveling solo usually must pay extra since most cabins can be sold at double rate.
Passenger crew ratio	Indicates the number of crew members available to serve each passenger. The cruise industry is averaging a 2.5 passenger-crew ratio, with luxury cruises having lower ratios and higher costs for the additional attention and service.
Passenger days at port or passenger visit days	Number of passenger days spent in port. This will be different from the number of passengers arriving on a cruise ship as for a turnaround (or partial turnaround) there are passengers terminating and new passengers commencing their cruise. For a transiting cruise ship not all passengers go ashore.
Passenger expenditure	Expenditure by passengers at a destination. Does not include the cost of the cruise.
Pier	A structure built out over the water and supported by pillars or piles, used as a mooring place for ships.
Port	Place where a cruise ship visits where it can dock.
Port of call	Regular stops on a cruise itinerary.
Pre or post	Adding days at the beginning or end of a cruise for sightseeing, usually at the port of embarkation or disembarkation.
Repositioning cruise	A one-way itinerary that brings a ship from one region to another, such as from Alaska to the Caribbean, or from the Caribbean to Europe. As some cruise regions are only popular or even accessible in warmer months, cruise lines reposition their fleet to best meet consumer demand. Repositioning cruises are generally less expensive than other sailings and tend to feature a higher ratio of days at sea compared to regular itineraries.
Roundtrip cruise	A cruise that departs from and returns to the same port and visits one or more destinations in-between.
Shipping Agent	Deals with the transactions of a ship in a port effectively representing the ship owner locally.

Ship visit	A ship visit to a destination where passengers go ashore.
Ship visit days	The number of days a ship remains in the destination. Depending on arrival and departure times ship visit days can impact passenger, crew and cruise line expenditure.
Shore excursion	A paid excursion or tour away from the ship while it is visiting a destination. These are generally purchased through the cruise line but can be purchased independently in advance or at the destination.
Small ship	Typically cater to anywhere from 650 to 1,300 passengers and deliver a high level of service.
Tender	A boat for carrying passengers to or from a ship close to shore. Usually used to transport passengers in destinations without docking facilities that suit the ship. A ship's lifeboats can be used as tenders.
Tender port	A stop on a cruise voyage where there are no docking facilities available for the ship, so passengers must be ferried to and from the ship on smaller boats or tenders.
Tonnage (gross registered tonnes)	A measurement of enclosed passenger space, including the space in cabins, lounges, showrooms and dining rooms. Although frequently misunderstood, ship tonnage is a measure of volume, not weight. Some port charges are based on GRT.
Turnaround day	The day when one cruise itinerary ends, and another begins. The group of passengers completing their cruise debarks the ship in the morning; the group for the next sailing embarks in the afternoon. Also known as an exchange, home or base port visit.
Transit	A ship visit where passengers debark to go ashore and then get back on the ship to continue their cruise.
Turnaround (also referred to base, home or exchange)	A ship visit where almost all passengers debark and new passengers embark. Also known as a base, home or exchange visit.
Ultra-small ship	The ultra-small ship category covers larger vessels with capacities that range from 450 to 625 passengers, and all these lines are positioned squarely in the luxury market.
Value add	The change in consumption, investment and government expenditure, plus exports of goods and services, minus imports of goods and services due to the industry. It is the preferred measure for the assessment and contribution of a stimulus to the economy.
Wages income	Employee compensation which includes total payroll costs, including wages and salary payments, as well as sales commissions and any other non-cash compensation.
World cruise	A cruise that starts and finishes in the same port and circumnavigates the globe. Generally segmented into itineraries of several weeks each.

ACRONYMS

ACA	Australian Cruise Association
APEC	Asia-Pacific Economic Cooperation
CLIA	Cruise Lines International Association
DMC	Destination Management Company
DMO	Destination Management Organization
DMP	Destination Management Plan
DVP	Destination Value Proposition
ForEx	Foreign Exchange
FIT	Fully (or Freely) Independent Traveler
FTE	Full Time Equivalent
GDP	Gross Domestic Product
IMO	International Maritime Organization
IOT	Input Output Table
ITO	Inbound Tour Operator
LAT	Lowest Astronomical Tide
MSME	Micro, Small and Medium Enterprises
ShoreEx	Shore Excursion
TBL	Triple Bottom Line
TWG	Tourism Working Group

EXECUTIVE SUMMARY

Global cruise tourism passenger growth has averaged an annual 5.4% since 2009 with 30 million people expected to cruise in 2019. There are approximately 314 ocean cruise ships in service around the globe with a combined passenger berth capacity of 537,000. In 2018 the APEC economies had 30.4% of global passenger trade while APEC economies were the source of 70.8% of global cruise passengers.

Worldwide, there are 132 ocean cruise ships on order to 2027 representing a combined passenger berth capacity of 278,970 representing a 42% increase in the ocean fleet and 51.9% increase in passenger berth capacity. This growth indicates significant potential for existing and potential cruise tourism destinations to develop their cruise tourism market.

Cruise tourism destinations have different economic attributes and facilities which has implications for cruise tourism size, scale and therefore the economic benefits to MSMEs and community as well as for policy makers. Destinations also need to understand cruise line itineraries and how they may influence cruise lines commercial needs and the pattern of passenger spending. Through this understanding decision makers have better information to manage community expectations in attracting cruise lines and passenger spending in the destination.

Cruise tourism offers an economic stimulus for coastal communities globally. However, destinations need to understand realities and take a balanced and sustainable approach to attracting and servicing cruise ships and their passengers commensurate with their destination’s characteristics. Sustainable cruise tourism revolves around an equitable distribution of economic benefits, protection of the marine and terrestrial environment and preservation of the cultural and societal values of the destination. Destinations and communities need to organise and work in partnership with cruise lines to sustain and grow business. At the same time, they need to measure and track key measures of sustainability to demonstrate positive and mitigate negative impacts to all stakeholders and to use in informed decision making.

The opportunity for developing cruise destinations in APEC economies is high. With cruise lines selling itineraries and not destinations there are many operational factors at play in decision making. Destinations therefore need to provide unique and differentiated experiences to stand out. These experiences are the destination’s value proposition and need to be sustained and appropriately managed. Furthermore, given the complex cruise eco-system, destinations need to collaborate and plan extensively with the cruise lines to be successful.

Managing the destination is also important not just for cruise but also for broader tourism purposes. To be effective, destination planning, and management must be based on appropriate research and the needs of the travelling consumer. The process of destination management integrates both demand and supply. It also requires significant collaboration between government, DMOs, industry and the community to be successful.

There have been many economic impact studies of cruise tourism undertaken around the world over the last six years, however, there can be considerable methodological and outcome differences in these studies. It is important therefore that for region, country or destination comparisons that measurement, calculation and indicator presentation of the economic impacts of cruise tourism follow a consistent methodology.

The economic impact on MSMEs and communities from cruise tourism depends heavily on the destination type, value proposition and frequency, nature and quantum of passenger and crew expenditure. The more expenditure MSMEs can capture through presenting attractive tours, retail and hospitality offers, the larger the economic benefits are likely to be.

There are several positive and negative impacts of cruise tourism to communities. Positive benefits such as income, employment and infrastructure development and improvements are very welcome. Negative impacts such congestion, risk to cultural and natural heritage and long-term damage to the environment are frequently cited but can be addressed through mitigation measures. Smaller less developed destinations are at more risk than major port cities.

Most mitigation measures are best dealt with through planning and education. Communities need to learn how to access and work with cruise lines as well as identify skills gaps in their MSMEs that are involved with cruise passengers. At the extreme end over tourism needs to be managed before it becomes a problem with the community.

Like tourism in general, there are both challenges and opportunities for women in cruise tourism. Opportunities abound in tours and local craft manufacturing and retailing. While in most developed nations gender equality and opportunity is not an issue it can be in less developed nations. APEC can play a leading role in empowering women and breaking down cultural barriers by facilitating education, training and networking opportunities.

CHALLENGES

- **A need for common understanding of cruise tourism and terms**: Communities have a need to understand what cruise tourism is, how MSMEs can get involved and what all the cruise tourism related terms are including technical operations of cruise ships and ports. As in most industries there are myths, challenges and opportunities along with a language specific to the sector. Destinations need to understand itineraries and how they may influence cruise lines' commercial needs, the pattern of passenger spending, and thereby have better information to manage community expectations in attracting cruise lines and passenger spending in the destination.
- **Cruise tourism impacts vary in importance with destination characteristics and maturity**: Cruise tourism destinations have different economic attributes and facilities which has implications for cruise tourism size, scale and the economic benefits to MSMEs and the community. Every destination is at a different level of cruise tourism maturity and has varying needs and requirements. For example, how to improve the tourism offering, how to develop internal capability or how MSME's can grow their business.
- **There needs to be consistent approaches to the measurement of economic impact**: Both destinations and cruise lines measure the impacts of cruise tourism to provide evidence of its significance and to enhance decision making. Despite there being several economic impact studies at a global, regional, country and destination level there is an inconsistency in approach and economic indicators. There is a need for standard tools and techniques to not only record activity and measure economic impacts but also environmental, social and distributional impacts.
- **Cruise lines are subject to differing jurisdictional regulations**: The cruise industry is regulated according to international, regional, national and local laws. These laws may differ between jurisdictions resulting in compliance costs being higher than they need to be thereby pushing up costs to cruise lines and consumers and potentially causing non-optimal behaviour. **Note**: Regulatory issues are outside of the scope of this report however they may place constraints on the economic benefits of cruise tourism for MSMEs and communities.
- **In some destinations over tourism is a growing problem**: With the historical and future growth in cruise tourism many destinations have struggled to cope with managing their destination. Cruise tourism is under scrutiny for its impact on tradition, culture, nature of destinations and generally the increasing size and number of ships in destination.
- **Cruise tourism is complex and involves many different sized stakeholders**: The cruise tourism eco-system is diverse and involves a wide variety of stakeholders to ensure a destination is cruise ready, meets cruise passenger expectations and continues to retain and grow cruise business. This study found that there is also lack of cruise tourism, business and entrepreneurial knowledge in MSMEs in some destinations. Cruise tourism is different from other types of tourism, with few players (76.8% of the cruise market is controlled by three main players) which presents challenges for MSMEs to showcase products or services to cruise lines or even have the opportunity to tender for business. Large cruise companies have their own Destination Management Companies (DMCs) or Inbound Tour Operators (ITO) that provide an important link to cruise lines but can be difficult to access, particularly for MSMEs.
- **Cruise passengers often do not have accurate information on the destination**: Cruise passengers may be uninformed travelers when they arrive in destination. To welcome international cruise passengers requires planning, providing key information in multiple languages and multilingual guides. Notice of cruise ship arrivals in some cases is late and the information source on notice of cruise ship arrivals is varied, e.g. from ports, media, government and ground handlers.
- **Participation by women needs to be a focus**: Cruise tourism can provide significant opportunities for women with low barriers to entry, flexibility and potential for home grown entrepreneurship. Women are often

challenged to find good jobs and they can be significantly underfunded and under supported when starting their own business.

OPPORTUNITIES

- To dispel myths about cruise tourism and create a common understanding it is important that **APEC adopt standard definitions on all aspects of cruise tourism** and how destinations, MSMEs, communities and cruise lines can best benefit. In addition to case studies demonstrating various aspects would be helpful.
- Credible data is important in policy making. Agreement on triple bottom line (economic, social, environment) cruise tourism measures and consistency of their measurement supported by a set of **APEC guidelines and toolkits** is a critical first step in developing a credible and acceptable evidence base on which to base strategic and tactical decision making by industry and policy makers.
- In some regulatory areas, e.g. environmental performance, it may be possible to **encourage economies to move towards international standards or best practice** thereby creating fewer compliance requirements and reducing economic frictions. At the same time the approach may lead to a raising of standards or regulatory outcomes in some jurisdictions.
- To counter fears of over tourism and maximize the benefits for MSMEs and communities, approaches for **cruise destination planning and management** should be adopted appropriate to the nature of a destination. Elements to consider include a long-term vision, research, consultative planning, infrastructure, destination development, collaboration with cruise lines and communication. This includes the **adoption of best practice** by tour operators and product providers.
- MSMEs and communities would benefit from **a structured process to build capacity to develop and market products and services specifically for cruise**. Furthermore, promotional collateral should be co-created with cruise lines and DMOs to ensure cruise line branding and destination alignment and information is disseminated to cruise passengers.
- As part of preparing to enter, or expand, their cruise tourism business **education, training and service improvement materials** and **experience sharing forums** could be developed by APEC that destinations can use to deliver best practice. These may include ship arrival communications, welcome committees, visitor information provision, skills audits, capacity development, cultural practices and how to guides (e.g. how to work with cruise lines).
- Cruise tourism has the potential to help transform the lives of women (and other disadvantaged groups such as youth, people with a disability and older volunteers), mainly through education, networking and the opportunity to run their own business and establish financial independence. APEC should explore setting up **a network that encourages woman to participate in forums and any formalised training** and **ddevelop an incubator program** to help women entrepreneurs establish financial independence by starting a sustainable business.

RECOMMENDATIONS

Drawing on the primary research conducted with the five participating economies, TWG workshop participants and expert knowledge of AEC and The B Hive the key recommendations are:

1 **Definition Standardization**. There is a need to provide consistent understanding and definitions around cruise tourism. This includes what cruise tourism means, how communities and MSMEs can benefit, destination and itinerary categorizations and terms commonly used in cruise tourism.

Recommendation 1 It is recommended that APEC develop a cruise tourism guidebook including the following:

a Defining what cruise tourism is, incorporating a glossary of common terms, and how destinations, MSMEs, communities and cruise lines fit in along with illustrative case studies.

b Technical operations of cruise ships and ports, e.g. bunker, pilotage, types of port fees and charges, windage, tonnage, draft, scrubbers, dredging, LAT.

c Categorization of port/destination types.

d Categorization of cruise itineraries.

2 **Regulation**. Regulatory harmonization between countries, while a lofty goal, is useful in ensuring common standards and best practice across economies and reducing economic friction.

Recommendation 2 It is recommended that APEC collect and compare data from member economies on environmental, labor, immigration customs and security regulations, as well as breaches and enforcement, regarding cruise ships and work towards adoption of international standards or best practice.

3 **Measurement**. There is a need for consistent and ongoing measurement of the economic, social, and environmental impact of cruise tourism in destinations to provide a credible and acceptable evidence base for decision making.

Recommendation 3 It is recommended that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to:

a Measure environmental and social aspects based on best practices.

b Measure community satisfaction with cruise tourism.

c Measure cruise tourism expenditure and calculate economic impacts in a consistent manner including materials such as survey instruments to measure seasonality, itinerary stage, ship characteristics and passenger and crew expenditure; cruise line expenditure and economic impact models.

d Record ship visits, visit duration and passenger and crew numbers going ashore.

e Exploit existing administrative data collections (e.g. port data).

f Measure the breadth and equality of income distribution to MSMEs.

4 **Partnerships & Marketing**. Partnerships between destinations and cruise lines are critical to facilitate improved communication and optimization of economic and social benefits for all.

Recommendation 4 It is recommended that APEC adopt the “P” Plan as a catalyst for industry collaboration and cruise tourism growth.

Recommendation 5 It is recommended that destinations develop promotional collateral (video footage and destination product sheets) based on their destination value proposition in conjunction with the cruise lines and Destination Management Organizations (or the local organization responsible for tourism promotion) to successfully integrate more content into the cruise line websites and their onboard shore excursion sales process.

5 **Planning**. Consistent planning frameworks that can be applied to differing destinations will supply the tools destinations need to deliver sustainable cruise tourism.

Recommendation 6 It is recommended that cruise content is developed for MSMEs business development and destination champions are appointed to be trained to deliver content, frameworks and knowledge.

Recommendation 7 It is recommended that APEC develop a mix of guidelines, toolkits, forums and workshops for best practice cruise destination management planning.

6 **Education & Training, Service Improvements**. At a practical on ground level education, training and service improvements are necessary.

Recommendation 8 It is recommended that guidelines on “How to Work with Cruise Lines and Destination Management Companies” is developed to maximize the opportunity for the destination and MSMEs.

Recommendation 9 It is recommended that a skill needs analysis is developed for cruise tourism and these insights are used to develop standardized training material and tools which support the development of MSMEs.

Recommendation 10 It is recommended that destinations develop a best practice communications plan to notify the city, port or town of cruise ship arrival schedules, and communicate expectations to welcome cruise ship visitors. Best practice training material should also be developed to prepare the community to host and accommodate cruise ship visitor arrivals including; meet and greets at the port, concierge service providing visitor information and tips on what to see and do.

Recommendation 11 It is recommended that destinations adopt best practice to improve economic, social and environmental benefits for all entities in the cruise eco-system to help ensure their businesses are operating in a sustainable manner by integrating with business strategy.

7 **Women**. APEC has a focus on improving the economic status of women. Cruise tourism has many opportunities to foster increased involvement of women.

Recommendation 12 It is recommended that APEC develop a cruise tourism network that encourages women's participation, shares knowledge, facilitates connections and enables access to business skills development, mentoring and cruise tourism knowledge through online training and face to face forums.

Recommendation 13. It is recommended that APEC set up an early start up incubator program for women MSME entrepreneurs to help them build, start and grow their cruise and tourism business (e.g. shore excursions or local products).

1. INTRODUCTION

1.1 BACKGROUND

The cruise tourism sector is considered one of the most rapid growing segments in the tourism industry. Given the rise of cruise tourism activity in APEC economies, data to analyse the economics of cruise tourism is vital, especially data that focuses on communities as the recipients of economic benefits.

This report provides a study through baseline data on the cruising effect on local communities, more specifically, micro, small and medium enterprises (MSMEs) in local communities in participating Asia-Pacific Economic Community (APEC) economies and how the income generated from the cruise sector leads to better standards of living for local people. This data will be used to support further strategic sustainable development of cruise tourism and to identify opportunities to increase positive impacts and safeguard the livelihoods of local economies.

The project aims to specifically address people-to-people connectivity with emphasis on building cooperation between APEC economies by connecting the region's developed and emerging growth centres. By doing so, APEC will strengthen and deepen its regional economic integration, improve the region's quality of growth, and contribute to the Asia-Pacific economic resilience, furthermore; enhancing interaction, mobility and joint ventures in the region.

1.2 OBJECTIVE

There are three main objectives of the project:

1 To quantify and map the expenditure received by local community based MSMEs.

2 To assess direct and indirect economic impacts illustrated through case studies in participating economies, share experiences and develop policies and strategies for communities to benefit from cruise tourism.

3 To generate a publication that conveys the conclusions of the economic study on impact of cruise tourism in local communities and MSMEs.

1.3 SCOPE OF THE REPORT

The scope of the report is limited to the economic and community impacts of cruise tourism to specific cruise tourism impacted communities/destinations selected by the participating economies. As part of the study it was necessary to discuss cruise tourism in a global context as well as general themes of: expectations of cruise tourism versus reality of what it can deliver; the destination value proposition and management, economic impact measurement and community impacts, including on women.

The specific cruise tourism communities/destination selected by the participating economies were:

- Australia – Broome.
- Chile – San Antonio.
- Chinese Taipei – Keelung.
- Papua New Guinea – Alotau.
- Peru – Callao.

The selection of these cruise tourism destinations illustrates the difference in scale and therefore economic importance to communities of cruise tourism. Some destinations, e.g. Broome and Alotau are small, remote and self-contained economies with a greater reliance and future dependence on cruise tourism, while others, e.g. San Antonio, Keelung and Callao are part of a larger urban conurbation and highly diversified and connected economy.

The report is not an economic assessment of the economic impact of cruise tourism in the Asia-Pacific.

1.4 METHODOLOGY

The methodology for the project was based on four discrete but interlinked phases:

1 Scoping and research: Case studies & data collection:

- Literature review of the economic impacts of cruise tourism, MSMEs and women in tourism.
- Collection of baseline data for cruise tourism globally and on cruise tourism communities/destinations nominated by participating economies.
- Workshops in each participating economy with cruise tourism stakeholders.
- Survey of MSMEs and communities involved with cruise tourism in the cruise tourism communities/destinations facilitated by participating economies.
- Formulation of draft technical and policy recommendations.

2 APEC Tourism Working Group (TWG) workshop on preliminary findings and draft recommendations:

- Hosting of a TWG workshop to present technical and policy recommendations for discussion and validation. Speakers included the authors as well as invited expert speakers.
- Post TWG workshop feedback from attendees.

3 Reporting including recommended policies:

- Report compiled from the research conveying conclusion of economic study on impact of cruise tourism in local communities and MSMEs.

4 Final reporting:

- A final report on research findings and proposed recommendations.

1.5 REPORT STRUCTURE

The report is presented in seven chapters and four appendices:

- **Chapter 1 Introduction** is an introduction to the project containing background, objective, scope and methodology.
- **Chapter 2 Cruise Tourism** is an introduction to cruise tourism in a global context covering growth, cruise lines and ships, destinations, cruise tourism eco-system, future trends as well as MSME and community roles in cruise tourism.
- **Chapter 3 Cruise Tourism Expectation & Realities** deals with community expectations of cruise tourism versus the reality and considers cruise ship itinerary and deployment decisions, economic stimulus, sustainability, consistency and growth and managing expectations.
- **Chapter 4 Destination Value Proposition & Management** considers factors that contribute to a destination's value proposition to both passengers and cruise lines as well as how these values can be combined to attract and sustain cruise tourism, destination management and the roles MSMEs and the community can play.
- **Chapter 5 Economic Impacts of Cruise Tourism** examines the economic impacts of cruise tourism including previous studies, the approaches to measurement, the direct and indirect economic impacts and the impacts on MSMEs.
- **Chapter 6 Community Impacts of Cruise Tourism** examines the positive and negative impacts of cruise tourism on the community, selected challenges for MSMEs and the community and impacts on women.

Appendix A to D contain methodology, learnings, key findings and details of the MSME and community surveys (Appendix A), destination workshops (Appendix B), case studies (Appendix C) and TWG workshop (Appendix D) undertaken for the report.

2. CRUISE TOURISM

This chapter presents a high-level overview of cruise tourism, its historical growth, cruise lines and ships, destination and itinerary types, who is involved in cruise tourism, future trends and MSME and community roles. The chapter sets the scene for more detailed discussion in the remainder of the report.

2.1 CRUISE TOURISM UNDERSTANDING

Communities have a need to understand what cruise tourism is, how MSMEs and communities can get involved and what all the cruise tourism related terms are including technical operations of cruise ships and ports. As in most industries there are myths, challenges and opportunities along with a language specific to the sector.

There are misperceptions amongst some communities and economies of how best they can take advantage of cruise tourism in order to ensure the benefits are widespread and sustainable. Furthermore, there are a number of over-hyped positive and negative cruise tourism issues perpetuated through the general global media (for example specific location over tourism or environmental impacts that get over blown).

There can also be poor understanding of how a community and its MSMEs can best benefit from cruise tourism with the reality delivering less than expectations.

Much like the airline industry cruise tourism, ships and ports consists of a number of technical terms and concepts. There are maritime and ship operations, hotel operations, port operations and the whole tourism terminology to deal with. Often there are different terms for the same thing depending on location, for example turnarounds, exchanges, home porting and base visit all refer to the same activity of a cruise ship ending its cruise, disembarking all the passengers and embarking new passengers to start a new cruise. In addition, there are similar roles that different entities might undertake such as shipping agent v inbound tour operator (ITO).

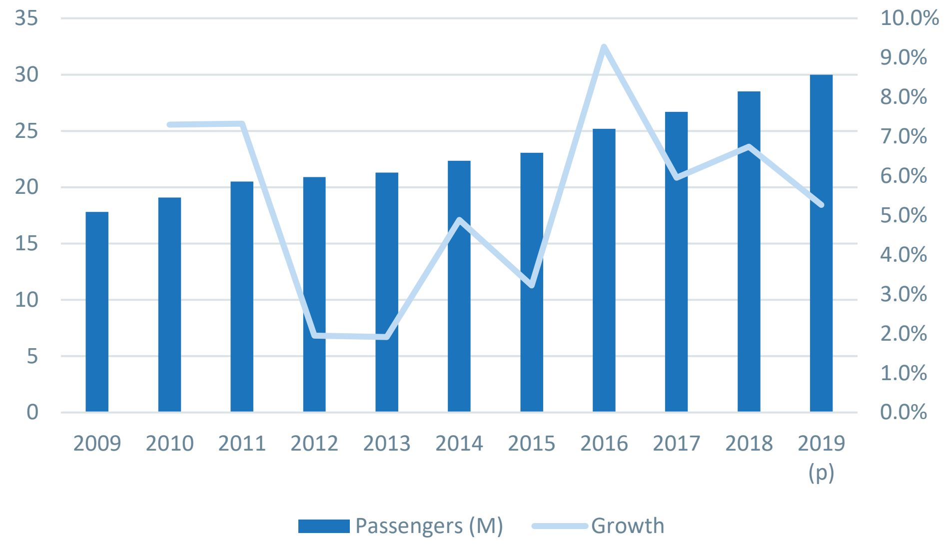
To dispel myths about cruise tourism it is important that the meaning of cruise tourism and how destinations, MSMEs, communities and cruise lines can best benefit is communicated in a consistent fashion. In addition to case studies demonstrating various aspects, it would be helpful for there to be a common set of benefits, activities, opportunities and terms for cruise tourism. A common guidebook of terms and case studies will ensure that there is consistent understanding of what terms mean. This report contains a glossary that commences that process.

> **Recommendation 1a** It is recommended that APEC develop a cruise tourism guidebook defining what cruise tourism is and incorporating a glossary of common terms and how destinations, MSMEs, communities and cruise lines contribute to cruise tourism success.
>
> **Recommendation 1b** It is recommended that APEC develop a cruise tourism guidebook including technical operations of cruise ships and ports, e.g. bunker, pilotage, types of port fees and charges, windage, tonnage, draft, scrubbers, dredging, LAT.

2.2 STATE OF CRUISE TOURISM

In 2019 it is projected that 30 million people worldwide will take an ocean cruise. Since 2009 growth in ocean cruising has been continuous and has increased by an average annual 5.4% per annum (CLIA, 2019a).

Figure 2.1 Growth in ocean cruising



Note: (p) projection
Source: CLIA (2019a)

In 2018, the largest ocean cruising destination for passengers was the Caribbean with a 39.8% market share, followed by Asia & China (15%) and the Central & Western Mediterranean (10.7%). The APEC economies represented 30.4% of ocean cruising destination passengers.

Table 2.1 Ocean cruising trade regions, 2018

	Passengers ('000)			Market Share			Growth	
Destination Region	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**	**2016-17**	**2017-18**
Caribbean/Bahamas/Bermuda	10,135	10,695	11,335	40.3%	40.0%	39.8%	5.5%	6.0%
Asia & China	3,386	4,005	4,254	13.5%	15.0%	14.9%	18.3%	6.2%
Central & Western Med.	2,920	2,907	3,058	11.6%	10.9%	10.7%	-0.4%	5.2%
Northern Europe	1,419	1,569	1,731	5.6%	5.9%	6.1%	10.6%	10.3%
Australia/NZ/Pacific	1,180	1,262	1,299	4.7%	4.7%	4.6%	6.9%	2.9%
NA West Coast/Mexico/ California/Pacific Coast	1,209	1,089	1,126	4.8%	4.1%	4.0%	-9.9%	3.4%
Eastern Med.	1,020	896	1,027	4.1%	3.4%	3.6%	-12.2%	14.6%
Alaska	779	905	1,025	3.1%	3.4%	3.6%	16.2%	13.3%
Panama Canal/South America	657	678	745	2.6%	2.5%	2.6%	3.2%	9.9%
Baltics	480	564	539	1.9%	2.1%	1.9%	17.5%	-4.4%
Canary Islands	371	403	444	1.5%	1.5%	1.6%	8.6%	10.2%
Africa/Middle East	390	383	370	1.6%	1.4%	1.3%	-1.8%	-3.4%
Other	218	318	490	0.9%	1.2%	1.7%	45.9%	54.1%
Transatlantic & World Cruise	261	288	365	1.0%	1.1%	1.3%	10.3%	26.7%
No Region Identified	292	220	113	1.2%	0.8%	0.4%	-24.7%	-48.6%
Hawaii	190	215	218	0.8%	0.8%	0.8%	13.2%	1.4%
Canada/New England	167	205	218	0.7%	0.8%	0.8%	22.8%	6.3%
Exploration Destinations	82	114	148	0.3%	0.4%	0.5%	39.0%	29.8%
Total	**25,156**	**26,716**	**28,505**	**100.0%**	**100.0%**	**100.0%**	**6.2%**	**6.7%**
APEC Economies	*7,401*	*8,154*	*8,667*	*29.4%*	*30.5%*	*30.4%*	*10.2%*	*6.3%*

Source: CLIA (2019b)

The largest source market regions for passengers in 2018 was North America (48.9%), followed by Western Europe (23.7%) and Asia (15.0%). The source markets of APEC economies represented 70.3% of the ocean cruising passenger market.

Table 2.2 Ocean cruising source regions, 2018

	Passengers ('000)			Market Share			Growth	
Source Region	**2016**	**2017**	**2018**	**2016**	**2017**	**2018**	**2016-17**	**2017-18**
North America	12,403	13,019	14,240	49.5%	48.9%	50.2%	5.0%	9.4%
Western Europe	6,344	6,516	6,731	25.3%	24.5%	23.7%	2.7%	3.3%
Asia	3,370	4,052	4,240	13.4%	15.2%	15.0%	20.2%	4.6%
Australia/NZ/Pacific	1,370	1,434	1,460	5.5%	5.4%	5.1%	4.7%	1.8%
South America	791	799	883	3.2%	3.0%	3.1%	1.0%	10.5%
Scandinavia/Iceland	241	229	225	1.0%	0.9%	0.8%	-5.0%	-1.7%
Eastern Europe	205	192	213	0.8%	0.7%	0.8%	-6.3%	10.9%
Africa	144	151	154	0.6%	0.6%	0.5%	4.9%	2.0%
Middle East/Arabia	112	105	111	0.4%	0.4%	0.4%	-6.3%	5.7%
Caribbean	50	54	56	0.2%	0.2%	0.2%	8.0%	3.7%
Central America	39	51	47	0.2%	0.2%	0.2%	30.8%	-7.8%
Total	**25,069**	**26,602**	**28,360**	**100.0%**	**100.0%**	**100.0%**	**6.1%**	**6.6%**
APEC Countries	*16,698*	*17,926*	*19,230*	*69.6%*	*70.3%*	*70.8%*	*7.4%*	*7.3%*

Source: CLIA (2019b)

In 2017 CLIA (2019) estimated that the cruise industry produced USD134 billion in global output creating 1.1 million full time equivalent jobs and paying USD45.6 billion in wages and salaries.

2.3 CRUISE LINES & SHIPS

Overall there are approximately 314 ocean cruise ships in service around the globe. These ships have a combined passenger berth capacity of 537,000.

2.3.1 Cruise Lines

As at 2017, the cruise industry was dominated by two cruise lines together making up 68.1% of global cruise capacity. Carnival Corporation is the largest (44.1%) with 10 cruise brands and 106 ships. Second largest is Royal Caribbean Cruises (23.9%) with six brands and 50 ships. Third is Norwegian Cruise Line (8.8%) with three brands and 25 ships. Fourth is MSC Cruises (7.0%) with 14 ships and fifth is Genting Hong Kong (4.1%) with three brands and 9 ships. In total these five companies made up 87.9% of capacity.

Table 2.3 Top 5 cruise lines, 2017

Parent	Cruise Line	Ships	Berths	Capacity (a)	Market Share
Carnival Corporation	Carnival	25	65,890	4,292,296	17.1%
	Costa	15	36,147	1,971,012	7.8%
	Princess	18	47,130	1,816,870	7.2%
	AIDA	12	25,012	946,582	3.8%
	Holland America	14	23,362	834,468	3.3%
	P&O UK	8	17,991	558,383	2.2%
	P&O Australia	6	9,330	402,792	1.6%
	Cunard	3	6,712	212,044	0.8%
	Seabourn	4	1,954	61,510	0.2%
	Fathom	1	680	8,160	0.0%
	Total	*106*	*234,208*	*11,104,117*	*44.1%*
Royal Caribbean Cruises	Royal Caribbean	25	77,042	4,181,972	16.6%

Parent	Cruise Line	Ships	Berths	Capacity (a)	Market Share
	Celebrity	12	22,430	803,404	3.2%
	TUI (partnership)	6	13,734	454,296	1.8%
	Pullmantur (partnership)	4	7,358	404,276	1.6%
	SkySea (partnership)	1	1,800	131,400	0.5%
	Azamara	2	1,428	45,672	0.2%
	Total	*50*	*123,792*	*6,021,020*	*23.9%*
Norwegian Cruise Line	Norwegian	15	42,730	1,987,800	7.9%
	Oceania	6	5,256	150,336	0.6%
	Regent	4	2,660	75,660	0.3%
	Total	*25*	*50,646*	*2,213,796*	*8.8%*
MSC Cruises	MSC	14	40,500	1,759,140	7.0%
Genting Hong Kong	Star	4	6,505	702,691	2.8%
	Dream	2	6,800	258,400	1.0%
	Crystal	3	2,104	61,328	0.2%
	Total	*9*	*15,409*	*1,022,419*	*4.1%*
Top 5 Companies		**204**	**464,555**	**22,120,492**	**87.9%**

Note: Capacity is the number of passengers carried.
Source: Cruise Industry News (2018)

As the cruise industry has evolved so has product differentiation. While the core cruise product is labelled contemporary the industry has differentiated into categories such as upscale contemporary, premium, ultra-premium, ultra-luxury and small ship cruises.

Table 2.4 Cruise line product differentiation

Category & Cruise Line	Description
Contemporary Cruise Lines	The contemporary cruise lines offer a variety of cruise schedules and itineraries that are targeted at younger adults and family cruises. These are the lines with the largest ships, the most onboard entertainment options, and the widest variety of amenities. This great array of options allows guest to choose the type of vacation experience they want on board the ship.
AIDA Cruises Carnival Cruise Line Costa Cruise Lines Celestial Cruises Fred. Olsen Cruise Lines P & O Cruises P & O Cruises Australia Star Cruises Your Cuba Cruise	Suited for: • Families with young children • Families with teenagers • Family reunions and multi-generational families • 20- and 30-somethings looking for light adventure and various sports activities • 40- and 50-somethings looking for a couple’s vacation • Travelers looking for a wide array of activities • Seniors looking for new friends • Solo travellers • Couples looking for romantic getaways • Destination weddings • Honeymoons • Adventure travellers looking for high thrills
Upscale Contemporary Cruise Lines	These lines offer all the benefits of the contemporary cruise lines, but take things a step further, with finer amenities and a more upscale environment.
MSC Cruises Norwegian Cruise Line (NCL) Royal Caribbean International (RCI) Viking Ocean Cruises	Suited for: • Families with young children • Families with teenagers • Family reunions and multi-generational families • 20 and 30 somethings looking for light adventure and various sports activities • 40 and 50 somethings looking for a couple’s vacation • Travelers looking for a wide array of activities • Seniors looking for new friends • Solo travellers • Couples looking for romantic getaways

Category & Cruise Line	Description
	• Destination weddings • Honeymoons • Adventure travellers looking for high thrills
Premium Cruise Lines	Premium cruise lines tend to be large, but not mega-type ships, though they offer similar voyages, plus voyages to exotic locations. Due to the size of these ships, they do not dock in the heart of the destination like the ultra-premium lines. These lines cater to travelers seeking luxurious accommodations, enhanced dining, excellent service, extensive activities, and enrichment opportunities. The onboard experience is sophisticated and the service above average. These lines will have enhanced spa and wine options. They tend to cater to more mature and discerning passengers who are seeking a sophisticated level of service, ship amenities, and accommodation at somewhat higher prices. These lines also offer children's programs for all ages.
Celebrity Cruises Disney Cruise Line Holland America Line Princess Cruises	Suited for: • Those seeking both classic and modern luxury, contemporary and conservative design, and dining experiences in which the atmosphere is as important as the food and wine. • Families wishing to travel with young children where the environment is a little more subdued. • Families with teenagers • Families who are looking for an educational experience for the family • Family reunions and multi-generational families • 40- and 50-somethings looking for a couple's vacation • Seniors looking for new friends • Solo travellers • Couples looking for romantic getaways • 40- and 50-somethings looking for a couple's vacation • Destination weddings • Honeymoons
Ultra-Premium Cruise Lines	The ultra-premium cruise lines tend to have smaller ships and offer voyages to popular ports, and unique itineraries featuring smaller, less-travelled destinations. They primarily cater to discerning passengers who are seeking a sophisticated level of service, ship amenities, and accommodations at upscale prices. Some lines may offer numerous included amenities. These lines are generally priced higher than the premium cruise lines.
Azamara Club Cruises Cunard Line Oceania Cruises Windstar Cruises	Suited for: • Seasoned travellers • Adults who are destination-oriented and enjoy the finer things in life • Travelers looking for a boutique experience with a destination immersion. • Travelers who find the small touches make all the difference—from the service to the food to the ships themselves. • Adults seeking a "country club casual" experience with very upscale surroundings and amenities
Ultra-Luxury Cruise Lines	These are high end cruises, both in price and in amenities. They are designed for those who desire the finer things in life and have the budget for luxury. These cruise lines specialize in service and will cater to the traveler's every desire.
Crystal Cruises Hapag Lloyd Cruises Paul Gauguin Cruises Ponant Regent Seven Seas Seabourn Sea Cloud Cruises SeaDream Yacht Club Silversea	Suited for: • Seasoned travellers • Adults who are destination-oriented and enjoy the finer things in life • Adults looking for a small ship and boutique type of experience • Cruisers seeking a destination immersion • Travelers seeking an over-the-top experience with ultra-luxury everything • Cruises seeking an international atmosphere • Travelers seeking a large ship with high-end amenities • Cruisers with a great deal of knowledge about the fine arts and cuisine, and are experts in matters of taste • Travelers looking for exceptional service and a level of comfort and style rare in today's world
Small Ship Cruises	Small ships fill a niche for cruisers that are looking for more in-depth exploration of the regions they visit. They can visit destinations that are inaccessible to

Category & Cruise Line	Description
	larger ships, and exotic itineraries are the standard. Most river cruise ships and almost all the luxury lines have ships that fall into this category.
Blount Small Ship Adventures Blue Lagoon Cruises Coral Expeditions Captain Cook Cruises Great Lakes Cruise Company Hebridean Island Cruises Hurtigruten Lindblad Expeditions Nobel Caledonia Pearl Seas Cruises Saga Holidays, Ltd. Swan Hellenic Discovery Cruises Tauck Small Ship Cruising Voyages to Antiquity	Suited for: • Adults looking for a sophisticated, intimate small ship experience • Travelers seeking an educational experience and a vacation filled with history, and culture • Seasoned travellers and, adults who are destination-oriented • Those seeking to meet experts in their field who have a vast knowledge of the cities visited • Those who enjoy traveling and enjoying the company of conversation with noteworthy academic experts

Source: various

2.3.2 Industry Organization

The largest industry association representing 95% of global cruise industry capacity is Cruises Lines International Association (CLIA). Membership of CLIA comprises 50+ cruise lines, 340+ executive partners, 15,000 global travel agencies and 25,000 travel agents. CLIA has offices in seven regions: Australasia, Brazil, Europe, North America, Asia, Canada, UK & Ireland.

There are also cruise associations at a national level. For example, in Australia the Australian Cruise Association (ACA) is the co-operative marketing brand for Australia and the Pacific region. ACA comprises members from regional ports, national and state tourism agencies, shipping agents and ITOs.

2.4 DESTINATIONS

2.4.1 Categorization

Cruise tourism destinations have different economic attributes and facilities which has implications for cruise tourism size, scale and therefore the economic benefits to MSMEs and community as well as for policy makers.

Cruise tourism destinations can be very different, for example, a major capital city port versus a remote coral atoll boat pontoon, or even just a beach. The set of economic factors prevailing in a destination have implications for the volume and frequency of cruise tourism that the destination can bear sustainably.

Destinations and policy makers need to understand the capabilities and capacities of their destinations so that they can be developed and marketed accordingly. To assist we have developed six categories of destination differentiated by the following four attributes:

- Port capacity – the port infrastructure provided to facilitation cruise tourism.
- Airlift capacity – airlift infrastructure and connectivity to facilitate exchanges.
- Tourism industry – maturity of the tourism industry and its products.
- Local organizations – maturity of local tourism organizations to manage cruise tourism.

As economies further categorize their destinations other elements could also be added including: immigration processing; natural attractions; and appropriate matching to cruise lines and ships.

Importantly the category of a destination, amongst other attributes, assists in matching the destination with cruise lines. It also influences passenger expenditure and therefore the impact on MSMEs and community.

Table 2.5 Example destination categorization

Destination Category	Description	Port Capacity	Airlift Capacity	Tourism Industry	Organization
Marque Destination (e.g. Sydney, Keelung, San Antonio)	Marque port which can berth the largest cruise ships at dedicated facilities and at which full exchanges occur.	Dedicated Cruise Ship Terminal with capacity to berth multiple cruise ships.	Significant domestic and international capacity with routes to major capital cities.	Fully developed tourism industry with significant range of accommodation, attractions, activities, events and shore excursions.	National & regional DMO including specific cruise tourism strategies. National cruise line sales offices
Major (e.g. Newcastle, Callao)	Major port which can berth mid-large cruise ships. Some full/partial exchanges may occur.	May have a single ship Cruise Ship Terminal or dedicated wharf.	Generally significant domestic and international capacity with routes to major capital cities.	Fully developed tourism industry with significant range of accommodation, attractions, activities, events and shore excursions.	Regional DMO including specific cruise tourism strategies. Local cruise line sales office.
Minor (e.g. Townsville, Broome)	Port which can berth large cruise ships. Transit calls only.	Generally shared cargo wharf although may have a Cruise Ship Terminal.	Domestic links to major international airports.	Well-developed tourism industry with good range of attractions, activities and shore excursions.	Local DMO including specific cruise tourism strategies.
Major Tender (e.g. Eden, Airlie Beach)	Port which cannot berth large cruise ships. Transit calls only.	Passenger wharf which can handle small cruise ships or multiple tenders.	Generally none else domestic link to international airports.	Small but developed tourism industry with medium range of attractions, activities and shore excursions.	Local DMO including specific cruise tourism strategies.
Minor Tender (e.g. Kitava)	Port which cannot berth any cruise ships. Transit calls only.	Passenger wharf which can handle one tender at a time.	Generally none else domestic link to larger domestic airport.	Small tourism industry with small range of attractions, activities and shore excursions.	Local DMO including specific cruise tourism strategies.
Undeveloped (e.g. Cape York)	Destination that has no port infrastructure.	None. Tenders land on beach.	None.	None/limited with undeveloped natural attractions, none/some activities and no/few shore excursions.	None.

Source: AEC & The B Hive

Recommendation 1c It is recommended that APEC develop a cruise tourism guidebook including a categorization of port/destination types.

2.4.2 Itinerary Types

Destinations need to understand itineraries and how they may influence cruise lines commercial needs and the pattern of passenger spending. Through this understanding decision makers have better information to manage community expectations in attracting cruise lines and passenger spending in the destination.

Cruise itineraries are the planned routes that a cruise ship will take and are what are sold to consumers. Itineraries are typically of seven- or fourteen-days duration but can be as short as one night or three nights or as long as 100+ night world cruise. Mainly anecdotal, passengers' enthusiasm and expenditure may be impacted by a destination's position on an itinerary. For example, a destination may receive a higher volume of passenger expenditure if it is the first destination on a cruise rather than the last. Similarly, if a destination is the first destination of arrival in a country, or the last, passenger and indeed cruise line expenditure may be different. It is important that a destination's community and MSMEs understand this.

Examples of cruise itinerary types are as follows. Further information could be added surrounding commercial drivers for cruise lines and potential differences in passenger expenditure based on itinerary type, destination type and position on the itinerary.

Table 2.6 Example cruise itinerary types

Type	Description
Round trip – no destination calls	Also known as a cruise to nowhere, this type of cruise departs and returns to the same port with 1 or more nights at sea.
Round trip – destination calls	This type of cruise departs and returns to the same port with 1 or more nights spent at destinations.
One-way cruise – no destination calls	This cruise departs from one port and finishes in a different port. There are no port calls with nights spent at sea.
One-way cruise – destinations calls	This cruise departs from one port and finishes in a different port. There are destination calls along the way. Most passengers will disembark at the destination port.
Circumnavigation cruise	This cruise circumnavigates a continent in a continuous direction, e.g. Australia. The cruise may be divided up into several one-way cruises that are marketed separately depending on the distances involved and suitable exchange ports.
Repositioning cruise	This is where a ship is relocating to a different trade region. The cruise will generally be one way and depending on the trade regions (e.g. South America to Australia) may have many sea days.
World cruise	Circumnavigation of the globe in a continuous direction. The cruise may be divided up into several one-way cruises that are marketed separately.
Event accommodation	Use of a cruise ship to provide additional accommodation at a major event.

Source: AEC & The B Hive

Recommendation 1d It is recommended that APEC develop a cruise tourism guidebook including a categorization of itinerary types.

2.5 CRUISE TOURISM ECO-SYSTEM

Aside from the cruise line and cruise ship each destination requires several entities to develop, operate and market the destination as well as service ships and passengers to ensure a successful cruise ship visit. These local factors are in addition to national or international regulations governing ship operations and international movements of passengers. At a generic level the cruise tourism eco-system contains the following:

Table 2.7 Example cruise tourism eco-system

Jurisdiction	Cruise Industry	Government	Ship Services	Passenger Services
International	International Maritime Organization (IMO) CLIA	United National World Trade Organization (UNWTO) International Labor Organization (ILO) World Travel & Tourism Council (WTTC)	Provisioning	
Regional	CLIA Office	APEC Association of South East Asian Nations (ASEAN)		

Jurisdiction	Cruise Industry	Government	Ship Services	Passenger Services
		European Union (EU)		
National	Cruise Line Sales & Administration Ship registries	National Government (immigration, customs) National Port Authority National Cruise Association	Shipyards Customs	Immigration Customs
State		State Government State Tourism Organization State Port Authority State Cruise Association	Shipyards	
Local		Local Government Local Port Authority Local Cruise Association	Port services Security Baggage handling Shipyards Pilots Tug operator Shipping agent Services & trades Provisioning	Ground handler Tour operators Ground transport Air transport Food & beverage Retail Entertainment Accommodation Visitor services Volunteers

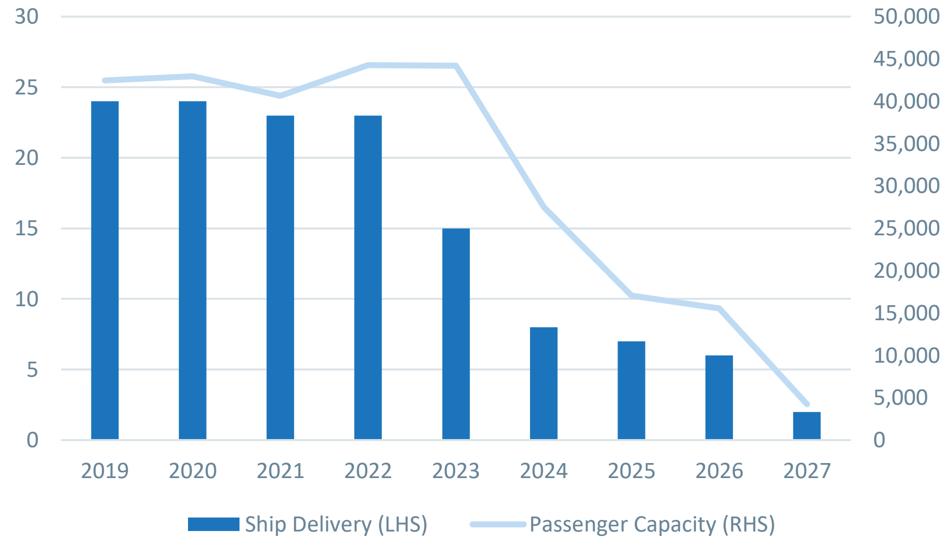
Source: AEC & The B Hive

2.6 FUTURE TRENDS IN CRUISE TOURISM

2.6.1 Cruise Ship Orders

An indication of the confidence in the cruise tourism sector is the number of new ships on order. As of April 2019, it was reported by Cruise Industry News (2019) that there are 132 ocean cruise ships on order to 2027 representing a combined passenger berth capacity of 278,970. These figures represent a 42% increase in the ocean fleet and 51.9% increase in passenger berth capacity.

Figure 2.2 Ocean Cruise Ship Orders



Source: Cruise Industry News (2019)

Characteristics of the cruise ships on order are:

- 40 (30.3%) are expedition ships with 46 being under 600 passenger berth capacity.
- 36 (27.3%) have a passenger berth capacity above 4,000.
- 25 (18.9%) are LNG powered.
- 7 (5.3%) all with a passenger berth capacity between 4,200 and 5,000 are known to be dedicated to the China market.

The largest number of orders are by Carnival Corporation (18 ships; 78,952 passenger berths) followed by Royal Caribbean (15; 55,062), MSC Cruises (14; 53,884), Viking Ocean (13; 10,230) and Genting Hong Kong (6; 11,400).

2.6.2 Consumer Demand & Trends

Cruise Industry News (2018) predicts that cruise industry capacity based on existing and new cruise ship capacity will grow from 27 million passengers in 2018 to 39 million by 2027, close to a 50% increase. This growth presents its own challenges with future average annual passenger growth of 4.5% required.

However, one of the key measures of industry potential is penetration rate, that is the percentage of a country's population cruising in a given year. In 2018, Australia leads this statistic with a penetration rate of 5.4% compared to 4.0% in The United States, 3.0% in the United Kingdom and 2.8% in Germany. For APEC economies this figure is 0.9% indicating significant growth potential.

Meanwhile CLIA (2019a) reports other shorter-term ocean cruising consumer trends impacting the market. These are:

- *Instagrammable Cruise Travel. Instagram photos are driving interest in travel around the world. With onboard connectivity, cruise passengers are filling Instagram feeds with diverse travel experiences both onboard and on land from several cruise destinations.*
- *Total Restoration. Stressed out from fast paced lives, travellers are seeking ways to check out from daily responsibilities and rejuvenate more than ever before. Cruise lines are responding by offering total wellness in the form of restorative spa experiences, onboard oxygen bars, healthy menu choices for a wide variety of diets, and the latest in fitness innovations.*
- *Achievement Over Experiences. Experiential travel has evolved into achievement travel as vacationers are looking for experiences beyond sightseeing. Bucket lists have become goal oriented and cruise lines are meeting these demands. Passengers can conquer Machu Picchu or complete culinary workshops hosted by Le Cordon Bleu chefs.*
- *Onboard Smart Tech. Travelers use tech in daily lives and are expecting smart tech when vacationing as well. Cruise lines have adopted technology for cruise travellers including keychains, necklaces, bracelets, apps and more in order to provide a highly personalized travel experience while on and off the ship.*
- *Conscious Travel. Travelers want to see the world in a conscious, mindful way. The cruise industry is more conscientious than ever, working to local destinations to local cultures, landmarks and minimize environmental footprints.*
- *Access is the New Luxury. Travelers are setting sights on destinations that were previously out of reach some only accessible now by cruise ship from the Galapagos Islands to Antarctica.*
- *Gen Z at Sea. Generation Z is set to become the largest consumer generation by the year 2020 outpacing even Millennials. This generation like the one before, prefers experiences over material items and is seeking out travel. The appeal of multiple destinations and unique experiences, such as music festivals at sea, is attracting this new category of cruisers.*

- *Off Peak Adventures. The off-peak season is rising in popularity whether travellers want to escape the cold in a tropical locale or embrace the chill in a new destination. Cruising offers some once in a lifetime experiences during colder months including excursions to see the Northern Lights, visiting a penguin colony and touring European Christmas markets.*
- *Working Nomads. Combining work with leisure time is on the rise. Straying far from the notion of device free travel, many modern travellers or "digital nomads" are opting for trips where they can work remotely which cuts down on time off and lost wages. With Wi-Fi desks and work friendly cafes, travellers can keep up with work while enjoying a cruise vacation.*
- *Female Centred Itineraries. With the number of female travellers growing, many tourism and travel companies are creating female cantered itineraries based on interests and connecting women with other women. Female centred cruises can create a female empowerment community at sea while allowing travellers to experience the world around them, as well as famous feminist landmarks.*
- *Going Solo. With more Google searches for "solo travel" and "traveling alone" than ever before, solo traveling is rising in popularity. Cruising allows for solo travel without the worry of arranging a ton of details while visiting even the most far reaching destinations and connecting with other travellers, forming community bonds and once in a lifetime experience.*

Some of these trends provide opportunities for APEC economies to further develop destinations.

2.6.3 Regulation

Cruise tourism being a global industry needs to comply with multiple layers of regulation. These regulations include environmental, labor, immigration, customs and security. Consistency of regulation between jurisdictions facilitates best practice, industry compliance and reduces compliance costs. While not a focus of this report a regional organization such as APEC is well placed to explore jurisdictional regulations and work towards international standards or best practice.

For example, while air emissions and wastewater discharges related to shipping are areas governed internationally[1], nationally and regionally, many countries also have their own environmental regulations for coastal waters and/or specific local areas and some countries have collaborated on a regional basis.

Given that some APEC destinations may be concerned about the environmental impacts of cruise ships it is worthwhile stating findings of a report for CLIA by EERA (2017) regarding air emissions and wastewater. EERA (2017) found that in relation to air emissions CLIA member cruise lines demonstrated leadership in the following four areas:

- *Fleet Adoption of Cleaner Fuels and Advanced Engine Technology: Orders are in place for the addition of 87 vessels to the cruise fleet from the period 2017 to 2026, including at least thirteen LNG powered vessels; and vessels where keel laying began after 1 January 2016 will be required to use advanced Tier III low-emissions marine engines in the growing number of regions in which required.* [Note: As discussed in section 2.6.1 there are currently 132 cruise ships on order of which 25 or 18.9% are LNG powered.]
- *Exhaust Gas Cleaning Systems (EGCS): EGCSs are installed, or will be retrofit on at least 106 vessels, as one novel alternative of reducing air emissions, or approximately 38% of the current CLIA member fleet, and include exhaust gas cleaning systems on at least 18 newly built vessels.*
- *In Port Emission Reduction Systems: Shore power connections are equipped on at least 25 cruise vessels (around 9% of the CLIA members' fleets), usable where the land-based electric power grid may produce fewer emissions than onboard power systems; many cruise lines are incorporating shore power capability into their new vessel orders, including plans to add or retrofit at least 18 more vessels for shore power.*

[1] The International Maritime Organization (IMO) regulates international air emissions from ships under Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL) and regulations pertaining to the discharge of sewage at sea are covered by Annex IV.

- *Compliance with Emission Control Area Requirements: Using publicly available data, we find that the cruise industry generally meets or exceeds international, national, and regional air quality standards and rates of non-compliance in the cruise industry are commensurate or better than the fraction of all marine vessel activity attributable to cruise vessels.*

In regard to wastewater EERA (2017) found that CLIA member cruise lines are leaders in the following four areas:

- *CLIA Member No Untreated Sewage Discharge Policy: Existing and newly built CLIA Member ships, follow CLIA's policy of no discharge of untreated sewage, a restriction that exceeds international standards.*
- *Fleet Adoption of Advanced Water Treatment: CLIA members have ordered at least 26 new builds with AWTs. Based on these numbers, we estimate that at least 47% of newly built capacity over the next 10 years will be using advanced wastewater treatments.*
- *Compliance with Wastewater Discharge Requirements: Using publicly available data, we find that the cruise industry generally meets or exceeds international and national wastewater quality standards and overall the cruise industry's rate of compliance is commensurate or better than the rest of the maritime industry.*
- *Baltic Sea Practices for Wastewater Reception Facilities: CLIA and HELCOM indicated that almost 31% of cruise ships voluntarily use port wastewater reception facilities in the Baltic Sea when available; this voluntary practice precedes implementation of new requirements.*

Recommendation 2 It is recommended that APEC explore data from member economies on environmental, labor, immigration customs and security regulations, as well as breaches and enforcement, regarding cruise ships and work towards adoption of international standards or best practice.

2.7 MSME & COMMUNITY ROLES

MSME's and the community's role in cruise tourism occurs at the individual destination level whether a capital city port or an undeveloped beach landing. Whatever the scale of destination it is the welcoming and servicing of passengers by MSMEs and the community that is a major contribution to passenger satisfaction and therefore the sustainability of future cruise tourism. Typical MSME and community involvement may include for example: shipping agent, ground handler or ITO, local tourism organization, meet and greet volunteers, transport operators, tour operators, accommodation, attractions, entertainment, food & beverage, tourism retailers and general retail (including local sale of handcrafts and local products).

2.8 SUMMARY & RECOMMENDATIONS

2.8.1 Summary

Cruise tourism passenger growth has averaged an annual 5.4% since 2009 with 30 million people expected to cruise in 2019. There are approximately 314 ocean cruise ships in service around the globe with a combined passenger berth capacity of 537,000. In 2018 APEC economies had 30.4% of global passenger trade while APEC economies were the source of 70.8% of global cruise passengers.

There are 132 ocean cruise ships on order to 2027 representing a combined passenger berth capacity of 278,970 representing a 42% increase in the ocean fleet and 51.9% increase in passenger berth capacity. This growth indicates significant potential for existing and potential cruise tourism destinations to develop their cruise tourism market.

However, there are misperceptions amongst some communities and economies of how best they can take advantage of cruise tourism in order to ensure the benefits are widespread and sustainable. Furthermore, there are several over-hyped positive and negative cruise tourism issues perpetuated through the general global media (for example specific location over tourism or environmental impacts).

Cruise tourism destinations have different economic attributes and facilities which has implications for cruise tourism size, scale and therefore the economic benefits to MSMEs and community as well as for policy makers.

Destinations also need to understand cruise line itineraries and how they may influence cruise lines commercial needs and the pattern of passenger spending. Through this understanding decision makers have better information to manage community expectations in attracting cruise lines and passenger spending in the destination.

Cruise tourism being a global industry needs to comply with multiple layers of regulation. These regulations include environmental, labor, immigration, customs and security. Consistency of regulation between jurisdictions facilitates best practice, industry compliance and reduces compliance costs. While not a focus of this report a regional organization such as APEC is well placed to explore jurisdictional regulations and work towards international standards or best practice.

2.8.2 Recommendations

Definition Standardization. There is a need to provide consistent understanding and definitions around cruise tourism. This includes what cruise tourism means, how communities and MSMEs can benefit, destination and itinerary categorizations and terms commonly used in cruise tourism.

> **Recommendation 1** It is recommended that APEC develop a cruise tourism guidebook including the following:
>
> a Defining what cruise tourism is, incorporating a glossary of common terms, and how destinations, MSMEs, communities and cruise lines fit in along with illustrative case studies.
>
> b Technical operations of cruise ships and ports, e.g. bunker, pilotage, types of port fees and charges, windage, tonnage, draft, scrubbers, dredging, LAT.
>
> c Categorization of port/destination types.
>
> d Categorization of cruise itineraries.

Regulation. Regulatory harmonization between countries, while a lofty goal, is useful in ensuring common standards and best practice across economies and reducing economic friction.

> **Recommendation 2** It is recommended that APEC collect and compare data from member economies on environmental, labor, immigration customs and security regulations, as well as breaches and enforcement, regarding cruise ships and work towards adoption of international standards or best practice.

3. CRUISE TOURISM EXPECTATIONS & REALITIES

There are often misperceptions surrounding the expectations associated with cruise tourism compared to the realities. This chapter challenges how destinations balance the economic benefits of cruise tourism with the impact of cruising on the community and environment. Furthermore, we take a closer look at economic, social and environmental sustainability and the factors that impact cruise ship deployment so that destinations can better balance expectations with the realities.

3.1 CRUISE TOURISM – A MAJOR ECONOMIC DEVELOPMENT STIMULUS?

Cruise tourism is a relatively small component of overall tourism in many of the APEC nations but increasingly important as an economic development opportunity especially in less developed economies. Cruise tourism in the participating economies is seen as an exciting and lucrative sector, a new dawn, full of hope and opportunities to drive economic growth. In some cases, the economic need in destinations cannot be understated particularly in the current global economic climate. There is an expectation that cruise tourism will deliver economic growth by providing jobs and income for MSMEs and the broader community. As the ship order book and the resultant passenger numbers grow, all participating economies flagged the necessity to balance growth while protecting culture, heritage and the environment. While there is an increased focus on sustainability, how each destination weighs the importance of environmental and social impacts links back to the economic need and each destination's own priorities.

Is cruise tourism a blessing or curse? Cruise tourism is a significant and growing sector of tourism and while a good thing for developing economies, it is only sustainable and a blessing for the destination if cruise tourism is socially equitable, environmentally benign, and commercially sound or, as widely accepted, delivers a positive triple bottom line (TBL). The TBL is more than profit (the economic value to the destination), it equally focuses on the planet (environment) and people (community).

What we do know is that the economic impact is destination specific based on destination category (see Table 2.5), and the maturity of cruise tourism in the destination (see Table 3.1). Although without real data it is difficult to estimate the total impact of cruise tourism equals the economic value, the environmental impact on fragile and unique environments and the social impact depending on how much disruption occurs to local community lifestyle.

What we have endeavored to consider is the long-term impact of cruise tourism and understanding that each destination will develop its capability, capacity and practices in order to grow cruise tourism.

Table 3.1 Participating economies selected destination characteristics

Destination	Economic Indicator (a)		Maturity of Cruise Tourism	Destination Categorization	Remoteness of the Destination
Alotau, PNG	GDP per capita Unemployment Inflation ForEx. reserves Credit rating	USD2,400 2.4% 4.5% USD2,080M B stable	Developing with growing attention from mid-sized ships in the last 5 years.	Major	Remote islands, in the south-east of PNG. Alotau is the main port to access the Milne Bay Islands
Broome, Australia	GDP per capita Unemployment Inflation ForEx. reserves Credit rating	USD56,919 5.2% 1.3% AUD77,470M AAA stable	Established multi-purpose port with long term experience in cruise ships	Minor	Remote outback town in the North West of Australia and 1,600 km north of Perth. The largest port servicing the Kimberley region.
San Antonio, Chile	GDP per capita Unemployment Inflation ForEx. reserves Credit rating	USD15,130 7.1% 2.3% USD39,444M A+ stable	Emerging multi-purpose port with only two years in	Marque Multi-purpose port	Major city and fishing hub for the Chilean coast, 56 miles from Santiago. This port is the largest in terms of

Destination	Economic Indicator (a)		Maturity of Cruise Tourism	Destination Categorization	Remoteness of the Destination
			cruise tourism sector.		freight and is the busiest in the west coast of South America.
Keelung, Chinese Taipei	GDP per capita Unemployment Inflation ForEx. reserves Credit rating	USD24,995 3.7% 1.0% USD4,670B AA- stable	Established port with rapid growth into cruise tourism in the last 5 years.	Marque	Located 24 km from the capital Taipei and one of Chinese Taipei's two major ports.
Port of Callau, Lima	GDP per capita Unemployment Inflation ForEx. reserves Credit rating	USD5,454 6.3% 2.3% USD66,714M BBB+ stable	Developing as the destination is refining its offering to attract cruise lines.	Major	Located 14 km west of Lima and is the biggest and most important port in Peru.

Notes: (a) Trading Economics (2019)
Source: AEC & The B Hive

3.2 WHAT MAKES CRUISE TOURISM SUSTAINABLE?

Cruise tourism needs to provide an equitable distribution of economic benefit to all segments of a destination, providing both value to passengers and benefits to the local community. This is an important point because much of a community may realize little benefit and the economic value only benefits a select few. This should be an area of focus for emerging destinations to protect the growth and economic sustainability of cruise tourism.

In our participating economy workshops, a varied and diverse group of stakeholders identified the following positive and negative cruise tourism impacts:

Table 3.2 Positive impacts of cruise tourism

Economic	Environmental	Social
• Development of direct and indirect employment • Economic benefit to government and MSMEs e.g. retailers, transport providers, tour operators, etc. • Income to communities e.g. landowner sites, carvers, crafts, artefact's, dancers, guides, cultural groups, tour operators, etc. • Infrastructure development • Improvement of quality of life of the local community • Repeat visitation • New product development • New business start-ups in tourism services and activities	• Protection of natural resources and endemic species • Development of sites and promotion of conservation • Local awareness and importance of protecting tourism assets • Improving sustainability and building a positive image of the destination • Development of eco-tourism e.g. biking, hiking, etc. • Cruise ship improving technology to protect the environment • As a result of cruise visitation, villages are cleaner and more attractive for the community	• Improve infrastructure and destination surroundings improvements • Improved quality of life for the community • Preserve local culture and heritage by sharing with tourists • Development of security • Empowering women to start and run own business • Cultural exchange between locals and visitors • Creates law and order • Reduces poverty and prostitution • Community support in remote locations e.g. medical, education, donations

Source: AEC & The B Hive

Table 3.3 Negative impacts of cruise tourism

Economic	Environmental	Social
• No equal distribution of income • Less services consumed in destination e.g. hotels, restaurants • Foreign Exchange fluctuation • Inconsistency of cruise passenger spend impacts experience i.e. shops close when ships are in port	• Damage to natural resources and endemic species • Air, Noise and Water pollution • Waste management • Contamination of solid and liquid waste generated by cruise ships • Anchorage damage to the seabed • Exploitation of natural resources e.g. birds for hair dresses • Concentration of population in one area	• All transport diverted to cater for cruise tourists • Displacement of locals • Mass tourism • City traffic jams, congestion impacting locals • Foreign culture potential to influence and change local community • Lack of facilities e.g. toilets • Local behaviour e.g. begging, poor social attitudes

Source: AEC & The B Hive

Fundamental to sustainable cruise tourism development is the need to protect the environment and cultural resources. At a grass roots level, local community members rely directly on natural and cultural resources of a destination for their livelihoods. Local operators can help influence and guide the behaviors of cruise passengers and tourism and government stakeholders can raise awareness of environmental and cultural issues to ensure a destination is preserved for future generations. Understanding the growth potential for cruise passengers and the carrying capacity, to ensure a destination is within the natural resource limits without degrading the natural, social, cultural and economic environment is key.

The idea of cruise tourism does divide public opinion, as the increasing size and number of cruise ships grow so too do the potential impacts. We have seen in recent times many examples of cities restricting cruise ship visits, Barcelona Mayor, Ada Colau quotes "*We do not have infinite capacity*" and has pledged to restrict the number of cruise ships to reduce pollution and overcome excess tourism in the city (The Guardian, 5 July 2019). If a destination wants to develop cruise tourism then governments and tourism organizations have a role to play in measuring and promoting the economic benefits to improve attitudes to cruise tourism, to manage the TBL and have a responsibility to create business friendly environments and policy (e.g. immigration, taxes and fees) to increase cruise passenger visitation. Equally, environmental issues facing the cruise industry are significant and complex. While the cruise industry is taking its environmental responsibilities seriously, clearly the pressure is mounting for clean oceans and destinations need to be assertive in enforcing international standards and best practice for handling waste and pollution.

Cruise tourism generates economic benefit for destinations and local communities including port fees and charges, fuel, water, supplies and passenger expenditure in retail stores, cafes and excursions. The economic value varies depending on the cruise brand and passenger demographic or whether a port is a turnaround port or transit destination. The benefit of a gateway port is frequency of calls, a turnaround port provides broader economic benefits with provisioning, ship maintenance, port services, and crew expenditure. While ports of call or transit destinations provide benefits to the community, the distribution of the economic benefit to local MSMEs can be concentrated and not filter sufficient profits to the wider community and smaller merchants.

While cruise tourism generates significant economic benefits there are risks for destinations. The most significant risk is that cruise ships are global mobile assets that can be deployed to other destinations or more lucrative itineraries, so destinations need to ensure they have regular calls and a longer-term commitment from cruise lines before investing in infrastructure. The cruise lines are also sensitive to increases in port fees and charges, head taxes or any type of tourist tax. In a recent example, Amsterdam introduced a new transit visitor tax of eight euros per head which saw several cruise lines cancel all deployments (Featherstone, 2019). Most cruise lines plan two to three years in advance, so any significant cost changes need sufficient lead time for the cruise lines to plan and factor into their itinerary planning. It is a delicate balance to manage the regulatory environment, on one hand maintaining taxes and friendly policy can contribute to an increase in the number of cruise tourists in ports and communities by facilitating easy access to these destinations. On the other hand, strict laws and rising taxes can have an adverse effect and restrict the access of cruise tourism depending on the political, social, and economic agenda.

Technology plays a role in promoting the destination because customers have access to internet, online search engines and social media platforms where they can find detailed information about diverse destinations. Cruise ship connectivity has typically lagged the rest of the travel industry but in the last two years that has all changed with faster wi-fi connectivity and unlimited access now available. This has been a game changer for destinations as cruise passengers are filling Instagram feeds of their shore experiences the minute they are back on the ship.

Other factors influencing economic impacts include:

- Destination welcome and general attitudes of the community towards cruising.
- Seasonal patterns with low and peak periods of visitation.
- Weather or tidal changes restrict berthing year-round.
- The challenges faced by shore excursion providers coordinating enough transportation, guides, activities and attractions, and ensuring restaurants and retail shops are open for business.
- Resource consumption with impact on local amenities and services e.g. taxis, public toilets.

When a cruise ship arrives in port, communities will have positive or negative attitudes towards visitors depending on the economic benefit to the community and the level of disruption to their lifestyle. For the most part, cruise passengers are welcomed, and destinations have the carrying capacity to deliver a unique experience. In our participating economies' destinations, we did note some challenges including disruption to locals as transport is deployed for cruise passengers leaving locals stranded to get to work or school. In another city destination the cruise passengers add to existing traffic congestion problems and in one of the marque ports there is aggressive competitive positioning of tour operators driving down price and as a result reducing the quality of their shore excursion programs, threatening future cruise business as guest satisfaction declines.

Local communities at ports have an important role in engaging in friendly and hospitable relations and sharing knowledge and information about the local culture. Many of our participating economy destinations offer a welcoming volunteer program on cruise ship arrival day.

The environmental perspective on the impact of cruise tourism is finding itself under growing scrutiny and is being increasingly called out in port cities. Although the cruise lines are continuously improving and installing new "clean or green" technologies (see Section 2.6.3), we don't fully understand the impact on maritime ecosystems due to water discharges, air emissions and waste management. Recently, the largest global cruise company pleaded guilty to environmental violations while already on probation for deliberately dumping plastic in the Bahamas and dumping grey water in prohibited areas including Alaska's Glacier Bay National Park (Kennedy & Allen, 2019). Clearly destinations need to develop regulations on where waste can be dumped or ensuring cruise lines visiting have sufficient onboard treatment systems to reduce waste.

Cruise tourism can embrace sustainable principles, by having regard for environmental carrying capacity, social responsibilities and the integration of tourism with local communities. It is essential that cruise tourism has a positive impact on the quality of life for the locals, the economy and ensuring they are not damaging environments.

> **Recommendation 3a** It is recommended that that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to measure environmental and social aspects based on best practices.

3.3 CRUISE TOURISM CONSISTENCY & GROWTH

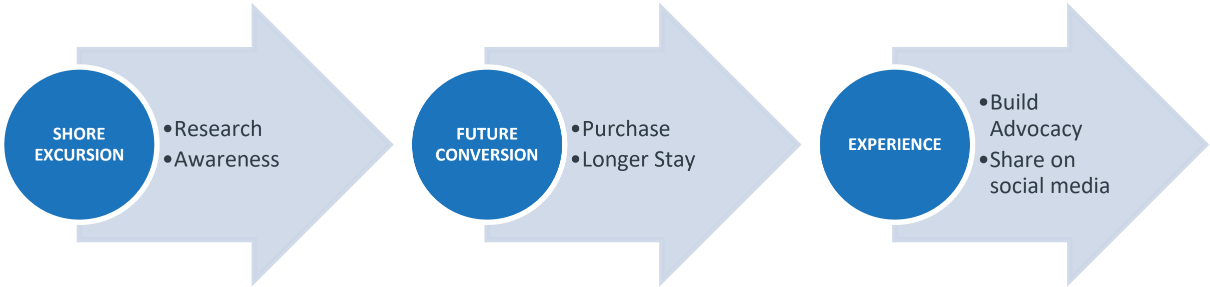
As the cruise industry continues to experience rapid growth, cruise lines are seeking new itineraries and new destinations. At the same time increased tonnage of new builds requires investment and adjustments from ports and destinations. The key issues for destinations and communities are:

- **Growth of Cruise Tourism.** Can the destination increase frequency of cruise ship calls, attract new cruise lines or longer-term support growth in terms of adequate infrastructure for increasingly larger ships, suitable amenities, transport and carrying capacity of cruise passengers and at the same time preserve the social values, environment and safeguard commercial outcomes.

- **Destination Leverage.** Most destinations have very little leverage to choose whether, when or how cruise ships visit unless a key gateway port. Destinations are not equal; the unique characteristics of each destination dictates how attractive it is likely to be to a cruise line. If a cruise ship substitutes one island for another in an itinerary, this constrains any leverage a destination has.

  What the destination can leverage is potential repeat visitation as cruise passengers essentially accelerate the customer journey, as the shore excursion becomes the primary research on the destination, driving potential future conversion and a more engaged second visit that ideally drives further advocacy for the destination.

Figure 3.1 Building destination leverage



Source: The B Hive

- **Operational impacts.** Seasonality based on nautical constraints, sailings that are harder for cruise lines to fill due to reduced passenger demand, aborted calls due to weather, political unrest or a medical emergency can result in loss of passenger and crew spend. Although the biggest risk is a change to deployment year on year with cruise lines either redeploying ships to an entire new region or reducing the number of itineraries and therefore the number port calls.
- **Sustainability**:
  - **Social sustainability.** Is the host community prepared to accommodate the cruise passengers? Social impact includes increased contact with tourists who may have different customs and behaviors than locals. Occupation of spaces (churches, parks, beaches, cafes, etc.) which were previously exclusive use for the local community will occur. Some community members may receive benefits while others may receive little. Often with cruise tourism the impact is concentrated e.g. tours to a small village site.
  - **Environmental sustainability.** Cruise ship environmental impacts are those associated with the ship operations and those associated with cruise passengers. Conservation International (2008) an American nonprofit organization have created guidelines for ship operations which address control of damage from emissions, anchors, waste disposal, oil spills, etc. Other impacts relate to the cruise ship visitors and the effects of shore tours on ecological resources, carrying capacity and waste management and resource consumption (water and energy). Specific guidelines are available for tours such as Green Globe 21 (2019).
  - **Economic sustainability.** Arrival of a cruise ship typically stimulates economic activity although this varies by cruise line. Most of the impact is based on cruise passenger activity including shore activities, shopping, attractions and transportation.

Case Study – Developing Cruise Tourism, Cruise Broome, Australia

The Broome tourism industry formed Cruise Broome, a cruise tourism organization to provide a central point of contact for facilitation and growth for the industry for Broome. Their role is to actively monitor and engage with key stakeholders to ensure demands of the cruise sector are met, facilitate communication with the cruise lines and maintain a strategic alliance with Tourism Western Australia.

This case study highlights community engagement, alignment and collaboration at its best. Prior to the association being formed the community identified the following challenges:

- No local stakeholder group that the cruise industry and port authority could communicate with.
- Lack of infrastructure and services which included port and town pick up and drop offs.
- No meet and greet or information and maps for passengers.
- Limited reliable shore options for passengers.
- Shops not open when cruise ships visited Broome.

The outcomes achieved in three years include:

- Growth in cruise ships, passenger days and cruise tourism expenditure. From 13 ships in 2016 to 68 ships in 2019.
- Cruise Broome has removed major barriers to cruise including expanding and enhancing shore excursions, secured funding for investment into dredging the port channel and creating new drop off and pick up points for cruise passengers.

Source: Cruise Broome (2019)

3.4 FACTORS IMPACTING CRUISE SHIP DEPLOYMENT

The development of cruise itineraries is a significant process starting with the cruise line brand and ship, homeport, itinerary duration, sequence of destinations and the deployment impact on MSMEs and communities.

3.4.1 Cruise Line Brand & Ships

Cruise brands have developed distinctive market segments including budget/contemporary, premium and expedition and luxury cruises (see Table 2.4) and each cruise ship attracts passengers of different socioeconomic status which impacts the passenger expenditure variability in destinations.

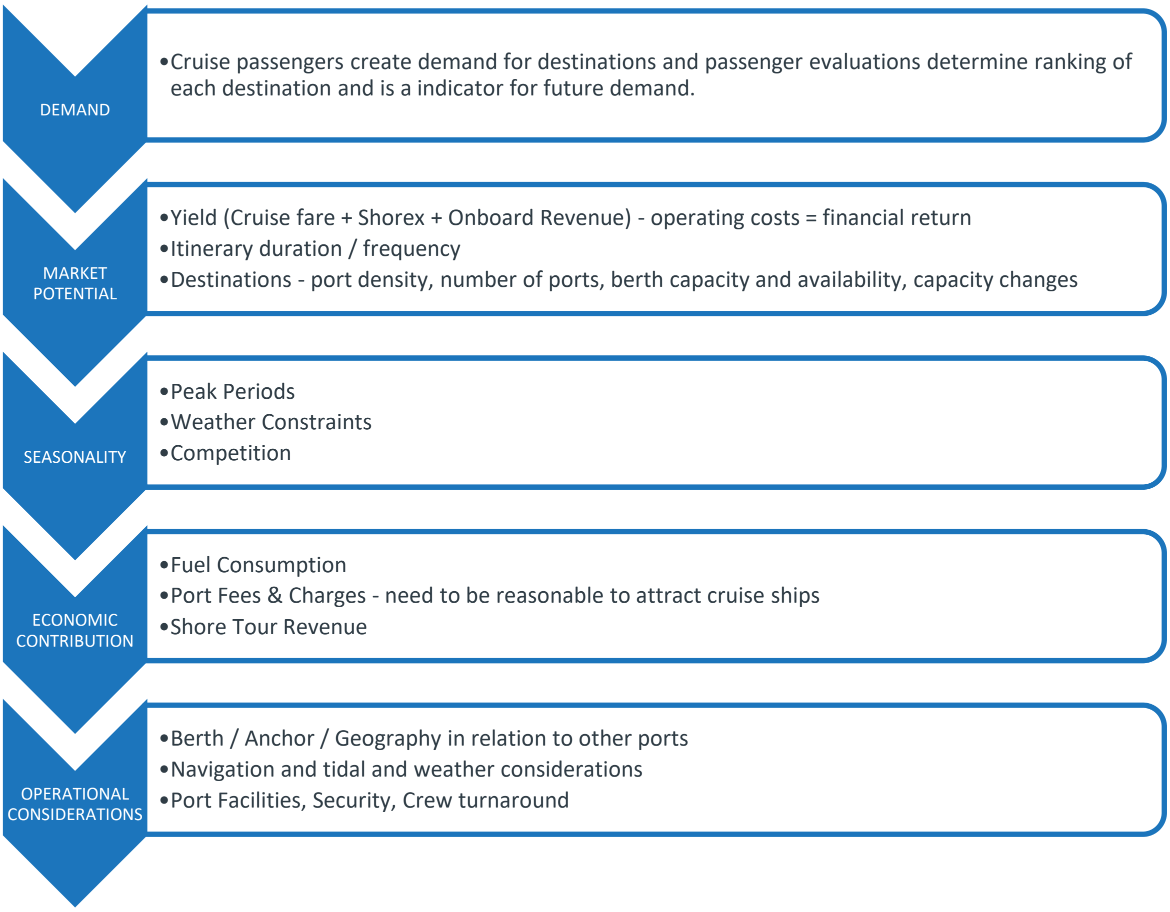
3.4.2 Itinerary Planning

Cruise operators are challenged to develop competitive cruise packages but at the same time they are focused on optimising the deployment of their cruise ship fleet to minimise operating costs and maximise revenue per passenger. Essentially the cost must be balanced against the price the cruise line thinks it can charge a passenger, assuming it is positive there are many other considerations before itinerary design is finalised. The cruise line is balancing the must-see destinations, duration of the cruise, time ashore and onboard, overall guest satisfaction and seasonality in demand.

3.4.2.1 Process

Cruise lines develop and sell itineraries two to three years in advance that have wide appeal and can attract a number of customer segments. They will factor in ports and destinations that already have high awareness and appeal and combine new destinations that fit into the itinerary design. The figure below highlights the itinerary planning inputs.

Figure 3.2 Cruise itinerary development process



Source: The B Hive

3.4.2.2 A Destination's Sequence in the Itinerary

In order for a destination to be featured in a cruise itinerary, there must be passenger appeal, generated by its value proposition and reputation - natural environment, culture or historic value. Notwithstanding the general infrastructure and accessibility of the port/destination is equally important. The itinerary sequence is important. Especially if not the first port of call, passengers look for diverse and differentiated experiences to lure them from the ship. Each port of call should have unique attractions, activities and experiences to ensure cruise passengers will disembark and purchase shore excursions and retail items. If these experiences are deemed too similar to an earlier destination, they may decide to not go ashore.

3.4.3 Deployment Impact on MSME's & Communities

Deployment factors impact MSMEs and the community. To illustrate some of these impacts the results from the MSME & community surveys in the participating economy destinations raised the following specific and general concerns:

- Consistent commitment from cruise brands.
- Unhealthy competition between SMEs and families including landowner disputes and ownership over sites and relics.
- Rogue operators who don't pay locals and service providers.
- Lack of tourism regulations and standards to deliver best practice.
- Environment affected.

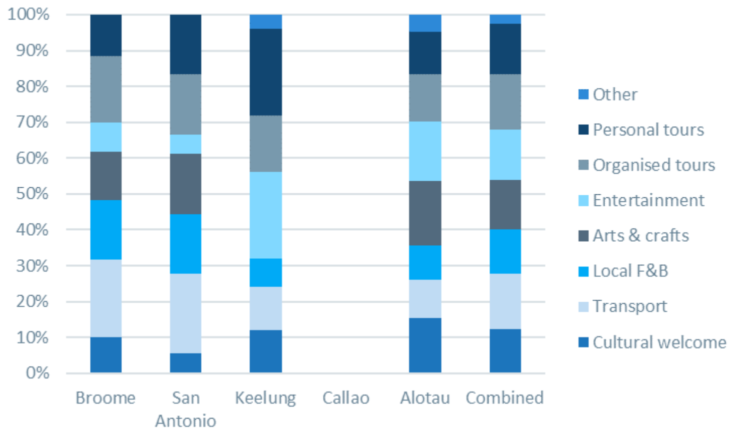
- Few businesses benefit.
- Genuine hygiene issues with lack of tourist facilities.
- Crime e.g. hold ups and bag snatching.
- Child exploitation with children begging.
- Resentment towards tourists when they don't buy products.

3.5 MANAGING MSME & COMMUNITY EXPECTATIONS

Sustainable cruise tourism can generate significant benefits for local communities, providing economic stimulus while supporting the preservation of local cultures and environments. It can also have an adverse effect if cruise passenger spend disappoints community expectations, locals' daily lives are disrupted or cruising negatively impacts on their environment or cultural heritage.

To illustrate what communities provide to cruise passengers and what their challenges and opportunities are we included relevant questions in the community survey. Communities in general provide a similar and wide range of activities to cruise passengers with the most common being transport and organised tours.

Figure 3.3 Community activities provided to cruise passengers

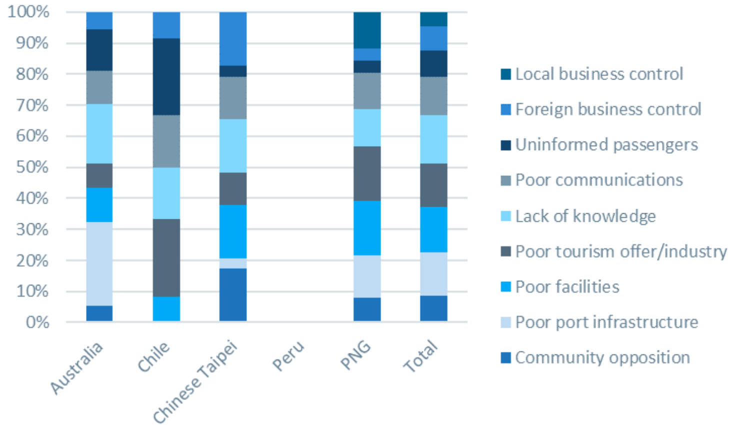


Note: No responses received from Callao
Source: AEC & The BHive

Combined, the most frequently reported cruise tourism challenges related to a lack of knowledge, poor facilities and poor tourism offer/industry:

- Lack of knowledge – Broome, San Antonio, Keelung.
- Poor facilities – Keelung, Alotau.
- Poor tourism offer/industry – San Antonio, Alotau.

Figure 3.4 Top cruise tourism challenges



Note: No responses received from Callao
Source: AEC & The BHive

Resulting from these challenges are common opportunities mentioned by respondents for increasing their business from cruise tourism. Industry collaboration, improving port infrastructure and product development were common to two or more destinations.

Table 3.4 Cruise tourism opportunities for improving cruise tourism benefits

Opportunity	Broome	San Antonio	Keelung	Callao	Alotau
Balance/sustainability	✓				
Industry collaboration	✓				✓
Improving port infrastructure	✓				✓
Seasonality – more in low season	✓				
Revisitation	✓				
Information to passengers		✓			
Product development		✓			✓
Locational promotion			✓		✓
Education					✓

Note: No responses received from Callao
Source: AEC & The BHive

From these findings it is clear that destinations have different challenges and that these, as mentioned earlier, relate closely to the type of destination and its cruise tourism maturity. Therefore, to better understand MSMEs and community issues with cruise tourism and move to mitigate these issues the community needs to be consulted in a consistent fashion.

Recommendation 3b It is recommended that that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to measure community satisfaction with cruise tourism.

3.6 SUMMARY & RECOMMENDATIONS

3.6.1 Summary

Cruise tourism is seen as a major growth opportunity and offers an economic stimulus for coastal communities globally. However, destinations need to understand realities and take a balanced and sustainable approach to attracting and servicing cruise ships and their passengers commensurate with their destination's characteristics.

Sustainable cruise tourism revolves around an equitable distribution of economic benefits, protection of the marine and terrestrial environment and preservation of the cultural and societal values of the destination. Furthermore, for cruise lines to continue to include a destination on an itinerary, passengers must report high levels of satisfaction and the cruise line also needs to benefit financially.

One of the major realities and risk factors is that cruise ships are mobile assets and only plan and sell itineraries two to three years into the future. Destinations and communities therefore need to organise and work in partnerships with cruise lines to sustain and grow business. At the same time, they need to measure and track key measures of sustainability to demonstrate positive and mitigate negative impacts to all stakeholders and to use in informed decision making.

3.6.2 Recommendations

Measurement. There is a need for consistent and ongoing measurement of the economic, social, and environmental impact of cruise tourism in destinations to provide a credible and acceptable evidence base for decision making.

Recommendation 3 It is recommended that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to:

a Measure environmental and social aspects based on best practices.

b Measure community satisfaction with cruise tourism.

4. DESTINATION VALUE PROPOSITION & MANAGEMENT

This chapter introduces the destination value proposition, the importance of developing and providing unique and authentic experiences that appeal to the cruise lines' source markets and managing the destination in a sustainable manner to continue to deliver its value proposition.

4.1 DESTINATION VALUE PROPOSITION

Cruise tourism development depends on the geography, characteristics and demand for the destination. The participating economy destinations in our study vary in accessibility and are ecologically and culturally diverse. We recognise that in order for cruise tourism to develop and remain sustainable the natural resources, cultural values and local communities must be preserved. As certain cruise markets become saturated and the order book delivers new cruise ships, the opportunity for further cruise development in APEC nations is strong.

Cruise passengers are drawn to a variety of activities from culture-based experiences, natural environments, goal-oriented activities like conquering a mountain and theme-based excursions that are unique to a destination (e.g. wine tours, culinary experience, birdwatching). Competition for cruise business is fierce so every destination has to offer something attractive, unique, or iconic to attract new and repeat cruise passengers.

The cruise industry chooses destinations, based on nature, culture, activities, "must see" destinations and operational capability with considerations to berthing capacity and port accessibility. Importantly, the cruise industry sells itineraries, not destinations which underlines the importance of the selection of ports of call. Itinerary design considers seasonality demand, balance of onshore and sea days, itinerary duration, destinations to visit, berthing capacity and fuel and port costs. Each destination needs to provide unique experiences that appeal to cruise line source markets that drives demand and each port of call should be sufficiently differentiated from each other.

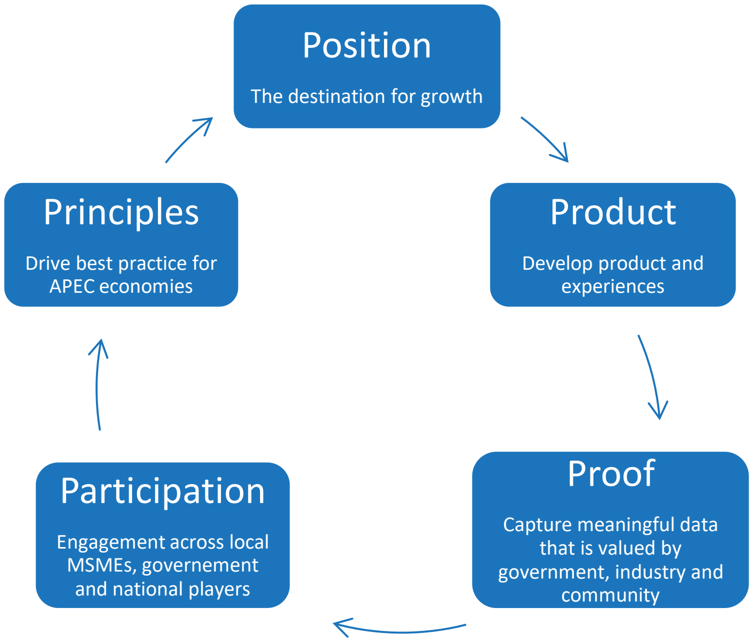
If growth is inevitable then the collective industry needs a long-term vision for cruise, a bottom up approach and a strategic view. Considerations to develop a long-term cruise industry plan are:

- **Alignment**. The vision is what aligns all the players in the industry.
- **Deployment.** This can't be done in isolation, while cruise lines are optimising itineraries to maximise guest appeal, destinations need to work together to develop their differentiated value proposition.
- **Congestion**. Regions are interlinked and congestion in one region can have a flow through impact on destinations.
- **Costs.** Ports and destinations need to be competitive.
- **Growth.** Destinations and regions need a plan to drive growth, investment into existing infrastructure as well as changes in deployment considerations.
- **Ports**. Access for cruise lines, sufficient berths and the capability to accommodate larger ships in the future.
- **Investment & regulation**. Ensure that it fosters growth.
- **Stakeholders**. There are many with diverse interests and no one group can dominate without working together to progress the industry.

The cruise tourism eco-system is diverse and involves a wide variety of stakeholders to ensure a destination is cruise ready, meets cruise passenger expectations and collectively continues to attract and grow the number of cruise ships to the destination. In the participating economy workshops we mapped the stakeholders engaged and actively involved in the destination for cruise which highlighted the complexity of the many players including those from all levels of government and tourism organizations, ground handlers, transport, shipping services, ports, tour operators, attractions, a variety of MSME businesses and local product manufacturers (see Appendix B).

Developing a bottom up regional and destination plan requires commitment from all stakeholders. In response we have developed the "P" plan that encourages a long-term vision and strategic view for the cruise sector with a bottom up approach and a catalyst for industry collaboration.

Figure 4.1 The cruise tourism "P" plan



Source: The B Hive

The "P" plan can be incorporated into cruise destination management planning (see below) especially regarding consultative planning.

Recommendation 4 It is recommended that APEC adopt the "P" Plan as a catalyst for industry collaboration and cruise tourism growth.

4.1.1 Understanding the Destination Value Proposition

What is appealing and unique is different for every destination and the competitiveness of a destination to create an integrated value-added product that can sustain its resources overtime is the goal. The figure below is what each participating economy completed as part of their destination workshop (see Appendix B).

Figure 4.2 Destination value proposition quadrants

	More Unique		
Less Appealing	Attributes in this quadrant are more unique but less appealing to passengers and while they greatly enhance the DVP of the destination there maybe factors reducing their competitiveness. E.g. crafts, history, endemic species, museums	Attributes in this quadrant are more unique and more appealing to passengers and greatly enhance the DVP and provide a significant point of difference to competitor destinations. E.g. natural assets, cultural places / activities, local produce / culinary, hot springs	More Appealing
	Attributes in this quadrant are less unique and less appealing and contribute little to the DVP of the destination. There may be many similar destinations. E.g. activities, arts & crafts, casino	Attributes in this quadrant are less unique but are more appealing to passengers and contribute somewhat to the DVP but there may be similar competitor destinations. E.g. shopping, water sports, local handicrafts	
	Less Unique		

Source: AEC & The B Hive

4.1.1.1 Natural Values

The natural environment is important to cruise tourism. Participating economies highlighted pristine reefs, beaches, forests, flora, hot springs, waterways and mountains. Without place, tourism would not exist.

Sustainable tourism is envisaged by the United Nations World Tourism Organization (UNWTO) as "*Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities"* (UNWTO, 2019a)*.* Sustainable tourism might also be defined as *"tourism which is economically viable but does not destroy the resources on which the future of tourism will depend, notably the physical environment and the social fabric of the host community*" (Swarbrooke, 1999).

4.1.1.2 Cultural Values

Culture values are an important driver of cruise destination attractiveness and competitiveness. Many of the APEC destinations are focusing on developing their tangible and intangible culture assets to create local distinctiveness and increase appeal. Local communities and MSME's are coming together to develop cultural products, for example most notably in Milne Bay Province, PNG where they run cultural festivals and cultural tours working with landowners and in the Kimberley region in Australia where indigenous experts share insights into life, art and history.

4.1.1.3 Activities/Attractions

Cruise attractions and activities are diverse and the main driver in attracting cruise tourism. Each of the destinations highlighted such unique characteristics from soft adventure (e.g. fishing, caving, trekking) to wildlife attractions (e.g. birdwatching) to natural attractions (e.g. volcanos, sink holes, hot springs) to cultural activities (e.g. pottery, village experience, museums), history (e.g. missionary, world war, pre-Columbian culture) and festivals (e.g. sky lantern, Trobriand festival, music festivals).

4.1.1.4 Sovereign Risk

Sovereign risk occurs where a country fails to make debt repayments or changes its laws at short notice causing adverse impacts on investors. Essentially known as changing the rules of the game once bets have been laid, sovereign risk can be applied to areas such as taxation, environmental regulation and project approvals, to name a few.

4.1.2 Managing & Marketing the Destination

While a destination should offer appealing and unique attributes as a means of differentiating its value proposition, it must also appropriately manage them to ensure sustainable outcomes. Destination management planning (see below) is a well-developed platform that focuses on a strong community-based vision, a relevant structure that connects all stakeholders and a clear understanding of the market and the key products and experiences.

The exception with cruise tourism is that cruise passengers may know very little about the destination as they are primarily focused on purchasing the cruise. They also have limited time ashore to experience the destination, with the majority of excursions half day with some full day options. Both the participating economies survey and destination workshops highlighted the challenges of communicating with cruise lines and that cruise passengers tend to have poor information about the destination they are visiting.

All cruise lines are not the same, each bring a different type of cruise passenger to the destination. This requires a breadth of product offerings that cater for this wide audience and deliberate marketing based on target collateral reflecting the destination's value proposition.

> **Recommendation 5** It is recommended that destinations develop promotional collateral (video footage and destination product sheets) based on their destination value proposition in conjunction with the cruise lines and Destination Management Organizations (or the local organization responsible for tourism promotion) to successfully integrate more content into the cruise line websites and their onboard shore excursion sales process.

4.2 DESTINATION MANAGEMENT

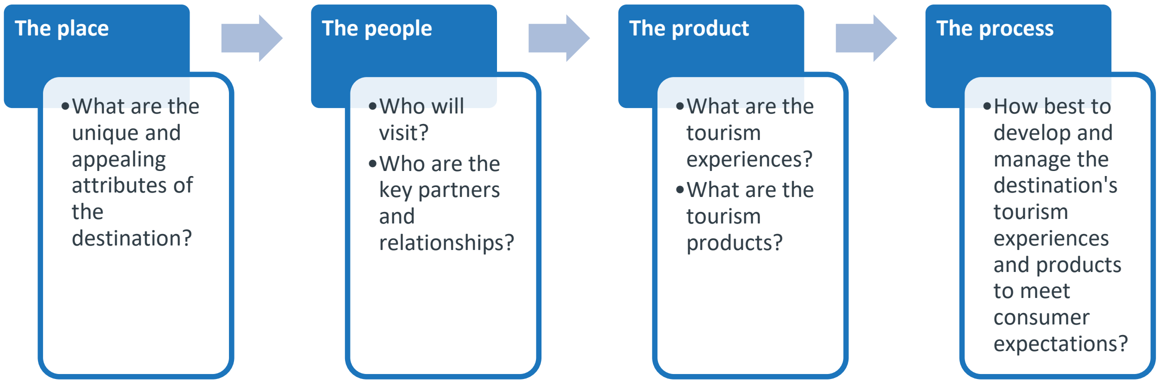
Destination management is "*An ongoing process in which tourism, industry, government and community leaders plan for the future and manage a destination.*" (ARTN, 2012).

Best practice destination management is an encompassing process with the goal of ensuring tourism adds value to the economic, social and environment of communities. Cruise tourism is an economic driver, generating jobs and improving the standard of living in communities, especially those that may be lacking in other economic resources. Cruise tourism though needs to be managed to ensure that it is sustainable into the future.

To be effective, destination planning, and management must be based on appropriate research and the needs of the travelling consumer (cruise passengers). The process of destination management integrates both demand (the visitor or consumer needs) and supply (the destination's value proposition and its products and experiences). Done successfully an outcome of destination management planning is a stronger and more resilient cruise and general tourism industry that can adapt to the needs and demands of the consumer and the community as the destination evolves and matures.

In essence, best practice destination management should focus on and consider:

Figure 4.3 Destination management considerations



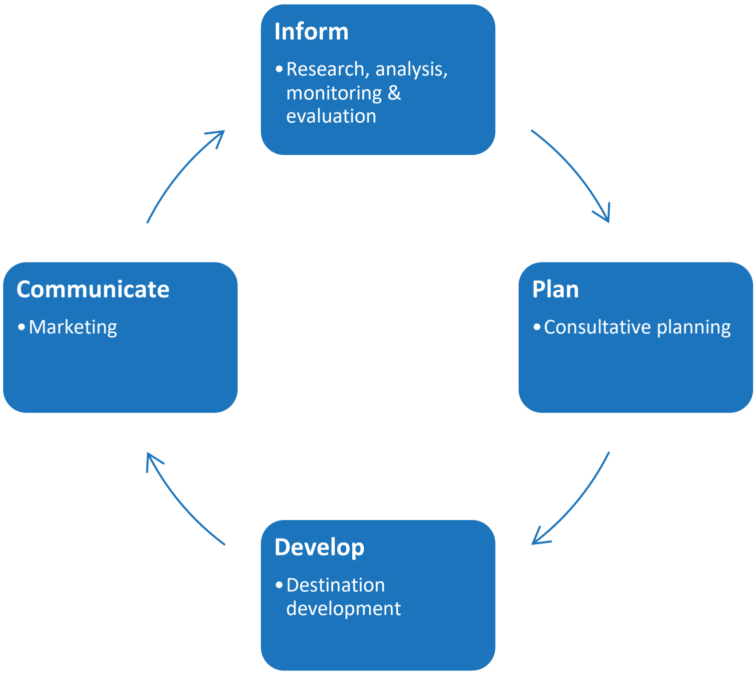
Source: Adapted form ARTN (2012)

The destination management approach to be taken depends on the context of the destination for example:

- What is the level of maturity of the destination and where is it in terms of its destination lifecycle?
- What is the overall impact of cruise tourism on the local economy and how does it work with, leverage or support other sectors?
- What is the size, scale and scope of cruise tourism requirements in relation to the destination management model?

The process of destination management should be constant and ongoing. Destination managers and leaders need to continually evaluate and adjust to ensure the destination and partners are delivering optimal levels of benefit to the community. The cycle of continuous effort includes: inform, plan, develop, communicate.

Figure 4.4 Destination management activities



Source: Adapted form ARTN (2012)

4.2.1 Destination Research, Analysis, Monitoring & Evaluation

Research and analysis, monitoring and evaluation are ongoing elements of the destination management process. They inform planning and implementation and enable critical assessment of success or failure of product and service initiatives. Importantly, consumer research (e.g. of passengers and cruise lines) helps to explain how and why service quality and customer satisfaction can be improved.

The following questions enable the destination to begin identifying information and research gaps that may need to be addressed.

Table 4.1 Information matrix for Destination Research & Analysis

Process	Place

• What **processes** will you put in place to help you **identify, resource, collect and manage research and information** relating to DM?
• Have you determined the process of identifying and collecting relevant research and information?
• What information do you need to inform your approaches to planning, development and marketing?
• What information do you have?
• Who owns the information you need, and can you access it? Is it current?
• Is it sufficient to inform decision making?
• What are the information gaps?
• If you have gaps how can you commission or source the information you need?
• What is the cost?
• How can this be resourced?
	What is your place? Define your destination by a notional boundary.
	• What information already exists about the place you have defined as your destination?
	• Is it a destination or part of a journey to, or from a destination?
	• What physical attributes (natural and built) add to or detract from the attraction of the destination?
	• What historical (natural and social) information is available about the destination?
	• What plans, research or information are relevant to the destination?
	• Is there a community plan or strategic plan that sets out a vision for the community?
	• Is there an economic development (ED) plan?
	  ○ What other industry sectors feature in the ED plan?
	  ○ How does cruise tourism relate to or leverage these sectors?
	• If the environment is a key aspect of your destination is there any natural resource

	management, catchment management or sustainability information that may be relevant? • What land use planning regulations are in place that may affect/ impact cruise tourism?
People	**Product**
Who is the **community of Interest** in the destination? Consider the people that have current and historic links to the destination. • These may vary from sporting to cultural groups or may be from other industry sectors. • Does the community have a vision? • Do you have a destination brand and brand strategy? Who is **visiting** your destination? • Consider the current visitor demographic and psychographics. • Where are visitors coming from? • Why are they coming? • Is this information current and consistent? What **staff and skill base** is available to collate the information? • Consider the people you will need to help you to bring together the information and research you need. • Do they have the time and capability (skill) to collect the information? Who are your **key partners** in destination management? • Who do you need to collaborate with to bring together the information needed to support the DM process? • Define the type and level of involvement. • Can you co-opt other individuals or stakeholders to assist? ○ If so, who are they and what do they require or receive by their involvement in the process?	How does your Destination in its current form present as a **total product or experience**? You will need to bring together information that answers the following: • What is your destination currently offering? • What is its unique selling proposition? • Is this in line with the values and vision of your community of interest? • Is this in line with your destination's brand values? • What are the individual products and experiences on offer? • Do these match the needs/wants of your target market?

Source: Adapted form ARTN (2012)

After completing this exercise, destinations will have a clearer idea of what information and resourcing is currently available to use as part of the destination management process along with any information gaps.

4.2.2 Destination Consultative Planning

Consultative planning concerns communities working together to share knowledge and ideas about creating a sustainable cruise tourism destination, defining what they can offer, and agreeing on what their values are. These values should be expressed in the cruise tourism vision and brand. They should underpin decision making in other destination management aspects. Community vision and values may have been agreed during other community, cultural, environment or economic development planning processes. If so, they should be adapted to the cruise tourism context rather than simply duplicating the process or creating a vision in conflict with the existing community vision. The key is to communicate how cruise tourism can deliver on the community's own vision for the future.

The following questions enable the destination to begin identifying consultative planning elements that may need to be addressed.

Table 4.2 Planning matrix for Consultative Planning

Process	Place
What **processes** will you need to put in place to facilitate **consultative destination planning**?	• What is the scope for growth in the current size and scale of cruise tourism? • How does this relate to the vision?

• Is there a community **vision** and how does cruise tourism contribute to this? Leverage it? Add value to it?
• Is there a **brand** statement and identified values?
  ○ How do you plan to integrate the vision and brand into your destination planning process?
• What stage of the destination lifecycle is your destination?
• What is the **size and scale** of cruise tourism in relation to its economic, social or environmental impact?
• What **level of planning** is required to enable a suitable management approach to be established in your destination?
  ○ What planning is in place already that you can incorporate into a DM Plan?
  ○ Are there gaps in planning and if so, who should complete this work, how will it be resourced and when does it need to be completed?
	• How does this relate to your brand values and statement?
	• What social, economic and environmental impact is this likely to have?
	• What physical planning issues need to be considered?

People	**Product**
Who needs to be **engaged** in the destination planning process? • How will you engage your community of interest, stakeholders and key delivery partners in your DM planning? Is the current **cruise passenger/market profile** achieving sufficient return on investment to support the current size and scale of tourism? • Does the cruise passenger profile need to or is it likely to change in the future? • What will be the catalyst for changing the cruise passenger profile (e.g. is demand or supply the driver?) • What type and level of investment are required to initiate and maintain the change? Who will resource it and is it sustainable? • How will you communicate with your cruise passengers, cruise lines and community? • What information and messages will you want to share? What **staff and skill base** do you have available to assist with planning processes? • If there is a skill/capability gap, how will you fill this and how will you resource it? Who are your key **delivery partners** and what is their role?	What **product and experiences** are currently on offer? • Are the destination's currently available products and services adequate to service current and future cruise markets? • How will you maintain or change the product and experience offering to ensure cruise passenger satisfaction?

Source: Adapted form ARTN (2012)

Following the above will enable destinations to determine how best to develop or review a destination management process. Both the research and planning should result in a strategy and actions to deliver on the cruise tourism vision.

Case Study – Consultative Planning, Golden Foundation Tours Corp, Chinese Taipei

Golden Foundation has been established in Chinese Taipei for 48 years and currently has 20 employees in its inbound department. They arrange tours, F&B and passenger meet and greet.

Golden Foundation has worked in partnership with the cruise lines and government organizations to improve passenger satisfaction. Examples include:

- *Tour Guides*. In Chinese Taipei there are not enough tour guides speaking foreign languages such as German, French, Spanish, and Italian. They always solve the problem by appointing good foreign language (mostly English given it's a common language for most Europeans) speaking tour guides with the support from the cruise lines.
- *Lack of port facilities in offshore islands*. Facilitates solutions by working with Chinese Taipei Tourism Bureau and Maritime Port Bureau who help to get the support from the local government, port authority, and port agents to overcome problems.

Source: Golden Foundation Tours Corp (2019)

4.2.3 Destination Development

Destination development is about creating and maintaining cruise passenger experiences, saleable products and services that meet visitors' needs and expectations and facilitate their travel and stay within a destination. The most authentic cruise passenger experiences may be developed outside the regular tourism offering. These will provide opportunities for cruise passengers to experience the landscape, people, way of life, culture and food enjoyed by the local community. It is important to invest in soft infrastructure in addition to hard infrastructure such as accommodation and transport.

The following questions enable the destination to begin identifying destination development elements that may need to be addressed.

Table 4.3 Development matrix for Destination Development

Process	**Place**
Do you have **a product and experience development plan** to guide your work in this area? It should cover the following: What **information** can you use to assess the current stage of destination development? • Do you need to source more data to inform an assessment? Is there enough supply of product on offer of the right **standard** to meet current cruise passenger needs? • What processes are in place to assess this? • Where are the product and experience gaps? • Is customer service up to standard? What are the **key cruise tourism opportunities** for future development? • What size and scale parameters need to be considered? • What are the intended growth targets/parameters? • What other organizations/initiatives are involved in product or business development? Is **growth** represented by increases in cruise passenger days, expenditure, yield or a mixture of the above? • How will this be achieved? How will this be measured? Does this level of development fit within the community vision & brand values?	What physical assets, sectors or activities have **potential to link** to cruise tourism? • Access (ferry terminal, airports, roads, rail) • Accommodation • Attractions (natural & man made) • Amenities (ATMs, F&B outlets, public toilets, health facilities) What are the physical planning, environmental or heritage considerations?
People	**Product**
Who needs to be **engaged** in the destination development process and how will you engage with them? • Can the community/s of interest contribute to product and experience offering? • Is the industry viable?	What **product and experiences** are currently on offer and is it meeting cruise passenger needs and expectation? • What initiatives will you put in place to maintain the product and experience offering to ensure it meets current and future cruise passenger needs and expectations? Consider the following •

• Is the industry providing the level of customer service that meets cruise passenger expectations?
• Is the current cruise passenger/market **profile** achieving sufficient return on investment to support the current size and scale of cruise tourism?
  o Does this need to change in the future to meet growth targets?
  o What will be the catalyst for changing the cruise passenger profile (e.g. demand or supply driven)? What strategies/initiatives are needed to achieve change?
  o What type and level of resourcing/investment is required to initiate and maintain the change?
  o Who will resource it and is it sustainable?
Who is **responsible** for destination development? (What organization and individual?)
• Is there acknowledgement of this role and the relationship with cruise tourism and other delivery partners?
• Do they have the skills, resources and networks to achieve this?
Who are the key **destination development partners**?
	o Does the existing product and experience offering need to be refreshed?
	  o Is the level of customer service meeting expectation?
	  o Is sufficient interpretation occurring?
	  o Is it in line with the brand statement and values?
	  o How will this be resourced?
	• Is your product development activity in line with the vision and brand?

Source: Adapted form ARTN (2012)

The above development matrix can be used as an ongoing guide to implement the product development process.

Case Study – Destination Development & Management, Destination Management Chile (DMC) S.A.

DMC is a company that has been focused on working with the cruise industry since 1996 in all destinations in Chile. They provide all the logistics for turnarounds: ground services, embarkation and debarkation procedures, overland programs, pre and post packages. In ports of call they also provide all the shore excursions and special assistance to the specific needs of each ship.

DMC has developed new ports of call such as Puerto Chacabuco and Castro. Development commenced with specialized shore excursions for these remote areas with 3-4 calls and has grown to an average of 35 calls per season.

DMCs main challenges include:

- Port capacities when more than one big ship is in port at the same time.
- Many ports are still cargo orientated.
- Remote destinations – equipment provision and staffing, weather causing last minute cancellations but still must pay local suppliers.
- Need for national policies regarding cruise industry development.

Source: Destination Management Chile (DMC) S.A (2019)

4.2.4 Destination Marketing

The purpose of destination marketing is to:

- Grow cruise passenger and cruise line awareness and demand for the destination and its products.
- Clearly and effectively communicate with cruise passengers to better understand their needs and wants.

- Communicate the destination's unique offering and value proposition both before cruise passengers arrive and once they are in the destination.
- Develop and communicate your destination's vision and values via a clear brand statement that is then reflected in how you market and promote your destination and communicate what is on offer.

Marketing should include internal stakeholders and the community so that they are aware of destination planning efforts and in the case of cruise tourism, when cruise ships are scheduled.

The following questions enable the destination to begin identifying destination development elements that may need to be addressed.

Table 4.4 Communication matrix for Destination Marketing

Process	Place
Do you have a **marketing and communication plan** to guide your work in this area? Do you have a cruise brand strategy? • How does this relate to the community vision? • How does this relate to other regional or state brands (both tourism and other related products such as food and wine)? • What process do you have to ensure your brand message is communicated and delivered upon in the cruise passenger experience? • What processes are in place to assess this? How will you **coordinate and fund** the implementation? • What resources are required and who will contribute? Do you have a strategy or system to **monitor and evaluate the effectiveness** of your marketing and communication? Consider the following critical success factors: • Saturation in key markets • Response to call to action • Conversion to sales • Total sales outcome • Yield • Return on investment	Does your branding and marketing **reflect** the physical and industry offering of your destination? • Is it linking to or leveraging other industries or sectors?
People	**Product**
Does your **branding and marketing** reflect the values and vision of the community and tourism industry? Is the tourism industry engaged and active in destination marketing? • Are they delivering on the brand message? • Is the product currently on offer reflected accurately in the marketing and branding? • Is the service offering meeting current cruise passenger expectations? Who is **responsible** for destination marketing? (What organization and individual?) • Is their role acknowledged? • Do they have the skills, resources and networks to achieve this? Who are the key **destination marketing partners**?	Is the suite of **marketing products and collateral** in line with the communication methods and media used by the key target markets? • Is investment required to improve the use of technology to enable effective communication with potential and engaged cruise passengers? • Is industry skilled in using technology to communicate with visitors before, during and after their visit? • Is sufficient data being collected from the use of technology?

Source: Adapted form ARTN (2012)

The above communication matrix can be used as an ongoing guide to implement the destination marketing process.

4.3 ROLES IN DESTINATION MANAGEMENT

Due to its multi-faceted nature destination management planning requires the input and coordination of many different entities and roles. A revisitation of the cruise tourism eco-system (see Table 2.7) sheds light on the diversity of government and private entities involved. For destination management in relation to cruise tourism the following non-exhaustive entities all have different roles and should be involved:

- **Government**. Governments at all level set the policy and regulatory framework within which destinations and visitation is managed. This includes areas such as: immigration, visa and permits, customs and trade, public health, shipping, infrastructure operations and funding, industry development and funding, protected area management, emergency services.
- **Destination Management Organization (DMO)**. Generally, the main entity with responsibility for destination development and marketing. DMOs can operate at a national, state, regional or local level.
- **Tourism Industry**. Provide goods and services to cruise lines and visitors and need to be consulted on the development of a destination management plan. This includes cruise lines, ports, shipping agents, ground handlers, airports, ground transport, accommodation, food and beverage, attractions, tour operators, amenity operators, entertainers.
- **Community**. Recipients of the positive and negative impacts of cruise tourism should be informed about the development of a destination management plan and its outcomes. Includes local government, MSMEs (directly and indirectly), women, youth and volunteers.

Recommendation 6 It is recommended that APEC develop a mix of guidelines, toolkits, forums and workshops for best practice cruise destination management planning.

4.4 IMPLICATIONS FOR MSMES & COMMUNITIES

In general, there are varying levels of cruise tourism, business and entrepreneurial knowledge in MSMEs and communities in destinations. The participating economy surveys highlighted the top challenge for cruise communities was a lack of knowledge of the cruise industry. Furthermore, in the APEC *Tourism Workforce of the Future* report (APEC, 2017) it stated that MSMEs have the greatest need for training and development. This need was further supported in the participating economy destination workshops.

Use of a modern platform to provide a step by step process to build a plan for a cruise tourism business with embedded guidance on how to develop for cruise tourism would be very useful. Given the challenges of internet connectivity, language complexities and literacy the ideal platform is face to face in region running capacity building workshops.

Recommendation 7 It is recommended that cruise content is developed for MSMEs business development and destination champions are appointed to be trained to deliver content, frameworks and knowledge.

4.5 SUMMARY & RECOMMENDATIONS

4.5.1 Summary

The opportunity for developing cruise destinations in APEC nations is high. With cruise lines selling itineraries and not destinations there are many operational factors at play in decision making. Destinations therefore need to provide unique and differentiated experiences to stand out. These experiences are the destination's value proposition and need to be sustained and appropriately managed. Furthermore, given the complex cruise eco-system destinations need to collaborate and plan extensively with industry to be successful.

Managing the destination is also important not just for cruise but also for broader tourism purposes. To be effective, destination planning, and management must be based on appropriate research and the needs of the travelling consumer (cruise passengers). The process of destination management integrates both demand (the visitor or consumer needs) and supply (the destination's value proposition and its products and experiences). It also requires significant collaboration between government, DMOs, industry and the community to be successful.

In general, there are varying levels of cruise tourism, business and entrepreneurial knowledge in MSMEs and communities in destinations. Planning, marketing and management of cruise destinations to deliver more and sustainable cruise business can be addressed through appropriate collaborative content development and delivery amongst all stakeholders.

4.5.2 Recommendations

Partnerships & Marketing. Partnerships between destinations and cruise lines are critical to facilitate improved communication and optimization of economic and social benefits for all.

> **Recommendation 4** It is recommended that APEC adopt the "P" Plan as a catalyst for industry collaboration and cruise tourism growth.
>
> **Recommendation 5** It is recommended that destinations develop promotional collateral (video footage and destination product sheets) based on their destination value proposition in conjunction with the cruise lines and Destination Management Organizations (or the local organization responsible for tourism promotion) to successfully integrate more content into the cruise line websites and their onboard shore excursion sales process.

Planning. Consistent planning frameworks that can be applied to differing destinations will supply the tools destinations need to deliver sustainable cruise tourism.

> **Recommendation 6** It is recommended that cruise content is developed for MSMEs business development and destination champions are appointed to be trained to deliver content, frameworks and knowledge.
>
> **Recommendation 7** It is recommended that APEC develop a mix of guidelines, toolkits, forums and workshops for best practice cruise destination management planning.

5. ECONOMIC IMPACTS OF CRUISE TOURISM

Understanding the economic impact of cruise tourism on a destination is a key step in taking further proactive measures to develop a sustainable cruise tourism business. This chapter surveys recent economic impacts of cruise tourism studies from other regions/countries, the common approaches to measuring and calculating economic impacts and relevant findings from the MSME surveys undertaken in participating economies.

5.1 EXISTING STUDIES

CLIA and national cruise or tourism associations have long recognised the need to demonstrate the economic impact of cruise tourism on local, regional and national economies. Table 5.1 below summarises the major studies in the public domain that have been undertaken over the last six years. The majority of these have been undertaken for CLIA by Business Research and Economic Associates (BREA) out of the US. In general, a similar approach has been undertaken for each study, however results are often presented differently and with caveats. For example, the North Asia and South East Asia studies do not include employees resident in those countries. While there are probably very good reasons for inclusions/exclusions and differing presentations the cruise industry, regions, countries and individual destinations would benefit from a globally consistent approach.

Case Study – Economic Impact of Cruise Tourism in Papua New Guinea & Solomon Islands

In 2016, the Australian Department of Foreign Affairs and Trade (DFAT), Carnival Australia and International Finance Corporation, a member of the World Bank Group, commissioned IFC Consulting Services Hong Kong Ltd to investigate the economic impact of cruise tourism in Papua New Guinea (PNG) and Solomon Islands (SI).

The findings of the study for PNG in the 2015 years were:

- 60 cruise ship calls in the five research ports (Alotau, Rabaul, Doini Island, Kitava and Kiriwina), 136 PNG.
- Total economic impact (output) of AUD$5.9 million. 43% expenditure by passengers, 3% by crew, 54% by cruise lines. 50% of expenditure to government through port fees and 30% to tour operators.
- Total value added of AUD$1.1 million (0.01% to PNG's GDP). Employment impact of 203 full time and part time jobs.

The findings of the study for SI in the 2015 years were:

- 13 cruise ship calls in the researched port (Honiara), 47 SI.
- Total economic impact (output) of AUD$0.64 million. 65% expenditure by passengers, 4% by crew,31% by cruise lines. 65% of expenditure to government through port fees and 15% to tour operators.
- Total value added of AUD$90,000 (0.01% to SI's GDP). Employment impact of 21 full time and part time jobs.

Limitations of the study were:

- The study is based on sample data collected on two large cruise ships only. Smaller cruise vessels were not surveyed.
- Sample data for estimating the expenditure of crew members was low.
- Flow-on and induced impacts were not included presumably because appropriate economic models of these economies do not exist.
- Employment impacts from cruise line spending at ports were not estimated. Again, due to a lack of appropriate economic models of the local economy. Employment impacts therefore are termed employment opportunities.

Source: IFC (2016)

As can be seen from the comments above and limitations of the PNG and SI case study there can be considerable methodological and outcome differences from studies. It is important therefore for both measurement, calculation and indicator presentation for the economic impacts of cruise tourism that comparisons between regions, countries and destinations follow a similar methodology as much as possible. This would include consistent:

- Definitions and calculations of the various input measures such as passengers and crew days in port.
- Passenger and crew expenditure surveys ensuring that robust samples are collected from a variety of different sizes and types of cruise ship.
- Expenditures by cruise lines for both administrative (in country operations), marketing and operational expenditure.
- Creation and application of economic models (preferably input output tables[2]) for economic impact measures.

Recommendation 3c It is recommended that that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to measure cruise tourism expenditure and calculate economic impacts in a consistent manner including materials such as survey instruments to measure seasonality, itinerary stage, ship characteristics and passenger and crew expenditure; cruise line expenditure and economic impact models.

[2] While the input output transaction table approach is well documented by economists the creation of them is a considerable undertaking. A collection of links to input output research can be found here https://www.iioa.org/news/io-data.html

Table 5.1 Selected cruise tourism economic impact studies

Jurisdiction		Global	North America	Europe (EU+3)	RoW	US	Canada	Australia	New Zealand	PNG	SI	Vanuatu
Year		2017	2017	2017	2017	2016	2016	2018-19	2017-18	2015	2015	2013
Currency		USD $B	USD $B	USD $B	USD $B	USD $B	CAN $M	AUD $M	NZ $M	AUD $M	AUD $M	AUD $M
Note			(a)	(b)	(c)					(d)	(d)	
Direct	Output	$61.02	$28.75	$21.34	$10.93	$21.69	$1,447	$2,470	$474.0	$5.7	$0.6	$33.0
	Income	$19.55	$9.11	$6.53	$3.92	$7.38	$486	$878	na	na	na	na
	Employment	530,560	233,701	195,240	101,619	158,226	13,239	9,356	na	na	na	na
	Value Added	na	na	na	na	na	na	$1,342	na	na	na	na
Indirect & Induced	Output	$72.93	$32.70	$30.51	$9.72	$26.07	$1,739	$2,770	na	$0.2	$0.0	$19.0
	Income	$26.02	$15.38	$7.31	$3.33	$13.19	$521	$682	na	na	na	na
	Employment	578,116	294,528	208,381	75,207	231,206	9,959	8,779	na	na	na	na
	Value Added	na	na	na	na	na	na	$1,517	na	na	na	na
Total	Output	$133.95	$61.45	$51.85	$20.65	$47.76	$3,186	$5,240	na	$5.9	$0.6	$52.0
	Income	$45.57	$24.49	$13.84	$7.25	$20.57	$1,007	$1,559	na	na	na	na
	Employment	1,108,676	528,229	403,621	176,826	389,432	23,198	18,135	9,100	203	21	3,250
	Value Added	na	na	na	na	na	na	$2,859	$491.0	$1.1	$0.1	$8.4
Source		BREA (2018)				BREA (2017b)	BREA (2017c)	AEC (2019)	ME (2018)	IFC (2016)		

Note: (a) North America consists of all US ports including those in Alaska and Hawaii, ports in Bermuda, Canada, the Caribbean, Central America & Mexico.
(b) Europe EU+3 includes the ports of the 27-member states of the EU plus Iceland, Norway & Switzerland.
(c) Rest of the World consists of ports in South America, Asia, the South Pacific and Australia.
(d) 5 ports only (Alotau, Rabaul, Doini Island, Kitava and Kiriwina).
(e) Honiara only.
(f) Excludes the wages and landside and crew employees with permanent residence in the countries.

Table 5.1 Selected cruise tourism economic impact studies, continued

Jurisdiction		North Asia	Japan	South Korea	China	SE Asia	Indonesia	Malaysia	Singapore	Thailand	Vietnam
Year		2016	2016	2016	2016	2014	2014	2014	2014	2014	2014
Currency		USD $M	USD $M	USD $M	USD $M	USD $M	USD $M	USD $M	USD $M	USD $M	USD $M
Note		(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)	(f)
Direct	Output	$3,228.7	$1,197.4	$199.8	$1,831.5	$1,661.2	$36.9	$364.2	$1,091.7	$103.9	$64.5
	Income	$754.4	$455.4	$76.2	$222.8	$293.5	10.2	40.8	219	14.1	9.4
	Employment	23,697	8,669	1,835	13,193	19,396	590	4313	12063	1512	918
	Value Added	na	na	na	na	$843.7	18.8	118.6	634.2	43.1	29
Indirect	Output	$3,982.0	$961.3	$185.3	$2,835.4	$1,690.8	$40.9	$561.9	$877.4	$131.9	$78.7
	Income	$749.6	$287.4	$55.7	$406.5	$345.6	6.1	32.4	288.3	11.6	7.2
	Employment	27,934	6,055	1,302	20,577	14,522	358	3622	9216	702	624
	Value Added	na	na	na	na	$933.3	17	200.6	645.5	48.7	21.5
Total	Output	$7,210.7	$2,158.7	$385.1	$4,666.9	$3,352.00	$77.80	$926.10	$1,969.10	$235.80	$143.20
	Income	$1,504.0	$742.8	$131.9	$629.3	$639.10	$16.30	$73.20	$507.30	$25.70	$16.60
	Employment	51,631	14,724	3,137	33,770	33,918	948	7,935	21,279	2,214	1,542
	Value Added	na	na	na	na	$1,777.00	$35.80	$319.20	$1,279.70	$91.80	$50.50
Source		BREA (2017a)				BREA (2015)					

Note: (a) North America consists of all US ports including those in Alaska and Hawaii, ports in Bermuda, Canada, the Caribbean, Central America & Mexico.
(b) Europe EU+3 includes the ports of the 27-member states of the EU plus Iceland, Norway & Switzerland.
(c) Rest of the World consists of ports in South America, Asia, the South Pacific and Australia.
(d) 5 ports only (Alotau, Rabaul, Doini Island, Kitava and Kiriwina).
(e) Honiara only.
(f) Excludes the wages and landside and crew employees with permanent residence in the countries.

5.2 MEASUREMENT

The starting point for measuring the economic impact of cruise tourism on a destination is to identify the transactors associated with cruise tourism and measure the transactions that occur between them.

5.2.1 Cruise Ship Visits, Passengers & Crew

The direct transactors in cruise tourism are passengers, crew and cruise lines. The first step is to measure the quantities of each. Information that is required for each cruise ship visit includes:

- Ship and its characteristics (gross registered tonnes, length, width, draft, passenger capacity, crew capacity).
- Type of visit (turnaround or transit).
- Arrival and departure time/date and duration of visit (hours).
- Number of passengers disembarking, embarking or transiting.
- Passenger source (international or domestic).
- Percentage of passengers transiting.
- Percentage of crew going ashore.

Information for the first four items should be available from port administrative data. Information for the last three items should be available from the cruise line.

> **Recommendation 3d & 3e** It is recommended that that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to:
>
> d Exploit existing administrative data collections (e.g. port data).
>
> e Record ship visits, visit duration and passenger and crew numbers going ashore.

5.2.2 Expenditure

There are two different approaches to measuring cruise tourism transactors' expenditure. Firstly, the more common expenditure approach where the transactors are asked what they spent in the destination and secondly, the income approach where those receiving the expenditure, government and business, are asked what they received from transactors associated with cruise tourism.

5.2.2.1 Expenditure Approach

Passenger & Crew Expenditure

The majority of cruise related passenger expenditure will be for the cruise itself, however passengers also spend at individual destinations. Passenger destination expenditure can be categorised as follows:

- Accommodation – only for turnaround ports pre or post cruise.
- Food & beverage.
- Shore excursions – the majority of these may be purchased from the cruise company in which case they are covered by cruise line expenditure in a destination.
- Entertainment.
- Retail shopping.
- Transportation – air, ferry, taxi, bus, train, private car, car hire, pedicabs, etc.
- Other purchases.

Passenger expenditure is generally captured through an intercept survey (when returning to the ship) or self-enumeration questionnaire (placed in their cabin). Adjustment needs to be made on the party size (number of persons) the expenditure represents. Surveys at the commencement of a cruise can also capture a respondent's pre cruise expenditure in the destination. Capturing post cruise expenditure is more difficult and is best done while passengers are departing their cruise in which case they estimate what they might spend in the destination post cruise or, they provide their contact details and are surveyed once returned home.

Once the survey responses are "cleaned" and validated the expenditure results can be grossed up to all passengers on the cruise and can be represented as a range taking into account the proportion of passengers that actually went ashore (passenger days in port) and sampling errors[3].

Crew expenditure can be collected and estimated using the same approaches with the proviso that they are making personal expenditures rather than on behalf of the cruise line.

Key drivers of passenger and crew expenditure in a destination includes:

- **Number and time passengers and crew spend ashore.** Not all passengers will go ashore as some will remain on the ship. A larger number of passengers are likely to remain on ship in a tender destination and this number can be influenced by factors such as weather, sea state and tender duration. The number of crew ashore depends on the ship schedule and their duties at the destination. Generally, more time ashore equates to more expenditure.
- **Variety of things to see and do**. The more a destination offers the more passengers and crew are likely to spend.
- **Availability of pre-booked tours**. Passengers and crew who pre-book tours will generally spend more. Care needs to be taken not to double count pre-booked tour expenditure[4].

Cruise Line Expenditure

There are three types of cruise line expenditure:

- Administrative expenses – expenses associated with head or branch offices and marketing/advertising.
- Operating expenses – expenses associated with ship operations.
- Capital expenses – expenses associated with purchasing new cruise ships, ship refits and cruise terminals.

Depending on the category of destination (see Table 2.4) operating expenses in that destination will vary accordingly. For example, operating expenses in a marque destination where the ship is undertaking turnarounds will be much higher than a tender destination transit visit.

Destination operating expenditure can be categorised at a high level as:

- Fuel also known as bunker.
- Food & beverage.
- Travel agent commissions.
- Port charges & fees.
- Shore excursions.
- Vessel maintenance.
- Other operating expenses.

[3] Sampling errors are calculated based on the sample size (number of passengers that the survey represents) relative to the population (total number of passengers on the ship).

[4] Pre-booked tours are paid by passengers to the cruise line or are inclusive of the cruise price, and payments, post commission deductions by the cruise line, are made to the tour operator by the cruise line.

There are two approaches to estimating operational expenditure. The best way to measure cruise line operational expenditure is to survey the cruise lines. An alternative way is to calculate the likely expenditure according to the facilities and fees charged in a destination as well as use of industry averages for certain commodities and/or services.

5.2.2.2 Income Approach

The income approach relies on collecting information from vendors of goods and services to cruise lines and their passengers and crew regarding the amount of income they receive from these transactors. This is a difficult and less accurate approach for the following reasons:

- It is difficult and time consuming to identify and collect contact details (including appropriate contact persons) for all the businesses that are involved in the cruise tourism supply chain.
- In a large multi-service, multi-customer business it may be difficult for the business to identify and estimate the amount of revenue that comes directly from cruise tourism related business.
- For small businesses they may not have the time or be reluctant to give out the asked for information.
- Many vendors, particularly in smaller destinations may be opportunistic and operate in a cash environment and therefore are difficult to identify are not likely to provide the information.
- There may be literacy, cultural or language barriers.

The MSME surveys undertaken in the participating economies for this study attempted to collect income received from cruise business. The yield of data from the exercise was too limited to use for economic impact modelling (see Appendix A1).

5.3 ECONOMIC IMPACT METHODOLOGY

Once the expenditure of all transactors is determined (direct expenditure) they are modelled through successive rounds of industry expenditure in the destination's economy to arrive at indirect or flow on expenditure. The combination of direct and indirect expenditure then gives the total economic impact. The economic impacts are measured as output, employment, incomes and value add. A more detailed explanation of this approach can be found in West (1993).

This section provides a brief introduction to the methodology behind direct and indirect economic impacts and the measures traditionally used by economists. Further details can be found in West (1993) and ABS (2001).

5.3.1 Direct Economic Impact

The direct economic impact of cruise tourism is measured as the increase in total output (as final demand) of the various industries impacted by passenger, crew or cruise line expenditure, as well as additional demand for primary inputs to production in the industry experiencing a stimulus. For example, if the water transport (port) industry recorded an increase in activity (output) this would result in a direct increase in expenditure on wages and salaries, taxes, imports and gross operating surplus (profits) in the water transport industry.

Economic impact is generally described using five types of impacts. These are:

- **Output**: Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Gross product**: Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross State Product) defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Value added**: Similar to gross product but excludes some taxes and subsidies on products. Gross product is the preferred measure for reporting.

- **Income**: Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment**: Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full time equivalent (FTE) positions. An FTE is a person employed full time for a year.

These measures are calculated using a model of the economy known as an input-output transaction table (IOT). Transaction tables provide a snapshot of the production and consumption of goods and services within an economy over a set period (usually one year). This is achieved by disaggregating the products produced and consumed in an economy into a number of individual sectors (usually denoted by industry groupings) as well as other units of production (e.g., labor, capital) and consumption (e.g., end users of products/ services, such as households, government, etc.). Transactions between producers and consumers are represented in cross-section using rows and columns to depict the flow of goods and services between the different groups in an economy.

Transaction tables are used to develop coefficients of the inter-relationships between sectors of the economy, and thereby understand how a stimulus or shock to one sector can flow through to other sectors of the economy through increased demand for its outputs. The additional demand for other sectors' outputs resulting from a $1 million stimulus to one sector is called a multiplier. For example, an output multiplier of 0.5 for sector "A" would mean that every $1 million of stimulus in sector "A" generates demand for an additional $0.5 million of output from all sectors through flow-on activity. Direct multipliers, or initial effects are calculated from the IOT for each of the impact measures listed above and applied to cruise tourism expenditure to determine the direct economic benefits.

5.3.2 Indirect Economic Impact

Indirect economics impacts, also known as flow-on impacts, comprise the impacts to sectors within the economy through increased purchases of goods and services in to meet demand generated by the stimulus. Flow-on impacts can be traced through two separate paths:

- **Industry Support Effects (Type I)**. Represents the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
- **Household Consumption Effects (Type II)**. Represents the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

Indirect multipliers, or flow-on multipliers are calculated from the IOT for each of the impact measures listed above and applied to cruise tourism expenditure to determine the indirect and induced economic benefits.

5.3.3 Total Economic Impact

The total economic impact is the sum of the direct and indirect economic impact.

5.4 EXAMPLE DESTINATION EXPENDITURES

To illustrate what the economic impacts might be for a variety of destination types we have mocked up some theoretical destinations, mix of exchange and transit visits and ships over one year and the likely average expenditures.

5.4.1 Visits

The first step is to determine the visits, visit type and numbers of passengers and crew that go ashore. Visit types are:

- Exchange where all passengers disembark the ship and new passengers embark the ship.
- Transit where a large portion of the passengers go ashore.

Based on the visit type and duration of visit the number of passenger and crew visit days are calculated.

Table 5.2 Example cruise tourism visit scenarios

Destination Type	Major Tender	Minor	Major	Marque
Cruise Ship Visits				
Exchange	-	14	25	190
Transit	27	10	6	94
Total	**27**	**24**	**31**	**284**
Average Ship Pax Capacity				
Exchange	-	105	1,622	2,392
Transit	1,377	1,247	1,604	1,792
Passengers & Crew Visit Days				
Exchange Passengers (a)	-	2,940	81,078	908,992
Transit Passengers (b)	31,606	12,472	9,624	168,408
Total Passengers	*31,606*	*15,412*	*90,702*	*1,077,400*
Crew (c)	4,028	3,042	18,935	105,145

Notes: (a) The number of exchange passengers is double the ship capacity. (b) Assume 85% of passengers go ashore at a tender destination and 95% at a wharf destination for a duration of one day. (c) Assume 25% of crew go ashore at a tender destination and 45% at a wharf destination.
Source: AEC

The key variables impacting passenger and crew days are visit frequency, ship size and visit type.

5.4.2 Cruise Tourism Expenditure

The second step is to determine the average expenditure profiles of passengers, crew and cruise line in the destination. As mentioned earlier for passengers and crew these are best determined through intercept surveys at the destination or if not available use those from a similar destination. In general terms average passenger expenditure is likely to be higher for exchange passengers due to pre and post cruise stays in the destination.

For cruise lines surveys of cruise line expenditure by destination is the best source.

Table 5.3 Example average cruise tourism visit expenditures, USD

Destination Type	Major Tender	Minor	Major	Marque
Exchange Passengers	-	$315	$350	$350
Transit Passenger	$29	$70	$140	$140
Crew	$20	$39	$63	$63
Cruise line (per call) (a)	$35,000	$41,118	$560,000	$560,000

Note: (a) Average figure for all visit types in the destination.
Source: AEC

Once the cruise tourism visit parameters and average expenditures are known it is simply a matter of multiplying the two to give the total cruise tourism expenditure at the destination.

Table 5.4 Example cruise tourism expenditures, USD millions

Destination Type	Major Tender	Minor	Major	Marque
Exchange Passengers	-	$0.9	$28.4	$318.1
Transit Passenger	$0.9	$0.9	$1.3	$23.6
Total Passenger	*$0.9*	*$1.8*	*$29.7*	*$341.7*
Crew	$0.1	$0.1	$1.2	$6.6
Cruise Line	$0.9	$1.0	$17.4	$159.0
Total	**$1.9**	**$2.9**	**$48.3**	**$507.4**
Average per visit	*$0.07*	*$0.12*	*$1.56*	*$1.79*

Source: AEC

Not surprisingly based on differing ship size, visit type and destination type there can be a dramatic difference in expenditure profile per ship.

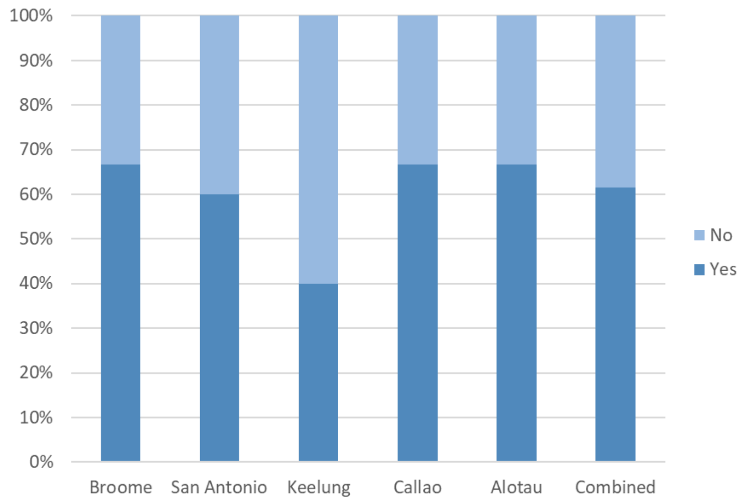
The next stage for developing an economic impact would be to assign the expenditures to industries in the country or destination specific IOT and calculate the direct and indirect income, employment and value-added measures.

5.5 ECONOMIC IMPACTS ON MSMES & COMMUNITIES

The economic impacts of cruise tourism on MSMEs and communities are dependent on many factors. The most significant factors are destination type followed by visit frequency, ship size and visit type. Beyond these factors are the opportunities given to passengers and crew for them to spend which relate to the destination value proposition and the ability of MSMEs to present attractive tours, retail and hospitality offers.

Depending on the frequency, nature and quantum of passenger and crew expenditure and its accessibility to interested MSMEs that expenditure will flow through the local economy through subsequent rounds of industry purchases and household consumption through wages. For example, through the MSME surveys undertaken in the participating economies over 60% of all businesses reported increasing employment to service cruise ships. While there were slight differences between destinations the only destination that was not as high was Keelung. This is an important finding as it directly supports the positive impact cruise shipping has on MSMEs and communities.

Figure 5.1 Employment increased to service cruise tourism



Source: AEC & The B Hive

However, one of the issues raised through the participating economy surveys and workshops is that the distribution of economic benefits among the community may be narrow and unequal. This would need to be measured through surveys before it can be addressed.

> **Recommendation 3f** It is recommended that that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to measure the breadth and equality of income distribution to MSMEs.

5.6 SUMMARY & RECOMMENDATIONS

5.6.1 Summary

There have been many economic impact studies of cruise tourism undertaken around the world over the last six years, however, there can be considerable methodological and outcome differences in these studies. It is important therefore that for region, country or destination comparisons that measurement, calculation and indicator presentation of the economic impacts of cruise tourism follow a consistent methodology.

The starting point for assessing the economic impact of cruise tourism in a destination or country is to measure the quantities of transactors, that is ship visits and passenger and crew visit days followed by expenditure of passengers, crew and cruise lines. The best practice approach for this is through administrative data collections and passenger and crew intercept surveys and cruise line expenditure surveys to determine average expenditures. These average expenditures are then applied to the number of passenger and crew days and ship visits to give total expenditure of the industry over a defined period, usually one year. An input output model of the destination economy or country is then used to calculate direct, indirect and induced economic impact measures of output, income, employment and value added.

The economic impact on MSMEs and communities from cruise tourism depends heavily on the destination type, value proposition and frequency, nature and quantum of passenger and crew expenditure. The more expenditure MSMEs can capture through presenting attractive tours, retail and hospitality offers the larger the economic benefits are likely to be. This is illustrated through the MSME survey undertaken for this study where 60% of respondents indicated increasing employment for cruise ship visits.

5.6.2 Recommendations

Measurement. There is a need for consistent and ongoing measurement of the economic, social, and environmental impact of cruise tourism in destinations to provide a credible and acceptable evidence base for decision making.

Recommendation 3 It is recommended that APEC develop guidelines and toolkits for destinations to capture, measure and track data that reflects the triple bottom line (TBL – economic, environment and social) impact to local communities as a result of cruise tourism. This may include tools and techniques to:

c Measure cruise tourism expenditure and calculate economic impacts in a consistent manner including materials such as survey instruments to measure seasonality, itinerary stage, ship characteristics and passenger and crew expenditure; cruise line expenditure and economic impact models.

d Exploit existing administrative data collections (e.g. port data).

e Record ship visits, visit duration and passenger and crew numbers going ashore.

f Measure the breadth and equality of income distribution to MSMEs.

6. COMMUNITY IMPACTS OF CRUISE TOURISM

This chapter examines the positive and negative impacts of cruise tourism on the community, selected challenges for MSMEs and the community and impacts on women.

6.1 POSITIVE IMPACTS

Cruise tourism provides income to local communities and at a certain scale can lead to infrastructure and facility improvements that can also make a difference to local communities. At a minimum cruise tourism provides employment opportunities and can raise income for locals.

Case Study – Positive Impact, Association of Handcrafts of Artisan Development of Callao, Peru

Established for 30 years and comprising 28 members 50% of which are women, the main objective of the Association is to commercialise and expose handcrafts and Peruvian culture to the passengers and crew of the different cruise ships that arrive at the port of Callao. The Association is self-financing the construction of their own gallery within the port facilities equipped with free internet (WIFI), televisions that show documentaries of tourist places within Peru and live music.

The Association empowers the local community being part of a production chain in which many people and companies benefit. They also note that tourists recognize the work of artisans and value handiwork contributing to fair trade.

Over the next ten years the Association aims to complete the building of their gallery as well as increase training for people with limited economic resources and provide experiential workshops to show and explain the techniques with which the different crafts were made thereby preserving Peruvian heritage and culture.

Source: Association of Handcrafts of Artisan Development of Callao (2019)

A major benefit to destinations is that cruise schedules are published two to three years in advance, offering high volume tourism for MSME businesses including tours, attractions, shopping and to a lesser extent dining, on known arrival dates. A port of call is a driver of economic development as it creates a brief taste of a location that we know can generate a repeat visit. Equally, social media can generate positive posts that raise awareness of things to do and experiences in a destination. Cruising is an excellent way to trial a destination and the evidence supports that up to two thirds of those who had cruised had subsequently returned within two years. Obviously, this would vary by port and destination, but there is strong evidence that cruising is a great way to introduce a destination and drive repeat visitation (The B Hive, unpublished).

6.2 NEGATIVE IMPACTS

The cruise industry can place heavy stress on a destination, the most vulnerable destinations are not necessarily the cities but potentially the coastal or island communities. The most commonly discussed impacts amongst stakeholders included risk to the cultural and natural heritage of the destination or the loss of authenticity, implying a future risk to the attractiveness of the destination. We know that uncontrolled tourism development can cause significant damage to landscapes, seascapes, endemic species and the wider environment. This was raised in every workshop with the participating economies. Other major negative impacts to the local community included:

- Adding to existing traffic congestion challenges.
- Neglecting regular customers in order to provide maximum capacity for cruise passengers.
- Leaving locals stranded as local transport is redeployed to cruise ship visits.
- Negative community attitudes to cruise tourism in general.

These negative impacts can be best mitigated through appropriate planning and education.

6.3 MSME & COMMUNITY CHALLENGES

According to the MSME and community survey, the top challenges for cruise tourism for the community were:

Table 6.1 Top community challenges in relation to cruise tourism

All Participating Economies	Percentage of Respondents
Lack of cruise knowledge	41%
Inadequate tourism facilities	39%
Infrastructure	37%
Poorly developed tourism offering	37%
Poor communications between cruise lines and destinations	33%
Foreign owned or locally owned gets most of the business	33%
Community opposition	22%
Uninformed passengers (they do not know enough about the destination)	22%

Source: AEC & The B Hive

Cruise tourism is different from other types of tourism, with few players (76.9% of the cruise market is controlled by three main players, see Table 2.3). This presents challenges for MSMEs to showcase products or services to cruise lines or even have the opportunity to tender for the business. Large cruise companies have their own Destination Management Companies (DMCs) or Inbound Tour Operators (ITO) which are an important link to cruise lines but can be difficult to access, particularly for MSMEs.

Having said that, MSMEs are vital to the tourism and cruise economy, according to *Tourism Workforce of the Future in the APEC Region* (APEC, 2017), they have the greatest need for training and developing internal capacity. To go some way to addressing training needs and challenges we have focussed on the following areas:

- Accessing and working with cruise lines.
- Destination & MSME training needs.
- Welcoming cruise passengers.
- Dealing with over tourism.

6.3.1 Accessing & Working with Cruise Lines

In the participating economy workshops attractions and new product vendors did not understand how to become part of the cruise line supply chain. If MSMEs are struggling to get their attraction, activity, or services included in the shore excursion program, then destinations often invite cruise lines and DMCs or ITOs on a destination familiarization. This is an opportunity to showcase unknown destinations and new products or services to lobby for inclusion in new itinerary creation and Shorex programs. It is important to understand the cruise lines being targeted to curate familiarization and who their key audience is, whether it is predominately families, older couples or multi-generational travellers. Cruise ships come in many styles and sizes, from 35 to more than 7,000 passengers and a wide range of variations in between. They also largely vary in price, from budget to luxury cruises and this will ultimately drive different uptake for destination experiences and variable product margins.

Many cruise destinations have been successful in growing their cruise tourism business for local MSMEs. There is therefore an opportunity to share these experiences and develop training materials into: how cruise lines procure shore excursions products, with consideration to price; capacity to deal with volume and demand; delivering cruise passengers back to the port on time; cruise passenger safety; security considerations; developing a strategic approach to help MSMEs develop the business value proposition; avenues to showcase products; and how to write and win a tender. The first step is knowing the cruise customer so experiences can be tailored.

The following figure demonstrates a circular process to maximize cruise tourism opportunities.

Figure 6.1 Maximising cruise tourism opportunity

Source: The B Hive

Recommendation 8 It is recommended that guidelines on "How to Work with cruise lines and Destination Management Companies" is developed to maximize the opportunity for the destination and MSMEs.

6.3.2 Training Needs

Every destination is at a different level of cruise tourism maturity and has varying needs and requirements. For example, how to improve the tourism offering, how to develop internal capability or how MSMEs can grow their cruise tourism business.

The participating economy workshops discussed the need for more education, training and skills development, as well as lack of cruise knowledge. For example, one of the niche tour operators from the participating economies shared the need to learn how to cost and price product, to ensure the business operation is profitable.

The starting point for determining training needs to conduct a skills analysis to understand where the significant gaps are and use these insights to develop training materials. Collectively many of the needs in relation to cruise tourism are similar. Therefore, collective knowledge can be collated and shared across APEC economies.

Recommendation 9 It is recommended that a skill needs analysis is developed for cruise tourism and these insights are used to develop standardized training material and tools which support the development of MSMEs.

6.3.3 Welcoming Cruise Passengers

Welcoming international cruise passengers requires planning, providing key information in multiple languages and providing multilingual guides. Participating economies highlighted that notice of cruise ship arrivals to the community in some cases was late and the information source on notice of cruise ship arrivals was varied, from ports, media, government, ground handlers, etc. A lack of notice means that communities fail to plan appropriately for a cruise visit potentially resulting in a less than welcoming environment for cruise passengers (e.g. closed shops), a failure to maximize the economic opportunities and unplanned congestion.

To sustain cruise tourism business a concerted effort is required to improve local attitudes to cruise tourism, boost destination reputation and to maintain high cruise passenger satisfaction scores that protects future cruise business.

Broome and San Antonio have both developed an education and welcome plan with bi-lingual facilitators and guides to help provide local transport, tours and shopping information. Participating economies in the workshops also discussed the need for trained guides and planning for international visitors. MSMEs in participating economies discussed poor communication with short lead times on notice of cruise ship arrivals.

The response to these issues is to create a best practice forum for local destinations to share their learnings across all APEC destinations including welcoming international visitors and developing a communication plan to notify MSME businesses and the community on cruise ship arrivals well in advance.

> **Recommendation 10** It is recommended that destinations develop a best practice communications plan to notify the city, port or town of cruise ship arrival schedules, and communicate expectations to welcome cruise ship visitors. Best practice training material should also be developed to prepare the community to host and accommodate cruise ship visitor arrivals including; meet and greets at the port, concierge service providing visitor information and tips on what to see and do.

6.3.4 Dealing with Over Tourism

In many destinations cruise tourism is under scrutiny regarding its impact on tradition, culture, nature of destinations and generally the increasing size and number of ships in destination. Such impacts have been well documented in destinations such as Mallorca, Barcelona, the Great Barrier Reef, Santorini, Venice, Dubrovnik and Galapagos (Lakritz, 2019).

Destinations therefore must be very mindful to balance the economic benefits of cruise tourism with any perceived negatives associated with over tourism. To protect the social values and environmental impact to tourism businesses and to encourage socially and environmentally friendly business, MSMEs and communities must work towards sustainable management. This also makes good business sense since cruise passengers are also becoming sensitive to their destination impact.

> **Recommendation 11** It is recommended that destinations adopt best practice to improve economic, social and environmental benefits for all entities in the cruise eco-system to help ensure their businesses are operating in a sustainable manner by integrating with business strategy.

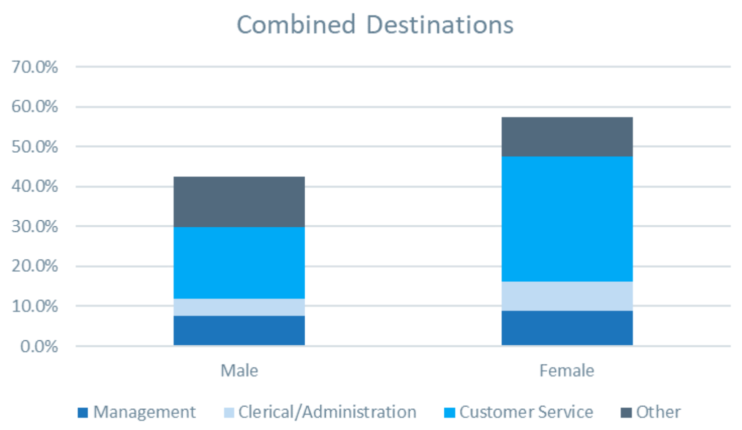
6.4 IMPACTS ON WOMEN

Cruise tourism can provide significant opportunity for women although challenges vary by region. As published in the *Global Report on Women in Tourism* (UNWTO, 2019b), it highlights the following benefits for women:

- Tourism has low barriers to entry and more likely to employ women than any other industry.
- Tourism offers part time and shift work that can be helpful for women who have household duties.
- Home-grown entrepreneurship opportunities in handicrafts, food products, tour guiding, etc.

Interestingly in the MSME surveys responding MSMEs reported more female employees (58%) than males (42%). However, on a destination basis this was the case only for Keelung and Peru. Overall males were more dominant in management with females more dominant in clerical/administration and customer service.

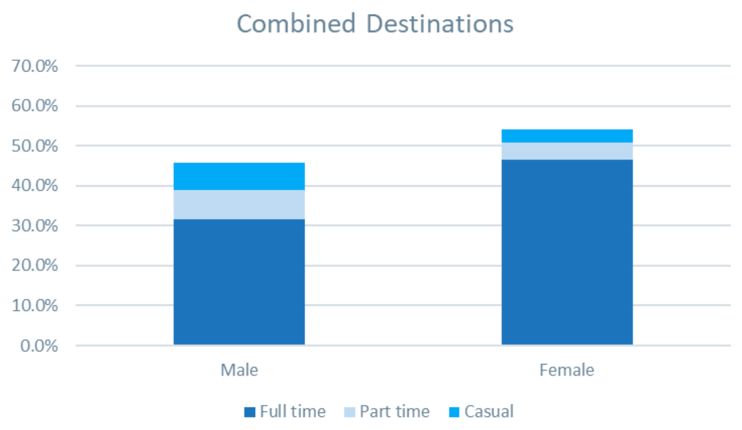
Figure 6.2 Employment roles by gender



Source: AEC & The B Hive

On an employment status basis 86% of females were in full time employment compared with 69% for males. The destinations that reported a significant difference from this were San Antonio and Alotau where the percentage of full-time employees was much lower.

Figure 6.3 Employment status by gender



Source: AEC & The B Hive

Inequality has been recognised as a key impediment to sustainable tourism development. In the participating economy research we identified the need for more training and development in cruise tourism to start or scale a profitable business. Cruise tourism can empower women to take more control of their lives, gain skills, increase confidence and develop self-reliance.

Table 6.2 Impacts on Women in the community from cruise tourism

Opportunities for Women	Challenges for Women
• Develop small scale tourism business • Borrowing Capacity to start own business • Empowerment of Women • Need for more education, skills development and training • Joining business associations and more proactive networking	• Job opportunities • Preference for hiring men over women • Male dominated roles e.g. tour guiding • Senior roles dominated by men • Wage gaps in private sector • Limited job opportunities for women in some economies • Childcare

	• Male attitudes • Women have household responsibilities • Not provided the equal education opportunities as men • High risk of the business being taken over by the woman's husband or family when the business grows

Note: The extent of the challenges to empower women varies in each economy.
Source: The B Hive

Some of the opportunities that exist for women is improving education in this sector:

- Providing an education on developing attractive shore offers, cruise passengers have a limited time ashore and like to do different activities in every port.
- Communicating the shore offer in an informative and appealing way that generates pre-arrival sales.
- Capacity building to develop products or deliver shore programs for large volume of passengers in half and full day blocks.
- Developing marketing tools that help target the cruise passenger who does not book directly with cruise lines.

Cruise tourism has the potential to help transform the lives of women, mainly through the opportunity to run their own business and establish financial independency.

Recommendation 12 It is recommended that APEC develop a cruise tourism network that encourages women's participation, shares knowledge, facilitates connections and enables access to business skills development, mentoring and cruise tourism knowledge through online training and face to face forums.

Recommendation 13. It is recommended that APEC set up an early start up incubator program for women MSME entrepreneurs to help them build, start and grow their cruise and tourism business (e.g. shore excursions or local products).

Case Study – Empowerment of Women, Egwalau Tours Ltd, PNG

Egwalau Tours Ltd is a 100% Papua New Guinean owned and is a SME base in Alotau, Milne Bay Province, Papua New Guinea. Egwalau Tours is one of the five operators that offer tours aboard Carnival Australia's cruise ships under the Bob Wood Cruise Group, the official ground handler for Carnival Australia in Alotau.

This case study highlighted community engagement and the value of empowering women:

- Conducted product development and training workshops for cruise days with all the 6 communities (approximately 150 people).
- Participants were trained in screen printing, tye dying, sewing, hand painting and rock painting.
- After two years the villages continue to produce more items and successfully sell their products. It is predominately women and youth who are selling arts and crafts.
- The region now has 150 women weavers and cultural performers.

The results were:

- The region has developed new skills and as a result have created new tourism products that foster cultural revival, environmental awareness, economic empowerment for women and communities and the development of creative industries.

Source: Egwalau Tours Pty Ltd (2019)

6.5 SUMMARY & RECOMMENDATIONS

6.5.1 Summary

There are a number of positive and negative impacts of cruise tourism to communities. Positive benefits such as income, employment and infrastructure development and improvements are very welcome. Negative impacts such congestion, risk to cultural and natural heritage and long-term damage to the environment are frequently cited but can be addressed through mitigation measures. Smaller less developed destinations are at more risk than major port cities.

The majority of mitigation measures are best dealt with through planning and education. Communities need to learn how to access and work with cruise lines as well as identify skills gaps in their MSMEs that are involved with cruise passengers. At the extreme end over tourism needs to be managed before it becomes a problem with the community.

Like tourism in general, there are both challenges and opportunities for women in cruise tourism. Opportunities abound in tours and local craft manufacturing and retailing. While in most developed nations gender equality and opportunity is not an issue it can be in less developed nations. APEC can play a leading role in empowering women and breaking down cultural barriers by facilitating education, training and networking opportunities.

6.5.2 Recommendations

Education & Training, Service Improvements. At a practical on ground level education, training and service improvements are necessary.

> **Recommendation 8** It is recommended that guidelines on “How to Work with Cruise Lines and Destination Management Companies” is developed to maximize the opportunity for the destination and MSMEs.
>
> **Recommendation 9** It is recommended that a skill needs analysis is developed for cruise tourism and these insights are used to develop standardized training material and tools which support the development of MSMEs.
>
> **Recommendation 10** It is recommended that destinations develop a best practice communications plan to notify the city, port or town of cruise ship arrival schedules, and communicate expectations to welcome cruise ship visitors. Best practice training material should also be developed to prepare the community to host and accommodate cruise ship visitor arrivals including; meet and greets at the port, concierge service providing visitor information and tips on what to see and do.
>
> **Recommendation 11** It is recommended that destinations adopt best practice to improve economic, social and environmental benefits for all entities in the cruise eco-system to help ensure their businesses are operating in a sustainable manner by integrating with business strategy.

Women. APEC has a focus on improving the economic status of women. Cruise tourism has many opportunities to foster increased involvement of women.

> **Recommendation 12** It is recommended that APEC develop a cruise tourism network that encourages women participation, shares knowledge, facilitates connections and enables access to business skills development, mentoring and cruise tourism knowledge through online training and face to face forums.
>
> **Recommendation 13** It is recommended that APEC set up an early start up incubator program for women MSME entrepreneurs to help them build, start and grow their cruise and tourism business (e.g. shore excursions or local products).

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APPENDIX A MSME & COMMUNITY SURVEY

OBJECTIVE

The objective of the MSME and community surveys was to collect primary data to quantify the expenditure generated by cruise tourism for local MSMEs and communities in participating economy nominated destinations. In addition, primary data was also sought on the wider impacts of cruise tourism, including on women, and the general challenges and opportunities of cruise tourism.

METHODOLOGY

An initial list of questions for MSMEs was developed to support the objectives of the project. The questions were circulated to all participating economies for comment and a final version agreed. A separate version of the questionnaire was implemented in an online survey program for each participating economy in their main language English for Australia and PNG; Spanish for Chile and Peru; traditional Chinese and English for Chinese Taipei). PNG was also supplied a PDF copy for printing and distribution. A copy of the MSME questionnaire is contained in Appendix A1.

Participating economies were tasked with distributing the questionnaire to MSMEs involved in cruise tourism via email in early to mid-April 2019. The exception to this was PNG, where the survey was distributed in paper form at the in-destination workshop. Email distribution proved challenging for some participating economies due to the absence of cruise tourism stakeholder databases. It also meant that there was no way to determine the population from which to estimate statistical significance of the responses. The results below therefore are indicative in nature only.

Several reminder emails were sent by participating economies with the online surveys eventually closed on 24 May. The number of useable responses received from MSMEs was 47.

The methodology for the community questionnaire was similar to that for the MSME questionnaire. In fact, the single online implementation of the questionnaires contained an initial question that asked the respondent if they were responding on behalf of an MSME or the community. A copy of the community questionnaire is contained in Appendix A2. The number of useable responses received from communities was 49.

Learnings

Learnings from the execution of the MSME and community survey were:

- **Questionnaire design.** The questionnaire was drafted based on the scope of the project and understanding of data gaps. Due to time pressure there was only a short window for participating economies' feedback to be received and incorporated in a final questionnaire. It may have been better to obtain the input from the participating economy workshops and use it to inform the questionnaire. The order of surveys v workshops is always a conundrum in market research. Is a survey carried out to explore the results in more detail in a workshop or are workshop inputs and gaps used to inform survey design? An improvement to the process would be to spend longer consulting and workshopping questionnaire design prior to its execution.
- **Language translation**. The five participating economies were not known until after commencement of the project, therefore input to the questionnaire and requirements for its translation and testing in languages other than English were not known until well into the process. Furthermore, there was no specific budget for translation and this cost had to be adsorbed in the contractor's budget. Similarly, for translating survey responses back into English. An improvement would be to have more time for translation and testing of questionnaire design along with the necessary budget.
- **Time pressure**. The survey was undertaken to provide primary research to identify and lend evidentiary support to anecdotal issues raised through consultation and to support recommendations to be submitted as part of the TWG workshop. Given the date of the workshop and delays introduced finalising the participating economies and obtaining feedback from all participating economies a small window existed to distribute the

questionnaires, attempt to maximise the number of responses and analyse the responses. An improvement would be to allocate more time to these processes however time budgets are necessary.

- **Distribution**: Several participating economies did not have contact lists of MSMEs involved in cruise tourism. As highlighted through the cruise tourism ecosystem the number of potential MSME beneficiaries from cruise tourism can be large with significant degrees of benefit. For example, a shipping agent could have 100% reliance on cruise tourism while a general retail store between 0 and 5%. In addition, contact lists need to be maintained to ensure details are accurate and the main decision makers are known. One way to improve this would be the responsible organization to determine cruise tourism significant businesses (income from cruise tourism > 25%) from cruise tourism connected businesses (income from cruise tourism < 25%).
- **Technology, literacy & business knowledge/privacy.** These are a raft of issues that can degrade the number and quality of responses. Fortunately, the Project Overseer knew in advance that businesses would struggle with email distribution and therefore paper copies of the questionnaire were distributed and collected during some workshops. Some questions can only be answered by the business owner or a senior manager therefore effort needs to be made to identify these persons rather than just a generic contact.

  The number and quality of responses to any survey of business, especially where sensitive information such as turnover is being sought benefits from a recruitment process where the importance and benefits of the survey need to be sold. A survey via email, even from an official looking source can too easily be ignored. An improvement here would be to spend time to recruit the appropriate person in the business in advance of the questionnaire to obtain their commitment.
- **Response rate and statistical significance**: Generally, a sample survey is designed to target a statistically valid number of random responses from a known population. In this manner confidence can be assigned to drawing statistically significant conclusions regarding the population from the sample results. In the case of this survey the populations were unknown and there was no sample design. Therefore, at best the results can be considered indicative and to be considered of use need to be confirmed or otherwise by other published or anecdotal evidence. To improve response rates and statistical significance considerably more investment in funds and time would be required than the project budget.

KEY FINDINGS

The following sections summarise the key findings of the MSME and community surveys. Detailed findings and cross tabulations by participating economy are contained in Appendix A1 and A2.

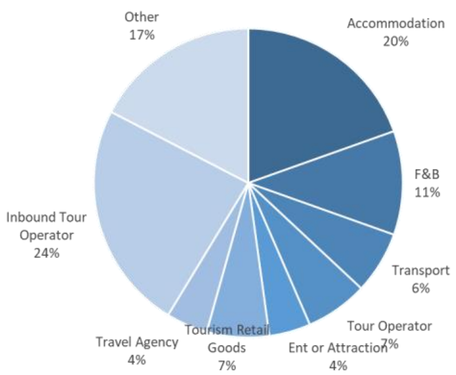
MSMEs

Business Mix

Although a small number of responses were received, they represented a good spread of businesses.

Figure A.4 Business mix

Primary Business



Business Mix

- Accommodation & hospitality
  - Accommodation
  - Food & Beverage (restaurant, bars, takeaway)
- Transport
  - Transport (taxi, bus, ferry, air)
  - Tour Operator
- Entertainment or Attraction
- Retailing
  - Tourism Retail Goods (handicrafts, souvenirs, art)
  - General Retail Goods (supermarket, general stores)
  - Travel Agency
- Cruise Tourism Specific

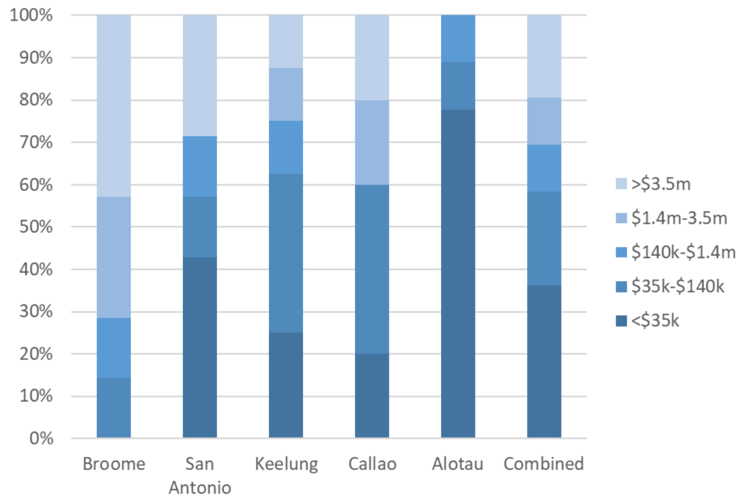
  - Inbound Tour Operator/ Ground Handler/ Shipping Agent
- Other

Source: AEC & The B Hive

Incomes

Not surprisingly the income profiles of respondents were correlated with the nature of the destination. That is respondents in less developed countries, e.g. Alotau, have smaller income profiles. This implies that these smaller businesses could benefit from programs to assist them improve their dealings and income from cruise tourism.

Figure A.5 Income profiles (US$)



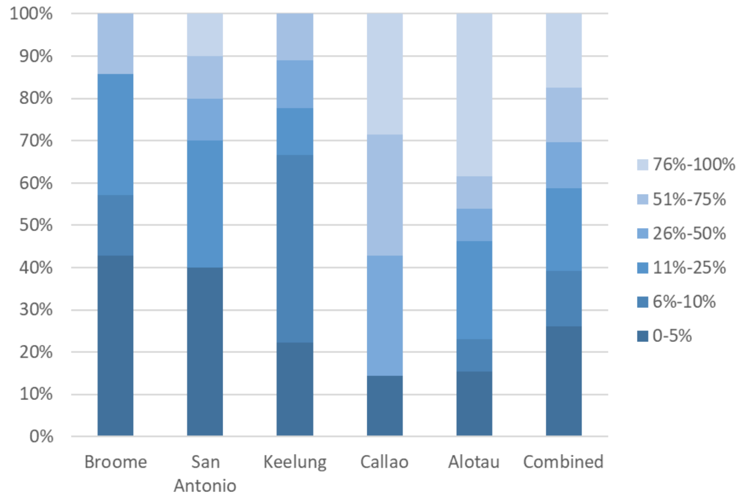
Source: AEC & The B Hive

The majority of responding business implied a significant revenue stream (>25%) from cruise business. This does however depend on the primary product/service of the business. Applying the percentage of income form cruise to income gives the amount of income derived from cruise tourism for a business.

For economic impact purposes is suggested that business is classified as either cruise tourism characteristic (i.e. >25% income from cruise and would be significantly affected if cruise tourism were to cease) or cruise tourism connected businesses (i.e. <25% income from cruise). This is a common approach for tourism by the Australian Bureau of Statistics (ABS) in the construction of their Tourism Satellite Account[5]. Adopting this classification enables transparency around the dependence of MSMEs on cruise tourism.

[5] Australian Bureau of Statistics (2019). Australian National Accounts: Tourism Satellite Account, 2017-18. Cat. No. 5249. Sourced from https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5249.0Main+Features12017-18?OpenDocument

Figure A.6 Percentage of income from cruise tourism



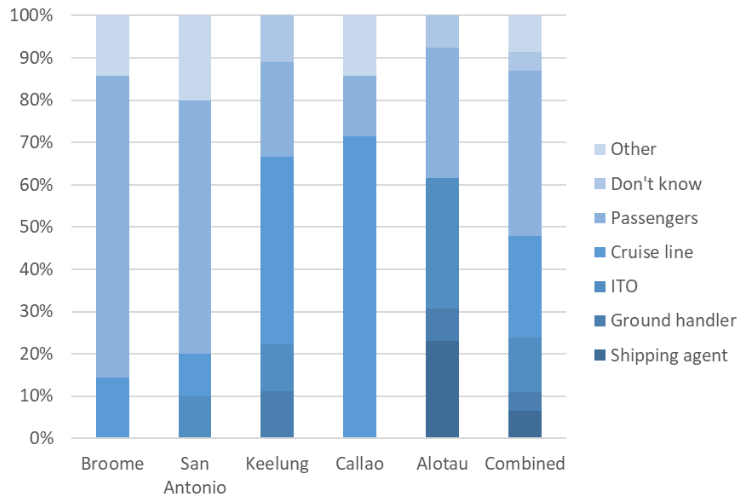
Source: AEC & The B Hive

The source of cruise tourism business depends on the product/service provided and the nature of the consumer for that product/service. Clearly a retail business has passengers as their source of business whereas a port operator's customers would be the cruise lines.

With a statistically significant sample of MSME businesses it would be possible to verify where cruise tourism expenditure is received compared with the expenditure reported by cruise lines, passengers and crew.

It may also be possible to determine the dispersal of that income, for example whether the income is concentrated in a few MSMEs or more broadly. For example, in the survey sample Alotau appears to have cruise income concentrated with the shipping agent, ground handler and inbound tour operator.

Figure A.7 Source of cruise tourism income



Source: AEC & The B Hive

Business Cost Structure

Few respondents provided credible business cost structures. It was anticipated that this information could be used to determine the flow-on expenditure of MSMEs through the economy from cruise tourism business. The reported cost structures are also aligned with business conditions in the participating economies along with the business type. For example, the accommodation business in Australia – Broome has a larger proportion of labor cost (60%), whereas the tour operator in San Antonio has a large proportion of transport costs (40%).

Table A.3 Business cost structures

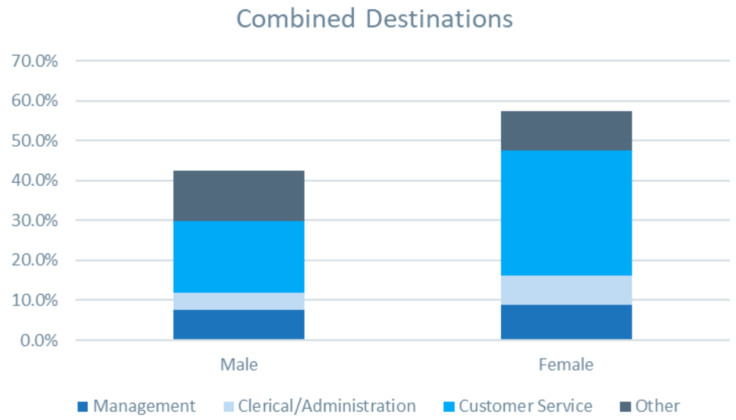
Destination	Broome		San Antonio			Alotau	Callao	
Sample	1	2	4	1	1	2	1	1
Business Type	Accom	Tourism Retail	F&B	Travel Agency	Tour Operator	Accom	ITO	Maritime Agent
Cruise % of Revenue	62.5%	61.9%	4.1%	2.5%	2.5%	2.5%	7.5%	87.5%
Cost Structure (% Revenue)								
Employee costs	60.0%	25.2%	27.3%	25.0%	20.0%	11.7%	5.0%	10.0%
Goods	20.0%	24.9%	27.8%	10.0%	0.0%	22.5%	0.0%	25.0%
Services	5.0%	0.1%	4.5%	15.0%	5.0%	8.3%	20.0%	10.0%
Transport	0.0%	9.9%	2.7%	25.0%	40.0%	27.5%	5.0%	25.0%
Property	0.0%	19.8%	5.6%	0.0%	0.0%	1.7%	10.0%	0.0%
Insurance	0.0%	9.9%	0.9%	0.0%	10.0%	0.0%	5.0%	0.0%
Licenses/permits	0.0%	0.0%	0.9%	0.0%	0.0%	2.7%	15.0%	3.0%
Finance	5.0%	0.1%	11.1%	0.0%	15.0%	0.0%	12.0%	0.0%
Taxes	7.5%	0.1%	19.1%	0.0%	5.0%	4.2%	18.0%	5.0%
Profit	2.5%	9.9%	0.0%	25.0%	5.0%	21.5%	10.0%	22.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: No useable responses for Keelung were received
Source: AEC & The B Hive

Employment & Gender

Combined, responding businesses reported more female employees (58%) than males (42%), however on a destination basis this was the case only for Keelung and Peru. Overall males were more dominant in management with females more dominant in clerical/administration and customer service.

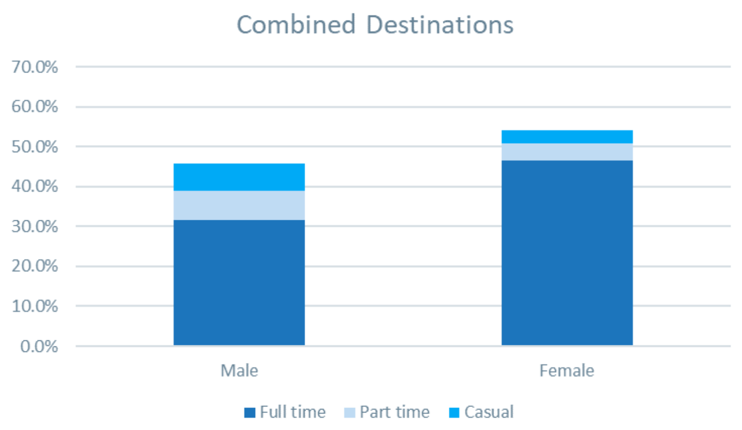
Figure A.8 Employment roles by gender



Source: AEC & The B Hive

On an employment status basis 86% of females were in full time employment compared with 69% for males. The destinations that reported a significant difference from this were San Antonio and Alotau where the percentage of full-time employees was much lower.

Figure A.9 Employment status by gender

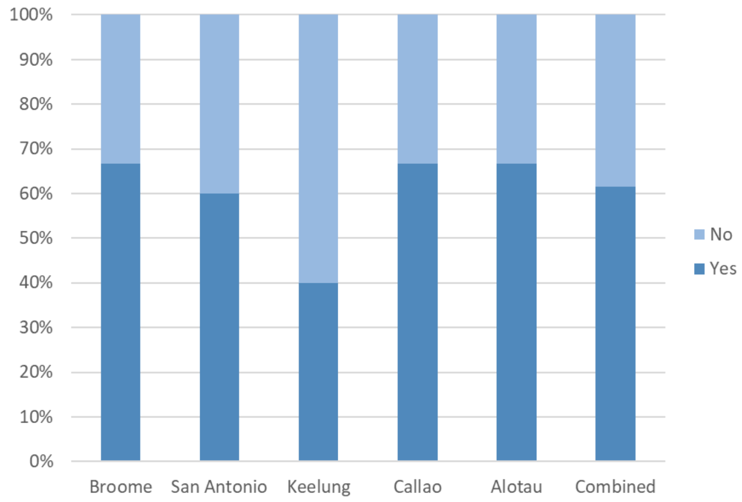


Source: AEC & The B Hive

Cultural and business practice Issues affecting women's employment appear to be different for each destination and correlate with the level of development in the country. For example, Alotau reported many more cultural and business practice issues than other destinations. Common issues reported relate to education levels, family commitments and male attitudes.

Combined over 60% of all businesses increase employment to service cruise ships. While there were slight differences between destinations the only destination that was not as high was Keelung. This is an important finding as it directly supports the positive impact cruise shipping has on MSMEs and communities.

Figure A.10 Employment increased to service cruise tourism



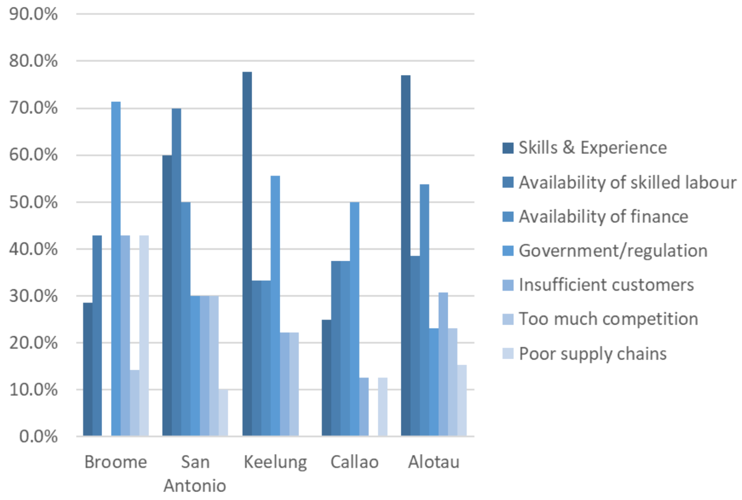
Source: AEC & The B Hive

Challenges & Opportunities

While respondents reported a range of operating challenges, some of which were common to all destinations, for example labor issues associated with skills and experience and availability of skilled labor. The following challenges were reported as more prevalent (> 50% of respondents) in the following destinations:

- Labor issues - San Antonio, Keelung, Alotau.
- Regulation - Broome, Keelung, Callao.
- Finance - San Antonio & Alotau.

Figure A.11 Top operating challenges

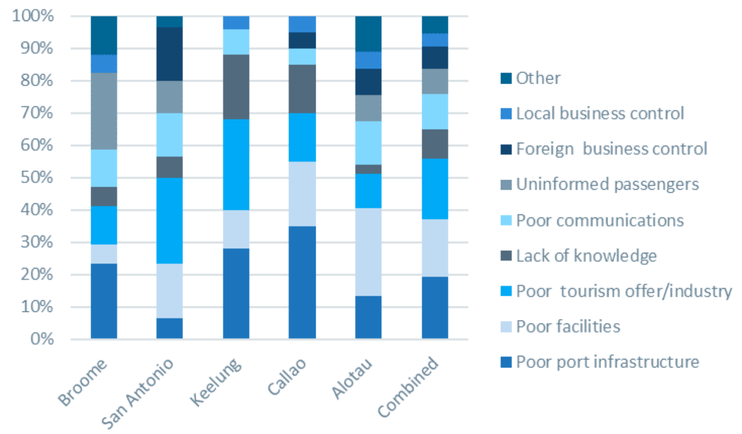


Source: AEC & The B Hive

Combined the most frequently reported cruise tourism challenges related to poor port infrastructure, poor facilities and, poor tourism offer/industry.

- Poor port infrastructure – Broome, Keelung, Callao.
- Poor facilities – Alotau.
- Poor tourism offer/industry – San Antonio, Keelung.

Figure A.12 Top cruise tourism challenges



Source: AEC & The B Hive

Common opportunities mentioned by respondents for increasing their business from cruise tourism are summarised in the table below by destination. Further detail is available in Appendix A1.

Table A.4 Cruise tourism opportunities

Opportunity	Broome	San Antonio	Keelung	Callao	Alotau
Exchanges	✓				
Port Infrastructure	✓		✓	✓	
Destination development		✓	✓		✓
Information to passengers	✓				
Marketing & Promotion		✓	✓		
Industry Collaboration		✓		✓	✓

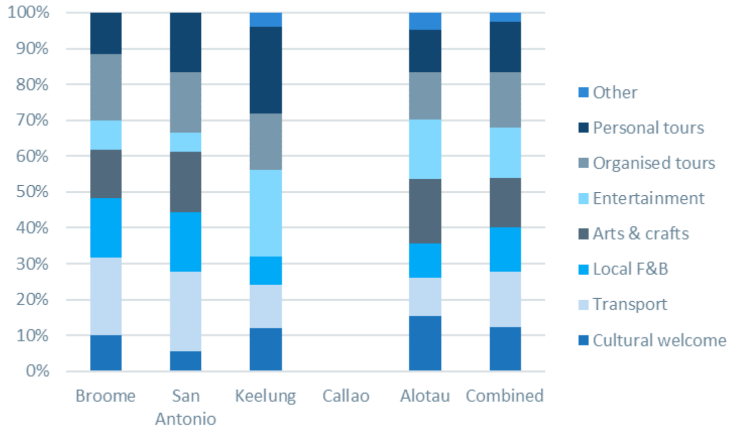
Source: AEC & The B Hive

Community

Community Involvement

In general communities provide a similar and wide range of activities to cruise passengers with the most common being transport and organised tours.

Figure A.13 Community activities provided to cruise passengers



Note: No responses received from Callao
Source: AEC & The B Hive

Impacts from Cruise Tourism

A range of positive impacts were identified by respondents for their communities. Common positive impacts mentioned by respondents for increasing their business from cruise tourism are summarised in the table below by destination. Further detail is available in Appendix A2.

Table A.5 Positive impacts from cruise tourism

Positive Impact	Broome	San Antonio	Keelung	Callao	Alotau
Increase in income	✓				✓
Increase in entrepreneurial employment		✓			✓
Increase in industry collaboration		✓			
Cultural exchange		✓	✓		✓
Product development			✓		✓
Cultural conservation					✓
Promotes destination			✓		✓

Note: No responses received from Callao

Similarly, a number of negative impacts were identified by respondents for their communities. Common negative impacts mentioned by respondents for increasing their business from cruise tourism are summarised in the table below by destination. Further detail is available in Appendix A2.

Table A.6 Negative impacts from cruise tourism

Negative Impact	Broome	San Antonio	Keelung	Callao	Alotau
Lack of awareness	✓				✓
Congestion			✓		

Influence of foreign culture					✓
Benefits not widespread					✓
Encourages crime					✓

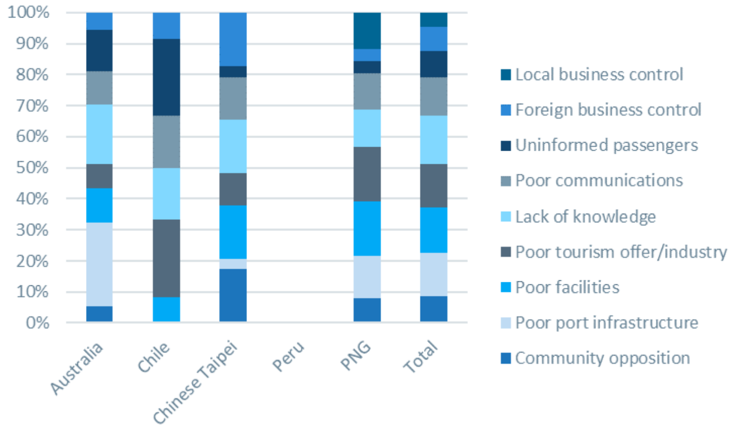
Note: No responses received from Callao
Source: AEC & The B Hive

Challenges & Opportunities

Combined the most frequently reported cruise tourism challenges related to a lack of knowledge, poor facilities and poor tourism offer/industry:

- Lack of knowledge – Broome, San Antonio, Keelung.
- Poor facilities – Keelung, Alotau.
- Poor tourism offer/industry – San Antonio, Alotau.

Figure A.14 Top cruise tourism challenges



Note: No responses received from Callao
Source: AEC & The B Hive

Common opportunities mentioned by respondents for increasing their business from cruise tourism are summarised in the table below by destination. Further detail is available in Appendix A2.

Table A.7 Cruise tourism opportunities for improving cruise tourism benefits

Opportunity	Broome	San Antonio	Keelung	Callao	Alotau
Balance/sustainability	✓				
Industry collaboration	✓				✓
Improving port infrastructure	✓				✓
Seasonality – more in low season	✓				
Revisitation	✓				
Information to passengers		✓			
Product development		✓			✓
Locational promotion			✓		✓
Education					✓

Note: No responses received from Callao
Source: AEC & The B Hive

IMPLICATIONS FOR THE PROJECT

The results of the survey provide some information and evidence to quantify and map the expenditure received by local communities and to identify the areas within which to develop policies and strategies for MSMEs and communities to benefit from cruise tourism.

What is clear from the survey results is that while each destination and culture is different there are some common themes particularly around the need for:

- **Definitions.** There is a need to provide consistent understanding and definitions around cruise tourism. This includes what cruise tourism means, how communities and MSMEs can benefit and terms commonly used in cruise tourism.
- **Measurement**. There is a need for consistent and ongoing measurement of the economic, social, and environmental impact of cruise tourism in destinations. From the experience of the MSME survey, surveying those that receive the income (MSMEs) in order to measure economic impact is an inferior approach to surveying those that spend (passengers, crew and cruise lines).
- **Planning**. Planning for successful cruise tourism that provides the widest benefit requires collaboration between the people involved including the cruise lines, suitable tourism product, cruise related infrastructure and appropriate processes.
- **Marketing**. Partnerships between destinations and cruise lines are critical to facilitate improved communication and optimization of economic and social benefits for all. Destinations also need to market directly to passengers to improve the potential for more benefits. Furthermore, the passengers themselves are marketing agents once they experience the destination.
- **Education, Training and Service Improvements**: A lack of knowledge regarding the benefits of cruise tourism by the community is both a measurement and education process. At a practical on ground level education, training and service improvements are necessary to facilitate cultural exchanges and minimize any negative impacts.
- **Women in Cruise Tourism**. The surveys have revealed that the main issues surrounding women are a reflection of community cultural and business practices and therefore are possibly best approached from an economy perspective rather than an industry perspective although in some destinations cruise tourism being a global industry maybe a catalyst to address any issues.

APPENDIX A1 MSME SURVEY

MSME Questionnaire

SECTION A ABOUT THE BUSINESS

A1. What is your role in the business? [CHOOSE ONE]

- Owner
- Owner & Manager
- Manager
- Employee

A2. What is the primary service and/or product that the business provides? [CHOOSE ONE]

- Accommodation & hospitality
    - Accommodation
    - Food & Beverage (restaurant, bars, takeaway)
- Transport
    - Transport (taxi, bus, ferry, air)
    - Tour Operator
- Entertainment or Attraction
- Retailing
    - Tourism Retail Goods (handicrafts, souvenirs, art)
    - General Retail Goods (supermarket, general stores)
    - Travel Agency
- Cruise Tourism Specific
    - Inbound Tour Operator
    - Ground Handler
    - Shipping Agent
- Other (please specify)

A3. How long has the business been operating? [CHOOSE ONE]

- Less than 2 years
- 2 to 5 years
- 6 to 10 years
- More than 10 years
- Don't know

A4. How many paid employees (head count) does your business have in each of the following roles and by employment status? [NUMBER FOR EACH]

Role	Male	Female	Total
Management			
Clerical/ administration			
Customer service			
Other			
Total			

Status	Male	Female	Total
Full time			
Part time			
Casual			
Total			

A5. What, if any, are the cultural barriers that impact women's employment, participation or career progression in business or tourism? [VERBATIM]

A6. What, if any, are the business practices that impact women's employment, participation or career progression in business or tourism? [VERBATIM]

A7. What are the top 3 challenges to operating the business? [CHOOSE TOP THREE]

- Skills and experience
- Availability of skilled labor
- Availability of finance
- Government/regulation
- Insufficient customers
- Too much competition

- Poor supply chains
- Other (please specify)

SECTION B CRUISE TOURISM SOURCED BUSINESS

B1. In the last year, what percentage of the business income was related to cruise tourism? [CHOOSE ONE]

- 0%-5%
- 6%-10%
- 11%-25%
- 26%-50%
- 51%-75%
- 76%-100%

B2. Where does the main source of cruise tourism business income come from? [CHOOSE ONE]

- Shipping agent
- Ground handler
- Inbound tour operator
- Cruise line
- Passengers
- Other (please specify)

B3. Does the business increase the number of employees to service cruise ship visits? [CHOOSE ONE]

- Yes, by how many for each visit? [SPECIFY NUMBER]
- No
- Don’t know

B4. How much notice do you receive before a cruise ship arrives? [CHOOSE ONE]

- More than a year
- 6-12 months
- 3-6 months
- 1-3 months
- 2-4 weeks
- 1-2 weeks
- < 1 week
- None

B5. What is the main information source for cruise ship visits? [CHOOSE ONE]

- Cruise line
- Shipping agent
- Ground handler
- Inbound tour operator
- Government agency
- News media
- The port’s ship booking schedule
- Only know when the ship arrives
- Other (please specify)

B6. What are the top 3 challenges with cruise tourism for the business? [CHOOSE TOP THREE]

- Inadequate port infrastructure
- Inadequate tourist facilities
- Poorly developed tourism offer/industry
- Lack of cruise business knowledge
- Poor communications between cruise lines and destinations
- Uninformed passengers
- Foreign owned business gets/controls most of the cruise business
- Locally owned business gets/controls most of the cruise business
- Other (please specify)

B7. What are the opportunities for increasing business from cruise tourism? [VERBATIM]

B8. What is preventing you from pursuing these opportunities? [VERBATIM]

SECTION C INCOME & EXPENSES

C1. In the last year what was the business income? [CHOOSE ONE]

AUSTRALIA AUSTRALIAN DOLLAR (AUD)	CHILE CHILEAN PESO (CLP)	CHINESE TAIPEI NEW TAIWAN DOLLAR (TWD)	PANUA NEW GUINEA PNG KINA (PGK)	PERU PERUVIAN SOL (PEN)
$0-$50,000	$0-$23.75M	$0-$1.1M	K0-K120000	S/0-S/120000
$50,000-$200,000	$23.75M-$95M	$1.1-$4.4	K120000-K480000	S/120000-S/480000
$200,000-$2M	$95M-$950M	$4.4-$44M	K480000-K4.8M	S/480000-S/4.8M
$2M-$5M	$950M-$2375M	$44M-$110M	K4.8M-K12M	S/4.8M-S/12M
>$5M	>$2375M	>$110M	>K12M	>S/12M

C2. In the last year, what percentage of the business income was allocated to the following expenses? [VERBATIM PERCENTAGE]

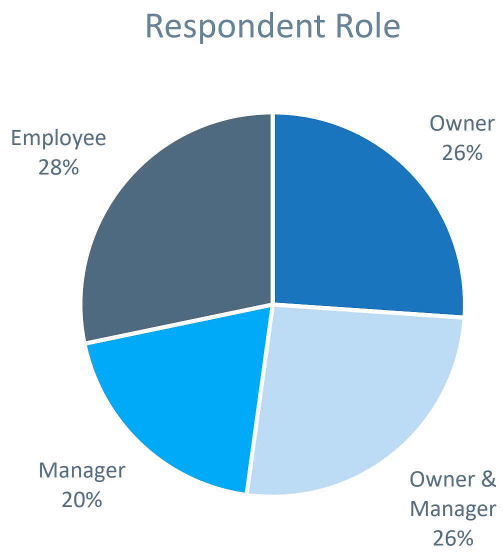
Expense	**Percentage**
Employee costs (wages, salaries, uniforms, training)	
Purchase of goods	
Purchase of services	
Transport (fuel, rental, maintenance)	
Property (rent, outgoings, maintenance)	
Insurance	
Licenses/permits	
Financing costs (fees, interest)	
Taxes	
Total (before Profit)	

Detailed Responses

A total of 47 responses were received from businesses with the largest number (13) received from Alotau and the lowest from Broome (7).

About the Business

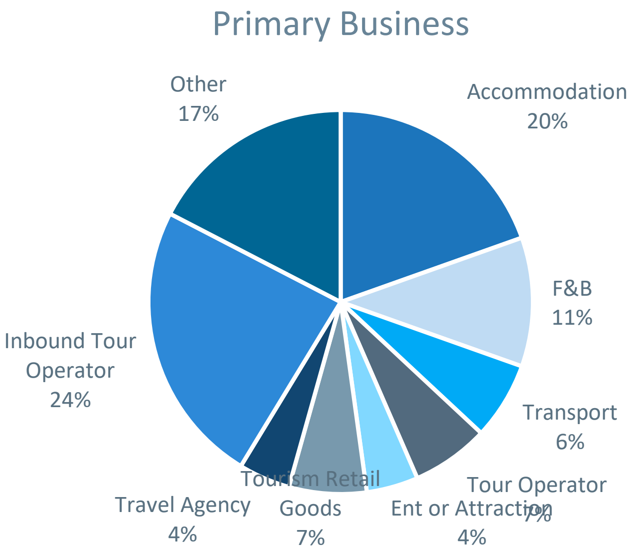
Respondent Role



Destination	Owner	Owner & Manager	Manager	Employee	(blank)	Total
Broome	1	2	3	1		**7**
San Antonio	2	4	2	2		**10**
Keelung	4		4	1		**9**
Callao		1		6	1	**8**
Alotau	5	5		3		**13**
Combined	**12**	**12**	**9**	**13**	**1**	**47**
	25.5%	*25.5%*	*19.1%*	*27.7%*	*2.1%*	*100.0%*

Question: A1 What is your role in the business? 9CHOOSE ONE]
Source: AEC & The B Hive

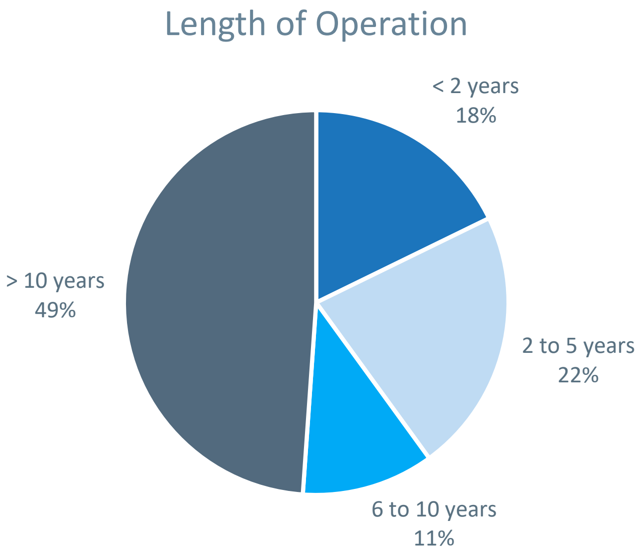
Primary Service/Product Provided



Destination	Accommodation	F&B	Transport	Tour Operator	Ent or Attraction	Tourism Retail	Travel Agency	ITO	Other	(blank)	Total
Broome	1		1		1	2		1	1		**7**
San Antonio		4	1	1			1	1	2		**10**
Keelung	2						1	4	2		**9**
Callao			1	1		1		3	1	1	**8**
Alotau	6	1		1	1			2	2		**13**
Combined	**9**	**5**	**3**	**3**	**2**	**3**	**2**	**11**	**8**	**1**	**47**
	19.1%	*10.6%*	*6.4%*	*6.4%*	*4.3%*	*6.4%*	*4.3%*	*23.4%*	*17.0%*	*2.1%*	*100.0%*

Question: A2. What is the primary service and/or product that the business provides? [CHOOSE ONE]
Source: AEC & The B Hive

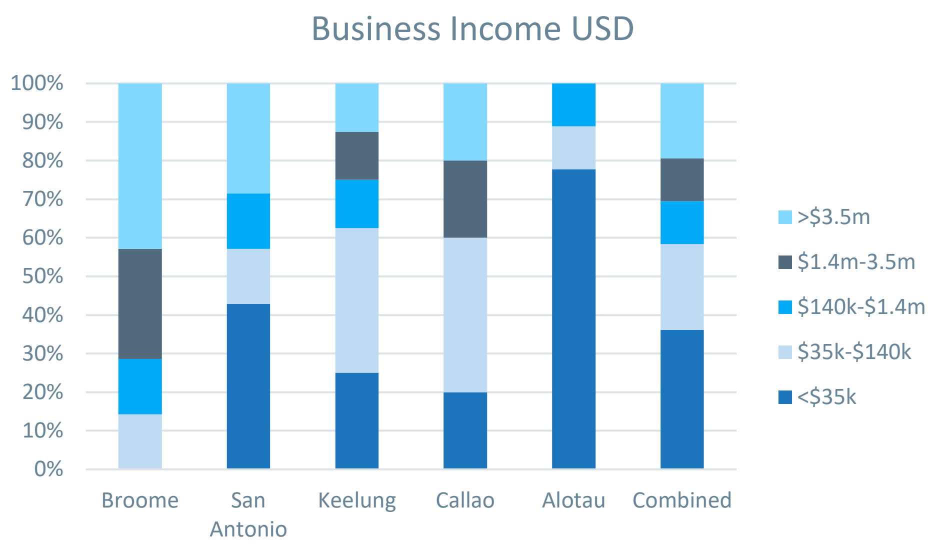
Length of Operation



Destination	< 2 years	2 to 5 years	56 to 10 years	> 10 years	(blank)	Total
Broome	2			5		**7**
San Antonio	3	1	1	5		**10**
Keelung		3		6		**9**
Callao		1	2	3	2	**8**
Alotau	3	5	2	3		**13**
Combined	**8**	**10**	**5**	**22**	**2**	**47**
	17.0%	*21.3%*	*10.6%*	*46.8%*	*4.3%*	*100.0%*

Question: A3. How long has the business been operating? [CHOOSE ONE]
Source: AEC & The B Hive

Business Income USD



Destination	<$35k	$35k-$140k	$140k-$1.4m	$1.4m-3.5m	>$3.5m	Don't know	(blank)	Total
Broome		1	1	2	3			**7**
San Antonio	3	1	1		2	3		**10**
Keelung	2	3	1	1	1	1		**9**
Callao	1	2		1	1	2	1	**8**
Alotau	7	1	1			4		**13**
Combined	**13**	**8**	**4**	**4**	**7**	**10**	**1**	**47**
	27.7%	17.0%	8.5%	8.5%	14.9%	21.3%	2.1%	100.0%

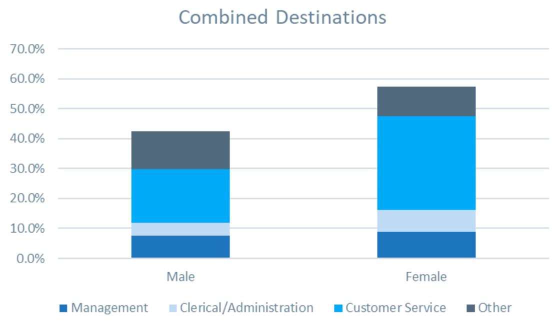
Question: C1. In the last year what was the business income? [CHOOSE ONE]
Source: AEC & The B Hive

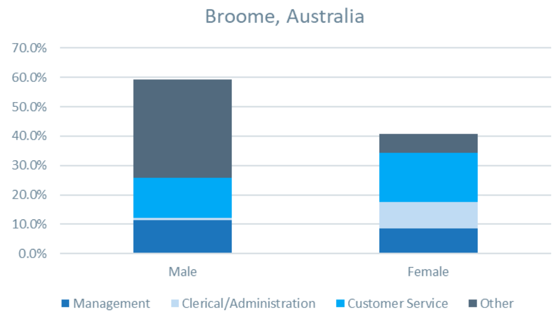
Business Cost Structure

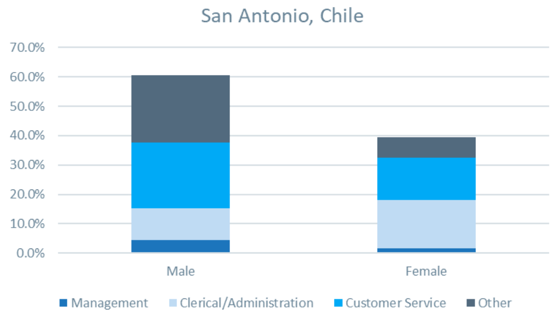
Destination	Broome		San Antonio			Alotau	Callao	
Sample	1	2	4	1	1	2	1	1
Business Type	Accom	Tourism Retail	F&B	Travel Agency	Tour Operator	Accom	ITO	Maritime Agent
Cruise % of Revenue	62.5%	61.9%	4.1%	2.5%	2.5%	2.5%	7.5%	87.5%
Cost Structure (% Revenue)								
Employee costs	60.0%	25.2%	27.3%	25.0%	20.0%	11.7%	5.0%	10.0%
Goods	20.0%	24.9%	27.8%	10.0%	0.0%	22.5%	0.0%	25.0%
Services	5.0%	0.1%	4.5%	15.0%	5.0%	8.3%	20.0%	10.0%
Transport	0.0%	9.9%	2.7%	25.0%	40.0%	27.5%	5.0%	25.0%
Property	0.0%	19.8%	5.6%	0.0%	0.0%	1.7%	10.0%	0.0%
Insurance	0.0%	9.9%	0.9%	0.0%	10.0%	0.0%	5.0%	0.0%
Licenses/permits	0.0%	0.0%	0.9%	0.0%	0.0%	2.7%	15.0%	3.0%
Finance	5.0%	0.1%	11.1%	0.0%	15.0%	0.0%	12.0%	0.0%
Taxes	7.5%	0.1%	19.1%	0.0%	5.0%	4.2%	18.0%	5.0%
Profit	2.5%	9.9%	0.0%	25.0%	5.0%	21.5%	10.0%	22.0%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

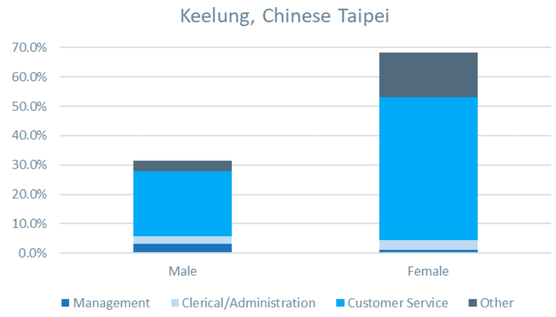
Question: C2. In the last year, what percentage of the business income was allocated to the following expenses? [VERBATIM PERCENTAGE]
Source: AEC & The B Hive

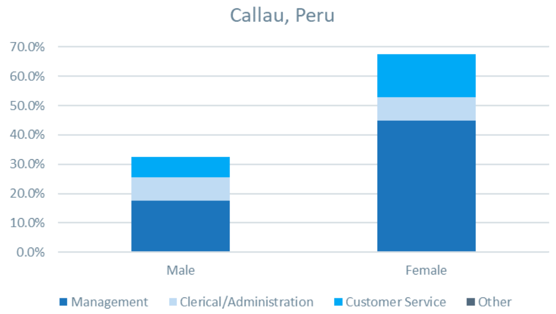
Paid Employees - Employment Role by Gender

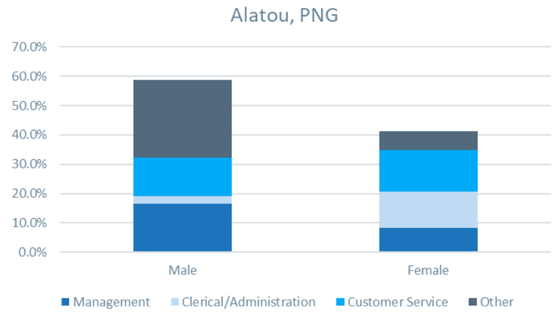








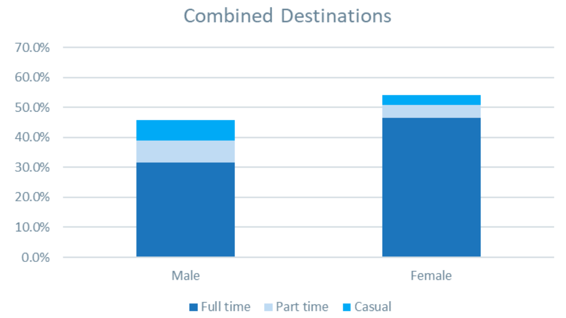


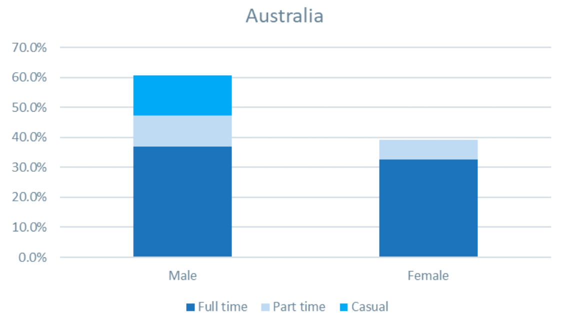


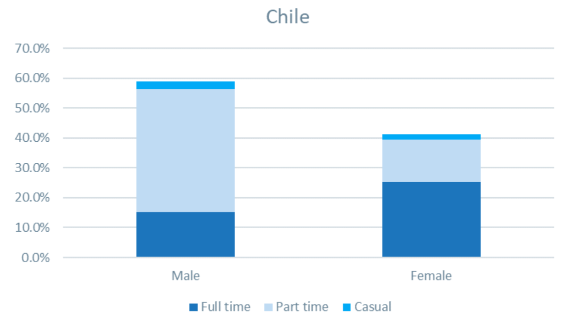
	Male				Female				Total
Destination	**Mgt.**	**Admin.**	**Cust. Service**	**Other**	**Mgt.**	**Admin.**	**Cust. Service**	**Other**	
Broome	25	2	30	74	19	20	37	14	**221**
San Antonio	8	19	40	41	3	29	26	12	**178**
Keelung	20	18	144	25	8	22	317	101	**655**
Callao	31	14	12	0	79	14	26	0	**176**
Alotau	20	3	16	32	10	15	17	8	**121**
Combined	**104**	**56**	**242**	**172**	**119**	**100**	**423**	**135**	**1,351**
	7.7%	*4.1%*	*17.9%*	*12.7%*	*8.8%*	*7.4%*	*31.3%*	*10.0%*	*100.0%*

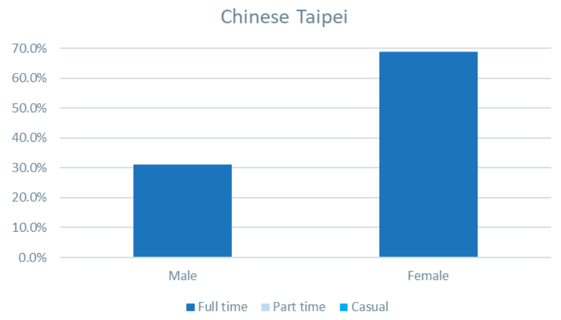
Question: A4. How many paid employees (head count) does your business have in each of the following roles and by employment status? [NUMBER FOR EACH]
Source: AEC & The B Hive

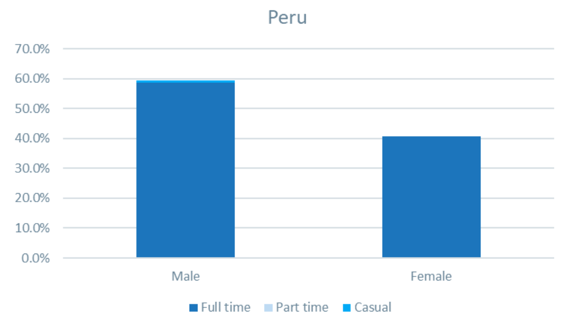
Paid Employees, Employment Status by Gender

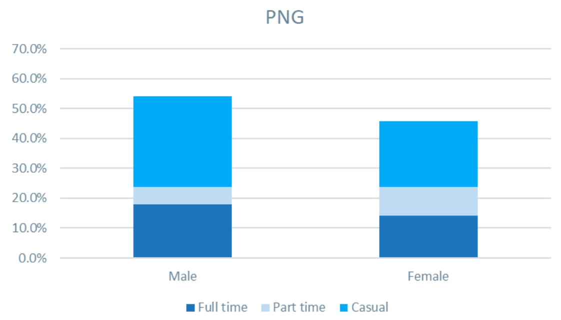












	Male			Female			Total
Destination	Full Time	Part Time	Casual	Full Time	Part Time	Casual	
Broome	79	22	29	70	14	0	**214**
San Antonio	26	70	4	43	24	3	**170**
Keelung	201	0	0	445	1	0	**647**
Callao	104	0	1	72	0	0	**177**
Alotau	37	12	62	29	20	45	**205**
Combined	**447**	**104**	**96**	**659**	**59**	**48**	**1,413**
	31.6%	*7.4%*	*6.8%*	*46.6%*	*4.2%*	*3.4%*	*100.0%*

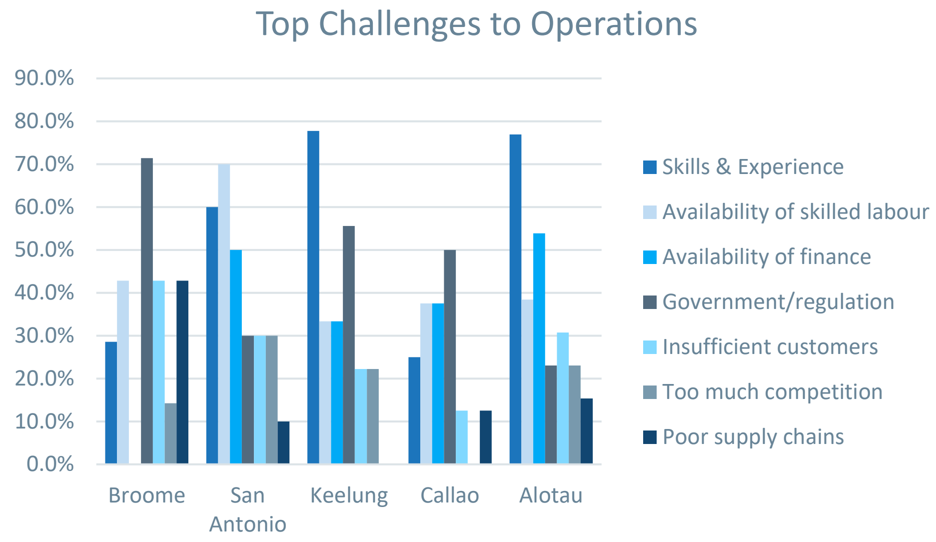
Question: A4. How many paid employees (head count) does your business have in each of the following roles and by employment status? [NUMBER FOR EACH]
Source: AEC & The B Hive

Issues Impacting Women's Employment

Country	Cultural Barriers (a)	Business Practices (b)
Australia	• Permanent roles are filled from experienced casual employees. Women applicants for casual positions in the frontline heavy machinery and manual handling roles are extremely low. • Pregnancy, childcare, male attitudes.	• Male attitudes.
Chile	• Language and family (children) commitments. • The lack of foreign language skills. • The raising of their children when they are single mothers, the socio-economic level, the language and the level of schooling. • Companies prefer to hire men. • There are differences in remuneration between men and women despite both serving the same function.	• Certification and professional registration. • Work schedules impacting family duties and expectations. • Level of education.
Chinese Taipei	• Women and men are equal.	• Women and men are equal.
Peru	• There are no cultural barriers presenting an issue to the professional progress of women in business or tourism. • There are no barriers, the majority of workers in the field are women and they are the ones with the greatest opportunity in the field.	
PNG	• Cultural, traditional expectations. • Participation needs to be encouraged in the cruise industry by providing equal opportunities for all.. This can be done through education and awareness in the destination and local communities. • Income earning opportunities are needed in local communities to encourage active participation by women and youths. Cruise activities are enablers for all; however, awareness is required to inform, inspire and equip individuals with skills and know how. • In recent times, women have been encouraged to step out of their customary roles and take on professional tasks and opportunities that give them the leading role to earn an income through tourism. This teaches women that there are no boundaries that disadvantage women from becoming the elite in tourism work or business professionals. Tourism has always been a female dominated industry in PNG. • There is a gradual shift towards ensuring women and girls are given tools to create alternative opportunities to better the standard of living and empower themselves to contribute toward the well-being of the family, home and community.	• Level of education. • Socio-economic levels of individuals. • Lack of awareness on the diversification of products and experiences for cruise passengers • Arts & Crafts are a source of income for many women in our destination. • Rural guesthouse and village homestay operations creates employment opportunities for women. • Women also conserve and manage marine attraction sites mangroves and reefs as the traditional custodians of the land and resources. • Perception that women's roles in the industry is limited to food and beverage attendants, flower arrangements, tour guiding, art and craft • Land ownership issues. Equal distribution of benefits. • Milne Bay Province is a matrilineal society. Women often attract lower wages than men for the same work and men often receive promotion over women purely for gender reasons.

Question: (a) A5 What, if any, are the cultural barriers that impact women's employment, participation or career progression in business or tourism?
(b) A6 What, if any, are the business practices that impact women's employment, participation or career progression in business or tourism?
Source: AEC & The B Hive

Top Challenges to Operating the Business

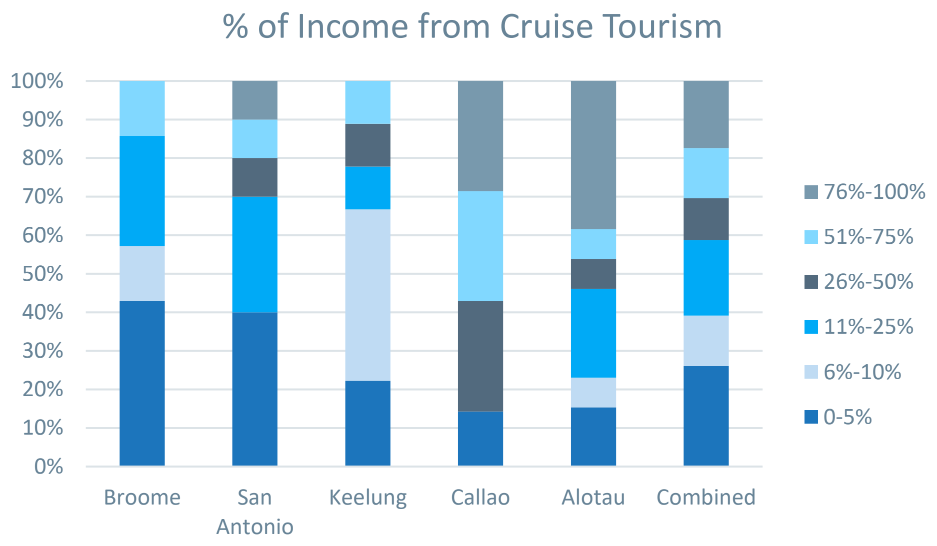


Destination	Skills & Experience	Availability of skilled labor	Availability of finance	Government / regulation	Insufficient customers	Too much competition	Poor supply chains	Other	Responses
Broome	2	3		5	3	1	3	1	**7**
San Antonio	6	7	5	3	3	3	1	2	**10**
Keelung	7	3	3	5	2	2		1	**9**
Callao	2	3	3	4	1		1	2	**8**
Alotau	10	5	7	3	4	3	2	3	**13**
Combined	**27**	**21**	**18**	**20**	**13**	**9**	**7**	**9**	**47**
	57.4%	*44.7%*	*38.3%*	*42.6%*	*27.7%*	*19.1%*	*14.9%*	*19.1%*	

Question: A7. What are the top 3 challenges to operating the business? [CHOOSE TOP THREE]
Source: AEC & The B Hive

Cruise Tourism Sourced Business

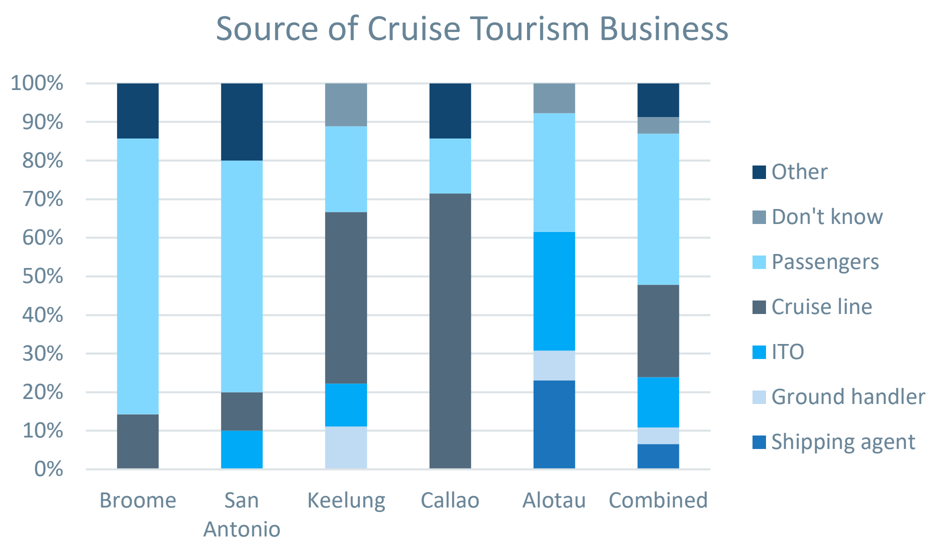
Income Reliance on Cruise Tourism



Destination	0-5%	6%-10%	11%-25%	26%-50%	51%-75%	76%-100%	(blank)	Total
Broome	3	1	2		1			**7**
San Antonio	4		3	1	1	1		**10**
Keelung	2	4	1	1	1			**9**
Callao	1			2	2	2	1	**8**
Alotau	2	1	3	1	1	5		**13**
Combined	**12**	**6**	**9**	**5**	**6**	**8**	**1**	**47**
	25.5%	*12.8%*	*19.1%*	*10.6%*	*12.8%*	*17.0%*	*2.1%*	*100.0%*

Question: B1. In the last year, what percentage of the business income was related to cruise tourism? [CHOOSE ONE]
Source: AEC & The B Hive

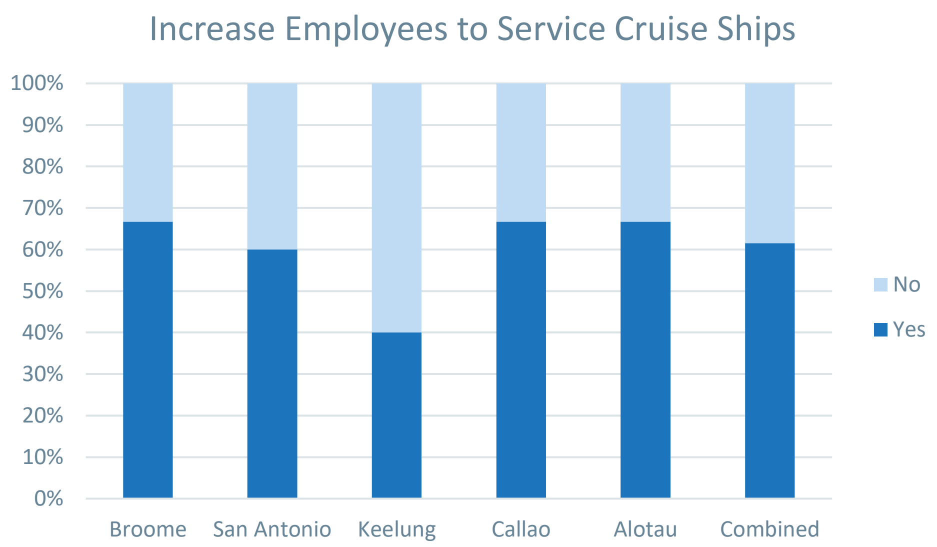
Source of Cruise Tourism Business



Destination	Shipping agent	Ground handler	ITO	cruise line	passengers	Don't know	Other	(blank)	Total
Broome				1	5		1		**7**
San Antonio			1	1	6		2		**10**
Keelung		1	1	4	2	1			**9**
Callao				5	1		1	1	**8**
Alotau	3	1	4		4	1			**13**
Combined	**3**	**2**	**6**	**11**	**18**	**2**	**4**	**1**	**47**
	6.4%	*4.3%*	*12.8%*	*23.4%*	*38.3%*	*4.3%*	*8.5%*	*2.1%*	*100.0%*

Note: B2. Where does the main source of cruise tourism business income come from? [CHOOSE ONE]
Source: AEC & The B Hive

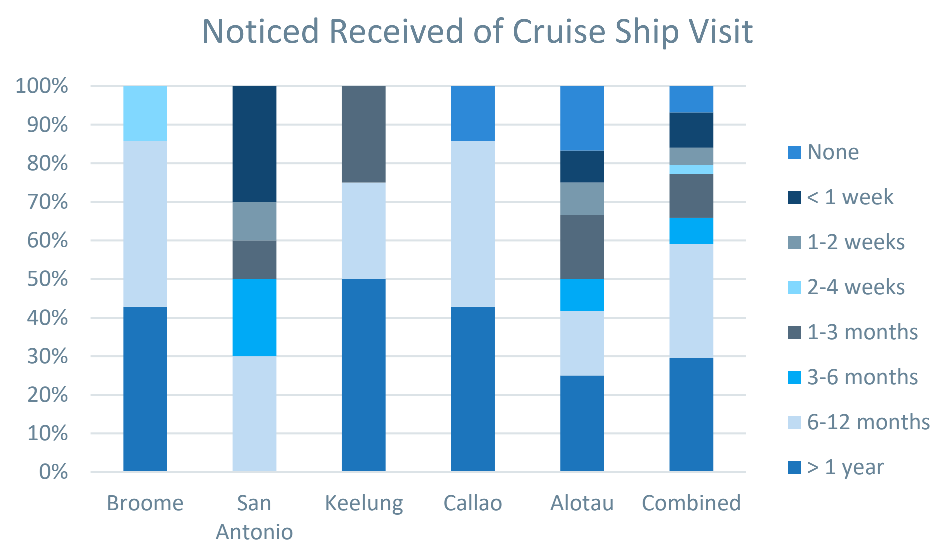
Increase Number of Employees to Service Cruise Ships



Destination	Yes	No	Don't know	(blank)	Total
Broome	4	2	1		**7**
San Antonio	6	4			**10**
Keelung	2	3	4		**9**
Callao	4	2	1	1	**8**
Alotau	8	4	1		**13**
Combined	**24**	**15**	**7**	**1**	**47**
	51.1%	*31.9%*	*14.9%*	*2.1%*	*100.0%*

Question: B3. Does the business increase the number of employees to service cruise ship visits? [CHOOSE ONE]
Source: AEC & The B Hive

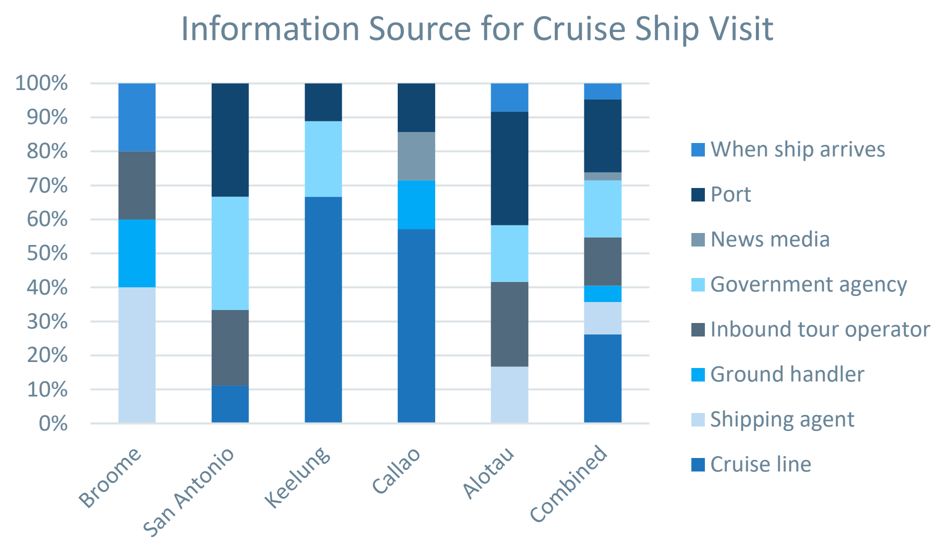
Amount of Notice Received for Cruise Ship Visits



Destination	> 1 year	6-12 months	3-6 months	1-3 months	2-4 weeks	1-2 weeks	< 1 week	None	Don't know/ unsure	(blank)	Total
Broome	3	3			1						**7**
San Antonio		3	2	1		1	3				**10**
Keelung	4	2		2					1		**9**
Callao	3	3						1		1	**8**
Alotau	3	2	1	2		1	1	2	1		**13**
Combined	**13**	**13**	**3**	**5**	**1**	**2**	**4**	**3**	**2**	**1**	**47**
	27.7%	*27.7%*	*6.4%*	*10.6%*	*2.1%*	*4.3%*	*8.5%*	*6.4%*	*4.3%*	*2.1%*	*100.0%*

Question: B4. How much notice do you receive before a cruise ship arrives? [CHOOSE ONE]
Source: AEC & The B Hive

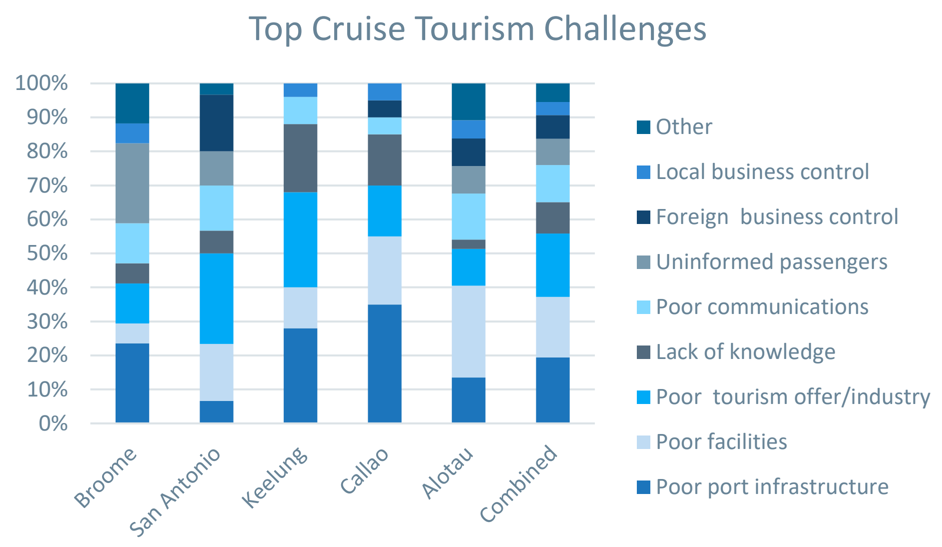
Information Source for Cruise Ship Visit



Destination	Cruise line	Shipping agent	Ground handler	Inbound tour operator	Government agency	News media	Port	When ship arrives	Don't know/unsure	Other	(blank)	Total
Broome		2	1	1				1		2		**7**
San Antonio	1			2	3		3			1		**10**
Keelung	6				2		1					**9**
Callao	4		1			1	1				1	**8**
Alotau		2		3	2		4	1	1			**13**
Combined	**11**	**4**	**2**	**6**	**7**	**1**	**9**	**2**	**1**	**3**	**1**	**47**
	23.4%	8.5%	4.3%	12.8%	14.9%	2.1%	19.1%	4.3%	2.1%	6.4%	2.1%	100.0%

Question: B5. What is the main information source for cruise ship visits? [CHOOSE ONE]
Source: AEC & The B Hive

Top Challenges with Cruise Tourism



Destination	Inadequate port infrastructure	Inadequate tourism facilities	Poorly developed tourism offer/industry	Lack of cruise business knowledge	Poor coms between cruise lines and	Uninformed passengers	Foreign owned business gets/controls	Locally owned business gets/controls	Other	Responses
Broome	4	1	2	1	2	4		1	2	**7**
San Antonio	2	5	8	2	4	3	5		1	**10**
Keelung	7	3	7	5	2			1		**9**
Callao	7	4	3	3	1		1	1		**8**
Alotau	5	10	4	1	5	3	3	2	4	**13**
Combined	**25**	**23**	**24**	**12**	**14**	**10**	**9**	**5**	**7**	**47**
	53.2%	*48.9%*	*51.1%*	*25.5%*	*29.8%*	*21.3%*	*19.1%*	*10.6%*	*14.9%*	

Question: B6. What are the top 3 challenges with cruise tourism for the business? [CHOOSE TOP THREE]
Source: AEC & The B Hive

Opportunities for Increasing Business from Cruise Tourism

Destination	Opportunities (a)	Barriers (b)
Broome	• Exchanges/turnarounds. • Improved infrastructure to allow ships to remain in port longer would allow more time for passengers to do tours and would allow longer tours (higher value) to be offered. • Dedicated purpose-built facility for cruise vessels. • More information provided to passengers before disembarkation. • Consistent visits from cruise ships to enable businesses to invest more in their business and in cruise ships.	• Lack of infrastructure. • The Broome community has been pursuing opportunities and the state government is committing funds to the issues. • Need for wider involvement in the supply chain.
San Antonio	• Digital marketing campaigns and regional global campaigns with the ability to reach the tourist before arriving at ports. • Improve and value the tourist resources that the territory possesses, as well as having a regional and national policy to generate a baseline to define minimum standards for all providers of tourist services, as well as a universal registry of all service providers with scores according to the degree of compliance to aim for improvement. • Gastronomy with Chilean identity, development of proposals with local identities, good quality of inputs. • Associativity with the different entities that operate at the time of cruises. • A greater commitment of all tour operators and service providers in the area, supported by the Regional and Local Government.	• More capital to generate regional campaigns to address at least between 30 or 40% of the population. • There is not equal competition for all and barriers to obtain business from the cruise lines. • Employee skills. • Poor arrivals information. • Poor communication among all providers of tourist services. • The lack of suitable personnel, and requirement for more dissemination of products and destinations.
Keelung	• Need for cruise lines to select quality operators rather than lowest price. • Infrastructure improvements. • More local and native culture for tours. • More support and promotion for cruise tourism. • Potential for increased fly-cruise opportunities.	• Too much competition. • Need for more open business environments and regulation from all relevant government sectors.
Callao	• Greater frequency of visitation to deliver improved and consistent economic benefits. • Better information on economic impact of cruise tourism for supply chain and community. • Development of tourist destinations and use of bi-lingual police. • Port infrastructure. • Wider range of tourist products to be available as the industry grows.	• In Lima the improvement of the tourist port or the construction of a new one as there is no cruise ship terminal. This limits growth opportunities. • Active participation of necessary entities: Municipality of Miraflores, San Miguel, Cercado. National Police. • Control by a few tour operators of tourist destinations. • Those in transit receive a very restrictive treatment (passengers and crew) which generates discomfort and bad comments. • Not having adequate space to market handmade products. • Restrictive state policies, the state does not recognize tourism as a representative activity of the Economy's economy.
Alotau	• Employment opportunities for youths. • Increase tourism offer and experiences, while improving infrastructure to ensure accessibility and standard of service.	• Minimal economies of scale. Cruise passenger spend may not be as much as air passenger given the time limitation on ground and option not to disembark.

Destination	Opportunities (a)	Barriers (b)
	• New untapped islands to explore in the Louisade Archipelago especially including Deboyne, Panamoti to west east Calyadas chain. • Development of community-based attraction sites. • More local participation. • The operators to provide more information on movement of ships and the kind of tourists they are bringing to the province e.g.; young or old etc. • Private sector collaboration. • Variety of tourism products in Alotau – water-based activities, village cultural experience, historic sites, WW1 and 2 history. • Art and crafts have significant potential – tye dying, weaving etc. • Creating more tour options and packages. • The cultural extravaganza and its uniqueness and diversity. • It is geographically closer to Australia.	• Limited cruise destination scoping of other islands. • Links to cruise markets. • Limited training and awareness. • Some business locations to far out to the nearest location of the ship arrival. • Tour sites-land owner issues.

Question: (a) B7. What are the opportunities for increasing business from cruise tourism? [VERBATIM] (b) B8. What is preventing you from pursuing these opportunities? [VERBATIM]
Source: AEC & The B Hive

APPENDIX A2 COMMUNITY SURVEY

Community Questionnaire

SECTION D COMMUNITY ONLY

D1. How much notice does the community receive before a cruise ship arrives? [CHOOSE ONE]

- More than a year
- 6-12 months
- 3-6 months
- 1-3 months
- 2-4 weeks
- 1-2 weeks
- < 1 week
- None

D2. What is the community's main information source of cruise ship visits? [CHOOSE ONE]

- Cruise line
- Shipping agent
- Ground handler
- Inbound tour operator
- Government agency
- News media
- The port's ship booking schedule
- Only know when the ship arrives
- Other (please specify)

D3. What activities does the community provide to cruise passengers? [CHOOSE THOSE THAT APPLY]

- Cultural welcome
- Transport
- Local food and beverage
- Arts and crafts
- Entertainment
- Organized tours
- Personal tours
- Other (please specify)

D4. What positive impacts (e.g. social, economic, cultural) has cruise tourism had on your community? [VERBATIM]

D5. What negative impacts has cruise tourism had on your community? [VERBATIM]

D6. What are the top 3 challenges with cruise tourism for your community? [CHOOSE TOP THREE]

- Community opposition
- Inadequate port infrastructure
- Inadequate tourist facilities
- Poorly developed tourism offer/industry
- Lack of cruise business knowledge
- Poor communication between cruise lines and destinations
- Uninformed passengers
- Foreign owned business gets/controls most of the cruise business
- Locally owned business gets/controls most of the cruise business
- Other (please specify)

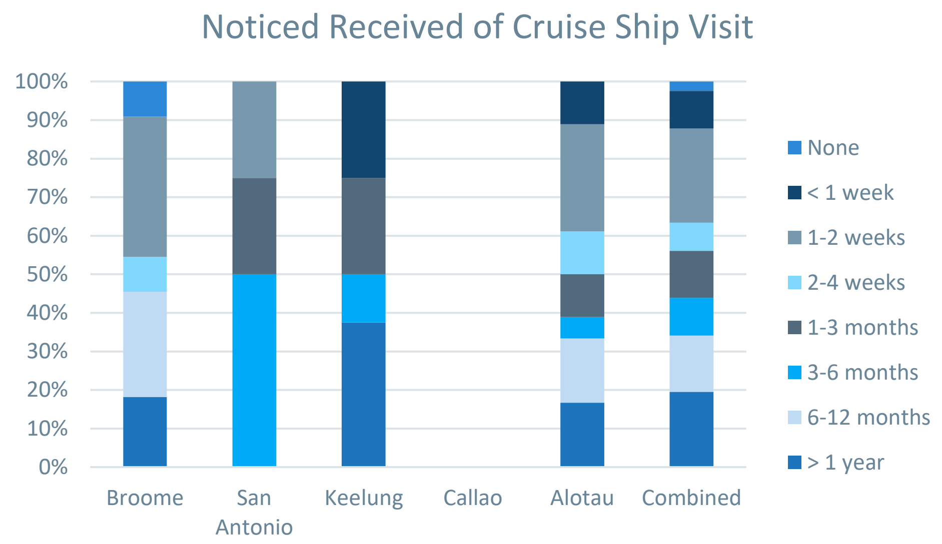
D7. What are the opportunities for improving cruise tourism benefits for your community? [VERBATIM]

D8: Do you have any final comments regarding cruise tourism in your country or in the APEC region? [VERBATIM]

Detailed Responses

A total of 49 responses were received from community representatives with the largest number (13) received from Alotau (19) and the lowest from San Antonio (4). None were received from Callao.

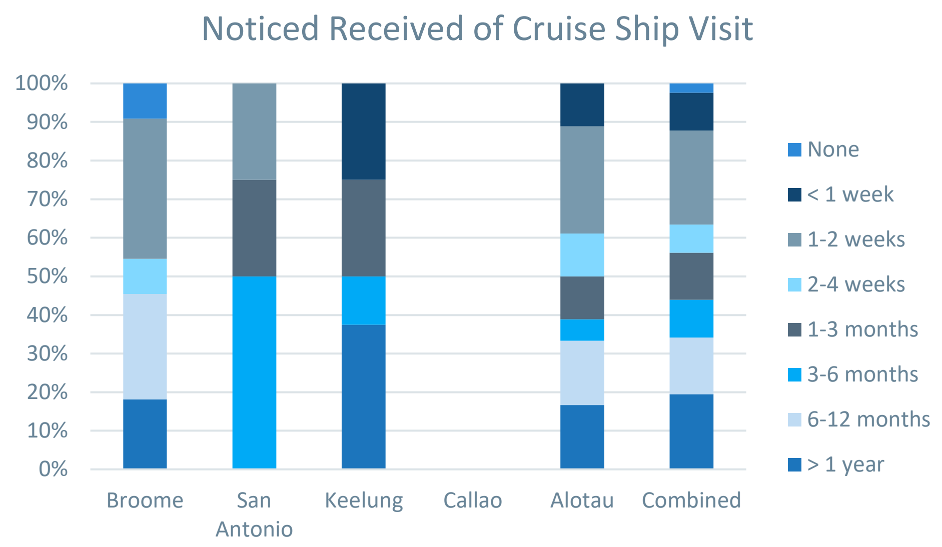
Amount of Notice Received for Cruise Visits



Destination	> 1 year	6-12 months	3-6 months	1-3 months	2-4 weeks	1-2 weeks	< 1 week	None	Don't know/ unsure	(blank)	Total
Broome	2	3			1	4		1	4		15
San Antonio			2	1		1					4
Keelung	3		1	2			2		3		11
Callao											
Alotau	3	3	1	2	2	5	2		1		19
Combined	**8**	**6**	**4**	**5**	**3**	**10**	**4**	**1**	**8**		**49**
	16.3%	*12.2%*	*8.2%*	*10.2%*	*6.1%*	*20.4%*	*8.2%*	*2.0%*	*16.3%*		*100.0%*

Note: No responses received from Callao
Question: D1. How much notice does the community receive before a cruise ship arrives? [CHOOSE ONE]
Source: AEC & The B Hive

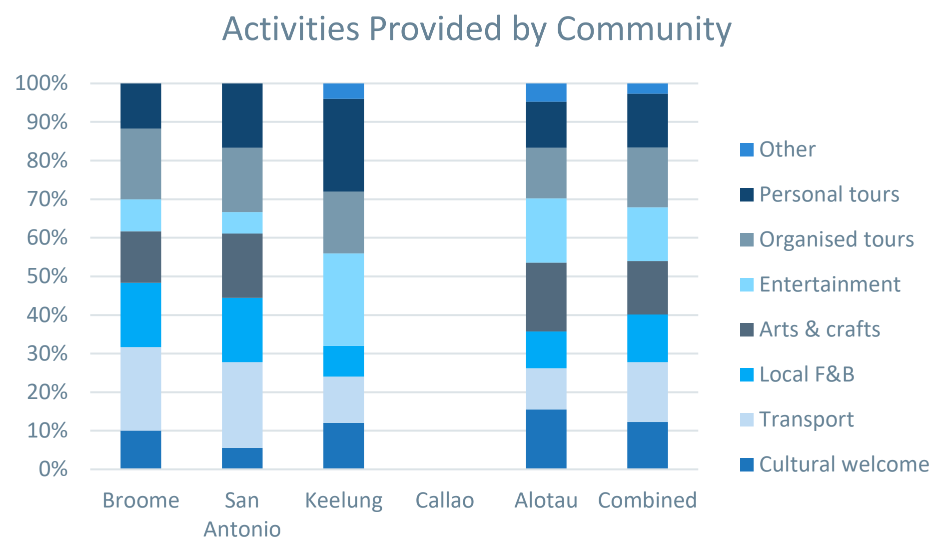
Information Source for Cruise Ship Visits



Destination	Cruise line	Shipping agent	Ground handler	Inbound tour operator	Government agency	News media	Port	When ship arrives	Don't know/unsure	Other	Total
Broome			1			3	4	3	1	3	15
San Antonio					2	2					4
Keelung	3	1		1		2	2	1		1	11
Callao											
Alotau	1		5	2	7		1	1		2	19
Combined	**4**	**1**	**6**	**3**	**9**	**7**	**7**	**5**	**1**	**6**	**49**
	8.2%	*2.0%*	*12.2%*	*6.1%*	*18.4%*	*14.3%*	*14.3%*	*10.2%*	*2.0%*	*12.2%*	*100.0%*

Note: No responses received from Callao
Question: D2. What is the community’s main information source of cruise ship visits? [CHOOSE ONE]
Source: AEC & The B Hive

Community Activities Provided to Cruise Passengers



Destination	Cultural welcome	Transport	Local F&B	Arts & crafts	Entertain ment	Organized tours	Personal tours	Other	Total
Broome	6	13	10	8	5	11	7		**15**
San Antonio	1	4	3	3	1	3	3		**4**
Keelung	3	3	2		6	4	6	1	**11**
Callao									**0**
Alotau	13	9	8	15	14	11	10	4	**19**
Combined	**23**	**29**	**23**	**26**	**26**	**29**	**26**	**5**	**49**
	46.9%	*59.2%*	*46.9%*	*53.1%*	*53.1%*	*59.2%*	*53.1%*	*10.2%*	

Note: No responses received from Callao
Question: D3. What activities does the community provide to cruise passengers? [CHOOSE THOSE THAT APPLY]
Source: AEC & The B Hive

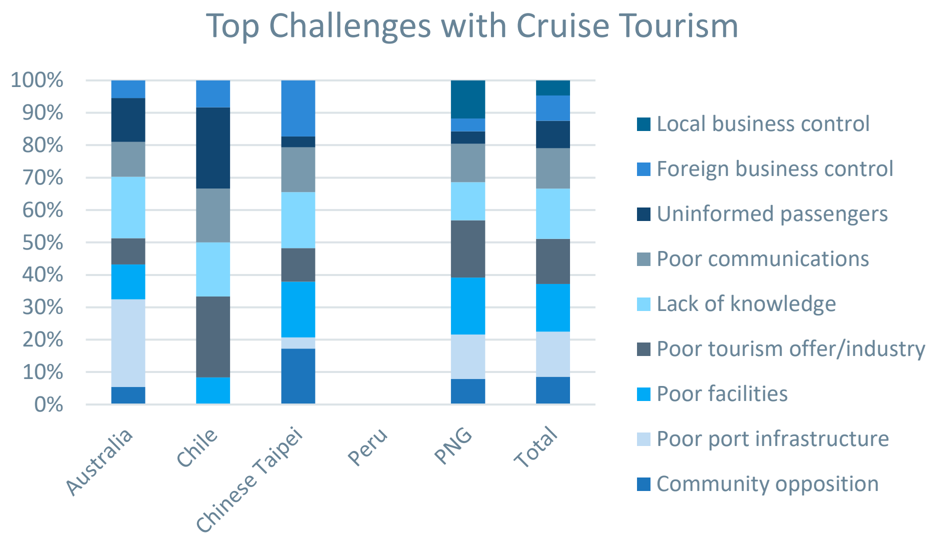
Impacts on the Community from Cruise Shipping

Destination	Positive (a)	Negative (b)
Broome	• Bringing more income to small Broome businesses. • Cruise passengers generate income into the community as well as having a good experience to share with others. • Economic impact is relative some cruise visits have a positive economic impact, others deliver little in the way of passenger engagement or spending. • Embarrassment for the amount of roadworks every time one ship is in or the aboriginals fighting and swearing. • Keeps the tour buses and the pharmacies busy. • Obvious social and economic activity when the cruise ship is in town with organised tours and travel into the town centre. • Significant economic impact into town with pre and post tours, accommodation, meals etc.	• Businesses not being aware that a cruise ship has arrived, and lack of good customer service leaves a negative experience with the cruise passengers. • Maybe environmental. • The town/ community not fully engaging to provide the services that we should to passengers i.e. all shops open, food and beverage, etc. • Pretty poor return for the effort that goes in.
San Antonio	• Increase in tourism entrepreneurs. • In social and economic aspects, small transport entrepreneurs, travel agencies and local tourism guides have benefited. • Aspects of cultural exchange of opinions about the nature and heritage of tourists who visit the city, has been positive • The Municipal Tourism Office developed a cruise reception plan with bilingual tourist facilitators and informants that serve cruise passengers which greatly helped the positive evaluations by the cruise passengers. • The tourism office works in coordination with the Passenger Terminal of the Central Port, police, police, army, local transport and tourism service providers to safeguard the safety of people and provide adequate services. • Without a doubt, the arrival of cruises to San Antonio has become an important opportunity for local and regional growth and development.	• No negative impact, most of the impacts are positive, they have been important to improve the city and promote tourism.
Keelung	• Cultural exchange. • Promoting new source of visitors.	• A great number of tourists flood into Keelung City in a short period of time which leads to traffic congestion. • Inbound tourists head for neighbouring city after disembarking the cruise, which causes the outflow of economic benefits.
Callao	• n/a	• n/a
Alotau	• Enhances the community to preserve their traditional culture by performing for the tourists thereby helping to conserve culture /arts/ relics/ attractions. • Growth of local tourism SMEs. • Exposure of local people and good relationships and appreciation of visitors and their backgrounds. • Generates income and employment for the local artefacts, handcraft dealers/sellers, local taxies and bus operators, local	• Unhealthy competition between SMEs, rogue operators and families. • Land ownership disputes and disputes over ownership of relics, sites, etc. • Environment affected • Only a few businesses benefitting • Cultural authenticity harder to retain due to modern influences or because of income streams. " • Currently, benefits from cruise tourism don't extend to the local villages.

Destination	Positive (a)	Negative (b)
	dinghies, tour operators, local market vendors etc. cultural dance troupe, visit to typical / tropical village, local museum places, interesting sites and sceneries etc.	• Law and order issues have arose. • Foreign culture may destroy our culture and tradition when we are adapted to. • Lack of facilities for tourists and local communities. • Sadness when no items sold - have to wait for next visit to try again. Expectations not met therefore resentment against visitors.

Note: No responses received from Callao
Question: (a) D4. What positive impacts (e.g. social, economic, cultural) has cruise tourism had on your community? [VERBATIM] (b) D5. What negative impacts has cruise tourism had on your community? [VERBATIM]
Source: AEC & The B Hive

Top Challenges with Cruise Tourism



Destination	Community opposition	Inadequate port infrastructure	Inadequate tourism facilities	Poorly developed tourism offer/industry	Lack of cruise business knowledge	Poor coms between cruise lines and	Uninformed passengers	Foreign owned business gets/controls	Locally owned business gets/controls	Responses
Broome	2	10	4	3	7	4	5	2		**15**
San Antonio			1	3	2	2	3	1		**4**
Keelung	5	1	5	3	5	4	1	5		**11**
Callao										**0**
Alotau	4	7	9	9	6	6	2	2	6	**19**
Combined	**11**	**18**	**19**	**18**	**20**	**16**	**11**	**10**	**6**	**49**
	22.4%	*36.7%*	*38.8%*	*36.7%*	*40.8%*	*32.7%*	*22.4%*	*20.4%*	*12.2%*	*53.2%*

Note: No responses received from Callao
Question: D6. What are the top 3 challenges with cruise tourism for your community? [CHOOSE TOP THREE]
Source: AEC & The B Hive

Opportunities to improve Cruise Tourism Benefits to the Community

Destination	Opportunity
Broome	• Balancing profit with sustainable environmental issues. • Greater understanding between tour operators, the township and the cruise lines as to the experiences passengers are seeking and enjoy (i.e. provide feedback on experience) so a process for continuous improvement exists. Being 'cruise ready' is important so greater awareness of needs would help. • Improved Port facilities to assist with disembarkation /embarkation of passengers at the wharf. • improving engagement from local shop owners and retailers. • It could provide more jobs for local people in the low season when the cruise ships arrive. • More tourists we get through town who have a positive experience will want to tell friends and come back for a longer visit to Broome.
San Antonio	• Passengers have information about the city they will visit (San Antonio). • Working associatively to develop new tourism products. • Promote the work that the municipality of San Antonio has developed. • Attract more investment for tourism projects.
Keelung	• Asia market has potential. Chinese Taipei lies in a central location in East Asia between several vital port cities making it a prime spot for a cruise hub. • Promote cruise related industry locally.
Callao	• n/a
Alotau	• Great opportunities to bring income into areas which are remote and change lives. • Coordinated approach by all stakeholders and investors and Government Line Department including Department of Foreign Affairs and International Trade (DFAIT), PNGTPA - PNG Tourism Promotion Authority to invest capital for a worthy cause. • Foreign Governments and Donor Countries injections of vital capital investments through bilateral trade and various technical agreements and accords, to help boost cruise tourism / business to be develop on par with Fiji/Vanuatu and other Pacific rim countries currently involved with Cruise Tourism Industry etc. " • The Port Facility Operator should have improved Passenger terminal. • Community should all work together to improve their sites and be more innovative. • Improve necessary and vital services like electricity/banking/ communication/road network • Choice of proper locations: ○ Consider Milne Bay Tourism as existing industry. • More coordinated effort between tourism industry players and awareness in the local community. • More workshops by PNGTPA to create more awareness/information dissemination. • One is to educate the local people what kind of materials one should use to make their crafts and diversify their products. • Encourage tourists to buy from locals. • Strengthen Milne Bay Tourism Bureau (MBTB) improve communication between MBTB and rural ports of call and tourism service providers. More funding for MBTB and ports of call. • Encourage and facilitate capacity building for youths to be trained at the maritime colleges for jobs on the cruise ships with the appropriate accreditation.

Note: No responses received from Callao
Question: D7. What are the opportunities for improving cruise tourism benefits for your community? [VERBATIM]
Source: AEC & The B Hive

Other Comments Regarding Cruise Tourism

Destination	Comment
Broome	• Be able to get onboard a cruise ship from Broome or have a (halfway pickup) up to Bali or back to Perth. • Cheaper for locals. The Broome to Darwin cruise very expensive. • Continual communication between cruise operators, port agents, key stakeholders and local and federal government in the development of significant infrastructure to support a strong regional cruise destination. • Would like to see better infrastructure especially around the Port to handle cruise passengers.
San Antonio	• Cruise tourism is an industry of high growth and great potential; therefore, it is essential that it develops professionally and is planned.
Keelung	• We are expecting cruise tourism to grow. As a result, local cruise inbound tourism should strive to build our own attractions to benefit from incoming tourists. • In the cruise industry, both of the vertical and lateral communication between Chinese Taipei government are seriously insufficient.
Callao	• n/a
Alotau	• Vigorous and proactive approach and engagement in training and capacity building programs especially in exposure in overseas training attachment and periodical on-the-job training programs, to enhance skills and acquired knowledge and expertise at middle to senior executive management level both in rank and file to upgrade and market appropriate online cruise tourism marketing technology in global scenery PNG's and Milne Bay as a Tourist destination. • Capital invested is to help preserve the dynamic PNG's culture, customs & tradition which may cease to exist in 100 years from now. The future of PNG's Arts and Culture and its future generation is the world's preservation of flora and fauna and deep woodlands and forests, which is subject to World's Climate Warming Apprehension (WCWA). • A destination can become too dependent on a cruise ship visit that a cancellation can result in heavy burden for community with preparation costs. • Certain operators are benefiting, not too many benefits for the little people and general public. • Improve the network communication infrastructure. • In the case of Milne Bay due to its geographical location the local population living out in the islands must be notified in advance in order for them to participate on schedule time and be prepared prior to their presentation. • Increase cruise tourism destination to bring economic benefits to the Economy and the local communities. • More collaborated efforts between industry players economy wide and at the regional level as well as especially neighbouring Pacific countries. • More workshops on Tourism industry in rural areas. • Please involve government authorities to safeguard local anchorage payments to landowners. • More training to the local youths and also fund cultural villages to improve their standard and also fund some infrastructure projects. • Very lucrative and exciting sector. In 2017, 95% (726,000) cruise tourists visited Milne Bay, largest sector here. We have 4-5 ports of call in one province, perfect industry to support and develop. • We as the local community should have more ownership of Cruise Tourism rather than being used as agents by International Tour Operators from abroad utilising our sites for their benefit. • We need to find a balance so we can have profitable industry that preserves our culture and environment for our great-grandchildren.

Note: No responses received from Callao
Question: D8: Do you have any final comments regarding cruise tourism in your country or in the APEC region? [VERBATIM]
Source: AEC & The B Hive

APPENDIX B DESTINATION WORKSHOPS

OBJECTIVE

The destination workshop objective was to conduct discussions with participating economies' department/agency officials, private sector, non-governmental organizations and other stakeholders to explain the project and seek feedback on cruise tourism impacts, challenges, opportunities and cross cutting issues.

More specifically the objectives were:

1 Gain an understanding of the destination's cruise tourism eco-system that complements the MSME and community survey.

2 Discuss in-depth the destination's challenges and the opportunities for cruise tourism.

3 Understand the cruise tourism impact to the local economy and community.

4 Discuss the destination's case study.

METHODOLOGY

The first stage in the methodology was for AEC/TBH to liaise with each participating economy to provide the workshop design and schedule workshops in each of the nominated cruise tourism destinations. The participating economy was responsible for recruitment of attendees, venue and catering.

AEC and TBH prepared a generic workshop agenda to capture information for the project and then tailored it for each destination. The generic workshop agenda comprised:

1. **Cruise Industry Landscape – Understand what is happening globally / regionally?**
    a. Global Picture – annual growth rate, ship order book
    b. Size of Cruise Tourism Destination Business
    c. Level of Cruise Tourism Maturity
    d. Future Expectations
    e. Discuss Destination Case Study

2. **Stakeholder Mapping of the Cruise Eco-System – Understanding your destination**

3. **Destination Value Proposition**
    a. Understand the Destination Value Proposition
    b. Regional itinerary deployment
    c. High level discussion of what the destination offers in terms of products and services
    d. What is the right size ship and right the cruise brands (if known)?

4. **Identify Positive and Negative Impacts to the Local Community and Economy**
    a. What are the positive impacts of cruise tourism?
    b. What are the negative impacts of cruise tourism?
    c. What proactive measures can we take to ensure sustainability
    d. Fostering strategic partnerships

5. **Identify Cruise Destination Challenges and Opportunities**
    a. How do we address these challenges and opportunities?
    b. If we address them what would the impact be?
    c. Identify areas to inform policy recommendations

In addition, handouts were prepared of relevant statistics, trends, itineraries, cruise lines and ships operating in the destination and a glossary of standard cruise tourism terms.

Learnings

Learnings from the execution of the participating economy workshops were:

- **Leadtime.** Significant lead time is required to organise this type of research especially where the destination's industry may not be well organised.
- **Access to networks**. Some destinations did not have pre-compiled lists of their cruise tourism stakeholders. This learning reflects the challenge in some destinations around the immaturity of destination organization around cruise tourism.

KEY FINDINGS

The following sections summarise the key findings of the destination workshops. Detailed findings by participating economy are contained in Appendix B1.

Stakeholder Mapping

In most of the destinations the stakeholder groups involved in cruise tourism are very similar being: cruise and tourism industry, government, ship services, passenger services and community. A major differentiator appears to be how the destination's industry is organised in respect to the distribution of benefits. Typically, the stakeholders are as follows:

Table B.1 Cruise tourism stakeholders/eco-system

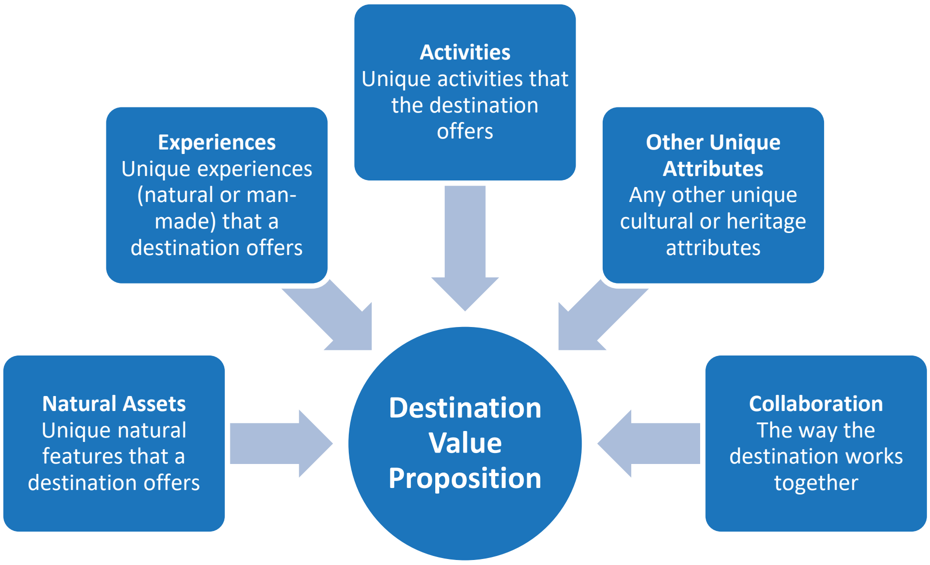
Industry	Government	Shore Excursions	Ship Services	Passenger Services
• Cruise Line International Association • Local cruise associations • National, state, regional, local tourism association • Chambers of commerce	• Relevant national government departments • Relevant State/Regional government departments • Local governments • Ports • Maritime • Customs • Immigration	• Tour operators • Travel agents • Bus companies • Taxis	• Pilotage • Towage • Shipping agents • Security • Providers • Ship trades	• Cruise terminal • Ground handlers • Transfers • Airports • Accommodation • Restaurants • Retail • Health services • Volunteers

Source: AEC & The B Hive

Destination Value Proposition

As expected, each destination offers a unique DVP. A DVP is important for cruise lines and their passengers as for itineraries to be attractive to passengers each destination on the itinerary needs to offer something different. From the workshops we conclude that DVPs are a product of attributes as follows:

Figure B.1 Factors contribution to the destination value proposition



Source: AEC & The B Hive

The natural assets, experiences, activities and other attributes offered by a destination can be classified and expressed relative to their uniqueness and appeal to cruise passengers.

Figure B.2 Destination competitive quadrants

More Unique

Less Appealing		More Appealing
Attributes in this quadrant are more unique but less appealing to passengers and while they greatly enhance the DVP of the destination there maybe factors reducing their competitiveness.		Attributes in this quadrant are more unique and more appealing to passengers and greatly enhance the DVP and provide a significant point of difference to competitor destinations.
Attributes in this quadrant are less unique and less appealing and contribute little to the DVP of the destination. There may be many similar destinations.		Attributes in this quadrant are less unique but are more appealing to passengers and contribute somewhat to the DVP but there may be similar competitor destinations. E.g. port cities.

Less Unique

Source: AEC & The B Hive

Local Community Impact

Destinations were able to document many positive and negative economic, environmental and social impacts from cruise tourism. Some of these were unique to the destination however there were many common impacts. The most common stated impacts across destinations include:

Table B.2 Common destination positive and negative impacts from cruise tourism

Economic	
Positives	**Negatives**
• Additional income/foreign exchange • Employment generation • New tourism product development (entrepreneurial activity) • Infrastructure development • Potential for revisitation • Wider tourism promotion	• Lower than expected/Inconsistent passenger spend • Uneven income distribution to MSMEs • Unrealistic expectations of passengers • Congestion • Demand on public infrastructure • Displacement of cargo
Environmental	
Positives	**Negatives**

• Income for natural attraction protection activities • Transfer of passenger attitudes towards environmental protection • Induces conservation promotion/activity • Improved maintenance of built environment	• Perceived pollution – air, noise, water, solid waste • Anchorage damage • Over tourism impacts
Social	
Positives	**Negatives**
• Employment opportunities • Improved capacity utilization of attractions • Cultural exchange • Cultural and heritage strengthening/preservation • Boost to local collaboration • Wider destination/country promotion	• Transport diversion/congestion • Erosion of local culture • Perceived security concerns of passengers • Poor reaction of some locals • Potential for criminal behaviour • Potential for disease • Over tourism displacing locals

Source: AEC & The B Hive

Strengths, Weaknesses, Opportunities & Threats

Destinations revealed their own strengths, weaknesses, opportunities and threats however there were also a number of common elements which included:

Table B.3 Common strengths, weaknesses, opportunities and threats from cruise tourism

Strengths	Weaknesses
• Destination value proposition • Growth sector • Acceptance by community • Growing destination awareness • Infrastructure connectivity (port/airport/	• Infrastructure • Sufficient ground transport • Cruise tourism understanding • Cruise tourism skills • Collaboration and communication across industry • Immigration/customs regulations • Lack of cruise/destination management plans • Lack of volunteers
Opportunities	**Threats**
• Education, training and tourism awareness • Growth of cruise tourism/itinerary development • Infrastructure development • New product development • Overnight stays/home port ships • Sustainable tourism industry • Improvements to living standards	• Loss of community support • Incorrect information given to passengers • Weather patterns • Security, law and order • Product development that conflicts with traditional practices • Loss of environmental values • Loss of cultural identity and values • Over tourism

Source: AEC & The B Hive

Barriers to Development

Common barriers to further development of cruise tourism include:

- **Politics/Regulation.** Requires an improved understanding of cruise tourism and reduction/harmonization of regulation.
- **Infrastructure.** Lack of infrastructure development to handle demand: difficulty of approvals and funding.
- **Tourism product.** Lack of tourism product and diversity of product e.g. tours, attractions, hotels, restaurants.
- **Transport congestion.** Especially around terminals and at key attractions.
- **Collaboration.** Need for improved collaboration between local stakeholders and with cruise lines.
- **Awareness.** Importance of cruise tourism, getting correct destination information to passengers, local appreciation of what cruise passenger wants.
- **Scheduling.** Seasonality/scheduling of cruise ship visits.

IMPLICATIONS FOR THE PROJECT

The data collected from the participating economy destination workshop and the extraction of common elements provide some clear guidance for recommendations and policy areas that APEC can respond to including:

- **Definition Standardization.** There is a need to provide consistent understanding and definitions around cruise tourism. This includes what cruise tourism means, how communities and MSMEs can benefit, destination and itinerary categorizations and terms commonly used in cruise tourism
- **Measurement**. There is a need for consistent and ongoing measurement of the economic, social, and environmental impact of cruise tourism in destinations to provide a credible and acceptable evidence base for decision making.
- **Regulation**. Regulatory harmonization between countries, while a lofty goal, is useful in ensuring common standards across economies and reducing economic friction.
- **Planning**. Consistent planning frameworks that can be applied to differing destinations will supply the tools destinations need to collaborate and deliver sustainable cruise tourism.
- **Marketing**. Partnerships between destinations and cruise lines are critical to facilitate improved communication and optimization of economic and social benefits for all.
- **Education, Training & Service Improvements**: At a practical on ground level education, training and service improvements will benefit communities and passengers.

APPENDIX B1 DETAILED DESTINATION WORKSHOP OUTCOMES

Australia - Broome

Findings

Stakeholder Mapping

Industry	Government	Shore Excursions	Ship Services	Passenger Services

• Cruise Lines
• CLIA
• ACA
• Cruise Broome
	• Federal
	  ○ Immigration
	  ○ Customs
	• Western Australian Government
	  ○ Tourism (TWA)
	  ○ Transport
	  ○ State Development
	• Broome Shire Council
		•	• Kimberley Port Authority
			• Tug Operator
			• Shipping Agents
			• Ground Handler
			• Services & Trades
			• F&B Suppliers
				• Broome International Airport
				• Accommodation
				• Broome Visitor Centre
				• Tours
				• Transport
				• Retail
				• Health Services
				• Broome Chamber of Commerce & Industry
				• Volunteers

Destination Value Proposition

	Less Appealing	More Appealing
More Unique	• Isolation • Town history • Tidal Range • Natural attractions • WWII history/Relics	• Unique Australian Destination (Frontier Town) • Geographic Location (WA Coast/Kimberley Gateway) • Aspirational Destination (Bragging Rights) • Environmental landscape (Horizontal Falls) • China Town, Japanese Cemetery • Snubfin Dolphins
Less Unique	• Cultural experience • Climate • Dinosaur Footprints • Colors	• Climate • Pearls & Pearl Farms • Cable Beach • Camels at Sunset • People/Characters • Broome Time/Lifestyle

Local Community Impact

Economic	
Positives	**Negatives**
• Cash injection • Word of mouth marketing • Revisitation • Airport RPT throughput • More jobs & businesses • Generates future infrastructure improvements	• Inconsistent spend of passengers leading to shops closing next visit – itinerary dependent • Word of mouth if poor experience (e.g. shops closed) • Loss of quality retail (e.g. signage, cheaper product, discounting)
Environmental	
Positives	**Negatives**
	• Solid waste – smaller ship waste not sorted
Social	
Positives	**Negatives**
	• Heath services congestion • Can bring diseases • Lack of public toilets • Displacement of locals in town

Strengths, Weaknesses Opportunities & Threats

Strengths	Weaknesses
• Destination value proposition • Growth of cruise tourism • Destination awareness	• Lack of atmosphere, funding, volunteers • Cruise Broome a voluntary organization • Closed shops when ship in port • Climate in wet season • Antisocial behavior (locals) • Tidal restrictions • High costs • Poor communication from industry to destination • Incorrect information given to passengers about Broome
Opportunities	**Threats**
• Port upgrades leads to overnight stays – will improve days tours and accommodation • Overall improved experience/development of the tour industry • Sealing of Cape Lev Rd. • Broome brand specific to cruising utilising "Broome Time" • Target high yield/minimum negative impact vessels • Exmouth upgrade – develop a full WA coast itinerary • Increase F&B, hospitality, etc. • Increase marketing • Home port ships here	• Politics • Negative comments (word of mouth) • Loosing community support • Inability to maintain Broome's competitive advantage • Preserving Broome and Kimberley's unique natural environment • Unknown environmental factors • Competition to smaller yet more expensive operators • Impact on wilderness experience if to many passengers • Cruise Broome succession planning and support • Global negative economic impacts

Barriers to Development

- Infrastructure funding
- Cruise Broome is a volunteer organization
- Lack of collaboration between stakeholders
- Correct information about the destination disseminated to passengers
- Inconsistent scheduling of cruise visits

Workshop Participants

Name	Organization	Product/Service
Mel Virgo	Broome Visitor Centre	Visitor Information Centre
Shayne Murray	Cruise Broome	Cruise Industry
James Brown	Cygnet Bay Pearls	Pearls/Tours
Julie Russell	Monsiinal Blues	Retail
Mike Windle	Cruise Broome	Tours
David Galwey	Cruise Broome	Tourism
Peter Taylor	Broome Chamber of Commerce & Industry	Business
Luke Westlake	Kimberley Ports Authority	Port
Natasha Mahar	Australia's North West Tourism	Regional Tourism Organization
Mark Davis	Shire of Broome	Local Government

Chile - San Antonio

Findings

Stakeholder Mapping

Industry	Government	Shore Excursions	Ship Services	Passenger Services
• CLIA • Cruise Lines • Media	• Chamber of Commerce • Customs Service • PDI Police • PCE Puerto Central • Tourist Office • Cruise Tourism Team	• Tricao Park • Tour Operators	• Harbour Captain • Ground Handler • Shipping Agent	• Transport • Artisan • Craftsman • Attractions • Volunteers • Accommodation • Tours

Destination Value Proposition

Natural Assets, Experiences & Activities

- Coastline, Leyda's valley of San Antonio, Tricao park, sea lions, walk by the promenade, cultural heritage, carnivals.
- Green areas, gastronomy, wine tourism, museums.
- Mouth of the Maipo river, port activity, proximity with nature (sea lions), local gastronomy and its process.
- Maipo river, coastline, wetland, viewpoints, Boulevard Negra Ester, local poets, rural culture, traditional festivities, local urban legends, popular fishermen culture.
- Bellamar promenade, churches, fish market, port.

Unique Characteristics

- Proximity to Santiago (airport) connectivity Libertadores border crossing, vineyards, port of exchange of passengers.
- Infrastructure, logistics, efficiency, safe city.
- Security, personal service, close and nice service.
- Poets and the poets' coastline, museums, vineyards close to the city, docks availability, local history, fishing creek access, local tourist information points.

Working Together

- National Service of Tourism (SERNATUR), national network and a corporation of port of the southern cone.
- We can work with Puerto Montt port, and Coquimbo port.
- Can work together to generate an associative job with the chamber of commerce and tourism, with a corporation of port-cities to boost the locations among them.
- Maintain links between authorities and private sector.
- Market strategy with important ports, such as: Puerto Montt and Coquimbo. And private enterprises.
- Work with the city hall, tour operators, travel agencies, artisans, port, and transfer.
- How to do it: partnership working, tables of dialogue, generate work methodologies, access to the information.

More Unique

Less Appealing	More Appealing
• Poets and Writers • Committed city hall with tourism • Citizens of San Antonio • Tourist Information • Humbolt's Penguins Presence	• History and pre-Columbian cultures • Cove close to the passengers • Wetlands, Vineyards, Poet's coastline • Sea Lions and other marine animals • Pirate Caves
• Casino • Centre of San Antonio • Infrastructure • Urbanization • Stray dogs • Beaches • Languages	• Gastronomy and seafood • Fish Market • Natural Heritage • 21 de Mayo Viewpoint • Pablo Neruda's Museum • Local handicrafts • Summer festival

Less Unique

Local Community Impact

Economic	
Positives	**Negatives**
• Opportunities for entrepreneurs • Job opportunities • Increase in employment rate (more jobs) • More income for the people • Development expectation • Increasing in tourist expenditure, job creation, GDP • Good for local economy - restaurants, accommodation, tour operators • Currency income	• Infrastructure and service in restaurants • Increase of informal trade • Crime variation • Competition among ports • High expectations
Environmental	
Positives	**Negatives**
• Increasing of the recycling business • Improve our environment • Environmental regulations • Development of natural attractions • Show to the world flora and fauna • Improvement of the coastline • Care for the environment	• Wastes from the cruise ships • Impact in the marine flora and fauna • Garbage • More vehicles • Hydrocarbons from the ships • Exceeded carrying capacity
Social	
Positives	**Negatives**
• Boost tourist zones like 21 de mayo viewpoint, bellamar promenade, cove and fish market • Cultural development in languages • Allows to know other realities • Allows to know about the capacities of de commune • Cultural exchange • Change in the worldview of the citizens • Cultural improvement • Strengthens of cultural identity	• Security apart from boarding and disembarking of the passengers • Lack of capacity to receive an increasing of population • Lack of training in service and ethics in customer service • High expectations • Bad accessibility • Rivalry

Strengths, Weaknesses Opportunities & Threats

Strengths	Weaknesses
• Connectivity • Proximity to Santiago • Natural Heritage, Culture and History • Keen to develop as a city • Interaction of tourists with local trade • Capacity of port to berth ships • More job opportunities in tourism and trade • Security & Cordiality • Trained personnel for tourists' attention • Economical offer's opportunities • Biggest port in the central area of Chile	• Standard of service and security • Bureaucracy to improve infrastructure • Low tourism development in the community • More communication from all parties: e.g. City Hall, PCE, Epsa, artisans, artists • Competition with the city of Valparaíso • Little care of the city (lack of environmental culture) • Low accommodation capacity • Positioning • Political focus oriented to other subjects • Garbage on the main (Caleta Pintor Pacheco Altamirano) • Education • Lack of signs
Opportunities	**Threats**
• Road development • Hotel investment in San Antonio • Create tourist activities such as: fairs, concerts • Growth of the touristic area in San Antonio • Care for the environment • Entrepreneurships • Jobs and personal development • Education • Port infrastructure • Tourist industry development • Business opportunities in the industry • Tourist awareness of San Antonio • Use of new technologies • Coastal trade law	• Cruises leaving San Antonio - route changes • Natural disasters • Crime • City Image • Bad accessibility for people and vehicles • National and International economy • The competition with other destinations and ports

Barriers to Development

- Tourism Development and lack of products
- Lack of consumer awareness of the destination
- Cruise Tourism Education and Training (new industry)
- Lack of Communication with Cruise Lines
- City Image
- Crime

Workshop Participants

Name	Service/Product
Magali Soto	Artisan
Samuel Tobar	Craftsman
Carlos Alvarez	Transport Service
Victor Suarez	Transport Service
Phillip Assus	Cruise Tourism Team
Gema Velis	Travel Agency and TT.OO Global Viajes Chamber of Commerce and Tourism, Director
José Villarroel	Carabineros (Police)
Victor Guerra	Customs Service
Claudio Vera	Customs Service
Ernesto Miranda	Harbor Captaincy

Name	Service/Product
José Aranda	SAG (Livestock Agricultural Service)
Elizabeth Ramírez	PDI (Investigation police)
Roberto Cadagán	Press (Diario El Líder)
Camila Lizama	PCE Puerto Central
Samantha Hartwig	PCE Puerto Central
Marcela Peralta	TT.OO
Jaqueline Quiroz	Cruise Tourism Team
Karen Burboa	Cruise Tourism Team
Gabriela Perez	Tour guide
Cristian Barrios	Tour guide
Jissianne Cabrales	Tourist Office
Gabriela Silva	Tourist Office
Gabriela Padilla	Tourist Office
Sebastián Muñoz	Tourist Office
Bastián Quevedo	Tourist Office
Mariana Corvalán	Tourist Office
Ana Valdes	Tricao Park
Antonieta de Carcer	Tricao Park
Ivonne Carreño	Tourist Office
Marcela Mora	Secpla
Paula Reyes	Tourist Office

Chinese Taipei - Keelung

Findings

Stakeholder Mapping

Industry	Government	Shore Excursions	Ship Services	Passenger Services
• International Cruise Council Taiwan • Association for Cruise Development of Taiwan	• Tourism Bureau, MOTC • Maritime Port Bureau, MOTC • Ministry of Transport and Communications • Taiwan International Ports Corporation (TIPC) • Keelung City Government • Kaohsiung City Council	• Tour operators • Lion Travel • Apple Travel • Phoenix Travel • Best Way Travel • Golden Foundation • Intercruises • Edison Tours • My Taiwan Tour • China Travel Service	• Inchcape Shipping Services Agency Taiwan • S5 Asia • Intercruises • Tourism International Port Corporation • Professional Vendors e.g. Food	• Ground Handlers • Tour Companies • Keelung Terminal • Transport

Destination Value Proposition

The Keelung area is home to bountiful tourism resources and is only 30 minutes by car from the capital city of Taipei. Therefore, most cruises when scheduling a trip to Keelung will also include tourism resources in Taipei, as these can be accessed via independent travel.

Attractions in Taipei

1 **The National Palace Museum**: Located in Taipei's suburban Waishuangxi area, this museum was completed in 1965. It was built using a palatial Chinese style of architecture and is home to some 650,000 wonderful items from the Song, Yuan and Qing Dynasties. It has the most Chinese artefacts of any museum in the world.

2 **Taipei 101**: Once the tallest building in the world, it is truly a landmark of Taipei. Taipei 101 reaches a height of 509 meters and has 101 floors above ground and five below. The building is home to a shopping mall and it's also a commercial and financial center. Tourists can enjoy an amazing view of Taipei from the observation deck on the 88th floor.

3 **National Chiang Kai-shek Memorial Hall**: This Memorial Hall is for memories of the late President, Chiang Kai-shek, with an outlook similar to Temple of Heaven, Beijing. The whole construction is unique and magnificent. Inside the Hall, a huge bronze statue of Chiang Kai-shek is located in the middle with a display of his personal articles of his lifetime in a showroom underneath.

4 **Wanhua Longshan Temple**: Located in Wanhua District, Taipei, built in 1740, it is a city relic, and also a religious attraction site with interior décor of gorgeous bronze columns embraced by dragons of bas relief, stone and wooden carvings, paintings, etc. This is a worship centre for local residents and also an artistic hall.

5 **Shilin Official Residence and Shilin Night Market**: The Residence is official living quarters of the late President Chiang Kai-shek and is a national relic. The Resident itself has two parts: the garden and the residence, especially the garden, which is verdant with a variety of plants, and is an excellent leisure destination for local residents. Shilin Night Market is one of the largest in Taipei and is a good place for visitors who like to sample traditional foods and shopping.

Attractions in the Keelung Harbor Area

1. **Zhongzheng Park and Ershawan Fort**: These are not well known internationally but offer a broad view of Keelung Harbor and are full of local stories.
2. **National Museum of Marine Science and Technology**: This museum has insufficient international awareness but has very good facilities and offers a tour guide service via reservation. This is an indoor attraction that is protected from the elements, and thus is a good option in the event of bad weather.
3. **Chaojing Park**: Again, not well known internationally, but is has some wonderful views.
4. Heping Island Park: The park offers many natural views and is a good place to experience special coastal scenery. It has a broad range of facilities. However, in light of its exposed coastal location, we don't recommend visiting the park in winter or when the weather is bad.
5. **Miaokou Night Market/Dianji Temple**: Full of local features, this is a good place to experience xiaochi (snacks) and temple culture. It's very convenient in terms of location, and a great variety of foods and other items are available. This spot is very suitable for group tours as well as independent travelers.
6. **Jinguashi Gold Museum**: This venue is in the hills surrounding Keelung and offers plenty of interesting features. In addition to magnificent views of the mountains and sea, it also has many human historical relics. This area includes the Gold Museum itself, as well as abandoned tunnels and old Japanese-style dormitories.
7. **Jiufen**: Located north of the town of Ruifang, the gold mines in Jiufen were once prosperous, but the town's fortunes declined as the veins were depleted. However, the shooting of the movie "A City of Sadness" in Jiufen helped bring about a revival, and now it is the most popular tourist attraction in northern Chinese Taipei. Jiufen has unique architecture and a charming mountain-town style.
8. **Yehliu Geopark**: Located in the coastal Wanli area of New Taipei City, the park's 1.7 km-long promontory is dominated by large and uniquely shaped rocks, along with cliffs and other natural features. These are all the result of sea erosion and are rare to see and masterpieces of Mother Nature.

Natural Assets, Experiences & Activities

- **Natural assets**: hot springs, landscape, Helping Island (rock formations), Zhong Zheng Park, Chao Jing Park, Tarogo Gorge, Taichung – Sunmoon Lake
- **Cultural Experiences**: National Museum of Science and Technology, Palace Museum, Temples, Electric Techno Neon Goals, Ba Jia Jiang Festival
- **Activities**: Sky Lantern Festival, Shopping, Night Markets, Ghost Festival, Eagle Carnival, Jiufen, Pingxi Rail and Sky Lanterns

Unique Characteristics

- Safe environment
- Friendly People
- Accessible to both nature and city
- Night Markets
- Historical remnants and culture of China, Spain and Japan
- Great Transportation and inexpensive
- Diverse food
- Aboriginal Culture (10+ groups)
- Palace Museum in Taipei
- Natural Landscape

Working Together

- Collaborate with Asia Cruise Terminal Association (ACTA) on itineraries and improving facilities
- Work with all government entities or form an organization that unites all the stakeholders
- New itinerary opportunities to recommend to cruise lines e.g. Keelung – Yehliu – Yang-ming Mt – Keelung - Heping Island – Keelung, Keelung – Yehliu – Juming Museum – Keelung (partnering with Princess local connection program)

More Unique

Less Appealing	More Appealing
• Jinguashi Gold Museum • Yehliu Geopark • Longshan Temple • Heping Island Park • Zhong Zhang Park • Chong Cheng Park • CKS Memorial Hall • Historical Japanese Locations	• Taipei 101 • The National Palace Museum • Juifen Town • Pingxi Lantern • Local Eateries • Sky Lantern Festivals • Night Markets e.g. Miaokou • Aboriginal Culture
• National Museum of Marine Science Technology • Shiling Official Park • Chaojing Park • Port Shopping	• Kangmingshan National Park • Hot Springs • Shopping • Eagle Festival

Less Unique

Local Community Impact

Economic	
Positives	**Negatives**
• Boost local economic development • Increase Income • Economic benefit to businesses e.g. retailers, tour operators, transport providers, etc.	• Foreign Exchange Fluctuation
Environmental	
Positives	**Negatives**
• Development of eco-tourism e.g. biking and hiking • Push Government to develop regulations to improve the environment and provide funding for this	• Air Pollution – Increase CO2 • Noise Pollution • More garbage • Ecological imbalance
Social	
Positives	**Negatives**
• More job opportunities • Globalization of Chinese Taipei • Inter communications	• City traffic jams • Congestion impacting locals

Strengths, Weaknesses Opportunities & Threats

Strengths	Weaknesses
• Heart of Asia • Geography – Location • Traffic Flow • Good public transportation and not expensive • Can provide mass transportation • Excellent security • Tidal Difference • Hospitality • Unique cultural, natural resources and sightseeing spots	• Insufficient harbor facilities and dated Cruise Terminal • Old infrastructure needs to be modernised • Many plans but difficult to get decision and get a budget • Need better long-term planning and vision • Small hinterland • Chaotic Cityscape • Legal Restraints • Destination Awareness • Tour Operator Competition
Opportunities	**Threats**
• More local job opportunities • Promotion of local economic development • Development of Cruise Peripheral industries • Cultivation of Talent • Fly/Cruise • Longer cruises with stopover in Chinese Taipei • Island hopping around Chinese Taipei (need to address port facility issue) • Asia Cruise Association (ACC) – Joint Promotions	• Competition from neighbouring countries • Political factors of cross-strait development • China's policies on not allowing citizens to travel to Chinese Taipei • Decline in global economy

Barriers to Development

- Political market shift in the region with loss of 4M visitors per year.
- Bureaucracy – many entities involved, and these entities do not work together and no one entity to make decisions.
- Getting approval for development very difficult and no budget e.g. X-Ray machines at immigration.
- Destination awareness.
- Not enough emphasis on cruise tourism, very little resource and cruise tourism is low on government agenda.
- Local transport from port area, a congested area and not easy to use public transport.
- Insufficient harbour facilities.
- Legal restraints understaffed (Customs, Immigration, Quarantine, Security).
- Insufficient English signs.
- Geographical restraints, shipping route deployment.
- Spending habits of cruise passengers.
- Maintenance of scenic spots.

Workshop Participants

Name	Organization	Product/Service
Huang, Ziyu	Maritime and Port Bureau, Ministry of Transportation and Communications	Government
Chen, Chenglung	Maritime and Port Bureau, Ministry of Transportation and Communications	Government
Liu, Yawen	Maritime and Port Bureau, Ministry of Transportation and Communications	Government
Zhuang, Yiqun	Maritime and Port Bureau, Ministry of Transportation and Communications	Government
Peng, Peixin	Keelung City Government	Local Government
Yin, Muting	Keelung City Government	Local Government
Zhuo, Zhi Xuan	Port of Keelung, Taiwan International Ports Cooperation	Port
Lu, Chiang-Chuan	International Cruise Council Taiwan	Cruise Industry

Name	Organization	Product/Service
Hochen, Dan	Association for Cruises Development of Taiwan	Cruise Industry
Jeff Lee	Inchcape Shipping Service Agency	Shipping Agent
Tsai, Mingxuan	S5 Asia Limited	Ground Handler
Jean Chang	Golden Foundation Tours	Tour Operator
Julien Huang	My Taiwan Tour	Tour Operator
Paul Hsieh	Edison Travel Service	Tour Operator
Eve Yen	Princess Cruises	Cruise Line
Alice Chiu	North Coast & Guanyingshan National Scenic Area	Regional Tourism Organization
Dr. Jianlin Huang	Hetengtech Company	Consultants
Dr. Chih Hsiang Yang	Hetengtech Company	Consultants

Peru - Callao

Findings

Stakeholder Mapping

Industry	Government	Shore Excursions	Ship Services	Passenger Services
• National Tourism Chamber (CANATUR) • Association of Hotels, Restaurants and related (AHORA) • Peruvian Association of Travel and Tourism Agencies (APAVIT) • Peruvian Association of Receptive and Internal Tourism Operators (APOTUR) • Association of Official Tourism Guides (AGOTUR) • Society of hotels of Peru (SHP) • Maritime agencies • Customs agencies • Shipping agencies	• Ministry of Foreign Trade and Tourism (MINCETUR) • Single Window of Foreign Trade (VUCE) of MINCETUR • Ministry of Transports and Communication (MTC) • National Port Authority (APN) • General Directorate of Captaincies and Coast Guard (DICAPI) • Maritime health authority • Maritime authority • National Superintendency of Migrations • National Superintendency of Customs and Tax Administration (SUNAT) • National Tourism Police • Regional Government of Callao • Regional Government of Lima • City Council of Callao • City Council of Lima • National Service for Agri-food Health and Quality (SENASA)	• Tour operators • Lima Tours • Abercrombie & Kent • SAT • Condor Travel • Transport enterprises • Travel Agencies	• Pilotage • Towage • Supply chain • Port terminals • Providers of port services	• Transfer services • Hotels • Crafts • Restaurants • Tour guides • Interpreters and translators • Tour operators • Transport enterprises • Chambers of craftsmen

Destination Value Proposition

Natural Assets, Experiences & Activities

- Palomino Islands (Callao) – Swimming with sea lions, watch Humboldt penguins.
- Archaeological Sanctuary of Pachacamac (Lima)
- Larco Museum (Lima)
- Historic Centre of Lima
- Real Felipe Fortress (Callao)
- Rides on aquatic sliders (Paracas – Pisco)
- Participation in traditional dances.
- Peruvian music and folklore
- Cultural traditions
- Living culture
- Archaeological site of Huaca Pucllana (Lima)
- Rides on the Mirabus (Lima).
- Moche Route (Northern Peru)
- Puerto Maldonado Region
- Nasca Lines (Ica)
- Cusco, Machu Piccu (Cusco)
- Lake Titicaca (Puno)
- Arequipa City, Lake Mejia (Arequipa)
- Iquitos (Loreto)
- Amazonas River
- Adventure tourism
- Birdwatching
- All-inclusive system
- Museum and archaeological complex visits

How can we work together?

- Destiny design of the tourist offer in Callao
- Development of tourist corridors
- Public-private articulation
- Coordination system that gathers public and private representatives (email, chat, etc.)
- Destination promotion
- Meetings, a working group / round table prior, during and post high cruise season.
- Online information system (number of cruises coming, dates, schedule, number of passengers, name of cruise enterprises, etc.)
- Security and safety (Tourism Police, enlarge preferential tourist corridors, according to cruise routes)

	Less Appealing	**More Appealing**
More Unique	• Crafts • Raw materials (Pima cotton, natural fibres – alpaca, native ingredients – Andean grains) • Sacred City of Caral-Supe (Lima) • Archaeological Sanctuary of Pachacamac (Lima) • The Amazon (Iquitos, Yurimaguas) • Andes Mountains, Huascarán	• Machu Picchu • Cusco city • Nasca Lines • Chan (Trujillo) • Gastronomy • Historic Centre of Lima (World Heritage) • The Magic Water Circuit (Lima) • Paracas National Reserve (Pisco-Ica) • Larco Museum
Less Unique	• Shopping • Real Felipe Fortress (Callao) • Palomino Islands (Callao) • Beaches • Not appealing to young tourists • Homeport	• Nature • Iquitos (Loreto) • Paracas National Reserve (Pisco-Ica) • Tambopata (Puerto Maldonado) • Larcomar (Lima)

Local Community Impact

Economic	
Positives	**Negatives**
• Development of direct and indirect jobs. • Improvement of the quality of life of the local community. • Preparation of new proposals for tourist destinations. • Formalization of companies that want to work in tourist activities.	• The concessionaire company of Puerto del Callao will receive less income due to not being able to offer all its services as with a Cargo Ship. • Use of less services in the destination (hotels, restaurants, etc.) for the services offered within the cruise. • Low level of consumption for the period of stay at the destination.
Environmental	
Positives	**Negatives**
• Greater care of green areas to improve the image of destinations. • Care of the resources of the tourist offer. • Cruises with better technologies to avoid pollution of the ocean. • Care of endemic species in the Islands visited. • Positive attitude of the tourists on the care of the environment, which is transmitted indirectly to the local population.	• Contamination of solid and liquid waste generated by cruise ships. • Atmospheric pollution by the fumes generated by the combustion of the engines. • Mass tourism. • Anchoring damage to the seabed.
Social	
Positives	**Negatives**
• Improvement of the infrastructure of destinations and surroundings. • Better quality of life for the populations that benefit from the activity. • Cultural exchange. • Possibility of acquiring a cruise trip for a national. • Promotion of the country through tourists and crew. • Improvement of national legislation for cruise activity. • Development of security plans.	• Cost overruns for local transport for tourists. • Incidents of insecurity to cruise tourists. • Complaints from small companies that are less benefited. • Foreign culture can destroy part of the local by forcing communities to adapt.

Strengths, Weaknesses Opportunities & Threats

Strengths	Weaknesses
• Articulation between public and sectors • Variety of tourist offer and multi-thematic experiences • International airport close to Callao port	• Traffic in Lima. • Not having specialized infrastructure • Strict customs controlling • Inexistent national policy for cruise tourism development • Migratory restrictions for tourists (6-months of validation for passports) • Lack of steadiness in security actions (police operatives) • Tourism police not trained in English in the port of Callao. • Lack of participation of the Callao City Council in the planning of the cruise tourism industry.
Opportunities	**Threats**
• Coordination with Panama to be part of the Route of the Pacific • Participation on international fairs • Continuous growth of the cruise industry • APEC Report on the Impact on Cruise Tourism to provide relevant insights and recommendations.	• Other destinations have better migratory services • High impact on the Pacific Ocean • Coastal weather phenomena (Coastal el Niño Phenomenom)

Barriers to Development

- Lack of specialised ports
- Security (port – itinerary routes)
- Lack of bilingual tourism police
- Lack of political willingness
- Lack of internal coordination among stakeholders (public-private)
- Lack of knowledge of the actors involved in the value chain
- Inefficient and inadequate port infrastructure and customs logistics
- Deficient accessibility (traffic in the tourist corridor)
- Insufficient tourist plant (not hotels, but restaurants, activities, attractions)
- Inexistent government policy for cruise tourism development
- Prioritization of other sectors
- Transport infrastructure
- Air connectivity (Port – airport)
- Restrictive regulations
- Drug trafficking
- Need of leadership from the Ministry of Foreign Trade and Tourism

Workshop Participants

Name	Organization	Product/Service
Ricardo Obregon	Ministeros do Transportos y Comunicaciones	Government
Elar Salavador	Autoidad Portuaria Nacional	Port
Celso Alburquerque	Autoidad Portuaria Nacional	Port
Sergio Del Aguila	Autoidad Portuaria Nacional	Port
Kenzi De Paz	Autoidad Portuaria Nacional	Port
Danae Bocanegra	Municipalidad Provincial del Callao	Local Government
Carlos Pomarica	Municipalidad Provincial del Callao	Local Government
Maria Paz Ramos	Municipalidad Metropolitana de Lima	City Government
Harold Wong	Lima Tours	Tour Operator
Angelo Mardini	Inchcape Shipping Services	Shipping Agent
Michel Coca	APROFA	Craft product producers
Margarita Seguil Garcia	APROFA	Craft product producers
Diego Alonso Hidalgo Ramirez	Ministerio de Comercio Exterior y Tutismo	Tourist Office

Papua New Guinea, Alotau

Findings

Stakeholder Mapping

Industry	Government	Shore Excursions	Ship Services	Passenger Services
• Cruise Lines • CLIA • ACA • Milne Bay Arts and Cultural Association	• PNG TPA • Alotau Urban • Milne Bay Provincial • PNG Ports • PNG Customs Service Authority • Milne Bay Tourism • Community Representatives	• Egwalau Tours • Bibiko Tours • Vilink Tours • Alpha Blue • Alotau Tours • Siale Tours and Events • Tours gone Troppo • Milne Bay Dive • Kwalia Adventure Expeditions • Aioni Tours • Endemic Tours • Reef Tours • Beehive Tours • Tropical Tours	• Uhuhu Shipping • Bob Wood Group • PNG Ports Corporation • NAQIA Milne Bay • Maritime PNG	• Alotau International Hotel • Alotau Waterfront Lodge • Masurina Lodge • Conflicts Island Resort • Masurina Lodge • Driftwood Resort • Tour Guides • MSME's • Attraction Sites • Homestays

Destination Value Proposition

Natural Assets, Experiences and Activities

- Friendly and Peaceful People
- Diverse Culture and Heritage
- Pristine reefs, forests, flora, fauna, birds
- Endemic Species
- History – World War II relics, Missionary, Exploration
- Cultural Festivals, Arts, Crafts and Music
- Activities – Pottery, Jewelry, birdwatching, trekking, Village experience, fishing, caving, water sports, island hopping, volcano's, sink holes
- Deidei geothermal hot springs, Skull Cave, Massim Museum, Kenu and Kundo Festival

Unique Characteristics

- People are naturally friendly
- High diversity in culture
- Largest maritime province in PNG
- Accessible from Australia, NZ and South Pacific
- Authenticity, undisturbed from mass tourism
- Artisans and Crafts Unique
- Untouched Virgin Islands
- Topography

Working Together

- Improve coordination between cruise line agents, PNG Tourism Promotion Authority, Milne Bay Bureau, District Ports and Reps
- Periodic Workshops Training between all industry stakeholders
- Invest in Transport

- Industry Development – Inclusiveness, entrepreneurism, education
- Understand what the different port experiences in PNG are to differentiate product
- Milne Bay Tourism to create a web page of all cruise stakeholders
- Differentiate ports of call e.g. Alotau – Historical and Environmental sites, Kitava/Kiriwina – Culture, Carvings, Arts, Conflict Islands – leisure activities
- Developing Future Destinations e.g. Sewa Bay, Bwasi Yai, Louisade Archipelago, Kaibola

Local Community Impact

Economic	
Positives	**Negatives**
• Destination Transformation / Visibility • Improve livelihood with employment opportunities • Income to Government • Income to Communities (Landowner Sites, Transport Providers, Carvers, Crafts, Artifacts, Dancers and Cultural Groups, Guides, Tour Operators, Donations, anchorage fee and benefits for Schools / Health) • Infrastructure and Community Development • Training and Upskilling • Promote Tourism to the Destination	• Law and Order • Poverty • Unrealistic expectations on service providers, site fees, hire cars • Donations only target certain sites • Neglect of traditional income / subsistent activities • Operators not paying on time or paying at all • SME Financial Management • No equal distribution of income • Delayed payment impacting business
Environmental	
Positives	**Negatives**
• Development of Sites • Protect Endemic Species • Promote conservation and increase appreciation of nature and environment • Villages are cleaner and more attractive for the community	• Pollution – Air, Noise, Water • Anchorage Damage • Mass over tourism • Waste Management / Sewerage • Cutting trees for carving, decorations and temporary shelters • Concentration of population in one area • Exploitation natural resources e.g. birds for hair dresses • No environmental plan • Strain on natural resources • Facilities e.g. Toilets
Social	
Positives	**Negatives**
• Improve infrastructure and lifestyle • Learn from other cultures through exposure to tourists e.g. education and health • Preserve local culture and heritage • Encourages cultural adaption • Personal Development • Acceptance of Cruise • Greater collaboration between industry players • Empowering Women through own business	• All transport is diverted to catering for tourists • Foreign culture may destroy parts of ours as we are forced to adapt • Shift to more Western culture • If not properly managed, landowners disputes arise • Health Issues • Loss of privacy • Loss of authenticity • Moral Decay – attract opportunists • Local Behaviour shift e.g. encourages begging, social attitudes

Strengths, Weaknesses Opportunities & Threats

<table>
<tr><th>Strengths</th><th>Weaknesses</th></tr>
<tr><td>• Acceptance of cruise tourism
• Increase in cruise tourism
• Diverse Product
• Predominately English-speaking destination
• War History
• Endemic species e.g. Goldie Bird of Paradise (Esa'ala district of Milne Bay Province)
• Cultural Values, traditions and knowledge
• Cultural Dancers
• Natural Environment, Forest, Flora and Fauna
• Milne Bay Bureau</td><td>• Infrastructure and Transport
• Lack of trained guides for all tour categories
• Lack of tourism skills and training
• Lack of understanding the cruise sector
• Expensive Destination for Tourists and Business
• Collaboration and Communication across the industry
• Facilities e.g. for disabled. lack of seating in shade
• Access to technology
• Lack of a Tourism plan for Milne Bay Province</td></tr>
<tr><th>Opportunities</th><th>Threats</th></tr>
<tr><td>• Education, Training and Tourism Awareness
• Employment for locals
• More ships, bigger ships brining more tourists
• Sustainable tourism industry
• New attractions
• Improve local living standards
• Stronger government intervention to develop supporting infrastructure to nurture cruise growth</td><td>• Law and order issues affecting the industry e.g. High crime rate, potential tourists robbing
• Lack of security to protect local assets
• Natural Disasters and Weather Patterns
• Lack of Environmental Plan
• Loss of interest by the community
• Commercializing products that conflict traditional practices
• Competing Destinations
• Loss of Identity and cultural values
• Exploited by Cruise Sector</td></tr>
</table>

Barriers to Development

- Lack of Infrastructure and facilities
- Local transport
- Lack of Security e.g. local crime
- Lack of product variety

Workshop Participants

Name	Organization	Product/Service
Ms Keana Kalo	Turnbull Attraction Site	Attraction
Ms Janet Vaia	Turnbull Attraction Site	Attraction
Mr Sigilani Mataio	Taludadani	Homestay & Tours
Mr Richard Salum	Kaikuwali Cultural Group	Entertainment
Ms Dorothy Sowelu	Turnbull Attraction Site	Attraction
Mr Sile Tomdia	Solonsar PNG Ltd	Registered Architect
Mr Arinias Tabanea	Dinibon Culture Group	Entertainment
Mr Samuel Luguna	Milne Bay Arts & Cultural Association	Association
Mr Richard Salum	Kaikuwali Cultural Group	Entertainment
Mrs. Joyce Mogi	Misima Island Resort	Accommodation Tour guiding, and guide training
Ms Velma Mosko	Alotau International Hotel	Accommodation
Mr. Henry Benoma	Island Transit Lodge	Accommodation & Tour guiding
Mr Ben Mwagwaya	Kiriwina Community Rep	Community
Mr Nathan Kabekabe	BogaBoga Community Rep	Community
Mr Elliot Tony	Misima Community Rep	Community
Mr Gabriel Setepano	Sewa Bay Community Rep	Community
Mr Sebastian Miyoni	Miyoni Estate	Community
Mrs Florence Gogo	Kainako Rep	Community

Name	Organization	Product/Service
Mrs Eimi Kigolena	Alotau Community Rep	Community
Mr Henry Malaganua	Alotau Youth Rep	Community
Mr Cedric Tabua	Uhuhu Shipping	Shipping Agent
Ms Mimosa Mark	Milne Bay Tourism Bureau	Local Tourism Bureau
Ms Patricia Sinyoi	Esa'ala Tourism Initiative	Tour guiding
Mr Io Furuya	Milne Bay Tourism Bureau	Local Tourism Bureau
Ms Imelda Yabara	Milne Bay Tourism Bureau	Local Tourism Bureau
Mr Sioni Sioni	Milne Bay Tourism Bureau	Local Tourism Bureau
Mr Joseph Chow	Milne Bay Tourism Bureau Board	Local Tourism Bureau
M Maxine Nadile	Egwalau Tours Ltd	Shore Excursions
M Bill Markson Philip Kalebo	Bibiko Tours	Shore Excursions
Ms Maleta Tokwakwasi Ms Sharon Ernest	Vilink Tours	Shore Excursions
Mrs Roslyn Koisen Ms Nemika Brunton	Alpha Blue Ltd	Shore Excursions
Mr Benedict Jainona	Alotau Tours	Shore Excursions
Mr Gus Madouna Summer Mark	Siale Tours & Events	Shore Excursions
Ms Mary Warren	Tropical Tours	Shore Excursions
Ms Phenella Dobunaba	Beehive Tours	Shore Excursions
Ms Abigail Pangwinyen	PNG Tourism Promotion Authority	National Tourism Organization
Mr Gita Elliot	Alotau Urban Local Level Government -Town Mayor	Government
Ms Sharon Mua	Milne Bay Provincial Govt. -Provincial Deputy Administrator	Government
Mr Malford Saunea	PNG Ports	Port Operator

APPENDIX C CASE STUDIES

OBJECTIVE

The objective was to document case studies on MSMEs and communities engaging in cruise tourism activities that generate economic livelihoods. These case studies will showcase successful stories, innovative practices, lessons learnt in cruise tourism.

METHODOLOGY

Participating economies were requested twice via email to provide case studies relating to the project's objectives prior to the workshops. When these were not forthcoming (except Broome) each participating economy was asked at the workshop to think about and supply a case study. When again not forthcoming the PO wrote to each participating economy requesting a case study based on a series of questions.

Five case studies have been received.

Difficulties & Improvements

The main difficulty on obtaining case studies from participating economies was the reliance on them to supply case studies. In many cases the participating economies contacts were either at too high a level or cruise tourism was not sufficiently organised at a local level. Other difficulties include the requirement being requested by email and the information demand being placed on already busy people.

A possible improvement would be for the information and organization requirement of project participation being better communicated and agreed prior to acceptance of the participating economy in the project. or requested information and case studies being provided upfront prior to acceptance in the project.

KEY FINDINGS

Case studies were received from a range of MSMEs and communities as follows:

- Australia – Broome — Local cruise tourism association.
- Chile – San Antonio — National ground handler.
- Chinese Taipei – Keelung — Tour operator.
- Papua New Guinea — Woman run tour operator.
- Peru – Callao — Local handicraft association.

Amongst the case studies, although diverse, there are a number of common findings. These are:

- **Benefits from growth.** In all case studies the business has benefited from growth in cruise tourism.
- **Contribution to empowering communities to be economically sustainable.** All case studies aim to deliver benefits for their employees and local communities either through representation or through supply chains.
- **Inclusivity and empowerment of women and youth.** Most case studies report no issues with including women and youth. The main influence seems to be the employment of capable and enthusiastic people.
- **Challenges faced.** Most of the challenges faced involve either cancellation, lengthening the of stay of cruise ships or securing medium to long-term contracts.
- **Required product development.** Port and transport Infrastructure, tourist facilities,
- **Future growth.** All case studies recognized the growth potential of cruise tourism and are positioning to further benefit from that growth for their companies and community

APPENDIX C1 DETAILED CASE STUDIES

Australia - Broome

<u>Cruise Broome</u>

Association. Established 3 years. Volunteer board, no Employees

Problem Faced

In 2016 a representative of the Broome tourism industry attended a round table discussion with cruise lines, shipping and travel agents, WA port representatives and other industry personnel. This meeting revealed a range of challenges regarding Broome as a cruise ship destination including:

- No local stake holder group that the cruise industry could communicate with.
- No engagement or communication with Kimberley Port Authority.
- Lack of infrastructure and services which included port and town pick up, drop off, meet and greet, information for passengers and maps.
- Limited reliable shorex options for passengers and limited communication between shorex and local tourism operators.
- Shops and traders not open when cruise ships arrived in Broome.

In short due to these challenges Broome would miss out on cruise tourism and its economic benefits.

Proposed Solution

The solution to the challenges above and for Broome to benefit from cruise tourism was to form a cruise tourism organizing body to provide a central point of contact for facilitation and growth of the industry for Broome. Following local council endorsement and funding granted through Kimberley Development Commission, Broome Chamber of Commerce formed 'Cruise Broome', a small yet focused not-for-profit committee of volunteer industry stakeholders to engage with Tourism WA and cruise lines to mobilize Broome to meet industry demand.

Cruise Broome has a constitution and has developed a marketing strategy covering 2017-2020. Charged with the forward planning and development of cruise tourism in Broome, their role is to actively monitor and engage with key stakeholders to ensure demands of the cruising sector are met, facilitate communication with cruise liners and maintain a strategic alliance with Tourism WA.

MISION: To eliminate obstacles for cruise ships to come to Broome and offer passengers a first-class experience of the destination.

VISION: Broome is the port of preference for cruise ship operators coming to Australia with 30 major ships visiting Broome Port by 2020 and encouraging the return of passengers through unique and memorable experiences.

Activities provided

Process, facilities and activities of Cruise Broome include:

- Cruise Broome Tour coordinator communicates to key stakeholders and Broome businesses of Cruise Ship arrivals 2 weeks & 1 week prior – providing times, ship information and handy hints.
- Cruise Broome meet & greet team member and tour coordinator at Port to assist and direct passengers.
- Shade, seating & free water facilities constructed and available at Port.
- Sufficient coach transfers to transport passengers to Chinatown and return to ship.
- Cruise Broome meet & greet volunteer team upon arrival in current drop off zone located in Chinatown to direct and assist passengers.

- Free 'Welcome to Broome' brochure and map provided to passengers upon arrival in Chinatown.
- Broome Visitor Centre Desk and representative upon arrival at current drop off zone located in Chinatown.
- Shade, seating & free water facilities constructed at current drop off zone located in Chinatown.
- Cruise Ship Markets located in Chinatown for cruise ship passengers.
- Tour operators desk & Broome Pedi-cabs available from current drop off zone for cruise ship passengers.
- Additional station with Cruise Broome volunteer shade, seating and free water facilities set up at Cable Beach location upon ships request.
- Currently 12 shore excursions available for sale on-board ships.

Current Activities

To further enhance the passenger experience and continue to attract major cruise lines and accommodate larger number of passengers, Cruise Broome identified the following key business areas which would require attention:

6 Support & oversee port infrastructure developments to tackle issues of tidal movement.

Kimberley Port Authority with the support of the Western Australian State Government and Tourism WA have allocated A$16 million to dredge the port channel. Dredging commences in August 2019 and will take 2 weeks to complete. This will allow cruise ship access any time as in the past has been restricted to arrival and departure on top of the tides. Broome has tidal movement up to 11 meters.

5 Investment toward development of new drop off point in Chinatown.

In the past there has been various ad hoc drop off and pick up points in the town center, which has been unreliable access, unsafe, and not been able to provide a good experience for cruise passengers. Twelve months ago, Broome Shire Council has allocated a drop off point in Short Street in the center of China Town close to all amenities and shops. This has been a big improvement. There are plans by the Shire to provide a dedicated drop of point in Dampier Terrace next to Streeter's Jetty to assist with the demand of increased passenger numbers to Broome.

6 Encourage and develop drop off point at Cable Beach.

Broome Shire Council has extensively enhanced the drop off point at Cable Beach which is suitable for cruise visits. Cruise Broome continues to encourage Cruise Lines to include Cable Beach in their transport shuttle program.

7 Expand and enhance shore excursions & experiences to coincide with Broome Events Calendar.

Cruise Broome sends out Broome Community events calendars. We try and arrange for the next two years program in advance so that all events can be included in all the cruise line's and agents forward itineraries.

Outcomes Achieved

Broome has experienced an increase in cruise ship visits, passenger days and cruise tourism expenditure over the last five years. This increase reflects the work of Cruise Broome in removing the barriers to developing sustainable Cruise Tourism.

	2014-15	2015-16	2016-17	2017-18	2018-19
Visits (ships > 100 pax)	14	13	18	16	27
Visits (ships < 100 pax)	na	na	44	45	41
Passenger days	9,851	17,149	23,385	21,243	15,133
Expenditure (AUD$M)	$2.42	$4.01	$9.94	$8.69	$7.26

Source: AEC

Supporting Information

Cruise Broome Constitution

Cruise Broome Cruise Ship Market Strategy 2017-2020

www.cruisebroome.com & www.facebook.com/cruisebroome/

Cruise Broome Australia Brochure

Cruise Broome Video https://drive.google.com/a/broometaxis.com.au/file/d/1jE3iwwrf53XfayzXBMj2MWn0tzSZH4gH/view?usp=drive_web

Chile – San Antonio

Destination Management Chile (DMC) S.A.

Registered company. Established 30 years, 17 full time employees plus hundreds of seasonal employees

DMC is a company with more than 29 years of experience, specializing in services related to tourism. We offer personalized, reliable and quality services to our clients. Our team´s efforts, comprised of professionals in the field, are oriented towards providing fast, precise and efficient solutions in order to satisfy the needs of our clients. We offer the best orientation in services, prices, opportunities and diversity in order to succeed in pleasing our guests with an unforgettable experience.

Our vision is for our company to be flexible to changes in market needs, promoting environmental awareness and staying in close contact with the needs of our clients. In addition, we strive to maintain our way of work in line with clear and defined structures with our collaborators, who are committed and specialized in the field, allowing for high quality services.

Services provided to cruise travellers/operators/cruise lines

The cruise industry in Chile began to grow in 1996. Before that, DMC was a tour operator for incoming groups, as well as incentives coming mainly from Europe and South Africa. Starting in 1996, we attended the first ships. From that moment on, our main focus of work has been with the cruise industry, where today we attend to around 23 different ships per season in all our different ports of call.

We provide all the logistics for turnarounds: ground services, embarkation and debarkation procedures, overland programs, pre and post packages. In the ports of call, we provide all the shore excursions and special assistance to the specific needs of each ship related to guests.

Most significant achievement

Our most important achievement from a business point of view is the fact that we have maintained almost all of our original clients since the beginning of the cruise industry in Chile; 23 years now. From the development side, one of our most important achievements is that we developed new ports of call with shore excursions, that had never been considered before, as is the case of Puerto Chacabuco and Castro. We started developing specialised shore excursions for these remote areas that started with three or four call in the season and has grown to an average of 35 calls per season.

From the social economic point of view, DMC has developed teams for our seasonal work that have been trained and prepared to understand the needs of this industry and today can count on this seasonal work from year to year. We have over 200 people who work on a specific turnaround day, as well as more than about 200 more tour guides that work in each of our 11 ports of call in Chile.

Another important achievement is the design of specialised shore excursions that allow guests to reach remote, exclusive destinations, as is the case of Antarctica Landing, as well as creative, unique excursions that go beyond the guests' expectations.

Inclusivity and empowerment of women and youth

To start with, gender related employment has never been an issue for DMC. When we started, between 1989 and 2000, most of our full-time employees were women; 9 women and 3 men. It is our company philosophy, every person, no matter what gender, are considered as possible collaborators in our daily work. As we form our teams: directional staff (40 +people), check-in staff (40+) and guides (150+), most of them are university students who strive on learning and gaining experience for their future as well as finance their studies. Naturally, these teams renovate every 4 or 5 years since these students enter the workforce in their fields. For this reason, we are constantly training and preparing new team members.

Challenges currently faced

One of our most important challenges is to deal with the port capacities in our different ports of call when we have more than one big ship in port at the same time. Chile is still a new tourism destination (still young) and the geography makes it more difficult since some ports of call are isolated or quite remote. We have limited capacities in transportation and available staff in those areas. The distance between these ports makes it impossible to move equipment from one to another.

Another challenge we face is weather. Some of our important destinations, as is Punta Arenas, Easter Island and Puerto Montt, suffer last minute port cancellations due to bad weather. This is very expensive for us on every level because we must absorb cancellations costs from our suppliers.

Finally, since Chile is fairly new in the cruise industry, the port system has been adapted to accommodate the cruise industry, but they are still mainly cargo related ports. Sometimes, we must face uncontrollable situations related to the ports, when they have differences with their unions that effect the normal operation of our clients.

Contribution to empowering communities to be economically sustainable

Since the cruise industry needs to have a very good experience in a specific destination, the tour operator, DMC in this case, is vital in the development of this locale as an attractive destination to come back to. The logistics to organise and develop these destinations is the aim of DMC in order to keep all parts content. We use local resources and suppliers that benefit from the arrival of the ships each season. Taking into consideration the continuity of this industry visiting these specific destinations, we contribute to the promotion of these destinations in the tourism aspect, in general.

Overall visitor experience feedback

Since the cruise industry needs to have a very good experience in a specific destination, the tour operator, DMC in this case, is vital in the development of this locale as an attractive destination to come back to. The logistics to organise and develop these destinations is the aim of DMC in order to keep all parts content. We use local resources and suppliers that benefit from the arrival of the ships each season. Taking into consideration the continuity of this industry visiting these specific destinations, we contribute to the promotion of these destinations in the tourism aspect, in general.

Required product development to complement the work that you do as an organization to facilitate an ideal experience for visitors

From our point of view, one of the most important things needed is the development of a dedicated pier for the industry, located in the World Heritage Port of Valparaíso. This would be an amazing attraction for the industry because it would allow for the guarantee of berths in a Bay which, in itself, is prepared to receive overnight guests.

In addition, we would like to see the cruise industry taken into consideration when our authorities create new infrastructure, like for example, bridges (as is the case in Canal de Chacao in Castro). It would be of great benefit if all of the communities that belong to the ports of call were to work together in common policies that favour and facilitate the continuous development of the cruise industry, putting emphasis on cleanliness, safety and tourist information.

Growth in the next 5-10 years

Since Chile is implementing a new cabotage law, we expect that within the next 5 to 10 years the cruise industry will grow substantially. DMC is a small company and it is not our intention to expand but maintain our status in relation to the quality of our services. The growth that is eminent surely will be distributed amongst the operators. Our intention is to maintain our client portfolio and continue being pioneers to new destinations within our country and create new products that go beyond our guests’ expectations and satisfactions.

Chinese Taipei – Keelung

Golden Foundation Tours Corp.

Registered company. Established 48 years. 20 employees for inbound department

Develop better cruise market for Chinese Taipei and increase more inbound tourists in Chinese Taipei.

Services provided to cruise travellers/operators/cruise lines

We arrange the services including tours, F&B, and meet & greet with our best to whoever request our services and support.

Most significant achievement

Due to our experience and hard work, we have made the government pay more attention and efforts to develop cruise market in Chinese Taipei.

Inclusivity and empowerment of women and youth

We work with all people who are capable and enthusiastic to develop Chinese Taipei cruise market.

Challenges currently faced

The irregular operation due to weather change is the main challenge we have.

Also, in Chinese Taipei, not enough tour guides speaking foreigner languages such as German, French, Spanish, and Italian are another challenge, but we always solve the problem by appointing good English-speaking tour guides plus the support from the cruise liners.

Moreover, most offshore islands lack of port facilities for international cruises to berth, but with our close work with Chinese Taipei Tourism Bureau and Maritime Port Bureau who help to get the support from the local government, port authority, and port agents, the problem usually can be solved.

Contribution to empowering communities to be economically sustainable

It does bring more tourists for Chinese Taipei and does increase the economic growth in tourism industry.

Overall visitor experience feedback

Tourists enjoy the sightseeing tours, food, culture, and everything arranged by our company.

Required product development to complement the work that you do as an organization to facilitate an ideal experience for visitors

Wish the cruise liners would arrange longer stay, even overnight calls so that we could provide more interesting and attractive itineraries and variety of culture.

Growth in the next 5-10 years

In recent years, more and more guests flying from Southeast Asia to Chinese Taipei to take cruise. Also, if Chinese Taipei Strait could be open for the international cruise liners carrying international tourists to be able to directly sail between China and Chinese Taipei, the cruise market definitely would grow by double-digit percentage.

Peru – Callao

Association of Handcrafts of Artisan Development of Callao

Registered company. Established 30 years. The association is made up of 28 members.

The main objective of the association, since its foundation and creation, is to commercialise and expose handicrafts to the passengers and crew of the different cruise ships that arrive at the port of Callao.

The goal of the association is to continue spreading the Peruvian culture to the world and once again have a gallery installed inside the port facilities for the attention of passengers, cruise ship crews and merchant ships.

Our association has 30 years of creation and has been providing services since then to all ships that arrive to the port of Callao. Their beginnings were in a craft centre that was located between Av. Elmer Faucett and Av. Oscar R Benavidez (former Colonial) in Callao.

Services provided to cruise travellers/operators/cruise lines

Their main and objective market are the tourists that arrive at the port of Callao, they consider themselves a bridge for the diffusion of the Peruvian millenary culture to the world, exposing and commercializing their products and creating new products according to the client's needs without losing the traditional features, neither the national inputs.

Most significant achievement

As an association, the self-financing for the construction of their own gallery within the port facilities equipped with free internet (WIFI), televisions that show documentaries of tourist places within Peru and live music, the gallery has allowed them to improve the display of their crafts and adequate attention to tourists.

Inclusivity and empowerment of women and youth

In the association, 50% of the members are women, women with very different abilities, some craft “mates burilados”, others are weavers of alpaca sweaters, manufacturers of alpaca ponchos, leather embossing, silver fabrics and stone inlays.

Challenges currently faced

a) The lack of a defined place for the construction of a new gallery for better attention.

b) The lack of diffusion in the cruises that the Port of Callao has an area where they can acquire Peruvian souvenirs.

c) To get a medium and long-term contract that supports their participation in the different cruise operations.

Contribution to empowering communities to be economically sustainable

The association achieves this because they are within a production chain where many people and companies benefit (greater tourism, greater production), since tourists are people who really recognise the work of the artisans, they value handwork contributing to fair trade, moreover considering that the nation is just beginning to value their handmade products.

Overall visitor experience feedback

Positive comments

a) For a long time, it was the only port in South America that had a typical artisanal gallery of the country within a maritime terminal.

b) The facility for the purchase of a typical souvenir from Peru, for those tourists who did not have any reserved tours.

Negative comments

a) Not having adequate facilities for tourists.

b) The lack of telecommunications (Internet, telephone).

Required product development to complement the work that you do as an organization to facilitate an ideal experience for visitors

Currently, the port of Callao does not have adequate facilities for the reception of passengers, it does not have a gallery where the passenger can buy any souvenirs or Peruvian souvenirs.

The construction of a specialised cruise ship port would be favourable for the growth of cruise ship arrivals.

In the 1990s, Peru had an exclusive cruise ship dock (5th dock), which had a waiting room, where the passengers could wait to be embarked.

Growth in the next 5-10 years

The association, in the next 5 or 10 years, expects to have the gallery fully equipped for the attention of cruise ships and merchant ships.

Continue increasing training for people with limited economic resources (development of communities of extreme poverty).

Create experiential workshops to show and explain the techniques with which the different crafts were made.

Papua New Guinea, Alotau

Egwalau Tours Ltd

Registered company. Established 5 years. Four permanent employees increasing up to 29 casuals on cruise days.

Egwalau Tours Ltd. (formerly Egwalau Tours & Events Milne Bay Ltd) is a 100% Papua New Guinean owned SME based in Alotau, Milne Bay Province, Papua New Guinea.

Our main objective is to provide meaningful and responsible travel for visitors to Milne Bay and Papua New Guinea, working alongside communities to promote culture, history and to contribute positively to the environment and the economic empowerment of local people.

Services provided to cruise travellers/operators/cruise lines

For the past 5 years, core business has been organising tours for cruise passengers on board Carnival Australia cruise ships. Egwalau Tours is the principal tour operator for Carnival Australia in Alotau. It is one of 5 operators whose tours are currently being offered on board Carnival Australia cruise ships under Bob Wood Cruise Group, the official ground operator for Carnival Australia.

We currently provide the following services to cruise travellers:

Cultural Tours

1. The Alotau Festival (4.5 hours /min: 300 pax max:1,200 pax.).

The Alotau Festival Experience is our major tour product designed to cater to a maximum of 1,200 cruise passengers. This event provides visitors with a glimpse of Papua New Guinean culture by showcasing numerous cultural and contemporary performances, war canoe paddling demonstrations and the sale of arts and crafts and local cuisine.

2. Ahioma Meet my Family Cultural Village Tour (min: 30 pax : max: 180 pax.)

This tour includes a visit to 2 contrasting village settings, one in a forest and the other by the sea. Featured are a variety of cultural activities and demonstrations presented by the host families including an opportunity for visitors to take a refreshing swim in the sea.

Historical Tours

1. The Battle of Milne Bay Tour (2 hours / min: 30 pax max: 180pax)

This tour captures the highlights of the Battle of Milne Bay and the first defeat of the Japanese Imperial Forces in the Pacific War. Included are site visits to a few war memorials.

2. The Alotau Historical Highlights Tour (2 hours / min: 30pax max:180 pax)

This tour captures the highlights of Milne Bay’s rich Missionary, Colonial and War history including site visits to a Primary School featuring cultural engagements and creative activities by school students.

Services provided to Ground Operator

- Guides – We train our tour guides and ensure that they are well groomed and professional.
- Port Operations Staff- We provide extra staff at the Port to assist with efficient coordination of all tours and transport.
- Transportation- We arrange and schedule transport for all tours liaising with individual transport providers, negotiating rates, checking all buses are well serviced. Maintaining good relations with all providers of transport.
- Port Authority – We ensure to attend pre-plan port meetings, maintaining good communication with all stakeholders including PNG Ports Authority and the ground operator.
- Dispatch – We ensure staff on site provide the support needed for efficient dispatching of all visitors on tours.

- Site Access and Negotiations with Resource owners – We negotiate site access and rates with site owners and relevant committees in addition to maintaining regular contact and good relations with them.
- Costing and Pricing of tours- We provide all pricing of tours to the ground operator.
- Tour descriptions & Marketing material for all tours – All tour descriptions and marketing material for our tours are provided to the ground operator who then distributes to all the Carnival Australia cruise ships that sell our tours.

Services provided to Cruise Lines

- Marketing material for tours.
- Information for Port Guides.

Most significant achievement

Our most significant achievement to date, has been to develop a tourism business in a challenging environment, that has provided economic benefits to a wide cross section of communities through our various activities within the cruise sector and tourism industry.

Prior to the arrival of Carnival Australia cruise ships in November 2013, there was only 1 local tour operator actively involved in providing tours for approximately 2-3 expeditionary cruise ships annually in Alotau. Most of these ships had a capacity of 300-500 passengers. Alotau at the time had a limited range of tour products to offer cruise tourists (it still does today). Understanding this, we set out to build our own products for the cruise market in addition to establishing two annual cultural events for Milne Bay which we have managed and co-funded as major sponsors for the past 4 years; The Huhu War Canoe Festival and WWOMB -The Women Weavers Milne Bay Fashion & Culture event.

Our key objective in creating these events was to increase revenue and diversify our range of tour products to develop two very distinct cultural tourism brands that would complement the much bigger National Kenu & Kundu Festival which was the only other major cultural event in Milne Bay at the time.

We wanted to raise the tourism profile for Milne Bay Province, by creating additional flagship tourism products, promoting culture and empowering locals by providing employment opportunities during those events and cross promoting the events on ship days during our tours, such as The Alotau Festival Experience.

With significant funding constraints and limited assistance, we have been able to fund and provide tourism training and awareness for over 200 people including; Tour guides, Site liaison officers, Site owners, Village communities, Drivers, Transport Providers, School students and Culture groups, Women & youth groups, Contemporary art groups. We have also delivered product development workshops to local artisan communities in an effort to educate artisans and encourage greater diversity of souvenir gifts for cruise passengers and to build up the handicrafts industry. We have supported numerous local SMEs including up to 30 transport providers during each cruise call. The transport sector alone, has benefitted significantly from our tour operations.

We have created jobs and employment opportunities for well over 300 people during each cruise visit to Alotau.

To date, Egwalau Tours has organised tours for 103 cruise ships, most of which have a capacity of 1,200 to 3,000 passengers. We have taken over 60,000 cruise passengers on our various tours. At present, there are now 21 tour operators in Alotau and more women entrepreneurs in Alotau, specifically within the tourism sector.

Inclusivity and empowerment of women and youth

Inclusivity and the empowerment of women and youths has always been a priority in our work.

Our first community engagement when we commenced operations, was to conduct product development workshops with all the 6 communities (approximately 150 people) that we engaged on cruise ship days, in addition to the general public.

We received feedback from cruise passengers that they wanted to buy souvenir gifts from the different sites they visited but there was nothing to buy. As a result, visitors would then openly hand out cash donations or tips to children or their parents, to give something back to them. This created tension within the community amongst those who missed out, which would then impact negatively on the delivery of our tours. We eventually had to discourage visitors from handing cash out to villagers.

In order to avoid conflict and in an effort to enhance our tour products, and to generate income for individuals, we worked closely with each of our 6 sites by engaging a team of 3 local artists and an Australian Business Volunteer to develop a series of product development training workshops during which participants were trained in various creative applications including; screen printing, tye dying, sewing, hand painting on fabric and paper, rock painting. Men, women and children would participate. 70% of the participants were women. It took about two years for this to catch on, we had to keep checking the sites and products in terms of managing quality control, however, once the site hosts began to see the money coming direct to them, that inspired them to continue producing more items and involving other nearby villages. Aside from their souvenir products, Egwalau pays the communities for site access fees and additional activities such as traditional dancing groups. Currently at all our tour sites, it is predominantly women and youth who are selling arts & crafts.

WWOMB (Women weavers of Milne Bay) Fashion & Culture is an annual event created by Egwalau with the long-term vision of encouraging rural and urban women to weave and design innovative products suitable for the cruise market and potentially to export abroad. This event features 2 days of cultural demonstrations by women ending with a night of fashion. WWOMB promotes the ancient art of traditional weaving and is a platform for Women weavers, Fashion Designers and models in Milne Bay. As the major sponsor, Egwalau Tours has spent PNGK50,000 - K80,000.00 each year on WWOMB.

To date we have had a maximum of 150 women weavers and cultural performers participate in the event in addition to 11 Fashion Designers both from Alotau and Port Moresby. We have also trained and groomed a total of 59 Models; male (18) and female (41), many of whom are from the villages with limited exposure and skills. WWOMB inspires and empowers them with confidence to pursue their goals and strive for a better quality of life.

WWOMB invites women from the 4 rural districts of Milne Bay and enables women like Slade Besiaro, a mother of 6 living in remote Northern coast of Milne Bay, to showcase her passion for shell weaving. So inspired was Slade by the WWOMB experience that she returned to her village to establish two associations for women encouraging them to weave shells accessories and garments, she then identified new markets to sell their products in order to make PNGK15,000.00 for their group.

Our involvement in the cruise tourism has enabled and empowered us to build new tourism products that in turn promote cultural revival, environmental awareness, economic empowerment for women and communities and the development of the creative industries.

Challenges overcome

Training & Human Resource Development

Tour Guides - In our first year of operation, we received ongoing and numerous complaints about our Tour Guides not performing well. We eventually engaged an Australian volunteer in 2015 through the Australian Business Volunteer (ABV) program to assist. We were only required to provide transport, a desk space and a laptop and all other costs were taken care of by the ABV program.

Professor Anna Campbell was working at The Australian National University in Canberra and had prior experience working on board Royal Caribbean cruise ships as an Enrichment Lecturer. She had also spent some time in Fiji and the Pacific, hence she was selected for our assignment.

Within 8 weeks, Professor Campbell’s practical training approach using a combination of drama, role playing, audio visual and story-telling techniques, transformed our tour guides. There was an 80% improvement in the performance levels of all our guides, including our village site hosts who were also part of the training. Professor Campbell made sure to train the two Company Directors in order to ensure training could continue well after her assignment concluded.

Business Management

We began our operations with sufficient experience in the tourism industry but limited experience in managing our own business. We struggled initially with everything from finding employees who had the relevant skills, to pricing and marketing of tour products, planning, financial literacy, risk management and understanding the cruise industry in general.

Bob Wood Cruise Group assisted us from the beginning with much needed guidance and training around developing our tour products and having them “cruise-ready” in addition to pricing and marketing them on board the cruise ships.

In 2017, we engaged The International Finance Corporation (IFC) under a pilot Tourism project in the Pacific to provide us business advisory services for a period of three years. We now have 12 months remaining of this program which will assist us greatly towards planning for the future of the company, developing new tour products and exploring alternative markets as we expand and diversify our operations outside of cruise tourism.

Through our partnership with IFC, I was able to attend the Business Coalition for Women’s Certificate in Leadership & Management training course facilitated by Wings Education. I graduated with a Certificate IV in Leadership & Management from the Graduate Business School, which is a qualification recognised within the Australian Qualification Framework. From this experience I plan to pursue further studies in Business Administration at The International Training Institution in Alotau.

Transport & PNG Port Entry Fees

In the first 3 years of operation, our biggest expense was transport and Ports entry fees for all tour buses. Due to limited awareness regarding the transport sector’s important role in supporting cruise tourism initiatives, transport providers were aggressive and demanded that we pay rates that were higher than anywhere else in the country (15 seater buses-K100/hour & 25 seater buses –K150/hour).

To address this, we invited PNG Tourism Promotion Authority and all transport owners and their drivers to attend a Transport Awareness meeting to present actual hire rates throughout key centres in the country (15-seater buses-K70/hr & 25 seater buses-K500/day). In addition, we also had meetings with Carnival Australia and Nawae Constructions (who supported us with their larger buses), to remind transport owners to reduce their rates or the cost of the tours would increase and the ships would be forced to find more affordable destinations. Current rates agreed on; 15-seater buses-K80/hr & 25-seater buses-K100/hr.

PNG Ports previously charged us a significant amount per ship call. In recent years that has drastically reduced with a rate of K24.16 per vehicle. We now pay an annual fee of K664.40 (x 25 buses).

Challenges currently faced

Transport

Each time a cruise ship calls into Alotau port, our tour operations, deprive the general public of their public transport services for that day. We remove 25-30 buses from their routes and people have to walk long distances or catch the limited and expensive taxies in town.

There is now an increase in tour operators in Alotau and the province. In 2013, there was only one tour operator actively providing tours for cruise ships in Alotau. In 2019, there are now 36 tour operators registered under The Milne Bay Tourism Bureau (21 in Alotau, 15 in the rural districts). The increase in tour operators, further reduces available buses on cruise ship days and greatly impacts on our operations.

Although we have a core group of reliable bus owners, others do not honour the contracts they sign with us and have a tendency to cancel on the day of the ship call with no good reason which tours are compromised. We have to juggle and switch buses during every ship call just to deliver our tours and manage the situation as best as we can. This has been the case for the past 5 years.

There is a need for government intervention to assist with the current transportation issue being faced in Alotau. Assistance from the National and Provincial government is being sought to address that transport limitations in the province.

Skilled Employees

Our business is evolving, and we are now planning for the next 5 years and beyond.

In order to lift the overall standard of tourism in the province, we need to employ local people who are well trained with sufficient knowledge and experience in the tourism industry and who possess a broader range of skills in order to be more competitive in this emerging and evolving industry.

Milne Bay desperately needs a tourism training centre that can provide world class training in specialised areas that are relevant to the current needs of the existing industry and in preparation for the future development of the industry. E.g. Cruise Tourism, Eco-tourism, Event Management, MICE, Agro-tourism, Cultural Festivals etc., Tour Operations, Hotel/Guesthouse Management, Food & Beverage etc.

Milne Bay being one of the two provinces identified by the Government as a Tourism Hub (including East New Britain Province) therefore should also be considered by higher education institutions to set up a tourism and hospitality school, especially given that Milne Bay is receiving the highest number of tourists than any other province in PNG (34,961.00 in 2018-PNGTPA Visitor Survey Results), has more ports (x 5-Alotau, Doini Is, Kiriwina Is, Kitava Is, Conflict Is.) than any other province and receives more cruise tourists (33,616.00 in 2018-PNG TPA Visitor Survey Results) than any other coastal province.

Contribution to empowering communities to be economically sustainable

Due to the large volume of cruise passengers that our operation caters for, which is approximately 2-3 quarters of the cruise ships' capacity, we engage and manage a large number of various groups and communities in all our tours.

Many of these groups, did not have the kind of income that they now receive, prior to the arrival of Carnival cruise ships.

The Turnbull War Memorial site which is a key part of our Battle of Milne Bay Tour, attracts the greatest number of cruise passengers who are predominantly Australian. On average, they receive 150-200 visitors during a typical cruise ship day. In 2017 when Alotau received 30 cruise ships, which was the highest number of ships received to date, The Hulana Magesubu Yauyau Clan, who manage the site, received a total of K35,780.00 in site fees.

In the same year, the Huhu War Canoe communities, of which we engage and rotate 3 different war canoe villages within the bay for the Alotau Festival Tour, earned a collective total of K40,000 from the use of their war canoes (K13,000 per community in a year). In addition to this they also provide joy rides to visitors at the festival, earning an average of K1,000 in extra fees per ship which collectively amounts to an additional K30,000.00. War canoes can collectively earn up to K70,000 in one year in total revenue from taking part in our operations.

As a result, the Cultural leaders of the Huhu War Canoes approached Egwalau Tours to support them in developing their own Huhu War Canoe Festival event, an annual event that is now in its 4th year and gaining prominence in Milne Bay's cultural calendar. This is a community driven rotating event that is hosted in two of the war canoe villages and is organised by the villagers themselves to showcase their culture. Egwalau supports as a member of the executive organising committee providing guidance, sponsorship and marketing support.

The strong leadership and vision of the cultural leaders, along with the other major stakeholders who support the event creates a unique partnership which strengthens the organization of the event and paves the way for a more sustainable and viable tourism product. More importantly, this event is inspiring the rest of the Huhu people (population of approximately 30,000) on mainland Milne Bay, to revive and take ownership of their own culture and resources in order to create economic opportunities for themselves and bring development to their communities.

Overall visitor experience feedback

Positive comments

The Alotau Festival Tour Experience. Cruise passengers are often unsure of what to expect, but once they see the event for themselves, they are amazed and fascinated by the vibrant diversity of cultures on display, they appreciate that it is not as commercialised as other tour products they have experienced. Visitors are often surprised that the performers are not actors, they are genuine village people travelling into town from remote areas to participate in the festival event.

Cruise passengers often comment on how much they enjoy the natural green tropical environment, the simplicity of life, friendly smiles and hospitable people whom they appreciate can also speak fluent English.

Negative comments

Transport and Timing – Cruise passengers express dissatisfaction especially on hot or rainy days when the shuttle buses from the Festival site to Ports are late and they have to wait in long queues or when they are late to go on their other tours as a result of insufficient transport to cater for all tours. After 5 years, cruise tourists and ground operators expect the co-ordination of transport and logistics to be seamless.

Town Cleanliness - Often visitors will comment on the rubbish in and around the town areas and beachfront as they drive by or walk past.

Recommendations:

Transport Service

More larger buses (25 seaters/ 30-seater buses/ 60-seater buses) to be available under one management at a reasonable rate to cater for larger cruise ships and corporate events. Reduces impact on public transport access on cruise ship days. Ensures a more reliable, safe and professional service for all cruise ships and gives us more transport options to introduce new sites/ tour products to cruise passengers.

Cruise Terminal

Improve the existing port facilities with a more cruise friendly facility including sheltered areas, seats, well maintained toilets, clear signage, map of Alotau/Milne Bay, small shops/restaurants for more MSME's to sell their arts & crafts in a comfortable and structured environment.

Foreign Exchange Services

More licensed foreign exchange operators or facilities to be available in town and also key tour sites, e.g. The Alotau Festival Experience at Wanigili Centre providing smaller currency and PNG Kina to enable tourists to buy more local souvenirs, products and services. Currently only one licensed operator provides the service onboard the ships on arrival, change provided to tourists is usually nothing smaller than PNGK50.00 which can often be difficult for local sellers to change when items are bought. Foreign exchange facilities or an ATM to be made available at the port site and airport.

Businesses to be open on Saturdays & Sundays on ship days

Weekend shopping hours in Alotau are; Saturday 8am-1pm and Sunday – all major supermarkets in the main town are closed. Many tourists who are not on tours are left wandering around aimlessly with very little to see or do. Only hotels and a few small trade stores are open. No Banking facilities available on Saturdays & Sundays. Selected Shops to be open on weekends for ships.

Communication

Improve internet access for businesses and cruise passengers in Alotau. Currently access to internet services in Alotau is slow, expensive and residents and businesses are constantly faced with ongoing network issues hindering business and creating an inconvenience to visitors to the province.

There are not enough comfortable spaces, restaurants or internet cafes where cruise passengers can access internet easily and share their PNG experiences online immediately or access internet banking. The few hotels in town offer wi-fi access at an hourly rate. Alotau International hotel charges K10 per hour. There is no signage to direct cruise passengers to places they can have wi-fi access.

Tourism Training Centre

Alotau needs a well-resourced Tourism Training Centre that is accessible and able to cater for the current tourism and hospitality developments taking place in the province.

Milne Bay Tourism Bureau space at PNG port site

Establish a proper facility at the port site for the Milne Bay Tourism Bureau to promote and market Milne Bay Province more effectively during cruise visits including; well trained staff, videos, brochures on stands, souvenirs, better signage and a large town map to direct visitors towards taxies and shuttle services outside ports gate, data collection etc.

The Milne Bay Tourism Bureau must receive better funding in order to provide improved services for cruise passengers by reassessing the following areas and creating a more convenient experience for visitors to access foreign currency exchange services, free internet access, better directions to town, markets and tourist facilities.

Ongoing Tourism Awareness in the Community

Milne Bay Tourism Bureau to continue to collaborate with the tourism industry stakeholders to provide ongoing tourism training and awareness in the province to keep the communities and wider public informed of the importance of tourism to the economy, the current developments taking place and how more youths and communities can benefit by being involved.

More creative initiatives to be introduced for youths and the wider community to be engaged and interacting in a positive manner with cruise tourists and earning an income for themselves. More information and financial incentives to be provided to SMEs to encourage the establishment of new and innovative businesses to compliment cruise tourism.

Growth in the next 5-10 years

In the next 5-10 years, Egwalau Tours will be the leading Destination Management Company in Milne Bay Province, with activities in the tour product, cruise management and event management specialisms. Egwalau will also offer national DMC services in partnership with other ITOs and regional DMCs.

Egwalau will own land for a base of operations that functions as a one-stop-shop for Egwalau's diversified business in Milne Bay. Egwalau operations will include event management and multimedia (under Fusion Milne Bay) as well as design and retailing of merchandise and souvenirs.

I will have a more strategic and business development role having delegated day-to-day responsibilities to managers, who in turn manage an overall team of 15-20 full time staff across multiple entities/brands. The business will have access to a fleet of vehicles and boats appropriate to operational needs in addition to a range of accommodation facilities to cater for long stay visitors to the province.

Communities partnering with Egwalau in tourism will have been supported to develop a business model appropriate to their circumstances and to be able to operate sustainably and independently. They will have basic but appropriate infrastructure and facilities and be selling their products to a range of businesses and direct clients.