The cruise report – summary and comments

This is a summary, including comments, of the cruise report "Guest survey of cruise tourism". The report has been made upon request from the Norwegian Ministry of Trade and Industry, and was completed in December 2010. The purpose is to find the economic impact of cruise tourism in Norway, and also to identify how we better can take advantage of cooperation between the cruise industry and land based actors. The report builds on information collected from 2073 cruise tourists in Norway and 206 industry actors in Norway with relations to the cruise sector, in 2010. The methodology has mainly been questionnaires and interviews.

Cruise tourism in Norway – an untapped potential

The direct effect of cruise tourism on the economy of towns and villages is calculated to approximately 2.0 billion NOK. Still, the report gives clear indications that;

- Cruise tourists spend less money on land than what they expected.
- Cruise tourists attend fewer activities on land than what they expected.
- Quite few travel and tourism actors have exclusively focused on the cruise tourist segment.

- The starting point for further value creation is good – cruise tourists arrive in Norway with an expectation of doing more than they actually do, and spending more money than they actually do.
- The report identifies relatively simple actions which can improve the exploitation of the potential;
  - Improved language skills – those who understand or are understood spend more money!
  - Improved payment options – many are not able to pay with the currency they carry!
  - Improved mapping and labeling of destinations and attractions.
  - Improved local transportation to and from cruise ship.
  - Improved regional cooperation; on land and between land based travel industry and cruise actors.

    - ➢ There is a need for custom made products and adventures.
    - ➢ It needs to be done in a way so that the cruise tourists feel they have enough time.

Cruise tourisms economic effect in Norway

Cruise tourists total consumption

- Total revenue in Norway in 2010: approximately 2 billion NOK
- This corresponds to almost 13 % of foreigner's yearly travel and tourism spending in Norway.
- No distinct difference in spending level between different ports:
  - At destinations with big attractions, the money goes to these.
  - At destinations without big attractions, the money is spent individually on land, mainly on souvenirs and food and beverage.

Cruise tourists behavior

- Number of days on board cruise ship: 7.4 days

- Number of days in Norway: 5.4 days (two travel days to/from Norway)
- Number of ports visited: 6.6 ports – 1.2 ports a day
- Expectation to go ashore in 66 % of the ports visited
- Expectations of attending 2.7 activities on land. Actual attendance 1.7 activities.
- 75 % intends to buy pre paid or organized tours ashore, 35 % actually do.

  - ➢ There are clear indications of a higher experience of time pressure among the cruise tourists than what they expected.
  - ➢ The fear of being left behind from the cruise ship should not be underestimated.

Mean spending per cruise tourist:
Total mean spending per cruise tourist on a cruise to Norway:
- Total: 24,554 NOK
- The cruise package: 14,261 NOK
- Spending during the trip: 10,293 NOK
  - On land: 2,969 NOK
  - On board ship: 7,324 NOK
    - Includes pre paid shore excursions: 1,485 NOK (paid on board)
    - Earnings for the land based travel and tourism actor: 1,040 NOK (assumed 30 % profits for the cruise ship)

Each cruise tourists mean consumption on land (NOK):

	Expected spendings			Actual spendings		
	Total	Individually	Excursions	Total	Individually	Excursions
Total for the trip	4009	2969	1040	3186	2146	1040
Per day in Norway	745	550	195	590	395	195
Per port in Norway	608	450	158	479	321	158

Notice: For excursions we only have numbers for actual consumptions, expected spending are therefore a minimum estimate.

- Consumption varies a fair amount between passenger groups
  - 30 % have spent less than 100 NOK on land individually
  - Substantially differences in spending based on nationality – those with a language most unknown to Norwegians, spend lesser.

The land based industry's lack of focus on cruise
- Only 10.5 % of the actors in the industry have turnover from cruise tourism of 80 % or more of total turnover.
- 68 % of the actors in the industry have turnover from cruise tourism of between 1-10 % of total turnover.

  - ➢ There seems to be a significant potential for land based travel industry to focus nearly 100 % on cruise tourism.
  - ➢ Land based actors should use Cruise Norway's cruise calendar in their planning. This is a powerful tool to know when and where to meet these customers.

Employment
- The number of part time employees during high season is 3.5 times higher than during low season.
- Distribution of full time vs. part time during summer: 63.7 % vs. 36.3 %

- Distribution of full time vs. part time during low season: 85.5 % vs. 14.5 %
- The seasonal effect is greater for actor selling merchandise to tourists, or delivers services to cruise tourists, hotels, restaurants, bars, cafes, fast food etc. Land based actors that deliver services to the ship and indirect sale of services and products to tourists and the cruise industry are less affected with the seasonal effect.

Other quick facts from the report

- From 2006 till 2010 there has been an average growth in number of cruise tourist visits of 11.5 % per year.
- 80 % of the respondents were over 50 years of age.
- 54 % of the respondents have an "average income", only 16 % have "high income".
- The majority of the respondents booked the trip 2-12 months in advance (37 % 6-12 months, 21 % 4-5 months, 30 % 2-3 months).
- 72 % of the respondents bought an "all inclusive"-package to and from origin.
- 75 % of the cruise trips were booked through travel agencies in the country of origin.
- 21 % of the cruise trips were booked directly from the cruise ship.
- 90 % of the respondents came to Norway by cruise, 10 % by air.

- The main motives for choosing a cruise in Norway were Norwegian fjords in combination with Norwegian nature. Also important were "cultural and historical attractions" and "the Norwegian people".
- The tourist's spending on land is dependent on time spent ashore and physical accessibility, more than the size of the city or supply and variety of products and services.
- Different needs depending on different nationalities:
    - Cruise tourists from the USA gives the most negative feedback on level of information (possibly related to what they are used to in the USA)
    - Germans and guest from Great Britain gives the most negative feedback on currency and price level issues in Norway.

Individual consumption per nationality

Nationality	Total spending	%	Spending per person	Spending per day on land
USA	819,799	17	6,355	1,177
Canada	186,065	4	4,652	861
Germany	486,985	10	1,229	240
Great Britain	1,065,731	22	3,045	564
Spain	1,016,552	21	3,793	702
Other	1,230,160	26	2,903	538
In total	**4,804,272**	**100**	**2,969**	**550**

Notice: Individual consumption, shore excursions paid on board ship comes in addition

Cruise tourists visits to ports

- The tourists expect go ashore in 66 % of the ports the cruise visits.
- Differences between countries: The Spanish want to go ashore in all ports while Germans only go ashore in 50 % of the ports. This partly explains consumption differences between nationalities.