

Marine Terminal Management Training Program

SESSION VIII: Trends in Non- Container Terminal Operations

Key Components to Influencing Cruise Lines Port Destination Decision Makers: Marquis Value and a Winning Guest Experience with a Strong Focus on Economics

“PORTS THAT BECOME A MARQUIS ATTRACTION, HELP TO KEEP THE TICKET PRICE AS LOW AS POSSIBLE, AND “SPICE-UP” THE GUEST EXPERIENCE, WILL HAVE A WINNING COMBINATION AND BECOME AN ATTRACTION FOR CRUISE LINES.”

JOAN DI PIETRO, CTC, FORMER VP MARKETING CARNIVAL CRUISE LINES



Cruise Ships

It's a Great Business for Ports

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Consulting Services, Inc.

Authors

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Carnival Cruise Line 2001 To April 2010

- Vice President Of Energy Conservation
- Vice President Of Product Quality
- Vice-President Of Regulatory Compliance
- Vice-President Of Special Projects
- Vice-President Of Environmental Compliance
- Manager Of Shipbuilding

Royal Caribbean Cruise Lines 1998 To 2001

- Fleet Technical Manager & New Ship Building Superintendent

Weeks Marine - American Dredging 1991 To 1998

- Marine Construction Fleet Manager

Hess Oil Virgin Islands 1990 To 1991

- Senior Marine Engineer

Merchant Marine 1976 To 1990

- Chief Engineering Officer And Other Positions

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Carnival Cruise Lines 1994 To 2010

- Vice President, Strategic Marketing

Kloster Cruise Limited 1985 To 1994

- Vice President of Marketing

Codex Corporation, Motorola Inc. 1983 To 1985

- Director, Strategic Marketing

Booz Allen & Hamilton Inc. 1980 To 1983

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Now Consider This

- The port is part of a larger regional system of infrastructure and tourism which impact the viability of cruise liner operation.
- The juncture of shipping and vacation resorts at sea intertwine with traditional shipping operations and yet diverge greatly:
 - Cruise lines operate ships.
 - Cruise lines are not shipping lines.
 - Cruise lines are vacation experiences providers that happen to be on a ship.
 - The organizational mentality of a cruise line is a vacation company – not a shipping line.
 - Ports that embrace and enable the difference can win cruise business.

Cruise Lines vs. Shipping Lines

Similarities

- Both require safe transit to and from the sea.
- Both require proper pre and post docking clearances.
- Both require reliable pilot services.
- Both require tugs when and if needed.
- Both require line handlers.
- Both require materials movement to / from the ship.
- Both require services such as fuel, water, waste disposal, supplies and provisions.

Differences

- In the cruise industry the cargo is referred to as THE guest vs. the cargo.
- The cruise industry cargo walks, talks, takes pictures, and evaluates the in-port experience.
- Depending on the experience, the cruise cargo (guests) decides if it wants to return.
- If the location is desirable, cruise guests will return on a separate non cruise vacation – extended stay and spend their money.
- In cruising, there can be no delays in arrival, off-loading / on-loading and departure because it affects the cargo's experience.



A Typical Cruise Turnaround Port Day

Important Cruise Ship Technical Considerations

- Arrive in port @ 0600 and depart @ 1700.
- Clear immigration and customs.
- Move 2,600 to 5,000 + passengers off and on.
- Handle over 10,000 to 15,000 pieces of luggage.
- Clean thousands of cabins and all public areas.
- Garbage and waste is offloaded.
- 900 + tons of fuel is loaded.
- Potable Water is Bunkered.
- Oily sludge is landed.
- Vendors conduct maintenance/modifications.
- Crew conducts lifeboat drill.
- Crew changeover and crew training.
- Regulatory inspections occur.
- Guests : catered and entertained.

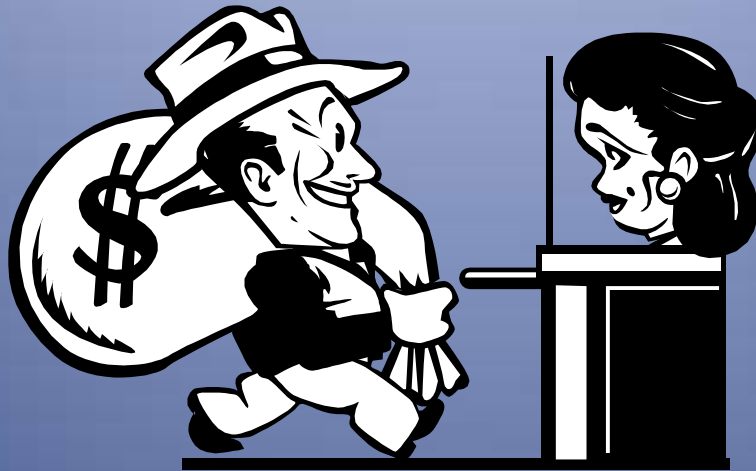
Cruise Ships Are Floating Cities With All The Complexities Of Similar Sized Land Based Cities



- 7,000 lbs. of ribs, tenderloin, leg of veal, veal loin, pork loin, legs of lamb, strip loin
- 3,000 lbs. of chicken
- 3000 lobsters
- 1,275 lbs. of fish
- 2,000 lbs. of bacon
- 600 lbs. of smoked ham
- 700 lbs. of rack of lamb
- 761 lbs. of turkey
- 1,500 lbs. of shrimp
- 300 lbs. of smoked salmon
- 500 lbs. of cheese
- 2,000 lbs. of potatoes
- 5000 lbs. of fresh vegetables
- 700 gallons of ice cream
- 3,000 lbs. of fresh fruit
- 20,000 cans of beer
- 9,000 cans of soda

Load (tons) of provisions.
Example: 5,000 per / ship / cruise





WHAT'S AT STAKE FOR THE PORT?

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Revenue

- Since 1990, the industry has had an average annual passenger growth rate of 7.2% per annum.
- From 1980 - 2009, over 176 million passengers have taken a deep-water cruise (2+ days).
- 68% of the total passengers have been generated in the past 10 years.
- 40 % of total passengers have been generated in the past five years alone.
- Over the next three years, over 50 million North Americans indicate intent to cruise.
- To date, approximately 20% of the U.S. population has ever cruised.
- By maintaining historical occupancy levels, the cruise industry will welcome 14.43 million guests in 2010.

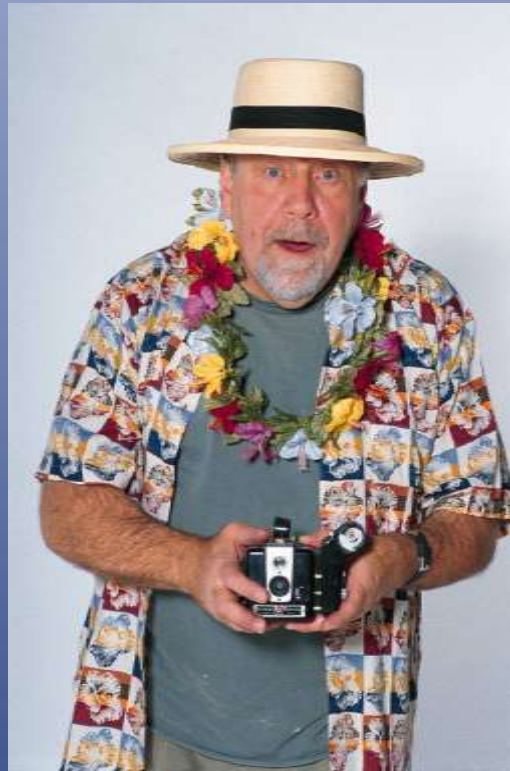
Growth

- The North American Cruise Market Is Strong Across All 50 States And Canada (And South America Has Tremendous Potential).
- 72% of Americans indicate that the convenience of over 30 “Close to Home” North American embarkation ports increases their likelihood to cruise within the next three years.
- Source: CLIA

Does your homeport
or destination want
some of those 176
MM guests moving
through your region
since 1980?

Do you want part of
the more than \$ 15
MM expected next
year?

If so, the GSEACS team
can help your port
create a plan.





Or another way: what does a cruise line need to generate a demand for its product?

SO WHAT IS ATTRACTIVE TO A CRUISE LINE?

MARQUIS value!

The port - if it is to be part of the cruise experience adds great value if it, in itself, is a draw for vacationers.

Destinations (ports) must market themselves first as a valuable location.

In the case of a home port, the port itself may serve as a convenient port on the voyage or close to population areas or transportation hubs.

The “dark horse” will always be the port that succeeds at sharpening the economics pencil, i.e., keeping cost of business for the cruise lines as low as possible.



Two Keys: Efficiency / Effectiveness

From this point we look at what attracts a cruise line to a port.

- First, it's all guest centric. This is the core of the business: happy guests = good business.
- If the guests like the experience they will return to the cruise line and to the port / destination.
- This means that price and the experience have an effect on the guests' perception of the cruise experience and cruise lines look for every opportunity to keep costs low and the experience high.

How To Encourage Cruise Lines To Engage The Port

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- C Communicate
- R Respond
- U Unequivocally Hospitable
- I Inexpensive
- S Safe and Secure
- E Entertain/Shore Excursions
- P Physical Location
- O Operational Readiness
- R Relationship Oriented
- T Transportation System Enabled
- S Superior Performance

CRUISE

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C Communicate

- It is imperative that the port develop and communicate the marquis value of the location so that the cruise guests will desire to go there – the port needs – it must - market the destination long in advance of a cruise liner's first docking.
- Before the cruise liner will go to a port - there must be a good reason for the cruise vacationer to want go to that port.
- For example: Newark Terminal vs. Cartagena Colombia, the comparison should be clear.

R Respond

- “Things” change quickly in the marine world - and maybe more urgently for a cruise liner with “live” cargo – so it’s important to have an active and effective response system in place within the port organization.
- When required, responses to change must be urgently decided and effectively executed.
- Changes in itinerary due to hurricanes, port closures, and medical emergencies require the port authorities to be flexible. Maybe the ship was not due until tomorrow – but can you accept her today?
- Guest’s time is valuable and their precious vacation is important, the cargo cares, the port need to care equally well. Problems occur so there must be a good channel of communication between the cruise lines and the port.
- A flexible working style between the port and the cruise line must be in place at all times.

U Unequivocally Hospitable

- Gruff longshoremen won't elevate your port to the level that cruise lines need. Polite, kind, and hospitable ones do!
- The same goes for all personnel interacting with guests in the port from - A-Z: security, longshoremen, check-in staff and all involved must have the hospitality "gene."
- **Train / Motivate / Check:** our motivational speakers can help.

I Inexpensive

- Everyone's dream! But prices for goods on a container ship or tanker can be passed on to many consumers.
- High port fees drive high ticket prices and are passed directly to the vacationer.
- Since cruise lines compete between land and sea vacation options, it's important that cruise ticket prices be kept as low as possible.
- Be creative in your port cost.
 - Good and flexible labor agreements with dock workers help to reduce costs.
 - A port with attractive fuel and water bunker prices is a plus.
 - A port with attractive garbage disposal prices is attractive.
 - A port with attractive food and beverage supply is a draw.

S Safe and Secure

- Cruise liners carry people so Safety and Security are of utmost importance. When there is just one ship in a home port she may turn around more than 6,000 people.
 - Consider the flow of traffic for personal cars, taxis, trams to avoid accidents.
 - Consider the flow of forklifts for baggage services – avoid skewing the kids on the tongs.
 - Consider the loading and unloading zones – keep them clear and flowing.
 - Make sure the escalators and elevators work properly and consistently – simple? Maybe not.
 - Ensure the gangways have sufficient weight load capacity and are enclosed against the rain and sun – air-conditioned is best.
 - Ensure the docks are safe for walking and that both crew and guests have safe entry and exit paths. Provide proper lighting.
 - Protect waiting areas from the sun to prevent heatstroke.
 - Ensure that the ports security plan is well kept and really works with excellent adherence.
 - Is the pier head safe? Can crew work on the ship side without getting hurt?

E Entertainment and Shore Excursions

- It's all about the guest experience, have you ever considered a singing Longshoremen Quartet? Seriously, anything that makes the guest experience better is good!
- Shore excursions for pre-post-during cruise voyages are important.
- Consider the proximity, ease, attractiveness, and Marquis value for the port by including and marketing such things as:
 - Carlos and Charlie's restaurants;
 - Shopping (Crew and Guests);
 - Eco tourism; Party boats;
 - Snorkeling and Scuba;
 - Historic Fort tours;
 - Historic city tours;
 - Hotels venues; and,
 - Beaches.
- Allow casino and shop operation on board during the port stay – a big plus for the cruise line.

P O R T S

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P Physical Location

- The minimum stay in port is generally five hours – 0900 – 1400 or more. The maximum time could be two days or more depending on the attractiveness of destination.
- The selection of the port will depend where it is on the start / end or schedule of the cruise, i.e., its physical location.
- Of course the physical location is unchangeable but the attractiveness of the port is modifiable keeping in mind the marquis draw and the economics.
- The location cannot be changed, but the attraction can be amplified!
- Attractive crew lounges attract cruise lines who want to keep their crews happy. Sufficient phone service for the crew is an important feature as well as internet access. Transportation to / from stores for the crew is an added feature.
- Cruise lines make significant investments in marketing and planning to move to a new port. Before trying any new port, the cruise line must believe that the port is interested in the long-haul.

The Port Should Be

- Close to the sea buoy as possible
- Have good turn around basin is needed
- Have good depth
- Be free of low bridges and overhead power lines
- Have proper fenders
- Have proper gangways
- Have a suitable terminal
- Allow maintenance and repair work

The Terminal Should Be

- Modern and attractive
- Have good access from the in and out flow areas
- Have modern and rapid baggage handling systems
- Enable good and steady flow and rapid service during peak periods
- Ideally minimize waiting times to no more than ten minutes during peak periods
- Air Conditioned
- Kiosk driven
- Contain comfortable seating
- Allow tour operator set up
- Spacious
- Secure and safe
- Have directional and entertainment screens for waiting guests
- Have sufficient clean bathroom facilities

- Be well lit with natural lighting

O Operational Readiness

- The port should be focused intently on serving the cruise ship when she is in port.
- Provide sufficient and dedicated man power and security staff.
- The terminal must be sufficiently reliant and reliable to meet the on time needs of the cruise lines.

R Relationship Oriented

- Most things in life are about relationships: good ones prosper and bad ones die mostly a slow death.
- Spend the time and the money needed to build positive personal relationships with the cruise lines: visit their offices, get to know who they are and what they need to succeed. Then the chance of a cruise line calling at your port will be enhanced.
- A true partnership between the port and a cruise line is an important aspect of achieving the goals of both the cruise lines and the ports.
- Also, partner with the tour operators to achieve the goals of the guests, which is to have fun in a safe and efficient manner, help the tour operators to succeed and they will add to the success and marquis value of the port.
-

T Transportation System

- Efficient transportation system between port, venues and the port infrastructure.
- Close access to the airport is a positive.
- Wide roads into and within the port handle the flow of traffic and reduces congestion.
- Parking for drive-to guests at a good rate draws vacationers who also may spend money in the city before and after the cruise.
- Safe long term parking ensures that guests “feel” comfortable leaving their vehicles for extended stays
- Ease of transport between hotels and seaport reduces dis-comfort for embarking and de-barking guests.
- Hotels in sufficient abundance are required to entice guests back to the region

S Superior Performance

- To win: the port and regional infrastructure administration must deliver superior performance continuously and flawlessly - each and every turnaround.

Cruise Line Attractiveness

EXAMPLES OF PORTS

Grand Turk

Picture Credit:

<http://www.grandturkcc.com/PortInformation.aspx>

“The Grand Turk Cruise Center is a world-class, beach front cruise facility nestled among nearly 14 acres of landscaped grounds. The cruise center’s location and the island’s geography offer vessels a safe approach and berthing year-round. The walk from the berthed ships to the cruise center is approximately 390 ft.

At the cruise center guests can swim in the sparkling ocean waters or in one of the largest swimming pools in the Caribbean, stroll along the idyllic beach, relax in a complimentary chaise lounge on the beach or around the pool or rent a private poolside cabana for the day.”



Saint Kitts

“Some Ports Allows Casino and Shops to Remain Open During Port Stays Making it Attractive For Overnight Cruise Ships Stays!”



Picture Credit:

<http://www.cruisejob1.com/positions.html?pid=33&pname=Casino+Dealer+%2F+Croupier+Jobs>



Cozumel

Cozumel has expanded over the years from a sleepy port to the major cruise line hub of activity in the Caribbean.

Piers, shops, restaurants, tours – Cozumel has it all!



Picture Credit: http://www.virtual-travel.info/mexico/cozumel_port.html

What's At Stake?

- Cruising is an important vehicle for sampling destination areas to which passengers may return.
- 80% of cruise passengers agree that a cruise vacation is good way to sample destinations that they may wish to visit again on a land-based vacation.
- Nearly 40% of cruise vacationers state that they returned to vacation at a destination first visited by cruise.
- Cruisers are not exclusively cruisers; rather they are frequent vacationers who cruise as part of their vacation mix.
- The addition of new North American embarkation ports provides cruise vacationers more options and opportunities to drive versus fly.

Source: CLIA Web Site

Will Your Port Be One The One That Benefits?

We Can Help

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For Cruise Line Executive Expertise Call the GSEACS Team

Our consulting improves business performance

- ✓ Develop Marketing Materials to Attract Cruise Line Traffic to the Port
- ✓ Promote Long Term Cruise Ship Home Port and In Transit Calls
- ✓ Provide Port Representation
- ✓ Develop and Implement a Long Term Strategy as A Marquee Destination for the Port
- ✓ Develop An Economic Index for the port
- ✓ Assist the port to develop its own marketing of the destination strategy
- ✓ Provide entertainment and shore excursions consultation desired by guests
- ✓
- ✓ Developing Tour Excursion Operating Procedures
- ✓ Developing Tour Excursion Safety Procedures
- ✓ Consulting on Safety and Environmental Impact of Tour Excursions
- ✓ Creating the Tour Excursion Venue Experience and the "Look" that will Attract Business
- ✓ Train and Motivate the Tour Excursion Staff to Meet the Hospitality Expectations of Cruise Guests
- ✓ Provide Follow-up Auditing Services to Ensure that a High Level of Excellence is Maintained on Tour Excursion