

# PORT DEVELOPMENT: DYNAMICS OF A SUCCESSFUL CRUISE LINE / PORT RELATIONSHIP

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# THE SCENARIO

- **ABC Port is a diversified port with occasional cruise calls but it wants to establish itself as a cruise homeport destination**
- **ABC Port has no cruise terminal and operates said operations from existing cargo facilities**
- **No need to dredge or build new berths to accommodate additional cruise business**
- **ABC Port operates independently of the City but understands the economic value of the cruise industry**
- **Port's adjacent City is reasonably populated, moderate tourism activity and has a regional Airport. It is also within 4-5 hours of large cities (favorable driving distance)**

# WHAT ARE THE PORT OBJECTIVES IN DEVELOPING A NEW CRUISE SHIP TERMINAL?

- **Long term viability:** Ensure there is ample cruise passenger business, now and in the future, to make this a viable business decision over at least a 20-year time horizon in order to recoup the investment into the infrastructure
  - Other ways to support the investment i.e. garage facility
- **Ensure there is buy-in within the community and region to allow the facility to be permitted and built**
  - Long term economic impact including employment
- **Recruit one or more funding partners, including participation by the local, county and/or state government, to ensure there is ample capital to build the facility**

# WHAT ARE THE PORT OBJECTIVES IN DEVELOPING A NEW CRUISE SHIP TERMINAL?

- **Port to assess itinerary options and brand specific viability**
  - Short / medium / long cruises
- **Port to rally support from associated destination ports and possibly some financing**
- **Ensure there are calls from at least one other cruise line in addition to Carnival so that a robust itinerary of cruise brand offerings can be provided**
- **Port and Carnival must agree on a mutually-beneficial plan to ensure there is enough incentive for both parties to make the infrastructure funding and home-port commitments**

# WHAT ARE CARNIVAL'S OBJECTIVES IN DEVELOPING A NEW CRUISE SHIP TERMINAL?

- **Development of new products and/or new source markets**
- **Guest Satisfaction: terminal needs to be functional and not an originator of guest complaints**
  - Two way terminal ideal
- **Long term confirmation of a berth or several berths**
  - Specific day of the week out into the future
- **Flexibility: ability to move ships should commitments for destination not work**
  - Not commit ships by name

# WHAT ARE CARNIVAL'S OBJECTIVES IN DEVELOPING A NEW CRUISE SHIP TERMINAL?

- **Pricing and Costs:** Long term certainty of costs as well as confirm costs are low (relative to regional cruise ports)
- **Avoid long term commitments**
- **Translating benefits to the destination**
- **Receiving incentives to promote the destination**

# NATURAL CHALLENGES

- **Port and Carnival motivations and objectives won't necessarily all match up at the outset**
  - Need to be benefits on both sides; if not long term won't work
- **Community Challenge: outside of Port and Cruise Line control**
  - Community acceptance for building a new cruise terminal, including the impacts of construction, added traffic, parking and air emissions from visiting ships
  - Finding an ideal location with the fewest impacts on the community and the fewest land development hurdles, such as permitting restrictions
- **Public-private financing**
- **Competition from nearby ports that also offer cruise**

# NEED TO AGREE ON THE FOLLOWING ITEMS

- ✓ Pricing
- ✓ Term
- ✓ Commitment: Financial/Not Pax
- ✓ Cost of Terminal
- ✓ Incentives

**LAST NOTE:** Important to focus on the critical relationship between the home port and the destinations. There should be operational, political and possibly financial cooperation.