



Exploring assumptions about cruise tourists' visits to ports



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ABSTRACT

This paper examines assumptions that cruise tourists spend more if opportunities arise, and are likely to return later and make positive recommendations about a destination. Using data collected in 2012 and 2013 from cruise passengers landing at Bergen, Norway – which data includes patterns of visitation, past and present, and expenditure estimates, a comparison is made between cruise and land based tourists. It was found that cruise tourists did not spend more when more opportunities arose, that cruise tourists had lower inclination to revisit a destination when compared to land based tourists, while no significant difference as to willingness to recommend the trip to others was observed.

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1. Introduction

The cruise industry gets a lot of public attention, as evidenced by the many columns written about it worldwide in newspapers and in the popular press, and as evidenced by an increasing number of academic papers and books published about the cruise sector. In Norway, which is an important north European cruise destination in terms of cruise ship arrivals and number of passengers, there is a vigorous *defense* for the cruise industry put forward by various stakeholders. Such interested parties include cruise companies and their local incoming representatives, local tourism and port authorities, together with ministers of the Norwegian government. Seemingly, even the critical press in Norway remains rather silent on precarious issues concerning the cruise sector. With few exceptions, the press will expose pride about the fact that many harbors in the country get an ever increasing number of cruise ship arrivals every year. Bergen, Norway's largest cruise port, may serve as an example: With approximately 250,000 inhabitants, Bergen is Norway's 2nd largest city, located on the country's west coast, and is often portrayed as the 'Gateway to the fjords'. This harbor is among the top 50 most visited cruise harbors worldwide, and the largest cruise port in Norway (more than 330 cruise ships arrived in 2014). Tourism authorities in the region are happy to report this increase to the local press, and seemingly the press reports on the 'good news' without raising any critical issues. The 'good news' is that tourism authorities in the region estimate (but the assumption is *ex nihilo*) that cruise tourism

annually leaves some NOK 500–600 million to the local economy in Bergen (NOK 1 = US\$ 0.14). This would imply that every single cruise tourist leaves some NOK 1000–1200 when they visit this destination. But systematic research indicates that the amount spent by cruise tourists when visiting ports is much lower (e.g. Parola, Satta, Penco, & Persico, 2014; Penco & Di Vaio, 2014). In fact, cruise tourists are not higher yield tourists (as suggested by some early case studies, e.g. Mescon & Vozikis, 1985; Dwyer & Forsyth, 1996, 1998;); they are the tourists who spend the least of all groups of tourists visiting an area (Larsen, Wolff, Marnburg, & Øgaard, 2013).

The results of the Larsen et al. (2013) study got a great deal of attention in Norway as well as in the press in many countries (e.g. Orth, 2014). Objections came in various forms, and covered such issues as the *incompleteness* of the study (the study did not cover *all* aspects of cruise tourism and cruise tourists' expenditures and was therefore judged to be incomplete), that the researchers had talked to the *wrong cruise passengers* (the real spenders were not included in the study), that they had talked to people on the *wrong places* (the study would yield different results if only it had been conducted somewhere else). Other common objections were that cruise tourists, while not spending money on the cruise will return to the destination on a later occasion as normal land tourists (in spite of the evidence to the contrary as discussed by for example Brida, Pulina, Riaño, & Zapata-Aguirre, 2012; Gabe, Lynch, & McConnon, 2006; Satta, Parola, Penco, & Persico, 2014), and that cruise tourists would spend more money if only there were more opportunities to spend money (e.g. if more shops would be open for them). This last objection, which can be labeled the availability hypothesis, was raised among others by the then Norwegian minister of trade who expressed to the largest newspaper in Bergen (Bergens

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Tidende) on May 29th of 2013 that ...“We know that cruise tourists who come to the country have planned to spend more money than they do when going on shore. The reason why they do not (spend more) is that there is nothing to spend money on”.¹

The present paper uses survey data from two different surveys undertaken in Western Norway in 2012 (N = 4002) and 2013 (N = 1191) to explore the availability assertion, the revisit claim and the Word of Mouth (WoM) allegation. The questions raised are; is it likely that cruise tourists will spend more money if there were more opportunities to do so as indicated by the Norwegian ex-minister; are cruise tourists likely to return as land tourists on a later occasion (e.g. Brida, Pulina, Riaño, & Zapata-Aguirre, 2010), and are cruise tourists more likely to recommend ‘a similar trip to others’ by ‘word of mouth’ (WoM) than other tourists are as suggested by several case studies (e.g. Gabe et al., 2006; Parola et al., 2014; Satta, Parola, Penco, & Persico, 2015; Satta et al., 2014).

2. Literature review

Many researchers have noted that the cruise sector is fast growing (Brida & Zapata, 2010; Dwyer & Forsyth, 1998; Gibson, 2006; Hung & Petrick, 2010; Klein, 2011) – it is actually the fastest growing segment of the tourism industry (Cruise Line International Association, 2011; Dowling & Cowan, 2002; Penco & Di Vaio, 2014). The annual increase rate in passengers has been 6.55% since 1990 (according to Cruise Market Watch, 2015) and 7.4% annually in the period 1990–2008 according to Brida et al. (2012). At the same time, research into the cruise industry has been scarce (Hosany & Witham, 2010), and much of the academic literature has been ‘weak’ in as much as it has been case studies. Never the less, an emerging literature focuses on environmental impacts of the cruise sector (Johnson, 2002; Dowling & Cowan, 2002; Klein, 2005, 2008; Bonilla-Priego, Font, & Pacheco-Olivares, 2014; Caric & Mackelworth, 2014) and on the ‘rather negligible’ (Brida et al., 2012, p. 144) economic impact of the cruise sector (Bonilla-Priego et al., 2014; Dwyer & Forsyth, 1996, 1998). Studies of general marketing (e.g. Andriotis & Agiomirgianakis, 2010; Brida et al., 2012; Xie, Kerstetter, & Mattila, 2012) and management subjects (e.g. Gibson, 2006; Larsen, Marnburg, & Øgaard, 2012; Wolff, Larsen, Marnburg, & Øgaard, 2013) have also appeared. Also issues pertaining to customer experiences (e.g. Hosany & Witham, 2010; Hwang & Hyun, 2015), including studies of travel motivation and constraints (Hung & Petrick, 2010, 2011, 2012; Petrick & Durko, 2015) and studies of social comparison processes (Doran, Larsen, & Wolff, 2014) have emerged over the last decade. In a recent study on Corporate Social Responsibility for example, Bonilla-Priego et al. (2014) reported that the cruise industry is a late adopter of reporting environmental and socio-economic impacts of their activities. They also found that the few cruise lines that did report tended to report less hard data than soft data and more plans and intentions of good behavior than actual objective reporting of past sustainability. Bonilla-Priego et al. (ibid) concluded that there is a need for transparent and objective instruments to measure such impacts. In addition, critical incidents such as the recent Costa incidents have probably contributed to an increased focus on safety- and risk-issues in the industry (as evidenced by for example by Klein, 2005, 2008; Mileski, Wang, & Beacham, 2014). Interestingly, Ross Klein runs a net site on which he records such incidents (<http://cruisejunkie.com>), a net site

which increases the transparency of events occurring in the industry and which also provided data for the Mileski et al. (2014) study.

It is likely that it is the cruise industry’s ability to increase the supply side and make cruises affordable that has led to the remarkable increase in passenger numbers over the last 30 years (Vogel, 2011). Cruises have become affordable because prices for cruise vacations have dropped. This implies that cruise lines will have to find other ways to generate revenue than selling tickets. Klein (2005) assumes that cruise companies use various tactics in order to maximize on board sales. He maintains, like Johnson (2002), that cruise ships to an increasing degree are promoted as destinations in their own right, rather than as means of transportation or as floating hotels which bring travelers to new and interesting ports of call. One reason for this shift in focus may be that the industry wants to encourage customers to spend time, and thus money on board instead of in ports. Vogel (2011) makes three audacious statements as he claims that net on board revenue is outgrowing ticket revenue in the industry, that ticket prices are barely or not cost covering and that ticket prices tend to decline. In order to survive therefore, the industry depends on additional revenue generated from customers who stay on board *for as much time* as possible during their cruise holiday.

Interestingly, Satta et al. (2014, 2015) reported that the longer *time* cruise passenger pass on a visited destination during their cruise, the more money they will spend in that harbor (i.e. not on board the ship). This finding was corroborated by Penco and Di Vaio (2014) who found that cruise passengers spent an average of 5–6 h visiting the investigated city, and results showed that ‘time affects the overall spending behavior’ (p. 508) of cruise passengers. Larsen et al. (2013) found that cruise tourists stay for a shorter time at the destination than other tourists, typically about 8 h or less. Brida et al. (2012) estimated that the typical stay lasted for about 5–6 h, while other tourists stay for a few days. But Larsen et al. (2013) also found that per hour spending is similar in cruise passengers and other tourists. They therefore asserted that ‘it is the mere length of stay in the harbor, limiting passengers’ freedom to choose local outlets for their purchases of services and goods’ (p. 146), which can explain why cruise tourists spent relatively less money than all other groups of tourists. At the same time, this analysis supports Brida et al.’s (2012) conclusion that cruise passengers’ contributions to local economies are fairly insignificant (and for example the finding that some 20% of cruise visitors do not spend anything at all on food and beverages (Brida, Bukstein, & Tealde, 2013)). Time, in other words is a limited resource for cruise tourists when visiting a destination, and current evidence indicates that more available time would increase per capita expenditures in any port.

The aim of the present paper is to explore three salient matters concerning cruise passengers’ expenditures. The first question is whether cruise tourists (and other tourists) *will spend more* if there were more opportunities to spend money at the destination visited, as implied by the Norwegian ex-minister of trade, and by what could be labeled the ‘availability hypothesis’. The second issue concerns whether cruise tourists intend to *return to the destination as land tourists*, including the issue called for by Brida et al. (2012) of whether the tourists had been to the current destination before. The question at hand here is whether one can expect cruise tourists to return as independent land tourists to visited ports of call or recommend the port to relatives and friends. If this is the case (as predicted by for example Gabe et al., 2006; Brida & Coletti, 2012; Penco & Di Vaio, 2014), then the cruise experience could serve as a form of marketing of the various destinations the cruise passengers visit on their cruises. The third issue is the alleged high propensity of cruise tourists to help destinations ‘... to attract new customers by telling friend (sic!) and relatives about their enjoyable experiences through positive WoM communication’ (Penco & Di Vaio, 2014, p. 509). It is our allegation that not only researchers, but the tourism industry as well as tourism authorities will be well served if reliable data concerning these issues are produced, which is what the present paper does.

¹ Norwegian text: Quote by the Norwegian minister (emeritus) of trade “Vi vet for eksempel at cruiseturister som kommer til landet har planlagt å bruke mer penger enn de gjør, når de går i land. Årsaken er ofte at det ikke finnes noe å bruke pengene på”, Bergens Tidende, May 29th, 2013, see also; <http://www.regjeringen.no/nb/dokumentarkiv/stoltenberg-ii/nhd/Nyheter-og-pressemeldinger/pressemeldinger/2011/cruiseturistene-vil-bruke-mer-penger-i-n.html?id=633605#>.

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