Port-Net Study 04-5

Challenges and Future Trends: Ports and Passengers in Europe – The Baltic Range (Tallinn, Riga, Klaipeda and Kaliningrad)

NORTH East South West INTERREG IIIC

PROJECT PART-FINANCED BY THE EUROPEAN UNION

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I. MARKET ANALYSIS: DESK RESEARCH

1. Executive summary

Market overview of the cruise sector: supply *versus* demand

►The global cruise passenger industry: state of the industry. The industry is getting more consolidated. The size of cruise ships is increasing. The demand on new itineraries rises. Most of the cruisers are still from North America, but the numbers of Europe originated passengers are increasing. The age profile changes as well. Luxury cruises are gaining popularity.

►Analysis of the changing structure of the cruise fleet. The world cruise ship fleet has continued to expand rapidly in recent years (near-doubling in capacity over one decade). The fleet is set to increase to over 352,000 berths by 2009. The minimum fleet level is expected to decline to around 334,000 berths by 2015 and 321,000 berths by 2020.

►Impact of fleet changes on world's regions. 2 berths over 350 m are going to be required if a port has intentions to remain competitive by 2014. To increase market share ports not able to meet future market requirements will have to invest in new facilities and infrastructure.

►Base for the increasing demand. Passenger volume growth, a wide range of itineraries, the increased cruise ships capacity and affordability of cruises are forecasted.

►Demand growth by 2010. It is estimated that in 2010 the figure will reach 20-22 million cruisers. Despite North America, UK, and Europe, new source markets are getting stronger.

►Destinations, markets and orderbook. The main cruise destinations: Caribbean, Mediterranean, North (including Baltic) and West Europe, Asia/South Pacific, and Alaska. The Baltic region is the third most requested in the world, after the Caribbean and Mediterranean. There are more than 30 cruise ships on European shipyards orderbooks for delivery before 2010, and over 50 in general. These brands will be primarily marketed in Europe.

►Outlook up to the year 2012. In the period of 2007-2012 the major cruise lines will add up to 4 new cruise vessels each to their fleets.

Performance of the major cruise lines. The giant cruise lines, like Carnival Corporation and Royal Caribbean, together comprise approximately 75 percent of the worldwide fleet.

►New ports and terminals. The repeaters are looking for new destinations. Less "crowded", undiscovered, small ports for comparably small ultra luxury cruise vessels will be on demand. The continuous modernisations of current terminals, even new terminals outside the old towns are expected.

►Impact of fleet changes on ports. 2 berths over 350 m are going to be required if a port has intentions to remain competitive by 2014. To increase market share ports not able to meet future market requirements will have to invest in new facilities and infrastructure.

New issues facing the cruises industry

►Innovations in shore excursions. About 98 percent of cruise passengers disembark their cruise vessel to visit a port of call, and 45-50 percent of them go on shore excursions. The innovative tours (family, kids/ teens orientated, special interests, adventure, VIP, cultural, those for return passengers etc.) are fundamental in continuing to attract cruise passengers.

►Service standards. The high standards of on-board services are crucial to the cruise line success and reputation. When it comes to port service standards, 19 member ports of Cruise Baltic implement a shared service standard. The main areas such as port facilities, signs and prints, service and information platforms, and service for crew ensure the best standards.

►On-board revenues. Cruise passengers are seen as a significantly captive audience to be reached. New revenue opportunities are constantly developed. Majority of on-board money is spent for the alcohol drinks. The second place goes to casinos, with retail taking third place. Popularity of spa services constantly increases.

►Christmas cruising. As cruise vessels are getting larger and family cruising is becoming more popular, holiday celebrations have become more common. Cruise companies realise the potential of the Baltic region as a Christmas cruise destination which is full of traditions.

►Family cruising. Family cruising is rapidly gaining its popularity. More than 1 million children under 18 now cruise each year. Cruise lines communicate family orientated cruises as safe, convenient, stress-free holidays. In the future the explosion in family cruising is considered to destroy the stereotype of cruises as a vacation choice for older travellers.

►Refurbishment review. Numerous cruise lines now see refurbishment and conversion as an attractive addition to their new-building programme. The market for refurbishment of cruise vessels is expected to expand steadily. Currently more than 170 largest liners are 8-10 years old. Majority of vessels are to be dry-docked for the refurbishment.

►Culinary revolution. The expansion of cruise market offers numerous opportunities for the catering industry. Cruise lines also choose to promote not only healthy eating, but learning as well. On some cruises special food and wine related lectures are offered for passengers. Experiencing local culture by sampling country's dishes and drinks ashore is getting very trendy.

►Fuel saving and environmental issues. The problem of fuel cost is sensitive for the cruise industry. The itineraries with closer proximity require less sailing time and fuel. Earlier departure times allow the vessels to cruise more slowly and burn less fuel. Much is done to work on special equipment. Cruise lines are committed to protecting the environment. Recommendations for how to manage cruise passenger visits while minimizing negative environmental impacts, covers the cooperation among cruise lines, local governments and societies, as well as shore operators.

►Creating demand ahead of supply. Orientation to more informed customers who embrace new media and are likely to learn makes to expand the field of themed cruises. The created demand and high consumers' satisfaction are a combination to healthy growth of cruise industry.

Major associated institutions in the cruise industry

►Cruise Lines International Association. It is considered the world's largest cruise association. It is the chief marketing and training organization for about 17,000 travel agencies and 20 major cruise lines serving North America.

►European Cruise Council. ECC represents the leading cruise companies operating in Europe. Its main goals are to promote the interests of cruise operators and cruising by the Europeans.

►Cruise Europe. It has over 70 member ports all over Europe. Cruise Europe offers the information for cruise lines on ports of call at one location.

►Cruise Baltic Project. Its goal is to encourage the growth of cruise industry in the Baltic region.

The Baltic Sea region capacities

►Cruises visiting the ports of the Baltic Sea range. The number of cruise companies offering Baltic cruises is growing. Celebrity Cruises, Costa Crociere, Crystal Line, Cunard Line, Holland America Line, Norwegian Cruise Line, Oceania Cruises, Orient Lines, Princess, Regent Seven Seas, Hapag-Lloyd, MSC, Aida, Silversea, and Seabourn deploy their vessels in the region.

►Accessibility of ports. Good value for money and easy port accessibility are playing key roles for cruise lines and their passengers choosing the Baltic Sea region.

►Cruise deployments in the Baltic Sea region. Next to the Caribbean, the regions of the Mediterranean and North/Baltic seas are already the world's favourite cruise destinations. In 2006 about 2.3 million cruise passengers chose Baltic region for their vacation. Different cruise lines deploy their vessels for longer seasons now (from May to September).

►North American deployment. About 239.000 people cruised in the Baltic Sea in 2003. Americans accounted for the largest share of the Baltic Sea cruise market in 2003, i.e. for 44%. For 2005 and for 2006 the number increased by about 16% per year.
►UK-based tonnage cruising. In 2003 out of 239.000 Baltic Sea cruisers, Brits accounted for 20%. More Brits than ever are taking to the seas; also, they are taking longer cruises.
►North European deployment by area. In 2006, 2.3 million visitors called at port members of the Cruise Baltic Project. Copenhagen is the Baltic's most visited port (399 000 cruisers in 2006). St. Petersburg and Tallinn take the 2nd and 3rd place correspondingly.
►The changing cruise map. Caribbean is still the cruise destination number one. New markets such as Pacific, Indian Ocean and Asia (China, Malaysia, Japan etc.) are getting more attractive. In Europe, Mediterranean market is still the leading one, but the North Europe with the Baltic Sea region is the fastest growing cruise market there.
►SWOT analysis. The Baltic region is still new and "undiscovered". It is compact to see the sites efficiently. The range of cruise types is increasing, e.g. possibility to visit Russian ports without visa. Many thematic products and cultures are offered. High quality infrastructure, common service standards are proposed. The region is clean, peaceful and politically/ economically stable. Cruise lines sell more excursions and receive higher yields. Low awareness, stereotypes about the region/ cruising, well-positioned destinations in Europe and competitors in Asia are main weaknesses and threats influencing cruise industry in the Baltic region..

Impact of the cruise sector on the Baltic Sea region

►Economic impact. Cruises generate money to restaurants, retail, tour operators and other businesses at ports of call. On average one cruise passenger spends about EUR 50-75 at one port. In addition to local port user fees, head taxes, cruise ships purchase services such as pilots, tugboats, waste disposal, fuel and water at ports.
►Environmental impact. The Baltic Sea region countries accomplish all standards and requisitions promoted by European Commission. The European Community is a contracting partner to regional conventions covering regional seas around Europe, e.g. Helsinki Convention.
►Social impact. Cruise tourism expands tourism sector, what effects in more jobs created, especially in hospitality sector. The negative social impacts are particularly noticeable in small destinations, e.g. overcrowding, altering their daily behaviour can annoy local residents.

Cruise Baltic status report

►Port of Tallinn. Port of Tallinn is one of the biggest cruise ports in the Baltic region due to its convenient location as well as due to its distance to St. Petersburg. In 2006, the cruise vessels of bigger capacity called more often – 307,000 cruise passengers visited Tallinn.
►Port of Riga. Riga was one of the fastest growing destinations through recent years in the Baltic region. In 2006 it had 81 654 cruise passengers.
►Port of Klaipeda. Klaipeda is one of the few ice-free ports in northernmost Europe, and the largest in Lithuania. Unlike Riga and Tallinn, Klaipeda is not a capital city. In 2006, the number of cruise passengers increased up to 25 104. The 2007 cruise season data shows that 35, 000 cruise tourists visited the Port of Klaipeda.
►Port of Kaliningrad. Kaliningrad is, along with Baltiysk, one of two year-round, ice-free ports along the Baltic Sea coastline available to Russia. 19 cruise vessels called the Kaliningrad region including both, Baltiysk and Kaliningrad ports during the period of 2006-2007, and 7539 cruise passengers visited Kaliningrad area during this period.

2. Introduction

a. Purpose

The purpose of this study is to provide a status report on the cruise sector development in The Baltic region as specified in the application for INTERREG funding.

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b. Contents

Chapter 3 presents an overview of the global cruise industry in terms of supply and demand. Chapter presents a market overview in terms of cruise lines and ports strategies as well. Additionally the performance of the major cruise lines and analysis of the changing fleet structure and impact of fleet changes is presented.

Chapter 4 provides information on new issues facing the cruises industry.

Chapter 5 presents the basic facts about major associated institutions in the cruise industry.

Chapter 6 provides an overview on the Baltic Sea region capacities including the accessibility of ports, cruise deployments and the changing cruise map.

Chapter 7 presents an overview on impact of cruise sector on the Baltic Sea region.

The last *Chapter 8* provides information on Cruise Baltic ports such as Tallinn, Riga, and Klaipeda. Additionally, Kaliningrad situation is covered.

3. Market overview of the cruise sector: supply *versus* demand

The global cruise industry is known for its peculiarities such as supply which establishes the demand. The cruise market saturates the continuous supply. From the demand point of view, it arrives as soon as new cruise vessels are built and more berths are supplied to the market.

Since it is estimated that cruise market share appears to be approximately 2% of the global tourism market, the cruise industry has a great potential for growth.

Cruise supply wins against the demand, and it distinguishes this market from other tourism branches worldwide. The demand for luxury cruising is far outpacing the supply since the market can use more mid-sized and smaller cruise vessels.

The newer and bigger cruise vessels propose the great shore activities and onboard entertainment, value for money, high quality service for "no-worries" holidays, and all it makes the cruise tourism superior to a land based tourism activities.

3.1. Supply in the cruise industry

a. The global cruise passenger industry: state of the industry

According to CLIA, all indicators such as occupancy factor and others point to busy future for the cruise industry. The cruise industry's attention to shipboard innovation and service attracts more and more cruise tourists.

From the supply point of view, the major trends of the industry are mainly the following:

- new strategies – joint ventures, alliances, takeovers;
- larger cruise ships;
- globally the demand on cruises continues to rise due to increasing number of cruise ships worldwide and growing popularity cruise as a vacation option;
- as for Europe, few ports in the Mediterranean can handle big cruise ships, because of draught and a large number of passengers, thus demand for new itineraries, ports and terminals is increasing;
- there are more cruise vacation departures and more cruise ships and itineraries than ever before;
- a total of 68 new cruise vessels debuted between 2000 and 2005;
- there are over 30 new cruise vessels on the orderbook by 2010, and approximately 50 ships in general;
- cruise lines are branding individual vessels as well as the whole fleet – certain ships are known for their "own face", e.g. special interest cruises etc.;
- not only mega-ships are built, but midsize cruise vessels are just as well ordered or refurbished for luxury and ultra luxury cruises, since luxury in some way means "limited"; much more room per person is proposed

b. Analysis of the changing structure of the cruise fleet

According to the Ocean Shipping Consultants Ltd, the world cruise ship fleet has continued to expand rapidly in recent years.

Over one decade a near-doubling in capacity was noticed. The total number of berths offered on multi-day cruises for vessels of 50+ passenger capacity increased from around 160,000 at the beginning of 1995 to over 310,000 in 2005.

There exist large differentials between different size classes in the fleet, with generally greater proportional increases for the larger size classes.

The most dramatic rise however, has been for larger vessels of the >2,000 berth category. Absolute majority of all vessels on order are above 2,000-berth capacity. It provides further evidence of the trend towards larger tonnage.

Excluding further orders, the overall fleet is set to increase to over 352,000 by 2009. The minimum fleet level is expected to decline to around 334,000 berths by 2015 and 321,000 berths by 2020.

There will be a requirement for an extra 72,000 berths for new-building deliveries by 2010 (179,000 berths by 2015 and 280,000 berths by 2020). It is equivalent of an extra 29 vessels of 2,500 berth capacity by 2010 (71 vessels by 2015 and 112 vessels by 2020).

c. Impact of fleet changes on world's regions

The development and condition of the world regions will be definitely influenced by increasing capacity of cruise vessels. The bigger capacity is directly related to changing requirements for draught, length and other characteristics of the ports.

Cruise lines are not only deploying new ships, but also repositioning ships, changing their itineraries to appeal to a broad market of passengers.

According to Cruise Lines International Association (CLIA), a cruise-industry trade group, many cruise operators are choosing Europe. Cruise lines are also increasing their tour infrastructure in Europe. The focus from the Caribbean to Europe is changing due to the large market with high potential. The cruise lines therefore are shifting the supply to where the demand is.

3.2. Demand in the cruise industry

a. Base for the increasing demand

The number of people looking for cruise offers has reached record levels for cruise trips. According to the results of 19 cruise line members of the Cruise Lines International Association (CLIA) every year is a new record for cruise vacations.

Many of vacationers are looking for travel deals for cruises only. Cruise holidays have become so popular that cruise lines are recommending that potential cruisers book their cruise packages at least 6 months in advance. Even this does not assure that they will be able to get their preferred cruise destination and itinerary aboard the preferred cruise vessel.

According to Ocean Shipping Consultants Ltd forecasts, cruise demand will continue, with the introduction of new ships, new itineraries, and new themes promoting customer interest and sales.

Global trends are similarly reflected in Europe, and particularly in the Baltic Sea region.

From the demand point of view, the new trends of industry are the following:

- globally the demand on cruises continues to rise and cruisers are looking to further destinations like Europe and the Asia;
- demand for new itineraries is increasing;
- growing passenger markets – most of the cruisers are from North America, but the numbers of Europe originating cruise passengers are significantly increasing; the 2nd biggest cruise passenger market in the world is UK, closely followed by Germany, Italy, France and Spain; the German market is one of fastest growing in Europe with 1 million cruise passengers expected by 2010;

- the age profile of a typical cruise passenger has fallen;
- special interest cruises are growing in popularity;
- luxury and ultra luxury cruises are gaining popularity – there is a niche for “all included” cruises, where the cruise vessel is rather a floating resort.

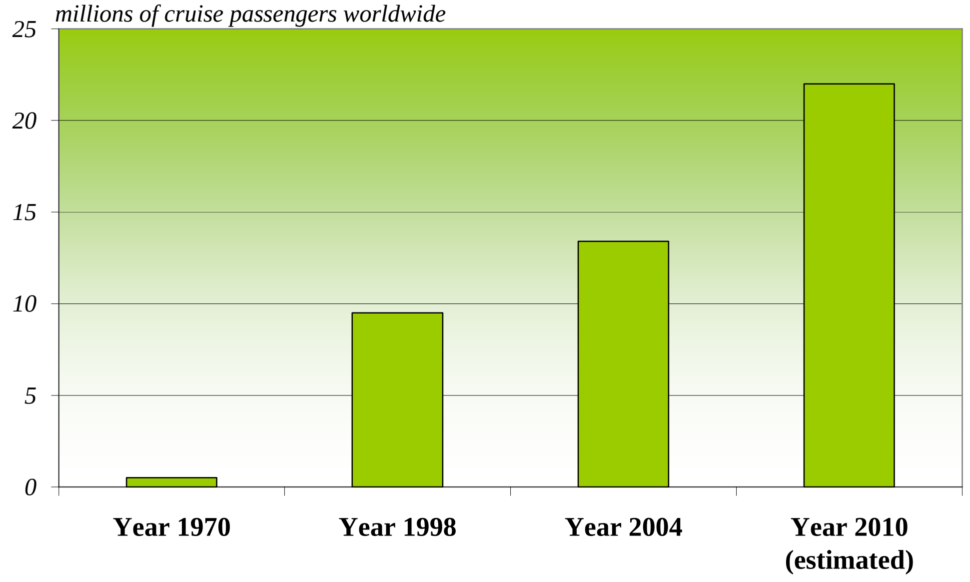
Europe is the fastest growing source market for cruise passengers in the world, and in 2007 more ships, more passengers and more brands visited more European ports than ever before.

As well as the number cruise ship companies offering Northern Europe, and especially Baltic cruises, the number of cruise passengers is growing. The Baltic region is the third most requested destination in the world, after the Caribbean and Mediterranean, and is the fastest growing.

As mentioned earlier, few ports in the Mediterranean can handle big cruise vessels due to limited draught and increasing cruise tourist numbers. In recent years the Mediterranean cruise market has seen a rapid capacity expansion which might be slowed down by the interest in new itineraries.

b. Demand growth by 2010

The number of cruise tourists worldwide is growing tremendously. In 1970 there were only 0.5 million cruise tourists travelling in the whole world; in 1998 it was 9.5 million; and in 2004 it reached 13.4 million. It is estimated by COWI, that in 2010 the figure will reach 20-22 million cruisers.



There are numerous positive facts about the cruise industry future. It can be named starting with the continuous passenger volume growth, an increasing range of cruise types and itineraries worldwide, and the increased affordability of cruises, and continuing with the increasing cruise ships capacity. Furthermore, the economic wealth in populous Asian economies is increasing.

Despite all major source markets such as North America, UK, and Europe, the strong potential for growth of emerging source markets (Asia, Australasia and South America) is noticed. According to Ocean Shipping Consultants Ltd forecasts, in Asia, the overall Japanese market is forecast to increase over 0.27 million cruise passengers by 2010, expanding to almost 0.32 million by 2015 and over 0.36 million by 2020.

Several other East Asian markets offer massive cruise potential, in terms of both new destinations for Western cruise passengers and sources of cruise passenger growth (e.g. China). Elsewhere in the Asia/Pacific region, a significant volume of cruise ship capacity is being directed to deployment for the Australian and Indian markets – both represent sources of growth potential, especially the latter given the changing income profile and the size of the population.

3.3. Cruise lines: commercial strategies

a. Destinations, markets and orderbook – commercial strategies of companies

Destinations and markets

In global aspect, the main cruise destinations are the following: Caribbean, Mediterranean, North (including Baltic) and Western Europe, Asia/South Pacific, and Alaska.

Other cruise destinations mainly cover regions such as Africa, Antarctica, Australia/ New Zealand, Bahamas/ Bermuda, Britain, Ireland, Canada, Central America, Florida, Hawaii, Mexico, Middle East, Panama Canal, Polynesia, South America, USA. Transatlantic cruises are also among cruise proposals.

Asia and South Pacific are still considered rather new cruise markets. The cruise market is still young in Asia. Since the demand for new destinations is strong, these markets are step by step gaining their popularity.

As well as Asia, Middle East is considered rather new destination attracting more and more tourists' attention.

While planning new itineraries many related aspects are considered.

A cruise region should firstly have marketable ports close to each other. They should be stable in terms of socio-political situation. The variety of ports should offer a mixture of cultural, historical and leisure experience. Also, good climate is always an advantage.

Since the cruise vessels are getting bigger in capacity, the port information and technical characteristics are of high importance while considering it. Additionally, passenger handling services such as quick immigration procedures and baggage handling (if necessary), security, distance between the berth and downtown and other tourist destinations, professional tour operator's services, local hospitality and facilities (e.g. telephones etc.), comfortable local passenger transport and parking facilities, high standard hotel industry (for home/ turnaround ports), airport.

Also, lower costs of the services might help to make a decision. For example, while doing the business in Asia, the company Star Cruises is aimed at bringing a satisfying and value-for-money trip to cruise passengers, and mega vessels carrying over 2,000 passengers help to bring the cost down, thus people with reasonable income can order the cruise.

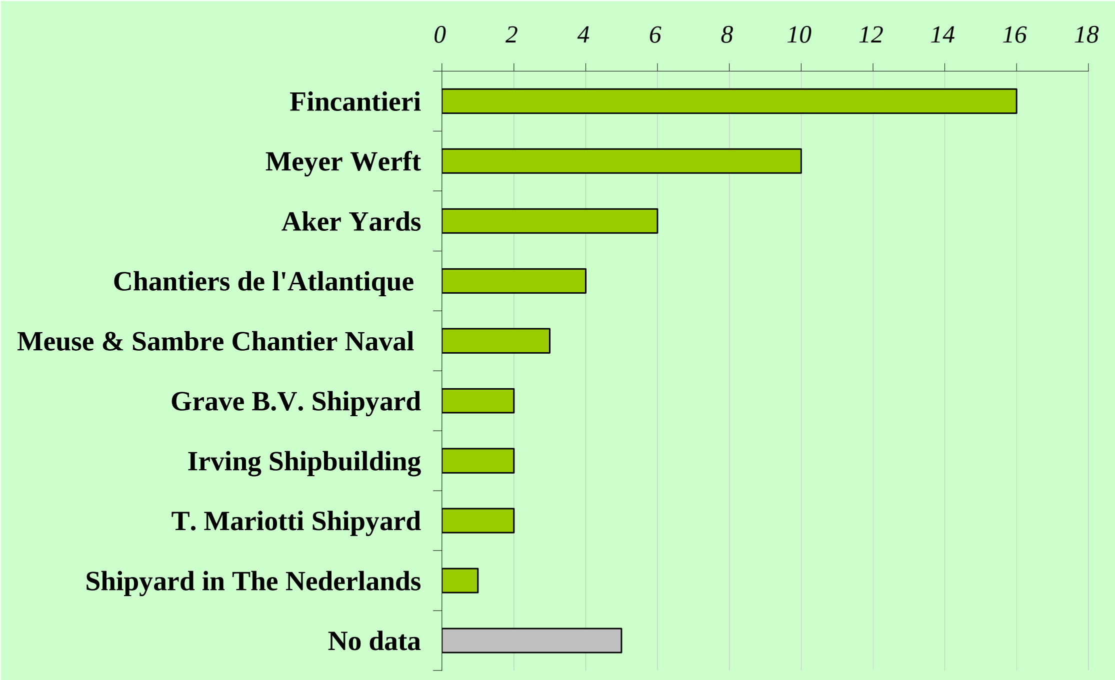
When forming new itineraries for each season, cruise lines evaluate their passengers' opinion for guidance. They survey passengers to find out their likes and dislikes when spending time in destinations visited. Passenger ratings very often determine which ports are added and dropped from the cruise itineraries. Cruise passengers are also attracted by new ports of call offered by cruise lines.

The world cruise industry would also face the challenges related to the availability of suitable itineraries since new itineraries continuously are upon cruise lines demand. Other challenges encountered may be different oppositions in certain areas, e.g. from environmentalist groups.

Orderbook

With more than 30 cruise ships currently on European shipyards orderbooks for delivery before 2010, the outfitting and furnishing all the facilities is a huge consideration for the cruise lines. European yards dominate the cruise ship orderbook with current orders in excess of billions.

The trend towards ordering ships for brands primarily marketing in Europe rather than North America is still strong. It has been driven by the dollar's decline in value against the Euro.



Newbuilds that will be delivered in 2007: Belle de l'Adriatique, Queen Victoria, and Norwegian Gem. In general, majority of the ordered cruise vessels have capacity of more than 2,000 passengers. Due to different presentation of passengers' number on vessels in the orderbook, it is difficult to count the total numbers.

According to industry reports, there are also growing numbers of cruisers who are passing up the mass and premium market ships and taking cruises aboard small luxury vessels. They are typically couples that prefer staying in boutique hotels and small resorts while on land. Instead of being price conscious about a cruise, the biggest concern is finding the time to go on the trip. Thus the demand for such vessels (e.g. the one ordered by Seabourn Cruise Line) is also growing alongside the mainstream ones.

Cruise ships' orderbook - cruise vessels ordered (by 2012) and under construction:

Cruise lines	***No***	***Vessel***	***Number of passengers***	***Delivery date***	***Shipyard***
AIDA Cruises	1	AIDAbella	2,030	April 2008	Meyer Werft
	2	Unnamed ship	2,030	April 2009	Meyer Werft
	3	Unnamed ship	2,050	April 2010	Meyer Werft
Amadeus Waterways	4	Amacello	73 cabins	February 2008	Grave B.V. Shipyard (The Netherlands) (Partnership with Australian Pacific Touring
	5	Amadante	73 cabins	2008	Grave B.V. Shipyard (The Netherlands) (Partnership with Australian Pacific Touring)
	6	A contract has been signed for the construction of a third, still unnamed, vessel		February 2009	-
American Cruise Lines, Inc.	7	Unnamed ship	130	2008	-
	8	Unnamed ship	130	2009	-
Celebrity Cruises	9	Celebrity Solstice	2,850	Fall 2008	Meyer Werft
	10	Celebrity Equinox	2,850	Summer 2009	Meyer Werft
	11	Celebrity Eclipse	2,850	Summer 2010	Meyer Werft
	12	Fourth Solstice-class cruise ship	2,850	Fall 2011	Meyer Werft
Carnival Cruise Line	13	Carnival Splendor	3,006	Spring 2008	Fincantieri
	14	Carnival Dream	3,608	October 2009	Fincantieri
	15	Carnival Magic	3,652	June 2011	Fincantieri
Costa Crociere	16	Costa Pacifica	3,004	Summer 2009	Fincantieri Sestri Ponente yard
	17	Costa Luminosa	2,260	Spring 2009	Fincantieri Marghera shipyard
	18	Unnamed ship	2,260	March 2010	Fincantieri Marghera shipyard

continued

Cruise lines	***No***	***Vessel***	***Number of passengers***	***Delivery date***	***Shipyard***
CroisiEurope	19	Belle de l'Adriatique	200	2007	Meuse & Sambre Chantier Naval
	20	La Belle du Bosphore	-	2009	Meuse & Sambre Chantier Naval
	21	La Belle des Cyclades	-	2010	Meuse & Sambre Chantier Naval
Cunard Line	22	Queen Victoria	2,000	December 2007	Fincantieri
Disney Cruise Lines	23	New class vessel	1,250 staterooms	2011	Meyer Werft
	24	New class vessel	1,250 staterooms	2012	Meyer Werft
easyCruise	25	Unnamed ship	500	letter of intent	-
	26	Unnamed ship	500	letter of intent	-
Holland America Line	27	Eurodam	2,100	Summer 2008	Fincantieri
	28	Sister ship	2,100	Fall 2010	Fincantieri
MSC Crociere - Mediterranean Shipping Cruises	29	MSC Poesia	1,275	March 2008	Chantiers de l'Atlantique
	30	MSC Fantasia	3887	June 2008	Chantiers de l'Atlantique
	31	MSC Splendida	3887	March 2009	Chantiers de l'Atlantique
	32	MSC Magnifica	1,275	2010	Chantiers de l'Atlantique
Norwegian Cruise Line	33	Norwegian Gem	2,384 lower berths	October 2007	Meyer Werft
	34	Unnamed ship	4,200	2009	Aker Yards in Saint Nazaire
	35	Unnamed ship	4,200	2010	Aker Yards in Saint Nazaire
Oceania Cruises	36	New class ship	1,260	September 2010	Fincantieri Sestri Ponente
	37	New class ship	1,260	July 2011	Fincantieri Sestri Ponente
OVDS - Hurtigruten - Norwegian Coastal Voyage	38	Fram's sister ship	-	2008	Fincantieri

continued

Cruise lines	***No***	***Vessel***	***Number of passengers***	***Delivery date***	***Shipyard***
P&O Cruises	39	Ventura	3,100 lower berth	Spring 2008	Fincantieri
	40	Unnamed vessel	3,076	Spring 2010	Fincantieri Monfalcone Shipyard (Letter of Intent)
Pearl Seas Cruises	41	Unnamed ship	214	July 2008	Irving Shipbuilding, Halifax, Nova Scotia
	42	Unnamed ship	214	June 2009	Irving Shipbuilding, Halifax, Nova Scotia
Princess Cruises	43	Ruby Princess	3,100	November 2008	Fincantieri
Residential Cruise Line Ltd.	44	Magellan (residential cruise ship)	-	-	Aker Yards
Royal Caribbean International	45	Independence of the Seas	3,600	May 2008	Kvaerner Masa (Aker Yards)
	46	Project Genesis	5,400	Autumn 2009	Aker Yards
	47	Project Genesis	5,400	August 2010	Aker Yards
Seabourn Cruise Line	48	Unnamed ship	450	June 2009	T. Mariotti Shipyard - Genoa, Italy
	49	Unnamed ship	225 cabins	Spring 2010	T. Mariotti Shipyard - Genoa, Italy (Letter of intent)
Silversea Cruises	50	Unnamed vessel	540	Fall 2009	Fincantieri
Tauck World Discovery	51	Swiss Sapphire	118	Spring 2008	Shipyard in The Nederlands

Source: Cybercruises, Orderbook

b. Outlook up to the year 2012

The market consolidation by the major lines has accelerated in recent years through further take-overs. The cruise business is forecasted to be more and more influenced by consolidation of the major brands' ownership.

Whilst the extensive world cruise ship fleet is run by a large number of individual cruise lines, the industry continues to concentrate in a smaller number of major operators over the past decade.

Over the past few years, the cruise line industry has incurred growth that was unlike any other segment in the industry. Over the past 40 years, the industry has evolved from a trans-ocean service into a vacation alternative to land-based resorts and sightseeing destinations.

There are about 50 new cruise vessels in the orderbook currently. The ordered vessel brands will be primarily marketed in Europe.

Furthermore, the segmentation of brands within cruise companies may be shifted to the individual marketing of ships within one brand's fleet, e.g. family orientated or child-free.

The shipbuilders have restructured to take advantage of a new growth market in extensive ship refurbishments required by cruise lines to improve the earning potential and passenger appeal of their older ships.

Cruise lines tend to invest to the ports of their interest as well. The significant growth in the number of ports will continuously increase the cruise traffic.

In the period of 2007-2012 the major cruise lines will add up to 4 new cruise vessels each to their fleets.

During the period, Costa will be adding 3 vessels, bringing its fleet to 15, and its annual passenger capacity to 1,202,990. For MSC, with the addition of the 4 cruise ships, the line will have 11 ships, and carry close to a million passengers annually. AIDA will also be adding to its fleet, with three more new ships by 2010. P&O Cruises will be adding 2 newbuilds by in 2010.

According to Cruise Industry News Quarterly, the North American cruise operators will be increasing their presence as well.

In 2008, Princess will have six ships, one more than 2007.

Royal Caribbean will have seven ships – including the addition of the 3,600-passenger Independence of the Seas, sailing from Southampton from May through October – compared to six this year – and the Brilliance of the Seas, which will be sailing year-round from Barcelona.

Pullmantur is expected to grow under the ownership of Royal Caribbean.

Carnival is expected to grow Iberojet in the Spanish market. Carnival's partnership with TUI is expected to tap the German mass market. Carnival Cruise Lines will have the Carnival Splendor in Northern Europe in July 2008, operating the line's first-ever program in the region.

Furthermore, Celebrity Cruises will also have an additional ship in 2008, for a total of five. Azamara Cruises' Azamara Journey and Quest will both be deployed in Europe in 2008. And Holland America Line will be adding a ship as well, bringing its total to five, compared to four in 2007.

The influence of such cruise industry associations as the International Council of Cruise Lines (ICCL) and the new European Cruise Council (ECC) is growing. They will definitely influence the decision makers within national and regional governments in the future as well.

c. Performance of the major cruise lines

According to the Cruise Lines International Association, some cruise lines have extended the European sailing season to a full nine months, while a few are present in the region year-round. There also are more overnight port stays, enabling guests to spend more time to visit locales and enjoy shore excursions that have become increasingly diverse and full of adventure.

The giant cruise lines, like Carnival Corporation and Royal Caribbean Cruises International, together comprise approximately 75 percent of the worldwide cruise-ship fleet. The below presented is the information about cruise lines' European offers for 2007.

Carnival Corporation

Carnival Cruise Lines' Carnival Freedom features the line's first visits to the Greek Isles and Turkey, and extended calls at Mediterranean ports which include Livorno, Naples, Messina and Venice; Barcelona; Cannes; Izmir and Istanbul, Turkey; Athens, Rhodes and Katakolon, Greece; and Dubrovnik, Croatia.

Carnival Corporation's Cunard Line's Queen Mary 2 visits destinations in England, Norway, France, Spain, Germany, Portugal and Italy. Queen Elizabeth 2 ports in Italy, Norway, France, Belgium, Spain, Portugal, Germany, Turkey, Greece and Malta. In December, Queen Victoria is unveiled on a 10-day "Maiden Christmas Markets Voyage" from Southampton, followed by a 16-day Canary Islands sailing.

Holland America Line has longest European seasons with sailings from March through November to Western and Northern Europe, the Mediterranean, North Africa and the Black Sea.

Princess Cruises positions five ships ranging from 680 to 3,100 passengers on itineraries ranging from seven to 24 days. Destinations vary from Iceland to Egypt. The line's season features 81 departures on 31 itineraries and 110 calls.

Seabourn Cruise Line's fleet of three ships offer European itineraries from the fjords of Norway to the Crimean coast of the Black Sea, arriving in the Mediterranean in spring.

Royal Caribbean Cruises International

Six Royal Caribbean International vessels, including two that carry 3,100 passengers, choose diverse destinations which include the Baltic, the British Isles, the Canary Islands and Spain, the Greek Isles, Italy, France, Malta, the Netherlands, Russia, and the Scandinavian countries.

Celebrity cruises offers destinations from Casablanca to Cornwall, from the Bosporus Strait to the best of ancient Greece. Four ships take guests to a broad array of European itineraries. The line will make its first calls on the Norwegian towns of Molde and Tromso.

Other cruise lines

The entire MSC Cruises fleet of eight ships will be positioned in Europe for the majority of the year, with departures available from Genoa, Livorno, Naples, Rome, Venice, Bari and Barcelona. Three are positioned in Northern Europe, up from two in 2006. MSC Orchestra debuts this spring from Venice on a series of seven-night itineraries.

Crystal Cruises' Crystal Symphony offers its guests voyages to Western Europe, the Baltic countries, Russia, the North Cape/Arctic and the British Isles. Crystal Serenity blankets Western Europe, the Mediterranean, the Black Sea and Canary Islands. The line also launches its first-ever roundtrip cruise from France's Toulon with maiden calls at Sochi, Russia, and Eidfjord, Norway.

Disney Cruise Line repositions a ship in Europe for the first time ever this summer. The sailings include eight ports of call, and offer families to experience beauty and culture of Europe combined with the fun of a Disney type cruise.

Norwegian Cruise Line deploys Norwegian Dream and Norwegian Jewel on seven- and 12-day itineraries that explore the Baltic capitals roundtrip from London; Egypt and Greek Islands sailings between Istanbul and Athens; and Mediterranean voyages between Istanbul and Barcelona. Norwegian Gem, the line's newest ship, will offer three exclusive Mediterranean itineraries from Dover and Barcelona.

Regent Seven Seas' Seven Seas Voyager sails Southern, Western and Northern Europe. Seven Seas Navigator cruises in the Mediterranean offering everything from the Strait of Gibraltar to the Greek Isles to the Aegean Sea. Maiden calls include ports in Croatia, England, Greece, Spain, Slovenia and Montenegro.

Silversea Cruises' fleet of four ships sail on itineraries visiting Mediterranean, Baltic and Northern Europe ports. An itinerary that explores the northern regions of Sweden and Finland around the Gulf of Bothnia is offered as well as another that spends six nights in Valencia during the America's Cup race in June.

Nine newly built vessels are scheduled to launch in 2007: Carnival Freedom, Emerald Princess, MSC Orchestra, Costa Serena, Liberty of the Seas, American Star, Norwegian Gem, Queen Victoria, and Fram, under construction for Norwegian Coastal Voyage. Fram is being built for exclusive use in Greenland, and is named for a ship used by a Norwegian explorer, Fridtjof Nansen, who took a three-year trip around Greenland in the late 1800s.

Spring was a busy repositioning season, with many ships cruising to Europe to begin the spring/summer cruise season. These ships were crossing the Atlantic Ocean from South America to Europe in the spring of 2007: Costa Fortuna, Costa Romantica, MSC Armonia, MSC Simfonia, Oceania Insignia, and Holland America Rotterdam VI.

More ships were expected to join the migration of cruise ships to Europe from Florida, Texas, or New York in the USA in April and May: Seabourn Legend, Silver Sea Shadow, Holland America Westerdam, Holland America Veendam, Holland America Prisendam, MSC Opera, MSC Lirica, Celebrity Constellation, Celebrity Century, Sea Princess, Grand Princess, Norwegian Dream, Norwegian Jewel, Royal Caribbean Navigator of the Seas, Royal Caribbean Jewel of the Seas, Royal Caribbean Brilliance of the Seas, Royal Caribbean Voyager of the Seas, Royal Caribbean Legend of the Seas, Royal Caribbean Splendour of the Seas, Costa Mediterranea, Regent Seven Seas Navigator, Regent Seven Seas Voyager, Cunard Queen Elizabeth 2 and Disney Magic.

Some cruise ships had to cross the Atlantic to Europe from the Caribbean.

Summer is a slow time for repositioning cruises, but the Disney Magic will return to Florida from Europe in August after three months in Europe. The Holland America Veendam, Crystal Symphony, and Grand Princess will cross the North Atlantic from Europe to New York in late August.

3.4. Ports and terminals: ports strategies

a. New ports and terminals

Since the cruise industry is in constant growth, new ports and terminals are in demand. New itineraries and destinations are searched by cruise lines.

The majority of emerging ports are becoming popular ports of call as cruise lines widen itineraries. The passengers-repeaters are looking for new destinations, and this is very beneficial for the ports, since smaller ports with low awareness can promote themselves here more actively.

Furthermore, a second aspect is related to the increased number of new ships which are overwhelming some existing ports. Some current ports can only handle few ships at one time.

The cruise industry will encounter some challenges. For some ports it is positive, for other ones it is rather negative. The changes will be influenced by the increased size of ships. The demand for more sophisticated yield management techniques is obvious.

Alternate ports of call in different European destinations are upon request by cruise lines. In the Baltic Rea region, which is experiencing a rapid growth in cruising, Stockholm is building the city's first dedicated cruise terminal. Tallinn in Estonia will open a new dock for cruise ships by 2008. German ports, such as Rostock and Kiel, are new points of embarkation on the Baltic Sea.

In other parts of Europe, situation is also similar: Liverpool expects to open a new cruise berth soon as well; Genoa is expanding its cruise terminal etc.

Additionally, new destinations and ports raise the interest of cruise lines in China, Australia and other regions. In the Caribbean, demand is so strong that entirely new ports are being created. Other less “crowded” ports will be making their way onto cruise itineraries in the next years.

Cruise lines interested in certain destinations very often invest in new ports themselves. Later on such ports attract attention of ships of different lines which is very beneficial to the ports.

Not only ports, accepting the biggest cruise vessels are upon their request. The increased demand for undiscovered, small ports for comparably small ultra luxury cruise vessels is noticed.

The luxury sector within the cruise industry struggles for profitability, as well as the super yacht sub-sector where more and larger vessels are being built. The investments in new facilities for handling them are being made by ports around the world.

As for terminals, new facilities and continuous modernisation of current terminals is expected. The increased attention for new itineraries influences the additional demand for terminals outside the old towns and centres of the cities. In this way, the possible negative social impact of cruise tourism to local communities (for both, large and small ones) could be reduced as well.

b. Impact of fleet changes on ports

Changing fleet structure has obvious implications for ports and itineraries. Estimated fleet structure in 2011 by length:

- majority of the fleet (over 200 000) will be from 250 up to 300 m length
- those over 300 m length will make up over 70 000
- almost 78% of cruise tourists are expected to sail in vessels exceeding 250m in length by 2011
- over 57% of the fleet's capacity will be accounted for by vessels in excess of 275 meters; 21% of the fleet's capacity will be offered on vessels over 300m in length.

To maintain or increase market share ports not able to meet future market requirements will have to invest in new facilities and infrastructure. 2 berths over 350 m are going to be required if a port has intentions to remain competitive and attractive to the cruise lines by 2014.

Larger size means increased economy and lower costs per passenger. The benefits of larger cruise vessels are concentrated in giving passengers a more impressive and exciting onboard experience.

4. New issues facing the cruises industry

a. Innovations in shore excursions: changing the port profile

According to International Council of Cruise Lines, approximately 98 percent of cruise passengers disembark their cruise vessel to visit a port of call. Approximately 45-50 percent of those that leave the ship, participate in organized shore excursions offered by the cruise line in conjunction with local operators.

Shore excursions are generally regarded as an integral part of the cruise experience, helping passengers to better understand the destination visited. In majority of cases, the tour operators, functioning as independent contractors, including local customs and personnel and are able to offer a better program than a cruise line itself.

Cruise lines often pride themselves on providing distinctive itineraries that vary according to passengers' preferences, and port of calls are selected to meet their high expectations as well year.

The innovative shore excursions are fundamental in continuing the success to attract cruise lines and cruise passengers.

The shore excursions have been expanded to keep pace with active lifestyles, with adventure-type tours, as well as more traditional activities as nature walks and city tours.

With the dramatic increase in family cruising, cruise lines continue to expand the myriad activities and facilities, e.g. teen shore excursions etc. Special arrangements for VIPs or cruise lines' return clients are offered by tour operators.

With an expanded selection of cultural tours, cruise lines often choose to offer their passengers a closer look into the history that surrounds the ports of call. The excursions are now often designed to uncover both, the beautiful nature and rich history of the land.

Variety of unique and exclusive programs to suit the needs and wants of the cruise passengers is offered by tour operators. They cover personalised service and a range of innovative and comprehensive tours coordinated by dedicated experienced staff in local port.

Tour operators even provide the cruise company with general information on weather, promotional materials for destination, tour programs, shipping agents, availability of transport, coming events, interpreters, exclusive touring programs etc. The complimentary shuttle buses may be provided for the cruise vessel, as well as coordination of arrival (welcome) and departure entertainment are offered.

Today is more and more important to offer shore excursions designed specially for experienced travellers and return cruise passengers.

What is also getting more and more important, it is the shore excursions designed specifically for passengers who desire the flexibility and freedom of designing their own itinerary while in port. It allows them to take advantage of their time ashore and visit destinations that spark their interest the most.

For the cruise passengers who are not travellers, but rather residents (i.e. the owners of their apartments on the vessel), a different approach and larger variety of offers is especially needed. Variety of "get to know", active/ adventure tours, "taste it" tours definitely shape the desired profile of the port of call.

For smaller ports of lower awareness or working ports, those more often associated with cargos, the shore excursions are a great possibility to present the second part of its face.

Providing new experiences by creative and innovative shore programs, special interest tours or diversified shore tours for large passenger ship visits translates into continued bookings.

b. Service standards

The high standards and variety of on-board services a cruise vessel provides are crucial to the cruise line success and reputation. Many cruise lines emphasize the importance of fine dining, extraordinary service, fantastic shore excursions, pampering spas and wonderful entertainment offers.

Luxury vessels have plenty of space and fewer passengers on-board to completely satisfy their needs and provide the best service.

Luxury cruise ships already offer inclusive pricing (even alcohol beverages and tips are included). Ultra luxury lines even provide a special shore excursion for all passengers as part of a cruise package. Luxury cabin usually covers such amenities as high quality toiletries and towels, bed linens and furniture. Also, if needed, a special service of servant, who packs or unpacks the luggage is available.

The food is already often prepared by world-class chefs. The finest ingredients are used to ensure the freshness of the meals. Specialty restaurants are often on-board as well. What is also worth noting, fewer passengers are easier memorized and recognized by crew members. Therefore, the passengers may feel even more special receiving an individual attention in the dining room or any time communicating with the cabin stewards.

Crystal, Cunard, Regent, Seabourn, SeaDream, Silversea Cruises and other cruise lines vessels offer many distinctive amenities. The luxury voyages can be distinguished by services and amenities such as private elevators, access to a private terrace, massage, and complimentary corsages for the first formal dinner night, fresh cut flowers and many more.

The future challenges for the cruise lines will be to provide services that differentiate their brands, from other cruise lines, and to keep up those differentiators compelling.

As for service standards in terms of port services for cruise vessels, 19 member destinations of Cruise Baltic project implement a shared service standard for the ideal conditions for both, cruise vessel passengers and companies.

The main areas such as port facilities, signs and printed material, service and information platforms, and service for crew help to ensure the best facilities and standards.

For cruise passengers, the standards of service help ensure a high level of quality throughout their Baltic Sea cruise.

Since a key element of the Cruise Baltic Project work is to maintain a communication among all partners, the service standards can be constantly improved, if needed, in regard of feedback from the cruise lines, travel agents and tour operators.

Since the cruise industry is expanding, the standards are expected to be implemented in wider extant as well. 30-40% of repeated cruise tourists have to experience a sense of development as well as the increased level of standards.

c. On-board revenues

Cruise ships used to be compared to a cruising hotel a decade ago. Recently the cruise vessels better correspond to the name of cruising resorts or floating shopping centres.

Cruise passengers are seen as a significantly captive audience to be reached. The importance of on-board revenues will probably increase. Rapid expansion makes the cruise industry more and more competitive.

The on-board revenue objectives are always expected to be exceeded for the established cruise program targets. All revenue opportunities have to be maximized to fully realize the revenue potential. Besides, new revenue opportunities are constantly developed. Special marketing and PR plans are executed to maximize revenues and to ensure the effectiveness and presentation of onboard revenue marketing materials. Promotional activities are advertised in specialized outlets. Market needs and trends are identified, and concepts created. If needed measures to control or reduce the costs are taken into consideration. Constant communication and meetings with related departments, including casino, shop, spa, art auction, photo & video, internet café etc., are held.

As cruise vessels now include improved and expanded versions of the already existing amenities, such as dining rooms, swimming pools, spas, weight rooms, etc., they also offer new amenities, such as driving ranges, tennis courts, skating rinks, movie theatres etc.

For decades, when vessels were the only method of cross-oceanic transportation, on-board shopping could not offer more than an opportunity to sell duty-free merchandise. Now cruise lines even hire outside experts to select merchandise that will appeal to their target group. Sales vary depending on numerous factors – from vessel to vessel, depending on the size of the shops, the number of passengers carried, the number of days at sea, the number of ports visited, the quality of competitive retail in each port, the socioeconomic class of the passenger (many experts note that the money spent for shopping on-board is strongly related to the passenger profile of the vessel) and the marketing help afforded by the cruise lines.

However, in general, retail remains a not the most important component of on-board revenues.

In general, it can be estimated that the majority of on-board money is spent for the alcohol drinks. The second place goes to casinos, with retail taking third or fourth place, since the popularity of spa services constantly increases.

Significant amount of revenue can be contributed from the sale of beverages to cruise line if the department is properly managed as the audience is usually expecting to have fun on board during

the cruise. Some lines have been even increasing their corkage fees, or confiscating alcohol drinks brought on-board.
However, it should be mentioned that beverage costs are not as significant to a cruise line as food costs, since unlimited food is provided to the passengers at no additional cost.

Although gaming operations are less significant on cruise ships compared to off-board hotels, the profits from casino operations can be rather high on the larger ships. Since operating a casino often requires specialized knowledge and skills, many smaller cruise line companies often outsource the casino management function to companies with the required level of expertise necessary to effectively operate the casino.

On one hand, the majority of cruise lines are featuring extra-cost items like drinks, shore excursions, tips, etc. On the other hand, some of the most common cruise passengers' complaints include the constant on-board encouragement to buy different commodities from the shops, art auctions, higher prices for shore excursions, and the expensive on-board drinks as mentioned above. Sometimes it is difficult not to overstep the limits when passengers face a kind of "pressure" while paying for optional items and activities.

The high standards and variety of on-board services a cruise vessel provides are crucial to the cruise line success and reputation. Many cruise lines emphasize the importance of fine dining, extraordinary service, fantastic shore excursions, pampering spas and wonderful entertainment.

Luxury vessels have plenty of space and fewer passengers on-board to completely satisfy their needs and provide the best service. Luxury cruise ships already may offer the following: inclusive pricing (even alcohol beverages and tips are included). Ultra luxury lines may provide a special shore excursion for all passengers as part of a cruise package. Luxury cabin covers such amenities as fine quality toiletries (lotions, shampoos, soaps) and towels, bed linens and furniture. Also, if needed, a special service of servant, who pack or unpack the luggage is available. The food is already often prepared by world-class chefs. The finest ingredients are used to ensure the freshness of the meals. Specialty restaurants are often on-board as well. What is also worth noting, fewer passengers are easier memorized and recognized by crew members. Therefore, the passengers may feel even more special receiving an individual attention in the dining room or any time communicating with their cabin stewards.

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The following amenities and services distinguish luxury voyages: private elevators, access to a private sun terrace, massage, complimentary corsages and boutonnieres on the first formal dinner night, fresh cut flowers etc.

The future challenges for the cruise lines will be to provide services that differentiate their brands, from other cruise lines, and to keep up those differentiators compelling.

Cruise lines explain the costs for many of these optional amenities and features being rather small to the consumer, if considering the cost of the investments to the cruise lines. Despite it, the cruise prices have not increased compared to last decades, but the cruise lines have been building more expensive and large size vessels filled with more activities, options and innovations. With the cruise ticket prices declining, the industry will make up revenue out of impulse purchases, whether at the on-board bars, the art auctions, or the stores.

d. Christmas cruising

As cruise vessels are getting larger and family cruising is becoming more popular, holiday celebrations have become more and more elaborate by cruise lines.
The cruise liners that have cruises specifically meant for the Christmas and New Year are numerous.

Christmas and New Years holiday cruise specials include entertainment-oriented cruises on the largest and most popular lines (e.g. Carnival), as well as relaxing freestyle cruises on the Norwegian cruise line.

Carnival and Norwegian are the main cruise lines subject to these limited-time holiday deals, but there are also other numerous options for holiday celebrations while cruising.

Many cruise lines bring in extra staff to cope with the abundance of activities during the holidays. The festive atmosphere is even heightened by the fact that the crew are all spending the holidays away from home. Crew get into the spirit, with waiters in Santa hats, and cruise staff dressing up like elves, and other characters.

All lines decorate with Christmas tree (an artificial one for fire safety reasons) and other touches such as poinsettias, wreathes, mistletoe, ornaments, sleighs, lights etc. Disney Cruise line has even snow falling from above – a special machine spits out a foamy non-toxic white substance that evaporates before it hits the ground. And Royal Caribbean feature a special Christmas ice-skating session on Voyager- and Freedom-class vessels.

On newer cruise vessels the chapel is available, or religious services might be held in a quiet public room. Christmas-oriented activities are usually kept to Christmas Eve and Christmas Day only, so that non-Christian passengers would feel comfortable as well.

Other highlights include a special menu on Christmas Day featuring roast turkey, pecan pie, eggnog, roasted potatoes, Christmas pudding, mince pie, different seasonal sweets etc.

A warm and friendly atmosphere is created on-board. Fewer passengers are in their cabins compared to other ordinary cruises. Passengers celebrating Christmas usually have a party with

Santa and gifts – all children aboard are given a special gift. On New Year's Eve, kids and adults have their own parties as well.

As well as for Christmas celebrations, the public rooms are full of people for New Years Eve as well. On New Year's Eve, a vessel-wide countdown is to be expected. Norwegian Cruise Line let the Captain to lead a special countdown from the bridge to ring in the New Year.

However, passengers considering the cruising on Christmas time rather often encounter difficulties concerning booking airplane tickets as well as getting booked for cruise, and the prices are not the lowest ones either. Also, it should be taken into consideration that many shore tours, shops, museums, banks, and tourist sites are closed for the holidays and one cannot visit them. Despite it, holiday cruises tend to fill up early. Therefore, the similar holiday-type cruises are to be considered and communicated rather in advance.

According to the Cruise Lines International Association (CLIA), in 2005 over 150 cruise vessels in its member-line fleets were decorated in festive style, with twinkling Christmas trees, garland, wreaths and mistletoe.

Cruise companies are beginning to realise the potential of the Baltic region as a Christmas cruise destination.

Christmas is full of traditions in the Nordic and Baltic countries. Starting with November, the shops, streets and halls are decorated to create a special Christmas atmosphere, which is on one hand unique to this region in the world.

In Europe, Copenhagen has rapidly developed into a Christmas destination. The city is host to Tivoli's grand Christmas Market, with the elves' attractions, outdoor ice skating venues, Tiffany lights, decorated streets and Christmas theatre shows on various city stages. The ships Artemis, Black Watch and Queen Victoria have already announced their arrival in the Baltic region in December, 2007. This will be the Queen Victoria's maiden voyage. Helsingør will offer wine and traditional Danish doughnuts in its market as well.

Also, Oslo's Christmas market will be held on the Town Hall Square with direct access from the vessels in December 2007.

Helsinki has a market with Christmas specialties as well. Though, Finland will have their largest Christmas market in Turku. It supposed to represent the Finnish handicrafts, gnomes and carols.

Since the Göteborg city and the region are ice-free year-round, it might also be offered to cruise tourists during the wintertime.

As for Stockholm, it will welcome two New Year's cruises in 2007.

Seatrade Cruise Shipping Convention 2007 held in Miami presented statistics that by 2010, 33 new cruise ships will be built and launched. Therefore, a great demand for new cruise destinations is obvious. Since the warm season in the Baltic Sea region is rather short, it is Baltic range ports more and more often consider to take an advantage of the winter by attracting the Christmas cruises. Polar expeditions in the Baltic Sea are already being organized by cruise vessels.

Christmas cruises are still a new tendency in the Baltic region. In 2006 Baltic region had 6 cruise vessels in winter time.

e. Family cruising

More than 1 million children under 18 now cruise each year, according to Cruise Lines International Association (CLIA). The numbers doubled compared to situation in 1998.

Family cruising is rapidly gaining its popularity. There is hardly a big vessel that doesn't try to appeal to families. Different cruise lines, including luxury cruises, now offer promotional discount offers and special programs for younger travellers and even babies. Even special staff experienced in child development (e.g. nurses, nannies), education and recreation (e.g. youth counsellors, youth coordinators) is employed to satisfy the cruise passengers' demands. Dedicated facilities for kids and teens are available as well. They include everything from playrooms to teen centres and specialized night clubs.

Cruise lines communicate family orientated cruises as safe, convenient, stress-free holidays. Additionally economical value of family cruises is emphasised as far as cruise price covers transportation, meals (children menu is also available), lodging, children orientated programs, and onboard activities.

Depending on cruise lines, family-friendly amenities are orientated to kids starting from 2-3 years old up to teens aged 14-17. Baby sitters are available upon request for special fees.

For teens, a numerous onboard programs and shore excursions are proposed. These cover both, educational programs related to science, nature and wildlife, arts, crafts, treasure hunting, and "have fun" activities (e.g. talent shows, ice-skating, dancing, Karaoke, various thematic parties, bowling etc.).

Children's interaction with kids from other countries is also considered a worth-communicating advantage of family cruising.

The trends in the cruise industry include the continued popularity of family cruising worldwide. The Disney cruise, which led the way in making cruising fun for kids, already calls European ports as it is the destination number one for majority of passengers. The Carnival Cruise Lines is also seeing continued growth in the number of families taking the European cruises. By 2006, which was the second year of cruising in Europe, they had several hundred kids per voyage during the summer travel period. Similar trends are expected to continue.

A lot of families are considered to have moved way beyond the summer road trip. They are looking for the enriching cultural experiences while exploring new places in the ports of call.

In the future the explosion in family cruising is considered to destroy the stereotype of cruises as a vacation choice for older travellers.

f. Refurbishment review

The facts underlining the need for change were evident in the market in 2002. Spending on new-builds was in decline due to the poor dollar and euro exchange rate as the major cruise lines tightened their purses.

Demand and regulations were also playing an important role in the expansion of the sector with cruise lines increasingly wanting updates of cruise vessel interiors and systems, especially those related to passenger comfort and performance. Passengers are continuously looking for attractive cabins (e.g. with balconies), and they are ready to pay more for high comfort standards.

Regarding to the strict requirements of SOLAS 2010, the cost-effective alternatives to a newly build vessels were searched. Numerous cruise lines started to see refurbishment and conversion as an attractive addition to their new-building programme. These two segments of the ship building industry complemented each other rather than competed between each other.

There is a common understanding that refurbishment is a last resort in periods where there is a poor market for new-buildings. But yards have much to gain from refurbishment – although they have to understand the need for different processes compared with those of newbuilding.

The market for refurbishment of cruise vessels is expected to expand steadily. The demand for large - panamax and post-panama - cruise vessels is strong.

During 2005, the cruise industry spent an estimated 3.1 billion Euros for cruise construction and maintenance. This is expected to rise to 4.4 billion Euros in 2009.

Currently more than 170 largest liners are 8-10 years old. Majority of vessels are to be dry-docked for the refurbishment.

Europe is considered a leader in cruise vessel construction and refurbishment projects. With tenths of cruise ships on the orderbooks of European shipyards (for delivery before 2010), the outfitting and furnishing of cabins, restaurants and bars is a consideration for the cruise lines.

Cruise liner is rather a modern hotel when considering the enlargement, fitting, furniture, flooring, decoration of facilities and amenities such as cabins, spas, restaurants etc. Majority of refurbishment projects are scheduled in response to a passengers' demand for balconied cabins and new dining and entertainment options. Usually, both, the interior and design are adapted regarding the latest trends.

g. Culinary revolution

The expansion of cruise market offers numerous opportunities for the catering (both, food and beverage) industry.

Dining offers cover everything from pizza to sushi, 'spa' menus to five course meals. Since the cruise passengers have high expectations towards choice, presentation and quality of food, the cruise lines have to be sure they are able to satisfy their needs and demands.

Food and beverage suppliers cannot fail to take note of the endless opportunities that cruise lines can offer them. All ships source their provisions from local suppliers. The potential revenues for the suppliers are huge. On board, food and beverages such as wine, champagne, beer and soft drinks are consumed every day. Supplier companies have to be active in the cruise market with solutions in food preparation systems and food waste disposal.

Cruise vessels are widely known for their all-you-can-eat buffets. As for the menus, the "no fat" revolution has floated onto cruise vessels. Cruise lines start to rid all fat dishes from both, passengers' and crew members' menus. The value of fresh fruits and vegetables will be emphasised as well as whole grains and similar healthy food.

A fat-free cooking policy has been started to implement on vessels of different cruise lines. Some lines are working with vendors to find trans-fat-free alternatives for pastries, buns, and cheeses. Most cruise lines incorporate healthful menu choices on all menus.

The healthy food cafeterias and spa eateries or restaurants are already wide spread on the vessels of various cruise lines. Sushi and sea-food bars are also increasingly important for the same reasons. The alternative restaurant trend continues to evolve onboard.

Cruise lines also choose to promote not only eating, but learning as well. On some cruises special food preparation lectures or series of tasting and lectures on wines are offered for passengers. Coffee bars are now an expected feature, particularly on the big ships. Other trends include the rising popularity of tea as a gourmet drink.

To sum up, onboard today's cruise vessels, there are buffets, coffee shops, traditional dining rooms and variety of restaurants offering even healthy choices. What is getting very trendy, it is experiencing local culture by sampling country's dishes and drinks ashore.

h. Fuel saving and environmental issues

It is a great challenge for cruise industry to balance the costs, customer preferences, regulations and technological innovation. The problem of fuel cost is very sensitive for the cruise industry, especially for the largest cruise lines. Smaller cruise lines operate smaller ships and offer longer port times, so they spend less time cruising and burning fuel.

Some cruise lines are changing their routes and schedules. The itineraries with closer proximity require less sailing time and therefore less fuel. Thus similar changes may offer significant fuel savings. Other cruise lines have adopted earlier departure times that allow the vessels to cruise more slowly and burn less fuel. For the consumer it means less time spent in port.

One of the best ways to save on fuel is to go more slowly, but the balance between engineering and marketing is needed in this industry. Different studies show that fuel savings of up to 20% in are possible by improving the efficiency of different equipment, e.g. air conditioning.

Most cruise lines are looking at fuel conservation measures. The cruise lines rely on navigation software to plan out voyages that maximize fuel efficiency. It covers both, navigational plotting and engine speed.

Much is done to work on automated climate control in passenger cabins using a sensor technology that can adjust temperatures according to whether the cabin is occupied or unoccupied.

All new-built and recently refurbished cruise vessels are equipped with flat-screen televisions, which save a lot of energy. Many standard lights are replaced with LED lights. Also, there are simple things cruise lines do to save fuel, including using fewer lights, tinting windows and painting the ship's hull with a special paint that prevents sea organisms from adhering to the ship and slowing it down.

Key environmental challenges in cruise industry are mainly related to air emissions, ballast water and wastewater, hazardous, solid waste, oily bilge water and coral reefs (for some itineraries).

Cruise lines are committed to preserving and protecting the environment. Many local and international regulations and the industry's own standards place cruise ships in the important role in environmental protection in the tourism and maritime industries.

Depending on waters, cruise vessels must abide by local laws and regulations. Cruise lines must also meet international regulations of the International Maritime Organization, including the International Convention for the Prevention of Pollution from Ships (MARPOL) and the International Safety Management Code (ISM). The members of the International Council of Cruise Lines follow their standards as well.

What is also important, it is that individual vessels commit themselves to protecting the environment by variety of crew training programs and passenger information procedures, clean-air diesel and gas turbine engines etc. Some cruise lines working in alliance with colleges, universities and institutes to fund ocean study programs or participate in initiatives, such as beach cleanups etc.

As cruise lines expand their ports of call, it is important to identify the environmental challenges facing the tourism industry and to highlight the possible practices. Environmental management in cruise destinations could work through cruise lines' funds for investments in local communities while protecting destinations. Several cruise lines have equipped scientific laboratories on its vessels to help scientists conduct research on vital marine and climate issues. On board, educational programs are offered for cruise passengers.

Recommendations for how to manage increased cruise passenger visits while minimizing negative environmental impacts, mainly covers the cooperation among cruise lines, local governments and societies, as well as shore operators. Cruise lines should work with local governments, communities and NGO to develop effective management plans for destinations; educate passengers and crew, to screen vendors who handle shore-side offloading of wastes, and invest in local projects; and choose and promote environmentally and culturally responsible shore operators and recreation providers to serve their passengers.

Environmental issues apply not only to vessels, ports and supporting shore facilities, but also activities needed for navigation and safe passage (e.g. widening of channels).

i. Creating demand ahead of supply

During the last years a drive to attract and retain passengers by creating different styles of cruise ship and cruise experience to appeal to a wide variety of tastes, age ranges and budgets, is noticed. This means not only more new cruise vessels, but also redesigned on-board activity programmes, updated entertainment and more unusual options for shore excursions.

Despite the growth of cruise lines and the increasing popularity of cruising as a vacation option, cruises have a rather big competitor in land-based tours. Cruise lines need a highly skilled and experienced sales force to create demand for cruising over land vacations. Market "niche" segments such as special interest firms offering unusual itineraries, coastal voyages to places like the Norwegian fjords etc are also seeing a rise in customer demand.

There was a widely held cruise industry credo that, in this part of the shipping market, capacity creates demand. Analysts notice that ship orders slow down. There are many ships on order; therefore there is lower shipyard availability to build more. Year after year, the overcapacity is discussed. Even in years of peak cruise ship capacity growth, demand usually exceeded the increases. Vessels consistently sail at, or near, full capacity. A lull in new ship launched is envisaged after 2004.

Orientation to smarter, more informed customers who embrace new media (e.g. e-commerce, e-mail) and are likely to be lifelong learners, interested in ongoing education and development makes to expand the field of themed cruises (e.g. food and wine cruises, cooking workshops etc.).

The created demand, high consumers' satisfaction rates and an improving economy are a potential combination to healthy growth of cruise industry.

5. Major associated institutions in the cruise industry: activity reports and impact for future development

5.1. Institutions related to cruise lines

a. Cruise Lines International Association

Cruise Lines International Association (CLIA) is considered the world's largest cruise association. It is the chief marketing and training organization for about 17,000 travel agencies and 20 major cruise lines serving North America.

CLIA was formed in 1975 as an association to promote the special benefits of cruising. In 2006, it merged with the International Council of Cruise Lines (ICCL), which was a sister entity (since 1990) dedicated to participating in the regulatory and policy development process of the cruise industry.

The association is dedicated to the promotion and growth of the cruise industry. CLIA declares that it exists to promote a safe, secure and healthy cruise ship environment as well as educate its travel agent members, and promote the value, desirability and affordability of the cruise vacation experience. The CLIA focuses its efforts in the following key areas: passenger protection, safety, public health, security, medical facilities, environmental leadership, and legislative activities. CLIA constantly strives to improve safety procedures. CLIA member lines undertake strong efforts to safeguard their passengers and crew. It operates pursuant to an agreement filed with the Federal Maritime Commission under the Shipping Act of 1984 and serves as a non-governmental consultative organization to the International Maritime Organization (IMO).

On the international level, CLIA continues in the development of IMO conventions, resolutions and other international guidelines. It plays an active role in the following issues: Amendments to The International Convention for Safety of Life at Sea, 1974 (SOLAS 74); International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (1995) (STCW); MARPOL (The International Convention for the Prevention of Pollution from Ships); International Management Code for the Safe Operations of Ships and for Pollution Prevention Safety Management Code) (ISM Code); International Ship & Port Facility Security Code (ISPS Code) etc.

Another agency of the United Nations, the International Labour Organization (ILO) develops international labour and employment practices and sets minimum crewing standards. CLIA member lines work hard to provide a good work environment for the crews of cruise vessels.

CLIA works with the flag and port state administrations as well. Regarding the safety, security and environmental issues, it works with the International Chamber of Shipping, International

Shipping Federation and other shipping associations and classification societies. Many of them are CLIA Executive Partners.

In the United States, CLIA, under the leadership of executives who direct the largest international passenger cruise lines, is an active voice to both, domestic and international regulatory organizations, policymakers and other partners. CLIA member lines make substantial contributions that benefit the U.S. economy. CLIA covers 24 cruise lines that represent 97 percent of the cruise capacity marketed from North America.

CLIA is consistently rated the most effective travel association in terms of support of the travel industry, also, the value for the money, and the quality of training programs.

b. European Cruise Council

european
cruise council

One more cruise industry related organization, European Cruise Council (ECC), represents the leading cruise companies operating in Europe. It dedicates its main goals being related to promoting the interests of cruise operators and promoting cruising by the European public – both, general public and travel agencies.

The cruise industry plays an important role in the economy of the EU, as an employer, supplier to and buyer and service provider.

Cruise operators' interests are promoted with the EU Institutions in all matters of shipping policy and ship operations. By promotion of cruising, the expansion of the European cruise market is encouraged.

ECC claims that it is focused on encouraging standards of operation and high quality shipping services. It works on supporting safe shipping operations and protecting the environment. Also, ECC emphasises the economic and social contribution of cruise sector to Europe. It cooperates with both, the EU institutions and non-governmental organisations while achieving these goals.

The ECC represents the European Community Shipowners' Associations (ECSA) and the Passenger Shipping Association (PSA), which is trade association for cruise and ferry companies based in UK. Thus, ECC combines their main functions. First of all, it is the ECSA function to keep members informed of regulatory developments and defend their interests. The second, it is PSA function to promote awareness and performance of EU cruise sector. In general, much effort is needed to promote the organisation and the recruitment of new members.

European Cruise Council is presented with annual reports of major cruise liners in Europe (e.g. AIDA Cruises, Classic International Cruises, Carnival Cruise Lines, Celebrity Cruises, Costa Crociere, Crystal Cruises, Cunard Cruise Line, Fred. Olsen Cruise Lines, Holland America Line, Island Cruises, Louis Cruise Lines, MSC Crociere, Ocean Village, P&O Cruises, Princess Cruises, Radisson Seven Seas Cruises, Royal Caribbean International, SAGA Shipping, Seabourn Cruise Line, Silversea Cruises, Swan Hellenic, Thomson Cruises and Hansa Cruises), and represents cruise Industry (Cruise Industry News, Cruise Lines International Association).

5.2. Institutions related to cruise lines

a. Cruise Europe

CRUISE EUROPE

Cruise Europe was founded in 1991. 27 European ports decided to work co-operatively to market Northern and Western Europe in order to attract more cruise vessels to the ports of this our region.

Cruise Europe today has over 70 member ports all over Europe. The area of membership is limited to Atlantic Europe including the Baltic.

Cruise Europe offers the information for cruise lines on ports of call at one location. Cruise Europe members' ports are marketed, and common interests are promoted.

Cruise Europe not only markets its member ports, but also maintains close connections with the cruise lines on such matters as future deployment, safety issues, environmental matters and improvement of facilities offered by the ports. The cruise lines and operators are supplied with relevant information concerning the ports of interest.

Europe as a cruising region experienced a significant growth, and is the fastest growing market in the world. Thus Cruise Europe state that this area as a cruise destination has many reasons to maintain its popularity.

The Cruise Europe claims, that its member ports are able to provide cruise lines with quay or protected mooring areas. Also, they are capable of handling the movement of 600 passengers per vessel call. Facilities for handling disables passengers should be available as well. The member ports should be either located in national tourist centres offering both, tourist attractions and ground handling facilities. The first tourist attractions should be positioned within 30 minutes from the port of call.

According to Cruise Europe, the principal ports should be able to offer cruise operators land based terminal facilities. These ports will be used for embarkation/ disembarkation operations. A covered passenger area should also be available with an international airport being positioned up to 90 minutes away. The port should be located within an "International Tourist Status" city which should be able to provide high quality hotels, and all ground handling facilities (from coach services and tours to general areas of interest). Bunkering services should be available with a berth for passenger vessels with a passenger turn-around of 800 per call. Minimum draft should be 8 metres.

The Annual General Meeting is the highest body of the organisation, and meets every year to discuss and agree on future matters of policy. The council, elected by the AGM, is also free to employ outside expertise where needed.

b. Cruise Baltic Project

CRUISE BALTIC
Northern Europe

Cruise Baltic is a collaborative development project. The main goal is to encourage the growth of cruise industry in the Baltic region. The project members are representatives of 10 countries of the area. It covers 19 destinations and 32 partners.

The Cruise Baltic Project was been awarded Denmark's biggest and most prestigious marketing prize – the HBH Marketing Prize 2007 – for its combined branding, marketing and development of the Baltic region as a single cruise destination.

The Cruise Baltic project confirms that the Baltic Sea region and its countries have a common history and socio-political identity. Therefore, the project should increase the worldwide competitiveness of the Baltic Sea region in terms of economic, environmental and social issues.

As it is announced by project, a 20% growth of cruise passengers' number is among the goals to be reached. Also, Baltic Sea Region's share should reach 4% growth rate in the context of global cruise market. 30% of cruise passengers are expected to return to the Baltic Sea countries. Therefore, the project will strengthen the incoming tourism sector in the Baltic region as well.
The cruise cities are expected to receive extra revenues for city budgets and to increase the number of new vacancies in the related sectors.

The common standards created within the Cruise Baltic project include establishment of a local cruise network and share of information in all member cities.

The diversity of cruise itineraries in the Baltic Sea region will be achieved through the new thematic products.

6. The Baltic Sea region capacities

a. Cruises visiting the ports of the Baltic Sea range

According to Seatrade, in 2006 more ships than in 2005 let their passengers either begin or end their cruise at one of the Baltic destinations. 197 ships in 2006, compared to 147 ships in 2005, had their turnaround in the Baltic region – a growth of 34 per cent.

The number of cruise ship companies offering Baltic cruises is growing. The growth in passengers to the member ports of Cruise Baltic project from 2004 to 2006 has been 28%.

According to CLIA information, Celebrity Cruises, Costa Crociere, Crystal Line, Cunard Line, Holland America Line, Norwegian Cruise Line, Oceania Cruises, Orient Lines, Princess Cruises, and Regent Seven Seas Cruises are the major cruise lines visiting the Baltic Sea region.

Furthermore, Hapag-Lloyd Cruises, MSC Cruises and Aida Cruises are deploying their cruise vessels in the region.

Also, Silversea, Seabourn and other small-ship luxury vessels are heading the Baltic Sea region.

The below presented list is to be considered rather illustrative. It is incomplete and mainly based on the last season calls and 2008 calls to the ports of Baltic Sea region. Several new-builds to be delivered at the end of 2007 or in 2008 are also included.

Cruises visiting the ports of the Baltic Sea range

Corporation	**Cruise line**	**Vessels**
ROYAL CARIBBEAN CRUISES	Celebrity Cruises	Century, Celebrity Constellation
	Royal Caribbean International	Navigator of The Seas, Jewel of The Seas
	Pullmantur Cruceros	Blue Moon
CARNIVAL CORP.	Carnival Cruise Line	Carnival Splendor
	Costa Crociere	Classica, Costa Magica
	Cunard Line	Queen Victoria
	Holland America line	Prinsendam
	Princess Cruises	Star Princess, Crown Princess
	AIDA Cruises	Aidaaura
	P&O Cruises	Aurora, Arcadia, Oriana, Artemis, Ventura
	Seabourn Cruise Line	Seabourn Pride
NYK CRUISES	Crystal Line	
STAR CRUISES	Norwegian Cruise Line	Norwegian Jewel
	Orient Lines	Marco Polo

continued

Corporation	Vessels
HAPAG-LLOYD CRUISES	Bremen, Europa, Columbus, Sea Cloud II
FRED. OLSEN CRUISE LINES	Braemar, Black Watch, Balmoral, Boudicca
OCEANIA CRUISES	Oceania Insignia
REGENT SEVEN SEAS CRUISES	Seven Seas Voyager
SILVERSEA CRUISES	Silver Shadow, Silver Wind
MSC CRUISES	Rhapsody, MSC Lirica, MSC Armonia
ELEGANT CRUISES & TOURS	Andrea
PHOENIX REISEN GMBH	Albatros, Amadea, Maxim Gorki, Alexander von Humboldt
ADRIATIC CRUISES	Dalmacija
MAURITIUS ISLAND CRUISES	Island Sky
SAGA HOLIDAYS	Saga Ruby, Spirit of Adventure
DELPHIN KREUZFAHRTEN	Delphin Voyager
THE WORLD OF RESIDENSEA	The World
COMPAGNIE DES ILES DU PONANT	Le Diamant
PETER DEILMANN CRUISES	Deutschland
PLANTOURS & PARTNER GMBH	Vistamar
TRANSOCEAN TOURS	Astor, Astoria

b. Accessibility of ports

Good value for money and easy port accessibility are playing key roles for cruise lines and their passengers choosing the Baltic Sea region.

Majority of ports are easily accessible by air and earth transportation (e.g. Copenhagen, Tallinn, Helsinki etc.). Furthermore, the ports of call have good access to the downtowns and port areas.

c. Cruise deployments in the Baltic Sea region

As far as 2.3 million tourists visited the Cruise Baltic member ports, it is estimated that approximately 452 000 were the cruise passengers who cruised in the Baltic Sea region in 2006. Correspondingly the numbers were 2.2 million tourists and 423 000 cruise tourists in total in 2005.

In general, cruise lines are deploying more berths in Europe than ever before, with the number of ships undertaking European itineraries growing. Next to the Caribbean, the regions of the Mediterranean and North/Baltic seas are already the world's favourite cruise destinations.

Caribbean

Mediterranean

Europe

North Europe

The Baltic Sea region

The Baltic Sea region became one of the fastest growing cruise industry markets in the world during the last years. In 2006 about 2.3 million cruise passengers chose Baltic region for their vacation. 2079 cruise vessel calls were counted for this region in this period. The increase in this kind of tourism reached 13% in 2005, and it was less than 9 % in the global market.

The European Union expansion has made this region one of the most fascinating. The Baltic region which is still unexplored easily attracts new cruise travellers. Estonia (Tallinn), Latvia (Riga), Poland (Gdansk and Gdynia) and Lithuania (with the port of Klaipeda) have put themselves a new not only on the international map but also on cruise line itineraries.

After the restoration, St. Petersburg competes with other Baltic capitals which are considered the Baltic's cornerstone itineraries, e.g. Stockholm, Copenhagen, Oslo, and Helsinki). St. Petersburg, the only major port city on Russia's Baltic, is the attraction for cruises in this region. It is the only opportunity to visit Russia without visa.

The Ports of Baltic Sea region

Many cruise travellers who once considered a Baltic cruise to be a "once in a lifetime" experience, are coming back. Still, others who have visited Europe's better known port playgrounds in the Mediterranean are interested in a fresh new destination.

Some years ago it used to be that most vessels cruising in the Baltic Sea were older, mid-sized members of cruise lines' fleets. However, cruise lines like Princess and Norwegian Cruise Line have seasonally deployed their newer, bigger and more contemporary vessels over the past years. Additionally, Carnival has intentions to base its new vessel Carnival Splendor in 2008.

Furthermore, the cruise passengers' demographics (age limits, nationalities etc.) expand rapidly. Family cruising is getting more popular as well since all major ports of call are family-oriented cities to visit, with amusement parks and nature-oriented adventures. Royal Caribbean, Regent Seven Seas, Costa, MSC and other cruise lines have children orientated programs.

Northern Europe/ Baltic region season used to be limited to July and August. Different cruise lines deploy their vessels for longer seasons now. The seasons extended from May to September. The benefits of off-peak cruising are financial incentives and bypassing crowds in some of the region's capitals.

Lines like Celebrity, Royal Caribbean, Princess, Holland America, Cunard, P&O, Oceania, Seabourn, Silversea, Costa, MSC and Crystal offer "highlights" voyages, which typically propose visits to famous capitals and small towns during 7-14 days.

Smaller cruise lines such as the UK's Fred. Olsen, Germany's Hapag Lloyd and NCL propose more offbeat ports of call.

d. North American deployment in the Baltic Sea area

In 2002 the global sea cruise market constituted 7.6 million persons from North America. About 239.000 people cruised in the Baltic Sea in 2003. Americans accounted for the largest share of the Baltic Sea cruise market in 2003, i.e. for 44%. For 2005 and for 2006 the number increased by about 16% per year.

The typical cruise passenger used to be older, wealthy and predominantly North American. Today, the cruise market caters for all types of needs, ages and purchasing abilities. US passenger product is usually 12 nights to keep the whole holiday inside 2 weeks. It is possible in the Baltic Sea region.

According to 2004 study sponsored by CLIA, 30 million Americans will likely cruise within the next three years, and these numbers increased indeed.

Cruising is appealing to American travellers since they identify cruising with positive vacation experiences and attributes, including "luxury," "being pampered" and "the chance to visit several locations."

The last attribute is exactly what is offered by the Baltic Sea region. Cruises allow travellers to sample historic cities and remote places securely and comfortably. The possibility to start in one city and then visit a region ending up in a completely different country is attractive.

According to Ocean Shipping Consultants Ltd forecasts, the North America total is expected to develop to almost 12 million passengers by 2010, almost 14.5 million by 2015 and approximately 17.2 million by 2020.

Cruising in the Baltic is an experience in diversity. Baltic cruises will include the Baltic States – Norway, Sweden, Denmark, Finland, as well as, Estonia, Latvia, Lithuania and/or Russia. There may be also Germany and/or Poland included. Including St. Petersburg, Russia on any cruise for some Americans is reason enough to do the cruise.

Furthermore some cruise tourists come to Northern Europe and Baltic Sea region because their forefathers came from their. And this idea should be promoted in the future. These are great cruises for those of Scandinavian descent and the ones looking to experience the cultures of the Baltic region.

e. UK-based tonnage cruising in the Baltic Sea waters

In 2002 the global sea cruise market constituted over 800.000 Brits. In 2003 about 239.000 people cruised in the Baltic Sea. Brits accounted for 20%.

More Brits than ever are taking to the seas according to the Passenger Shipping Association. Their annual Cruise Review revealed that 1.2 million UK passengers took and ocean cruise in 2006, up from 1.07 million in 2005 and double the number of just a decade ago.

The UK market showed one of the biggest growth rates of all European countries. Also, Brits are taking longer cruises. UK passengers have more time, but companies need to be price-competitive. The cruises of 8-14 days are the most popular ones with British cruise passengers.

According to different studies, for Brits the most important factors for choosing the cruise and the main expectations are related to good food and drink, itinerary itself, standards of accommodation and value for money and price. Also, good private and public facilities and quality of entertainment onboard are important.

The Mediterranean and Caribbean were still one the most popular destinations among Brits in 2006. Despite it the attention to Baltic Sea region is rapidly increasing.

The cruise product innovations ensure the growth in the cruise industry. For the UK market, annual growth is expected to average approximately 6.5-7% over the near-term, slowing in subsequent years. The annual total is forecast to develop to over 1.5m by 2010, over 1.9m by 2015, and almost 2.3m by 2020.

Luxury passengers' number is growing as well. Compared to 2006, it has doubled since 2002. Thus high quality infrastructure and services could be actively communicated when promoting the Baltic Sea region in UK.

f. North European deployment by area

The deployment in Northern Europe is closely related to the Baltic Sea region since it is the most popular destination in the area. North European deployment is growing in terms of Baltic region deployment.

In 2006, 2.3 million visitors called at 19 port members of the Cruise Baltic Project.

Member Ports of Cruise Baltic Project

Cruise Baltic Countries	*Destinations/ ports*
ESTONIA	Tallinn
DENMARK	Copenhagen, Elsinore, Ronne
FINLAND	Helsinki, Mariehamn, Turku
GERMANY	Rostock
LATVIA	Riga
LITHUANIA	Klaipeda
NORWAY	Oslo
POLAND	Gdynia
RUSSIA	St. Petersburg
SWEDEN	Stockholm, Goteborg, Helsingborg, Kalmar, Karlskrona, Malmo, Visby

Copenhagen is the Baltic's most visited destination. 399 000 cruise passengers were counted in 2006.

About 1/3 of port calls in Copenhagen were turnarounds in 2006. In addition, the Danish capital was looking forward to a record year with more cruise passengers and new direct flight connections from the USA. Furthermore Copenhagen was named the World's Leading Cruise Port by the World Travel Awards in 2005. This was also the year when Copenhagen launched Christmas Cruises. Copenhagen has dramatically developed into a Christmas destination over the years.

Taking into account the year 2006 numbers of cruise passengers in the Baltic Sea region, Tallinn (307,000 cruise passengers) and St. Petersburg (305,835 cruise passengers) take the second and third place correspondingly. The fact that cruise ships typically spend at least one overnight in St. Petersburg allows exploring more of Russia with country palaces, impressive memorials and all the Soviet-style apartment buildings of the suburbs. St. Petersburg used to be a capital of Imperial Russia from 1712 to 1914. It still remains Russia's cultural capital. Furthermore, cruising is it is the only possibility to see Russia without visa restrictions. Tallinn is getting more and more popular with the cruisers due to its strategic position on the Gulf. Modern Tallinn is Scandinavian sleek mixed with Soviet era attributes.

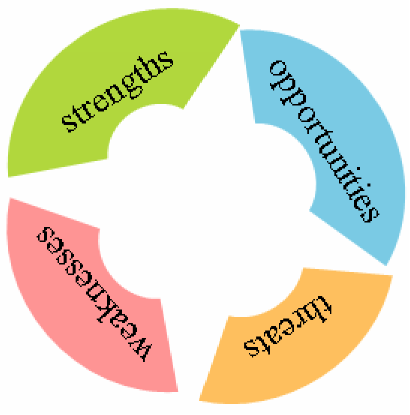
g. The changing cruise map

New markets and new destinations are the most distinguishing features of the changing cruise map. Caribbean is still the cruise destination number one. However, new markets such as Pacific region, Indian Ocean and Asia, covering China, Malaysia, and Japan etc., are getting more and more attractive.

In Europe, Mediterranean market is still the leading one, but the North Europe with the Baltic Sea region is the fastest growing cruise market there.

The Baltic Sea region is an old region which has become more sophisticated is more and more often desired destination for cruising – first of all, for its variety of itineraries and cultures. Sight-seeing is the major activity of the tourists going in for a Baltic Cruise. The cities have a wide variety of historical sites and nature objects. The Baltic cruises are sort of an adventure cruise as a result of its exciting cruising opportunities. Everything starting from biking, circle of architectural experience and other possible interest can be covered here.

h. SWOT analysis



Competitive strengths

- The cruise industry is growing in general
- The Baltic Sea region is winning market shares in the European cruise industry – it is still new and "undiscovered" destination – when former Iron Curtain was lifted, Baltic became a popular cruising area, e.g. Americans travel a lot, but not in the countries of Baltic region
- Variety of thematic products – exciting destinations, more choices and activities compared to Alaska and Caribbean
- Possibility to visit Russia without visa – one does not need a visa if one is with an approved Russian tour company (booked through the cruise line or booked independently)
- Sufficient number of ports/ itineraries in the Baltic Sea region
- Many of the most popular sites of Europe are accessible to cruise travellers in the Baltic region
- Baltic region is relatively compact and travellers can see many cities or sites efficiently – most cruise ships sail at night and arrive in the next port of call early in the morning, allowing passengers a full day of sightseeing
- Vacation option for a first-timer or for someone who has been to Europe many times
- Those who have visited Europe's better known ports in the Mediterranean are interested in a fresh new destination and are heading to the Northern Europe, and especially Baltic
- Increasing range of cruise types and itineraries in the Baltic region
- Many attractions in the Baltic Sea region are on the UNESCO World Heritage List

- High quality infrastructure – high quality in terms of technical facilities and tourism offers
- Common service standards
- Many ports with good airlift
- Nearly all-year-round
- Well-placed – reasonable distance between the ports; ports are easy to access
- Safety and security of the region – safe and peaceful, no wars etc.
- Political and economical stability
- Clean and safe environment
- Variety of cultures; friendly people
- Cross-national cooperation between the ports and within the ports in terms of local cruise networks
- Profitable for cruise lines – higher yields; as well as the whole Europe, the Baltic Sea region is competitive in American markets due to exchange rate between the U.S. dollar and the Euro or British pound which is not is not good for other travellers; since most fares and onboard prices are based on the U.S. dollar, the cost does not seem high
- Cruise lines sell more shore excursions – bigger profits

Perspectives/ opportunities

- Continuously increasing demand
- Substantial part of the growth can be gained through cross-national cooperation, and strengthening of local cruise networks
- The cruising season can be extended to almost all-year-round
- Attractive charges per passenger travelling on cruise ship – offers to cruise lines
- Changing travel habits by informational campaigns
- It is an option for travellers who want to see the history, art, and natural beauty of Europe without having to navigate the roads and train stations or spend a lot of time planning where to stay and where to dine
- The increased affordability of cruises in general
- It is presumed that more intellectual and more curious cruise tourists are choosing this region

Existing weaknesses

- Low awareness and existing stereotypes about the region
- Social impact of so called “people pollution” which is possible due to large numbers of cruise passengers coming to certain locations
- Stereotype that only elderly people choose cruising as type of vacation
- Too many people onboard – too many contacts

Threats

- Other well-developed and well-positioned destinations in Europe
- New competition from other regions in the world, e.g. Asia
- Seasonality (4 months cruising period for some cruise lines does not guarantee the sufficient revenue)
- The cruise vessels are getting larger in terms of length – for some smaller ports it is a threat
- Other threats more or less applicable to the whole cruise industry:
    - security in terms of terrorism attacks and related fairs – the cruise market is very sensitive to such fairs
    - security – missing persons cases – although such cases are very rare, unwanted effect done by negative media headlines
    - some ports need much investment – in the future they might be too expensive
    - viruses and other gastrointestinal illnesses related to catering onboard – strict preventive measures are needed;

7. Impact of the cruise sector on the Baltic Sea region

a. Economic impact (incl. passenger spending)

The cruise industry is the fastest growing tourism sector today and is expected to continue growing in the future. Huge amount of money is spent in conjunction with the cruise-ship operations in the Cruise Baltic project destination cities in its member countries.

Tourists themselves promote the product the best of all. The Baltic Sea cooperation is further enhanced. Getting known of each other on the market and sharing the activities is more efficient than working alone.

The ports are following and reacting according to the global changes. The impact of port activities depend on success of implementation of changes in general.

Economical impact can be monitored through the total sum of all economic activities related to cruise passenger spending, the amount of wages and salaries generated by initial cruise passenger spending, then taxes contributed to municipal and state levels of government. Additionally, part-time work generated by initial cruise passenger spending might be included.

Economical impact of cruise industry in the port of Baltic Sea region

Port	*Number of passengers*	*Number of cruise vessel calls*	*Money spent by one cruise passenger in a port of call, euros*	*Total income, millions, euros*	*People employed in cruise industry and related areas*
Copenhagen	399,000	280	100-190	87-129	700-1810
Tallinn	307,000	292	40-50	17.5-21.2	352-709
St. Petersburg	305,835	299	125-150	108.9-127	3082-5990
Stockholm	287,000	280	75-105	27.9-38.1	253-575
Helsinki	270,000	259	125-150	41.6-49.6	410-816
Oslo	206,239	156	50	18.5	149-248
Rostock	143,000	138	50-75	10.2-14.5	103-242
Gdynia	94,000	89	100-125	11.9-14.7	268-551
Riga	81,654	58	50-75	4.8-7.3	114-286
Visby	80,000	106	75-125	7.4-12.1	67-183
Klaipeda	25,000	48	50-75	2.1-2.9	51-114
Helsingborg	18,500	11	100-125	2.3-2.9	20-40
Ronne	16,311	18	75-125	1.4-2.4	12-34
Goteborg	11,000	18	50-75	0.8-1.2	8-18
Mariehamn	3,366	3	100-125	0.4-0.5	4-8
Turku	3,300	13	50-75	0.2-0.3	2-5
Kalmar	2,700	6	60-90	0.2-0.3	2-5
Karlskrona	2,460	2	25-50	0.1	2
Malmo	1,350	4	50-75	0.1	2

As a result of European cruise operations and investment in new cruise ships, key economic impacts (direct, indirect, and induced) throughout Europe include billions in direct spending by lines and passengers, and approximately up to 200,000 jobs.

Development of tourism and infrastructure are one of positive economic impacts of cruise industry.

Visits by cruise ships generate big money to attractions, restaurants, retail shops, tour operators and other businesses at ports of call.

It is estimated that on average one cruise passenger spends approximately EUR 50-75 or about $100 at one port of call visited during the cruise. Taking into consideration the tendency that variety of nationalities and age limits of cruise passengers are getting more and more unlimited, even higher economic value might be expected. Younger people more actively take advantage of attractive commercial offers and onshore entertainment opportunities.

Direct purchases by cruise lines benefited businesses representing virtually every segment of economy, including airlines, travel agencies, transportation companies, business services, energy, finance, ship repair and maintenance.

Many cruise lines purchases are made in the United States. This direct spending of cruise lines and their passengers on goods and services total billions. However, by its nature, cruising is an enterprise that links the world. Cruise ships call at ports on every continent; their passengers and crews comprise people from every part of the world; and the industry benefits hundreds of countries and their citizens.

In addition to local port user fees, head taxes and surcharges, cruise ships purchase supplies and services such as pilots, tugboats, waste disposal services, fuel and fresh water at ports of call worldwide.

According to the results of a "European Cruise Contribution" report released at a major conference in Brussels in 2007, the popularity of cruise travelling and the dominance of European ship yards in terms of global cruise ship orders has a major impact on jobs, wealth creation and inbound tourism in Europe. The Baltic region benefits correspondingly, mostly due to shipbuilding importance to the Finnish economy (by jobs and direct income). Finnish shipyards now have almost a fifth of European market share.

By 2010 Europe, including the Baltic region could experience a million more cruise tourists, with increasing numbers of American travellers attracted by American ships that are being redeployed in Europe and by the introduction of the new cruise vessel generation.

The increased economic activity means infrastructure improvement, benefit for small operators, and generation of higher numbers of second time visitors. Many passengers express an interest in returning to the ports of call they first visit by ship. Cruise industry set to increase jobs, wealth and tourism in Europe as well as in a particular Baltic Sea region.

Improved port and city infrastructure is strongly related to the better situation the city itself, tourism facilities (villages and other objects of shore excursions), some sites and roads as well as new attractions to reach high cruise passengers' satisfaction.

Cruise ship tourism generates revenue for a port through passenger spending, taxes per cruise passenger etc. Passenger spending is considered as the benefit of highest importance in support of cruise tourism. However, not only economical benefit, but also big investments are related to cruise industry. As cruise ships continue to grow larger, further investment may be required for the port states.

b. Environmental impact

The Baltic Sea region countries accomplish all standards and requisitions promoted by European Commission.

Since the cruise industry is expanding, the European Commission is looking for new measures how to ensure the environmental protection in regard to the increasing number of cruise vessels operating in the seas and oceans.

The European Commission has proposed a Thematic Strategy on the Protection and Conservation of the Marine Environment. It is aimed to protect more effectively the marine environment across Europe. Good environmental status of the EU's marine waters is expected to be achieved by 2021. The resource base upon which marine-related economic and social activities depend should be also strictly protected.

European Commission’s future maritime policy is expected to achieve the full economic potential of oceans and seas in harmony with the marine environment.

The European Community plays a central role between member states as a contracting partner to regional conventions and agreements covering regional seas around Europe, e.g. the Helsinki Convention 1992 for the protection of the Baltic Sea.

c. Social impact

Rapid, recent growth of cruise tourism has social impact as well. In general, it diversifies and expands tourism sector, what effects in more jobs created. Since more and more "repeated" visitors are coming to the Baltic Sea region, more vacancies are created in so called "hospitality" sector.

An assessment of the industry also needs to take into account the impact of the social impact of the cruise industry on local communities as it might be negative as well as positive. Although cruise tourism can increase economic activity, cruise ship destinations are finding that the cultural impacts can be substantial.

The social impacts are particularly noticeable in small destinations, e.g. small towns and islands. According to "The Impact of Cruise Ship Tourism on Local Economies" by Virginia Institute of Marine Science, overcrowding can annoy local residents, causing the locals to alter their daily behaviour while cruise ships are in port.

8. Cruise Baltic status report

8.1. Port of Tallinn (incl. Saaremaa)

a. Port information

Port of Tallinn is one of the biggest cruise ports in the Baltic region. There are five harbours in the port: Old City Harbour, Muuga Harbour, Paldiski South Harbour, Paljassaare Harbour and Saaremaa Harbour.

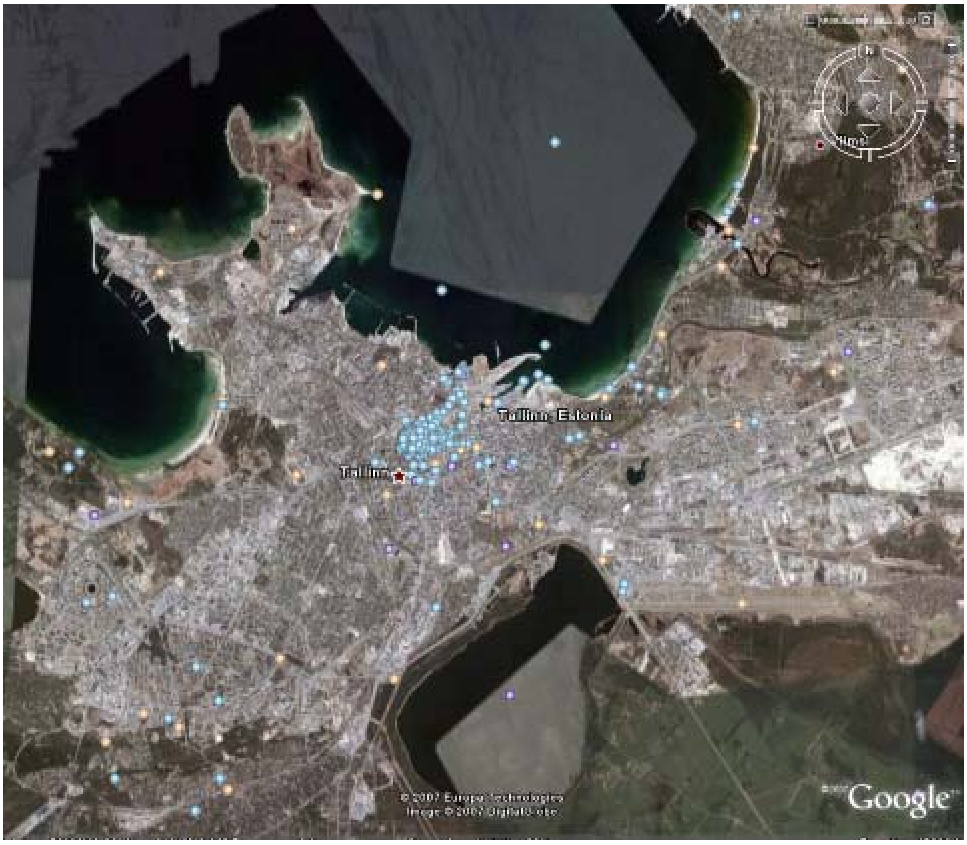
Cruise vessels are mainly accommodated in the Old City Harbour. In 2006, Port of Tallinn opened a new harbour on the western shore of Küdema Bay in Saaremaa Island. This harbour is a rather new destination for cruise vessels in the Baltic Sea region.

Old City Harbour is a harbour for servicing passenger, acting as a cargo port as well. Its four terminals serve passenger ferries and cruise vessels. In the long term perspective the development of the Old City Harbour into entirely a passenger port is planned.

Tallinn accepts vessels of 310 m length and 10.7 m draught, and Saaremaa of 200 m length and 8.5 m draught.

Distance from port/ cruise terminal to downtown is 500 m, and distance from port to airport is about 6 km.

Tallinn view from satellite



Tallinn Port from satellite


Tallinn -- from sea port to railway station...
Tallinn Port
vue sur le port - Tallinn view to the port
Google

Saaremaa Island from satellite

Cruise vessels in Tallinn

b. Passengers

Tallinn is one of the most popular destinations in the Baltic Sea region – firstly due to its convenient geographical location on the Baltic route as well as due to its distance to St. Petersburg. The world's largest cruise lines usually include Tallinn in their itineraries.

In 2006, the number of cruise passengers grew significantly reaching a record level. In 2006, 71 cruise vessels made 299 calls to this port (7 of them were accommodated in Saaremaa Island). Almost 5 thousand cruise passengers passed through the port. 12 cruise vessel calls to Tallinn were the overnight calls.

The total number of cruise vessel calls lowered by 8 % compared to 2005 (324 calls). However, in 2006, the cruise vessels of bigger capacity called more often. Therefore, in total, the number of cruise passengers increased up to 307,000 (the Port of Tallinn announces that the number was 312,828) in 2006 (it was 295,424 in 2005).

The opening of the new quay for cruise ships at the Old City Port in 2004 enabled to receive larger than average cruise ships under more flexible conditions, creating necessary preconditions for the growth of cruise passengers in the upcoming years.

In 2006, Saaremaa Harbour was opened for receiving cruise ships, however, no significant volumes of cruise passengers is expected in the short term.

c. Thematic products

Lying along the northeast corner of the Baltic Sea, Tallinn in Estonia is an overnight cruise from St. Petersburg and Stockholm. It makes it unique and adds new experience to any cruise in Northern Europe.

Cruise Baltic project has developed and promotes special products typical for the Baltic Sea area. Out of a series of 6 thematic products that link the Baltic region ports together, 5 of them are applicable to Tallinn, i.e. Kings and Tsars, Modern Architecture and Design, City Life and Outdoor Events, Great Shopping and Fine Food, and Ancient and Modern.

First of all, Tallinn’s Old Town represent the history and architecture of foreign kings and tsars (Swedish, Russian, and Danish etc.) as long as Estonian has been a part of different kingdoms through ages.

Both, ancient Old Town architecture and modern glass and steal buildings can be seen in Tallinn next to each other. Art and design related galleries are available all over the city.

As for the city life, one of the most highlighted lively cultural events is the Old Town Days with strong medieval traditions. Entertainment in the form of festivals can be found all year-round.

Open hours for seven days a week makes the shopping in the Old Town much easier. Credit cards are widely acceptable. Old Town boutiques, passage with medieval workshops and large department stores are available. Both gourmet eaters and those who only want to relax in medieval atmosphere can find the dining venues applying to their demands.

Tallinn is considered the best preserved medieval city in the northern part of Europe. It has strong features of a modern high-tech city as well.

d. Branding, marketing and PR

Port of Tallinn is a member of PORT NET, of the International Association of Ports and Harbours (IAPH) and one of the founders of the Baltic Ports Organisation (BPO). In 1998 the Port of Tallinn became a member of co-operation and marketing organisation of European ports association called "Cruise Europe".

Since Estonia is a country of Cruise Baltic project, port of Tallinn has a shared brand and marketing. It placed a logo of Cruise Baltic Tallinn in its website and other communication channels.

Port of Tallinn markets itself as "the port that ships love". It is communicated as an overnight cruise from St. Petersburg and Stockholm. Also, the well-preserved Old Town of Tallinn and its architectural and cultural treasures (both, ancient and modern) are always emphasised while promoting this port.

Tallinn is communicated as the city of contrasts. Therefore, it announces it has everything for different needs. Thus, anyone – nature, art lovers, gourmet eaters, those who come for night life and others – is about to enjoy this port.

While promoting port of Tallinn, it is important to correspond to Baltic Sea Region promotional messages which are the following: easy access, common standards and good infrastructure, clean, safe and English speaking, customer satisfaction.

e. Port dues system

Due to stability of sales growth several changes were made in 2006 regarding the pricing and provision of services. A new port dues structure and tariffs were established to simplify the current tariffs and to ensure better development opportunities for the port in the future. The number of tariff steps depending on the size of vessels was minimised. The annual indexation of port dues was introduced to correspond to the change in the cost of living, growing construction and consumer prices.

Tonnage due is levied on the basis of vessel gross tonnage (separately for each call of the vessel in accordance with the following rates:

- cruise ships[*], yachts and sailing crafts (GT up to 50 000) 0.43 EUR/GT unit
- cruise ships, yachts and sailing crafts (GT over 50 000) 0.33 EUR/GT unit
- overnight cruise ships[**] 0.165 EUR/GT unit

Deductions from tonnage due shall be applied to cruise ships, yachts and sailing crafts for each calendar year separately:

- 2nd – 3rd call 50%
- 4th – 5th call 75%
- starting from the 6th call 85%
- deductions shall not apply to overnight cruise ships.

Until 31st of December 2007 cruise ships calling at Saaremaa Harbour shall be subject to 30% deduction from tonnage due (i.e. additionally from deduction indicated above). The deduction shall not apply to overnight cruise ships.

Mooring charge is levied according to vessel gross tonnage (GT) separately for every mooring operation (entrance, leaving, re-mooring etc.) according to the rates of mooring charges. Rates of mooring charges in EUR for one mooring operation:

GT interval	Cargo vessels and bunkering vessels	Passenger ships, cruise ships and other vessels
0 - 2 000	70	35
2 001 - 6 000	115	57
6 001 - 20 000	150	75
20 001 - 50 000	195	98
50 000 and over	230	115

[*] Cruise ship is a vessel performing organized cruises and having a passenger transport certificate, which does not operate in regular line traffic, does not carry cargo and during the cruise does not take line passengers on board or let them disembark. An organized cruise shall last for at least 60 hours and during the cruise in addition to the starting point and ending point of the cruise the vessel shall call at two more ports at the least.
[**] Overnight cruise ship is a vessel performing organized cruises lasting under 60 hours and having a passenger transport certificate, which does not operate in regular line traffic, does not carry cargo and during the cruise does not take line passengers on board or let them disembark. In addition to the starting and ending point of the cruise during the voyage the ship shall also call at two more ports at the least.

Waste fee is levied based on vessel gross tonnage (GT) for each vessel call separately in accordance with the following rates: fee other vessels excluding tankers and passenger vessels (incl. cruise ships) is 0.010 EUR/GT unit

One-time passenger fee in the amount of 1.06 EUR is levied for every passenger arriving at the port on board a cruise ship or overnight cruise ship and continuing his/her journey by the same ship.

f. Impact of the cruise sector in Estonia (economic and social)

Tourism is recognised as one of the most important sectors of economy in Estonia. The cruise seasons starts in April and ends in early October in Tallinn. The Old City Harbour is one of the harbours administered by the Port of Tallinn Authority, is located in the very centre of Tallinn.

Port of Tallinn is currently the biggest cargo and passenger port in Estonia thus having a significant role in Estonian economy as well as transportation system. Port and its clients contribute about 30 percent of Estonia's GDP.

It is estimated that on average one cruise passenger spends about 50-75 EUR per day. If 312 828 cruise passengers visited Tallinn during the year of 2006, it can be presumed that direct economic impact for local business was about 15.6-23.5 million euros. Also, port revenues are another direct economic impact. Created job might be both, direct and indirect cruise sector impact.

As for environmental issues, Port of Tallinn declares that it constantly tries to ensure a suitable and stable environment for passenger servicing, and operate in an environmentally friendly manner following the environmental pollution prevention principle. When planning development activity, the port analyzes all environmental impacts. European Union and international environment related legal acts are strictly followed. Port cooperates with Estonian and international organizations, scientific and research institutions and consulting companies.

8.2. Port of Riga

a. Port information

Riga is considered the oldest port of an international trade route between the Baltic and Black seas. Port of Riga is a favourite port of call for cruise ships sailing to the Baltic and northern Europe.

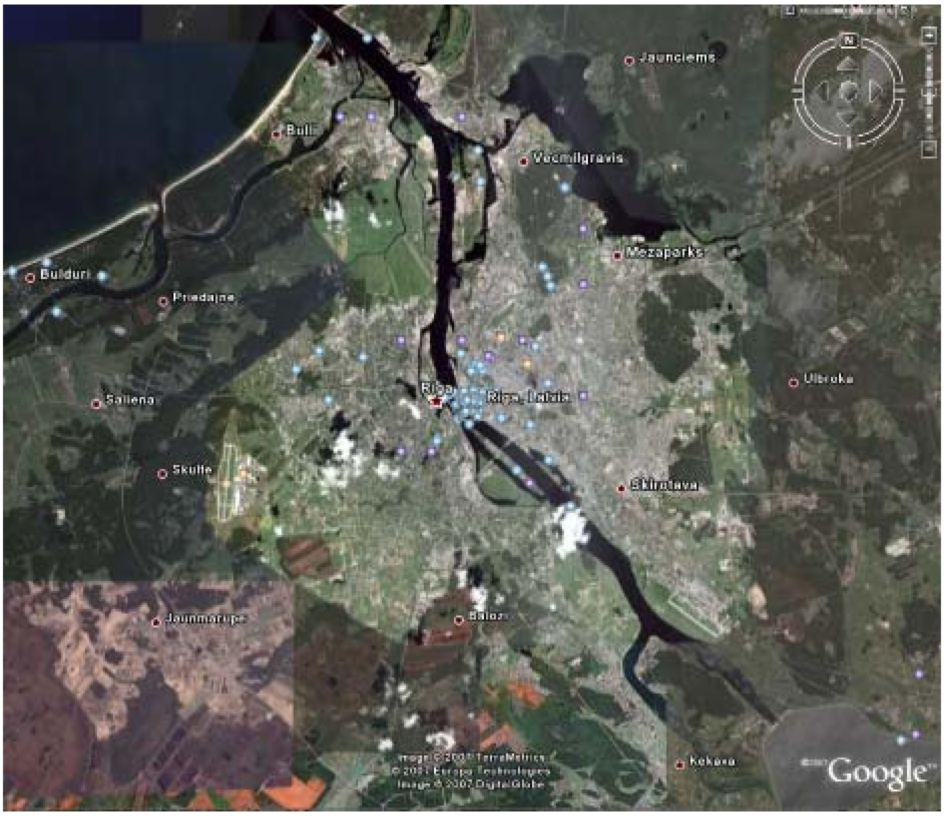
Cruise vessels are accommodated in the Riga Passenger Terminal, Riga Central Terminal, Baltic Container Terminal and Russian Island Port. Most cruise vessels dock at the city centre which is several minutes walk from downtown.

Riga accepts vessels of 300 m length and 10.3 m draught. Passenger Terminal in the Riga Port is limited to accept large cruise liners due to the insufficient draught of Daugava river in the passengers' port area. It is up to 7.7 m.

Distance from port to downtown depends on terminal: Riga Passenger and Central terminals is located in downtown, and other ones are located outside the centre.

Distance to airport is about 13 km.

Riga view from satellite



Riga Passenger Port from satellite

Cruise vessels in Riga

b. Passengers

Riga was one of the fastest growing destinations through recent years in the Baltic region. In 2006 it had 81,654 cruise passengers (138 calls). The number of cruise passengers was up to 68,753 in 2005. The increase in this number in 2006 compared to 2005 was 15.8%.

c. Thematic products

Out of a series of 6 thematic products that link the Baltic region ports together, 3 of them are applicable to Riga, i.e. City Life and Outdoor Events, Great Shopping and Fine Food, and Ancient and Modern.

As for the city life and outdoor activities, Riga is boasting big-city attractions for visitors. From the Soviet times, Riga was known for its opera, music and ballet. Nightlife is active with bars and night clubs open until morning hours on weekends. Riga's Central Market is one of the biggest outdoor markets in Europe. The outdoor ethnographic museum is another outdoor attraction.
The 23rd of June is a great festival in Latvia. Midsummer Eve is celebrated with the midnight bonfires, folk songs and fern blossom searching. Song and dance festivals became a traditional event in Latvia.
In winter the Old Riga presents Christmas markets with traditional Christmas attributes.

Shopping as well as food meets various expectations easily. Many luxury boutiques, fashion salons, usual stores and Riga's Central Market would satisfy different needs of those hungry for fashion and those looking for souvenirs to bring home. Many restaurants serve up a diversity of Russian, Armenian, Tibetan, Tex-Mex and other international kitchen offers.

As for thematic topic of Ancient and Modern, The Old Town of Riga is the most ancient part of the city. The historic centre of the city has been recognized by UNESCO, and the city's Art Nouveau architecture is among the finest in Europe. Riga has been named the Capital of Art Nouveau Architecture because of its rich Art nouveau heritage. Cathedrals, churches, castles and other famous buildings are attracting visitors as well as cobblestone streets.
Despite the rapid changes, Riga still has some remains of the Soviet past which is a contrast to features of modern Europe.

d. Branding, marketing and PR

In 1998 Riga Passenger Port joined the international association Cruise Europe, and this port was the first Baltic States port to join this association. Detailed information about Riga Passenger Port is available in international publications, such as the Cruise Industry News and Lloyds Cruise International.

RPP is realizing its development concept. New projects aimed to increase the passengers' numbers, and providing high quality service are constantly developed.

Riga Tourism Coordination and Information Centre presents a logo and a link to Cruise Baltic project website.

Freeport of Riga Authority is a Partner of a European Interreg IIIC program's project PORT-NET, which has been started in 2005 for promoting interregional co-operation of ports and multi-modal transport structures in the EU. Port of Riga is cooperating on the national level in the cruise industry. Activities that have been done are press, web and online inter-linkages with all ten nations of the project. Also, online promotion and agent training are among the activities.

e. Port dues system

Canal Fees are calculated separately for each ship's arrival to the Port, shifting within the Port limits and departure from the Port. In case if the ship is arriving at the Port or departing from the Port, the canal fee is calculated according to the following rates: for a cruise ship[**] it is 0.05 EUR/GT.

Sanitary Fees are not collected from cruise ships as well as passenger ships and fishing vessels.

Berthing Fees shall be collected for usage of any berth from all ships laying alongside for every case of using the berth or applying hourly rate for berth use. Berthing Fee is calculated according to the rate of 0.085 EUR/GT. Berthing Fee at the berths JPS-1, JPS-2, MK-3 and MK-4 is calculated according to the rate 0.26 EUR/GT. For usage of a berth without performing cargo handling and/or passenger operations, the Berthing Fees for a ship are calculated on the basis of the hourly rate for the berth use: for a cruise ship 0.007 EUR/GT.

Passenger Fee is fixed for every passenger, staying on board the ship, upon arrival at and upon departure from the Port: 1 EUR for each passenger upon arrival of the ship at the port, 1 EUR for each passenger upon departure of the ship from the port.

[**] Cruise ship — a passenger ship performing international cruise with the duration exceeding 60 hours for entertainment purposes. The cruise ship shall carry only passengers, without handling any cargoes. Besides the port of departure and the port of arrival, calls to at least two more ports shall be included into the cruise route.

f. Impact of the cruise sector in Latvia (economic and social)

Cruise tourism is considered to have a lesser economic impact than tourism in general in Riga. Riga Tourism Coordination and Information Centre, Free Port of Riga Authority, Riga Passenger Terminal, Riga Central Terminal and tourist agencies in Riga are constantly discussing how to increase the importance and impact of cruising in the port, and how to improve the current conditions for cruise liners and tourists.

Port of Riga is the biggest cargo and passenger port in Latvia. There are 10 ports in Latvia. Ventspils and Liepaja take the second place after Riga. Latvia is the main transit trade route through the Baltic Sea region.

While considering that on average during one visit a cruise passenger spends about 50-75 euros per day, it can be estimated that 81 654 cruise passengers spent from 4.1 to 6.1 million euros during their visit in Riga in 2006. This sum is direct economic impact to local businesses. Additionally, port revenues brought more direct economic value to Riga. Direct and indirect impact on vacancies related to cruise industry is additional value in both, the city and national level.

It is discussed that the Port Authority, in conjunction with the city of Riga, should consider developing a more aggressive marketing program for the Port, in particular, possibly marketing "home port" services to cruise ship and ferry lines.

As for environmental issues, the Free Port of Riga is a rapidly growing port located on the banks of the Daugava River in the Gulf of Riga, an arm of the Baltic Sea. The Port Authority has a master development plan for the Port that includes better location and utilization of existing facilities, particularly the coal terminal, and the creation of new facilities for cruise vessels and ferry service. The Port Authority also plans to deepen the channel to 15 meters.

For better development Port Authority considers that consolidating the Free Port in a more compact area downstream from Riga ensures easier access, reduced environmental impact on Riga, and better security.

According to Riga City Development Plan 2006 – 2018, the port operations should be moved closer to the mouth of the Daugava. Riga port activities will be moved out of the city and a new multifunctional and high-quality urban territory will be developed in the area.

The Freeport Port of Riga Authority challenges to become an open and engaging social ambience for citizens as well as friendly base for entrepreneurship by carrying out the criteria of the city environmental and economic activities to the EU legislation.

8.3. Port of Klaipeda

a. Port information

Klaipeda is one of the few ice-free ports in northernmost Europe, and the largest in Lithuania. It serves as a port of call for cruise ships as well as freight transport.

It is a deep-water port providing high quality universal services complying with the requirements of the European Union. Unlike Riga and Tallinn, Klaipeda is not a capital city.

The city of Klaipeda has been involved in maritime trade since as early as the 13th century since it was located on the Amber Road.

In 1991, after Lithuanian independence was declared, the Klaipeda State Seaport Authority was founded. It administers the port and supports its integration into the scheme of Lithuanian transport.

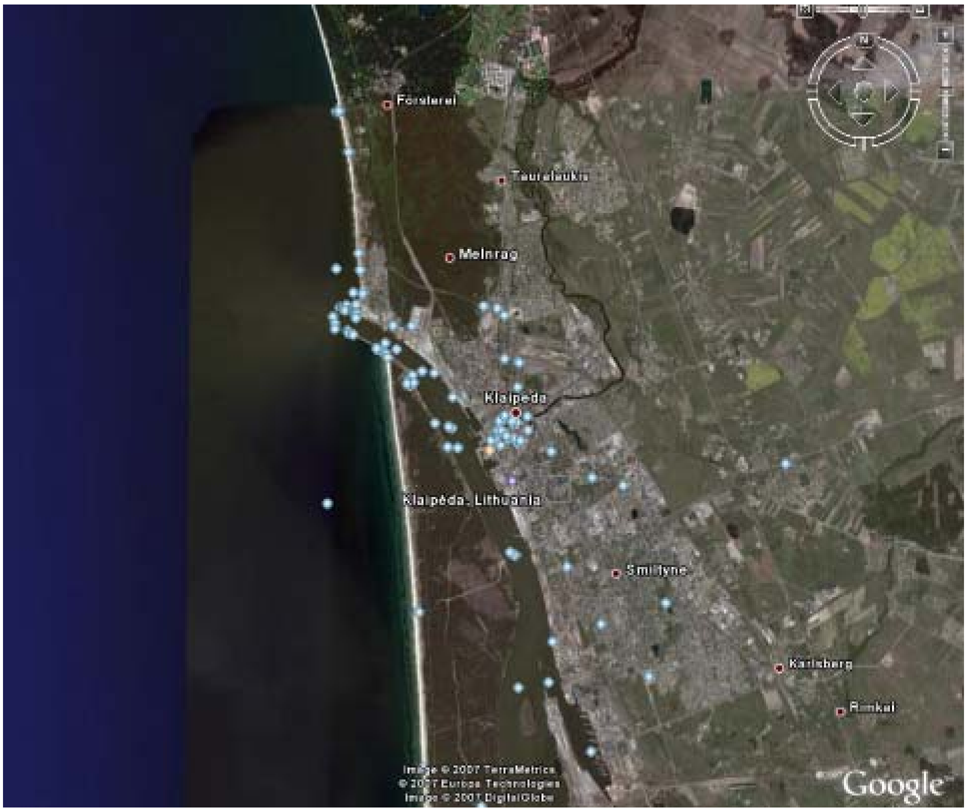
The Port of Klaipeda is the most northerly ice-free port in the Eastern part of the Baltic Sea.

In 2003, the Cruise terminal was built in the Port of Klaipeda. It is situated nearby a medieval city castle in the historic centre of the town. The entry to Klaipeda city itself is permitted to cruise passengers by a bridge with manual rotation mechanism which is a historical heritage.

The draught of the entrance channel is 15 m, and the draught of the port navigation channel is 13-14.5 m. Cruise liners up to 315 m in length visit the Port of Klaipeda.

Distance from port/ cruise terminal to downtown is only a short walk, and distance to airport is about 25 km.

Klaipeda view from satellite



Klaipeda Port from satellite

Cruise vessels in Klaipeda

b. Passengers

The port of Klaipeda attracts more and more cruise liners.

In 2006, the number of cruise passengers increased up to 25 104. Therefore, in total, the number of cruise passengers increased up to 3.8% compared to 2005 data (24 107 cruise passengers), and up to 400% if compared to the cruise passengers' statistics of the year 2000.

59 cruise vessels called Klaipeda in 2005 and 49 cruise vessels called in 2006. The decrease (about -18.6%) can be explained by increased capacity of the cruise vessels calling to Klaipeda.

Not only amounts of cargo increases, but also the number of cruise passengers.

The newest statistics of the last cruise season (May-September, 2007) shows that 35, 000 cruise tourists visited the Port of Klaipeda during the 65 cruise calls. Up to 30, 000 cruise passengers were expected at the beginning of the season. Compared to the results of 2000 year, there is an increase of 40% in terms of passenger number, and 35% in cruise vessel number.

c. Thematic products

Founded on the coast of the Baltic Sea, the only Lithuanian seaport Klaipeda boasts rich history, deep traditions, distinct culture and beautiful nature.

Cruise Baltic project has developed and promotes special products typical for the Baltic Sea area. Out of a series of 6 thematic products that link the Baltic region ports together, 3 of them are distinguishing Klaipeda, i.e. City Life and Outdoor Events, Great Shopping and Fine Food, and Ancient and Modern.

First of all, Klaipeda is situated in a natural setting and is known for its free-style atmosphere. The Curonian spit itself (UNESCO heritage), Hill of witches, fishermen's villages, as well as the Lithuanian Maritime Museum (the only one in the Baltic States) attracts curious tourists; and those looking for fascinating nature. The sand dunes are the highest in Europe. Palanga Amber Museum and Pedestrian Alley and pier, and Vente bird-ringing station are worth to be visited. In Klaipeda itself, the Theatre Square, the Castle Museum, the Clock Museum, the neo-gothic post office and others should not be missed by any traveller. The cruise vessel terminal located at the downtown of Klaipeda offers a wide range of entertainment facilities. Every year in July, the Sea Festival is an important mass event. Klaipeda Castle Jazz festival is another big event in the city life.

When it comes to shopping and food, the starting point could be the same Theatre Square mentioned above. The small Old Town streets have everything from antique to small traditional national souvenirs. Amber and linen souvenirs are the most common ones. Central Market offers everything from fruit and vegetable, to flowers and smoked meat. The malls with wide range of goods are also available in the whole city.

As for the theme of Ancient and Modern, the narrow streets of the Old Town were rebuilt after the last great fire in 1854. The beauty of the Old Town with neo-Gothic buildings and frame houses attracts visitors who are looking for something ancient. Fachwerk-style buildings are typical for Klaipeda area. At the same time, new modern buildings are growing not far away from the Old Town centre.

d. Branding, marketing and PR

The port of Klaipeda is a member of 5 international organizations (such as Cruise Europe, IAPH*, ESPO** etc.) and many INTERREG III projects – Baltic Cruise Project, PORT NET etc. In cruise industry, the port of Klaipeda is strongly promoted by Klaipeda State Seaport Authority, Klaipeda Tourism and Culture Information centre as well as Klaipeda City Municipality and other related organisations.

The international conference "Passenger Traffic Trends in the EU – Especially Cruise within the Baltic Range" within INTERREG III C PROJECT PORT-NET was held in Klaipeda in May, 2007. Furthermore, there is an Annual General Meeting of Cruise Europe planned to be held in Klaipeda in 2008.

The representatives of the Port of Klaipeda present it at Miami Seatrade and Seatrade Europe largest events.

Klaipeda Port offers different leisure time possibilities for both crew and cruise passengers. It starts from welcome with dances, season opening and closing festivals, jomarkas (for the vessels over 200 meters length), and ends with shopping. Mobile tourist information centre provides city maps and port-related souvenirs (free of charge) for cruise tourists.

The cruise vessels coming to the port for the first time exchanges the plaques and blazon with the city.

Port of Klaipeda communicates itself as "a port hard to resist".

e. Port dues system

Cruise Quay Operator's service charges for 2005 were the following:

- mooring: (L x B x T) x 0.068LTL per operation;
- terminal: 1.16EUR per passenger;
- electricity: 0.80LTL+VAT per kWh;

* IAPH – International Association of Ports and Harbours
** ESPO – European Sea Ports Organisation

- fresh water: 13,10LTL per cubic meter; if order is cancelled at time of arrival, 150,00LTL charge will apply;

- customs procedures (water supply): 100 LTL +VAT per operation.

The project of new discount system for the port dues in 2008 was presented for both, the cruise lines that have already called to Klaipeda, and the ones still considering this possibility. According to it, the 20% discount should be applicable for the cruise vessels calling to the Port of Klaipeda for more than the third time. Cruise vessels that had more than 7 calls to this port are an object for even more significant discount, i.e. 50%.

f. Impact of the cruise sector in Lithuania (economic and social)

As well as Riga, Klaipeda was one of the fastest growing destinations through recent years. As the only Lithuanian port Klaipeda holds position of great importance to Lithuania's economics. A cruise-dedicated quay, accession into the EU and participation in international cruise industry events contribute to the remarkable increase in cruise passengers' number and economical value received. A new terminal for passengers' vessels is expected to be ready by 2009, and would attract even more sea-going tourists to Klaipeda and Lithuania in general.
While considering that on average during one visit a cruise passenger spends about 50-75 euros per day, it can be estimated that 25 104 cruise passengers spent from 1.3 to 1.9 million euros during their visit in Klaipeda in 2006. This sum is direct economic impact to local businesses.

It is not that easy to distinguish the social impact of cruise industry in Klaipeda as the port itself generates a numerous social and economic impacts not only to the city, but to the whole region and country as well. First of all, port activities including cruise calls, encourages the social development of Klaipeda city. According to study "Klaipeda State Seaport Social and Economical Impact to Klaipeda City, Region and Republic of Lithuania" for the Klaipeda State Seaport Authority, by new jobs created, Klaipeda residents' employment level is getting higher and well as their families' social welfare is improving. The growth in the cruise and tourist industry in Klaipeda will reduce the unemployment rate. Also, useful practice for students of vocational schools and universities is organized, and schools are financed. Different mass festivals and other public activities are supported.

Klaipeda is the only port in the Baltic Sea region that grants a rebate on port charges in compliance with the *Green Award* system. All the ballast, rain and industrial waste water collected at the stevedoring companies is treated in waste water treatment facilities, and only then discharged into the environment upon a laboratory analysis. The operations of state enterprise Klaipeda State Seaport Authority is certified in compliance with the ISO 14001:1996 Environmental Protection Management Certificate.

8.4. Port of Kaliningrad

a. Port information

Kaliningrad port is located in the mouth of Pregol River, within Kaliningrad city limits. It is accessible from the Baltic Sea via canal which is a separated fairway in Kaliningrad Bay.

The Kaliningrad port and canal restrictions are as follows: maximum permissible draught 8.0 meters. Depth in the port and in the canal may deviate due to wind direction and strength. The length is limited up to 170 m.

The possible draught by the Ferry terminal is up to 9.5 m in Baltiysk. Development of Baltiysk is taking place. A new quay with the draught up to 10.5 m is arranged nearby. The terminal accepts vessels up to 180 m length, which do not have bigger draught. Thus the draught does not need to be deepened. Some sources announce that up to 210 m length is possible to be accepted.

Kaliningrad Airport is located 18 km from the Port of Kaliningrad. Domestic and international passenger service is available.

In Kaliningrad channel the one-way traffic is allowed. Thus, navigation through this channel is time consuming. Baltiysk port channel length is 2 kilometres and the width is enough for unlimited moving in and out.

Baltiysk, also known by its German name Pillau, is today a Russian sea port in the Strait of Baltiysk, in the Kaliningrad Oblast enclave. Baltiysk is, along with Kaliningrad, one of two year-round, ice-free ports along the Baltic Sea coastline available to Russia. The town is a ferry port on the route to St. Petersburg.

Kaliningrad region view from satellite

Port of Baltiysk from satellite

Port of Kaliningrad from satellite

b. Passengers

Port of Baltiysk was the only one to have cruise vessels calls in Kaliningrad region. The first cruise vessel called right after the port was opened in 2003. Now up to 10 cruise vessels call to this port every summer.

19 cruise vessels called the Kaliningrad region including both, Baltiysk and Kaliningrad ports during the period of 2006-2007.

7539 cruise passengers visited Kaliningrad area during the same period.

c. Thematic products

Passengers are offered with shore excursions by local operator. Absolute majority of cruise passengers, e.g. 6297 out of 7539 during the period of 2006-2007 took and advantage of guided tour in Kaliningrad region. One of possible thematic features might be nature as well as historical interest.

The region is detached from the mainland Russia and geographically included in the European Union while remaining under the Russian sovereignty. The port is still undiscovered by cruise tourists and possibility to visit Russia without visa restrictions could be also communicated (as for St. Petersburg) while promoting Kaliningrad.

There could be also some nostalgia-related products for Germans and other people interested in Konigsberg history.

d. Branding, marketing and PR

The German investors were showing interest to introducing Kaliningrad (in particular, the port complex in Baltiysk) to the international container and cruise lines.

e. Port dues system

During the period of 2 years Russian Federation collected 30 9769.63 USA dollars for the port dues while providing services to cruise vessels in Kaliningrad and Baltiysk. If adding the money received from providing the shore excursion services, in total about 0.5 million USD was collected by Russia.

f. Impact of the cruise sector in Kaliningrad region (economic and social)

The interest to the region is increasing. In previous years, German cruise lines were the only ones to send their vessels to Kaliningrad. If previously the majority of cruise tourists originated from Germany, more and more passengers are coming form England, France, Switzerland, and other European countries, as well as United States, Canada, Argentine and other Latina American countries.

Cruise vessels from Europe and Unites States are of high importance to this area, and can make the Baltiysk port a major point of sea tourism in this region.

However, at the moment the development of the port does not bring much economic value to the city budget itself since all port dues are collected and transferred to the federal budget. What else is very important, the port itself created about 300 well-paid jobs.

Attracting the cruise lines might create even more direct or indirect vacancies. Only recently the tourism industry started to be promoted. However, the entrance to Baltiysk is still limited to foreigners as many bureaucratic problems appear. It is expected that similar threats for the international tourism will be diminished in the future. Also, at the moment there are few tourist attraction facilities in Baltiysk. Therefore, they could not just spend their money there anyway.

There are several threats for the development of tourism in Kaliningrad region. First of all, there are no agreements between Russia and Poland due to Kaliningrad and Vistula (Polish: Wisla) bay. In result, there are restrictions for sailing in the bay. Many Polish, German, Danish and French tourist companies announced that they would use this possibility.

Also, passengers' terminals are missed in the ports of Kaliningrad region. The last terminal was closed and considered to be used as container terminal instead. Other terminals are not that adjusted for cruise vessels. There is no cruise passenger dedicated quay in Baltiysk. Organisations responsible for using the quays see no economic value to attract passenger vessels since they lose the profits earned by loading/ unloading cargo and containers at the same time. Thus, it is rather difficult to reserve the quays for cruise vessels in advance. However, if cruise vessel for similar reason cannot enter the port of call, cruise lines would not consider taking its vessels to the port in the future.

II. MARKET RESEARCH "CRUISE PASSENGERS' SURVEY IN KLAIPEDA AND RIGA AS A BENCH GROUP" (FINAL RESULTS)

1. Introduction

This part of the study provides detail feedback from passengers who visited Port of Klaipeda (passengers who visited the Port of Riga are included as a bench group). The respondents' expectations, general satisfaction, evaluation of places visited, evaluation of technical organization of shore excursions, money spent during the period of visit and other aspects were measured within the survey.

This kind of information is very important while providing motivated recommendation for Klaipeda State Seaport Authority, city municipality, tourism companies, ship agents and cruise terminal operator due to further performance in order to improve port and city infrastructure.

This part of research will serve as actual information. It will be combined with conclusions obtained in a desk research, and will be used for the developing of final recommendations of this study.

2. Research methodology

Market research company „Spinter Research“ conducted a cruise passengers’ survey in Klaipeda and Riga, 2007.

a. Sampling method and sample size

Simple random sampling was applied in this survey. It guaranteed that each passenger has had an equal chance of being chosen. Therefore, the interviews have been conducted in the cruise vessel terminal.

It is impossible to entirely avoid *the sampling error* in any quantitative research that uses sampling. Therefore, it is necessary to take it into consideration while interpreting the data, e.g. after surveying 750 respondents (total sample consists of 750 passengers), if we found out that 59.1% of them did not know anything about Klaipeda before this visit, there is a 95 percent probability that the real value stands between 55.4 and 62.8 percent. The precision of the estimation is directly associated with the number of analyzed cases.

The sample was drawn from the official list presenting the planned cruise vessel calls at the Port of Klaipeda 2007. Mainly it was focused on *date of the vessel call*, and *the origin of vessel (the language passengers speak)*. Respondents who are eligible to be surveyed consist of:

- main group: 750 passengers 13 different vessels during 18 calls to the Port of Klaipeda
- bench-group: 153 passengers from 2 vessels during 2 calls to another Baltic Range Port – Port of Riga

In total, 750 target group respondents were interviewed. The number of passengers interviewed varied depending on the total passengers’ number on the particular cruise vessel, weather conditions and response rate.

Passengers were interviewed in English and German language depending on the origin of vessel.

b. Survey method

Face-to-face interview was conducted with the use of a standardized questionnaire. The professional interviewers who marked respondent’s answers in the prepared questionnaires conducted the interview.

The research was carried out in accordance with the international association of market researchers ESOMAR codes. „Spinter research“ is represented in this organization.

The interview covered both, general data on vessel and passenger and 11 specific questions (total=1 page). Respondents were interviewed in two basic survey languages – English and German.

When it comes to quality control, our supervisors constantly controlled the data collection during the whole time of fieldwork. The questionnaires were examined twice: at first, when collecting them from the interviewers and checking their work. The second time it was done when coding the data into the computer software. In this way incorrectly filled-in questionnaires, which could influence the survey results, were avoided.

c. Research timing

The survey was conducted during the 2007 cruise season in the ports Klaipeda and Riga.
In Klaipeda it covered the cruise calls during the period of July-August. The Riga part of interviews (as a bench group) was conducted in August.

d. Research location

- Klaipeda (Lithuania)
- Riga (Latvia)

e. Incentives

Special souvenirs – key bands-openers presenting PORT-NET and PORT OF KLAIPEDA logos – were produced for this survey. Each respondent got a souvenir presented below as a thank-you gift after the interview.

front

back

3. Key topics and parameters measured in the scope of this study

The following scope of information was measured within the survey:

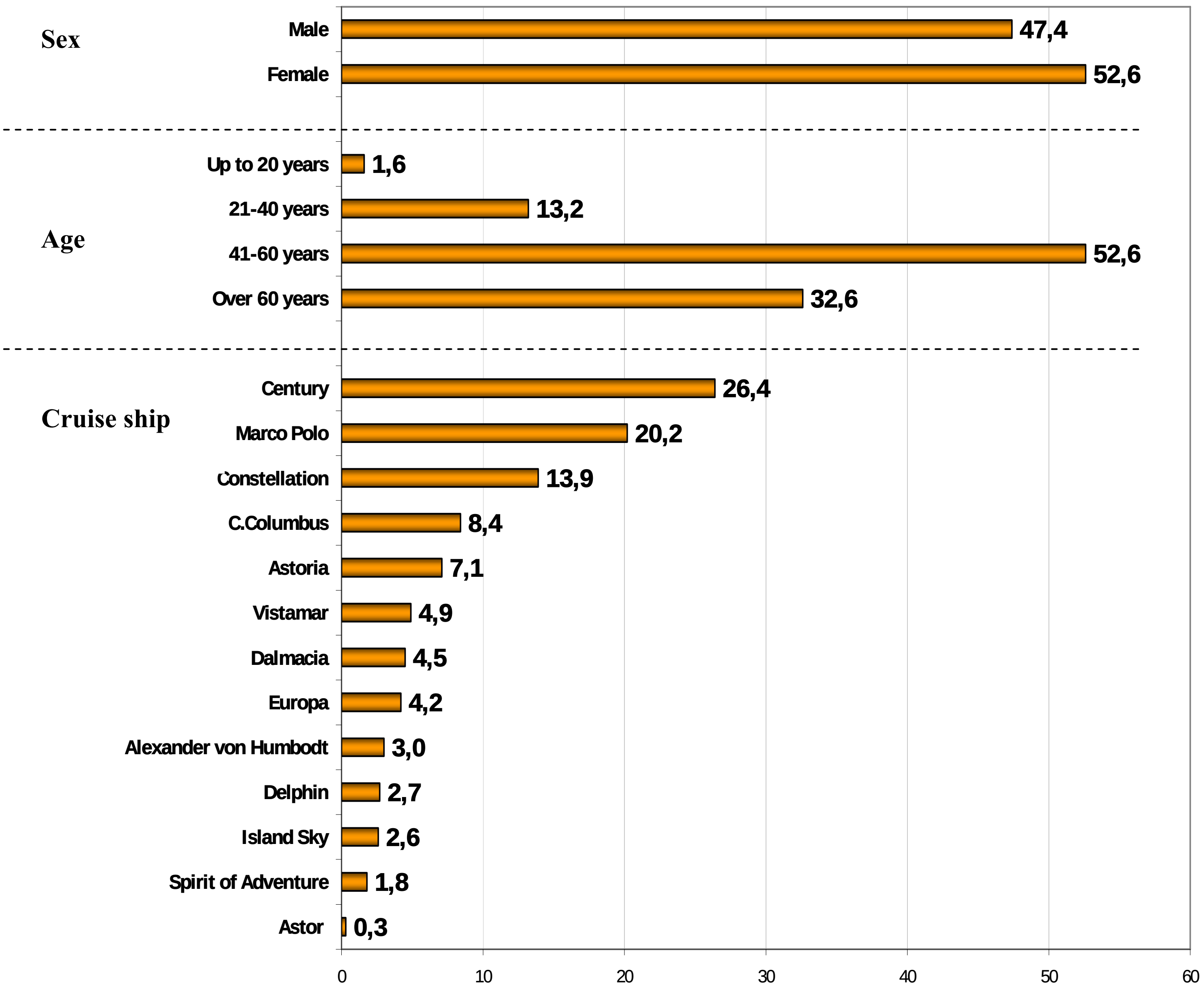
- the amount of information about Klaipeda/ Riga
- the evaluation of impressions compared to expectations towards Klaipeda/ Riga
- the satisfaction with the shore excursions attended (if any), including tourist guide’s work, technical facilities and organization, and attractiveness of places visited during the stay
- evaluations of Klaipeda/ Riga in terms of nature, historical and cultural interest, shopping, urban organization, tourist promotion of the town, public order and public safety, tourist welcome quality, cafes, bars and restaurants, and the standard of food considering the quality and price ration
- the approximate amount of money spent by tourists in the city (Klaipeda/ Riga)
- the objects were the largest part of money was spent on
- what cruise tourists liked in Klaipeda/ Riga (if anything)
- what cruise tourists disliked or missed in Klaipeda/ Riga (if anything)
- general impressions and satisfaction with cruise tourist welcome in Klaipeda
- intentions to come back to Lithuania/ Latvia
- comparison of results in Klaipeda and Riga as a bench group

4. Socio-demographic characteristics of respondents

a. Klaipeda respondents

Respondents' Social-Demographic Characteristics I

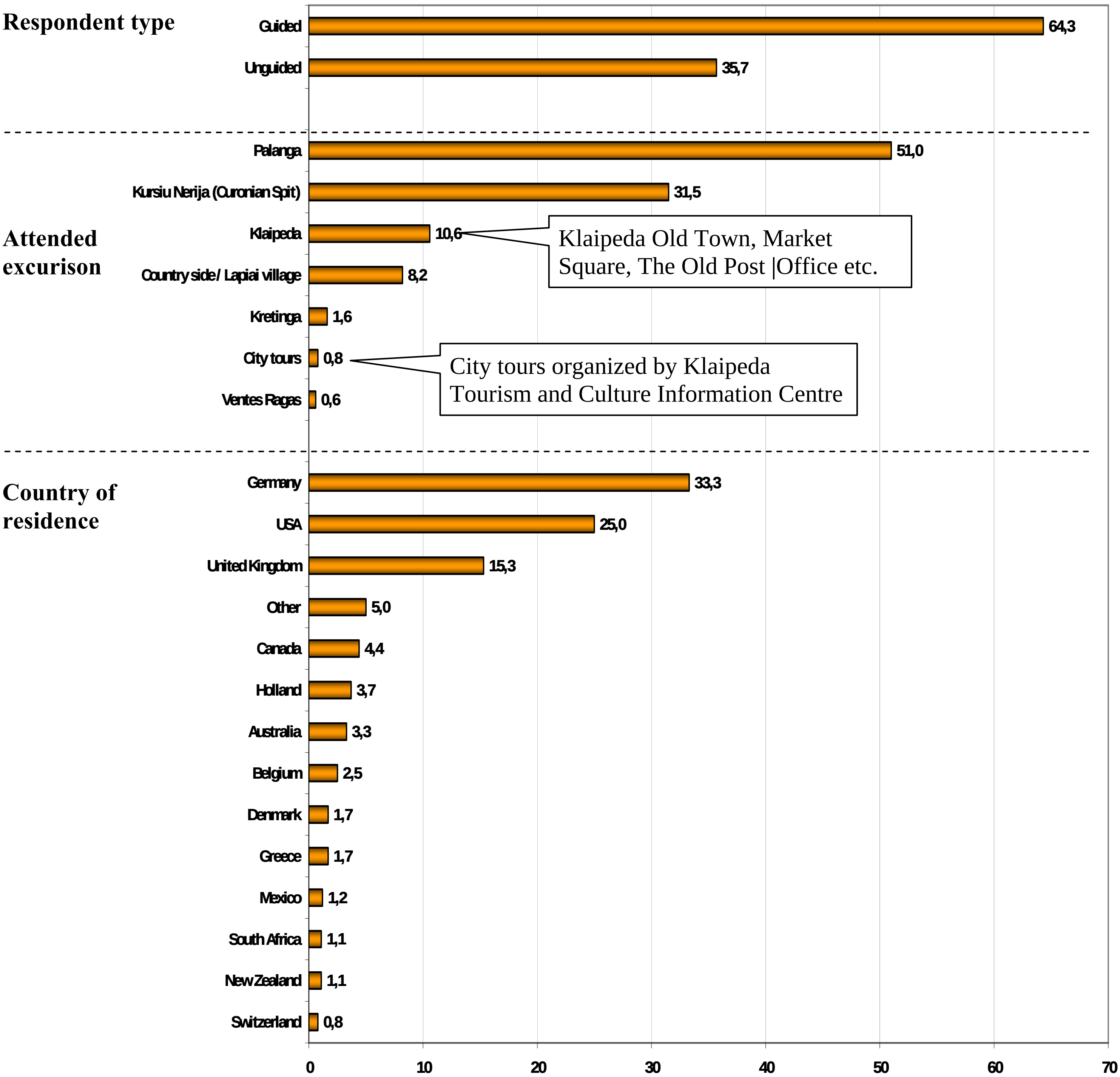
Klaipeda



** If a couple was stopped by interviewer, only one person was interviewed, and this person's gender and age were marked. The interviewers had to mark the approximate respondents' age in terms of given limits.*

Respondents' Social-Demographic Characteristics II

Klaipeda

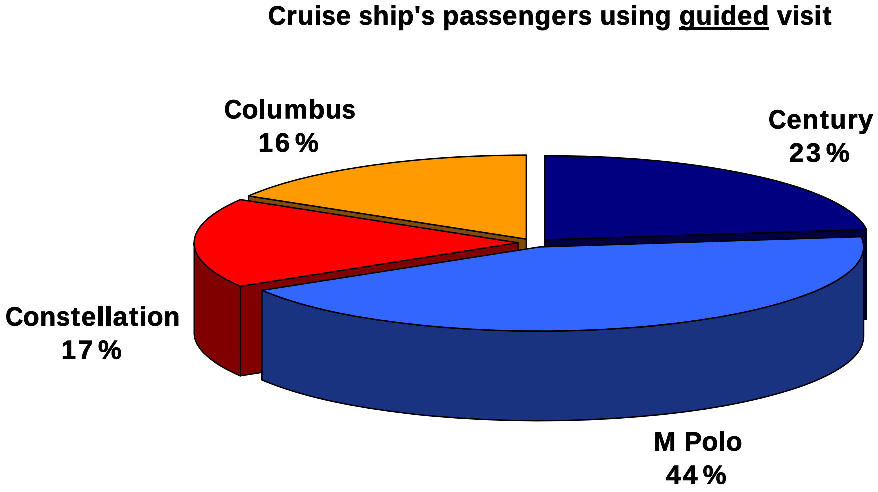


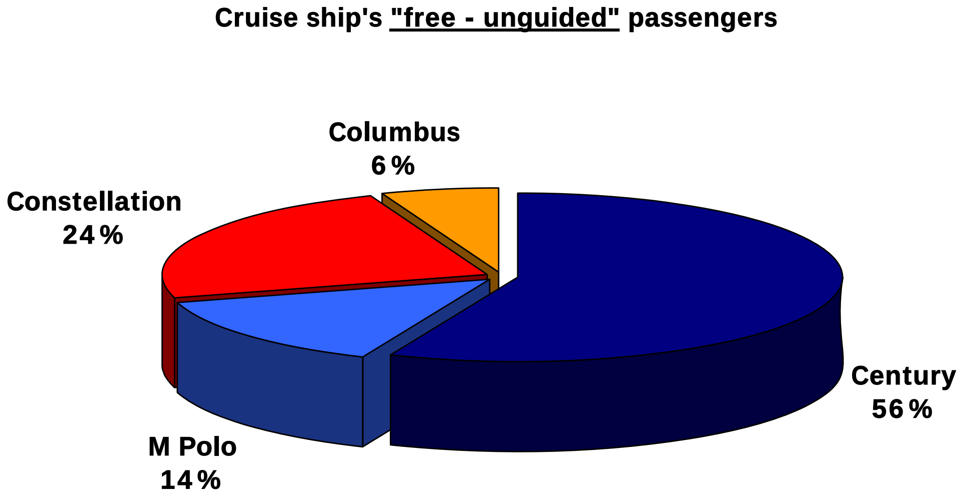
The main demographic characteristics of the represented sample are: the age, less than 15 percent of the interviews were made to people under 40; Germany, USA and the UK are the countries of residence of more than 70 percent of the sample with 33,3, 25 and 15 percent respectively. There is no relevant difference in the sex composition (males= 47.4; female=52.6).

The following elaborations are made for the cruises vessels that have the biggest share in the sample.

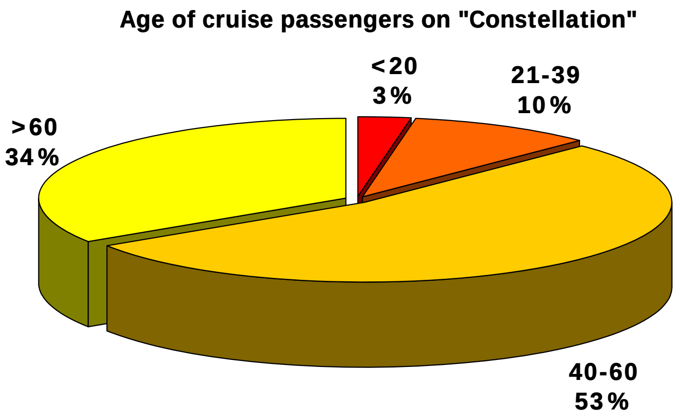
Taking into consideration these four vessels, the interviewed passengers of Marco Polo are comparably the biggest group among those who chose a guided shore tour.

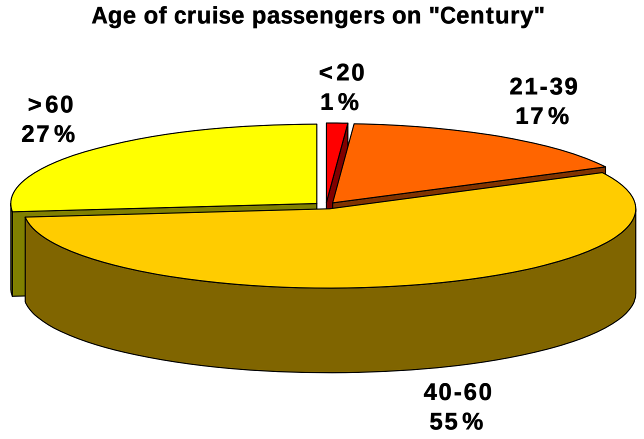
Among those unguided ones, Century passengers' number is the biggest one. This is a potential group to be attracted by the shore operators in cruise sector in Klaipeda.

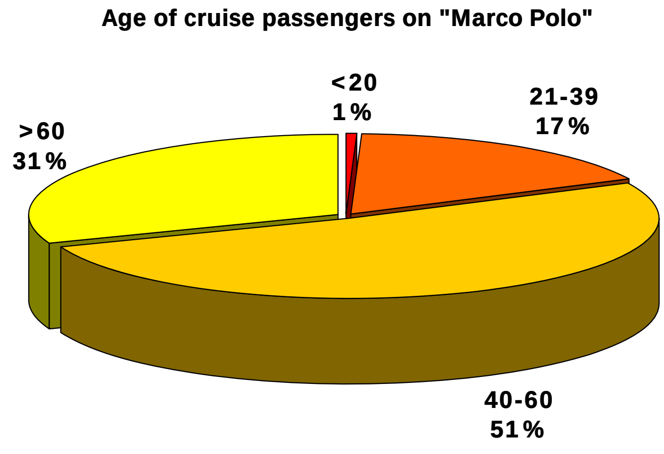




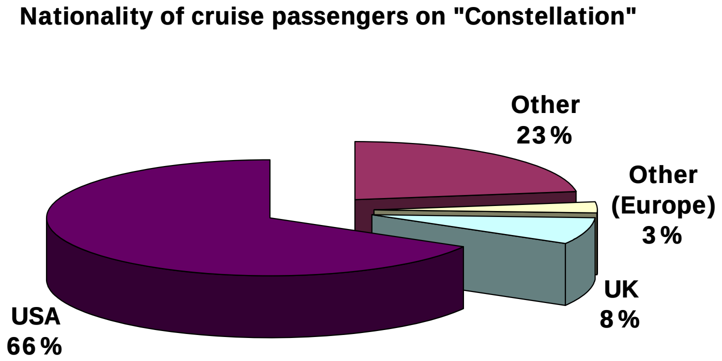
The following pictures present Constellation, Century and Marco Polo passengers' age distribution which is very similar.

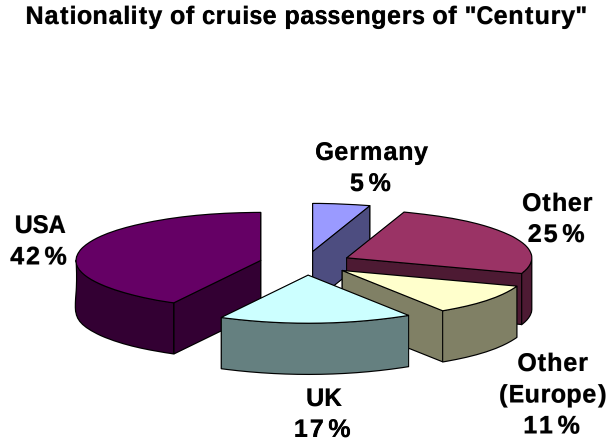


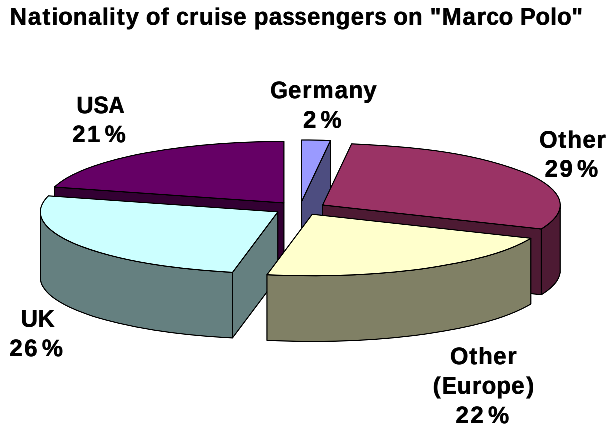




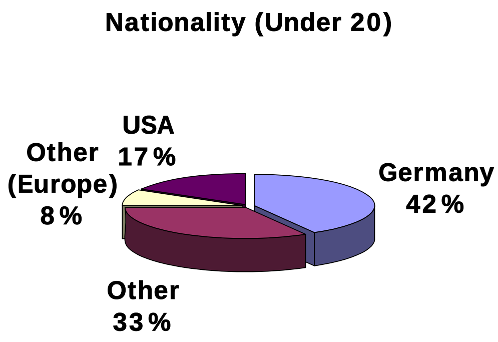
Nationality distribution by main ships confirms the interviewed Constellation passengers being "more American". At the same time there were less Americans interviewed during Marco Polo visit, and distribution there is very similar among all major nationality groups.

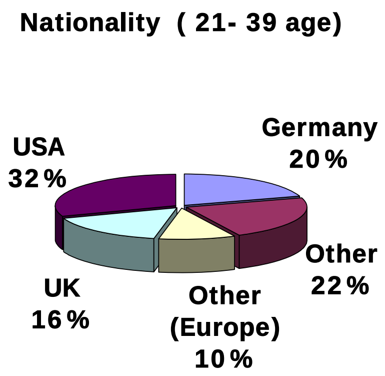


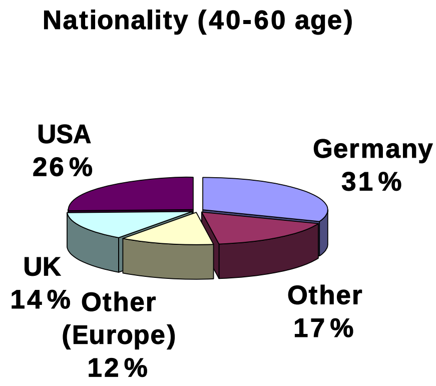


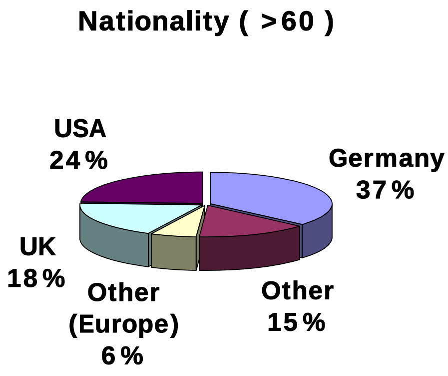


The below given pictures characterize the nationaly distribution by age factor. No passengers from UK aged under 20 years were interviewed in Klaipeda port.





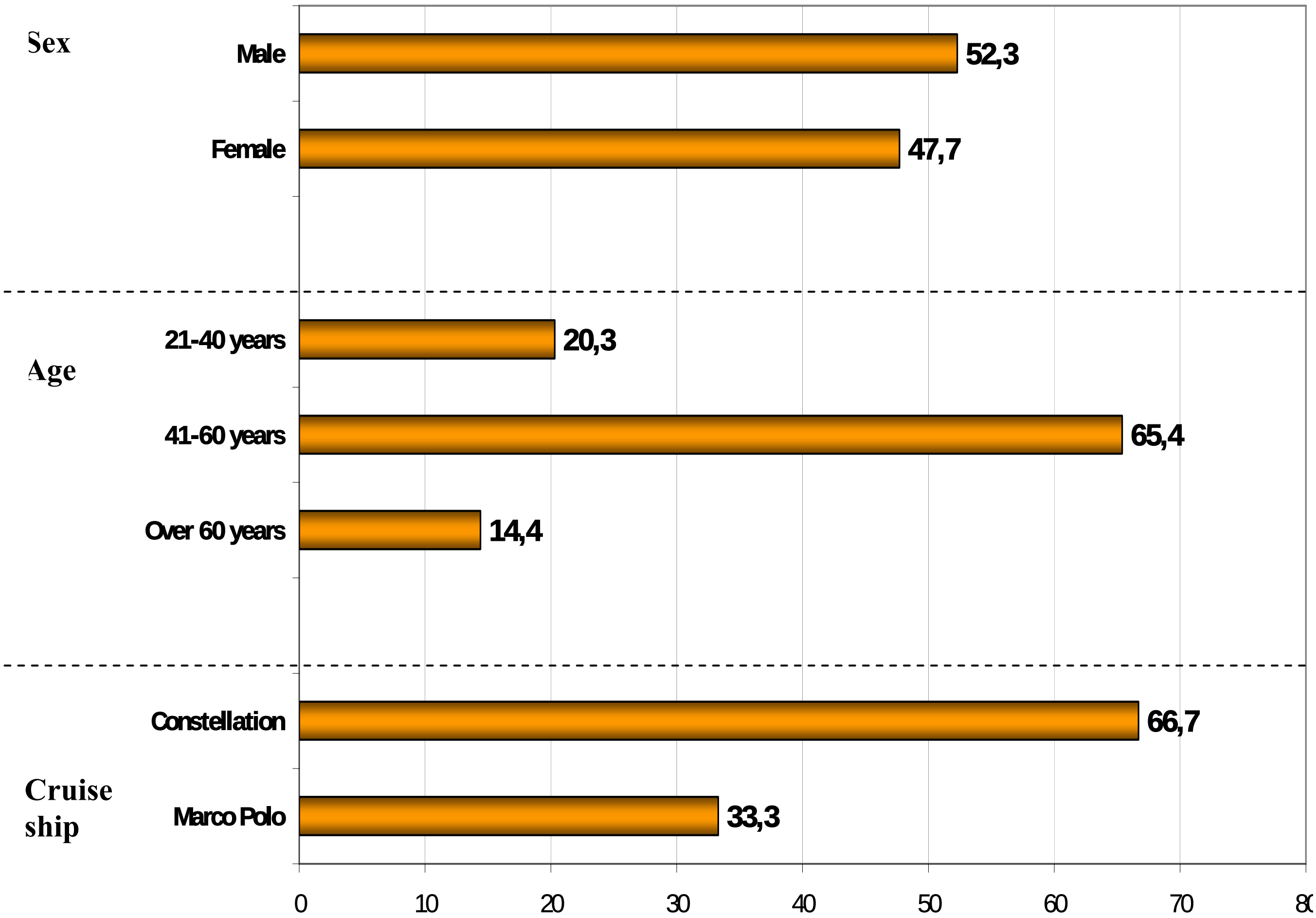




b. Riga respondents

Respondents' Social-Demographic Characteristics I

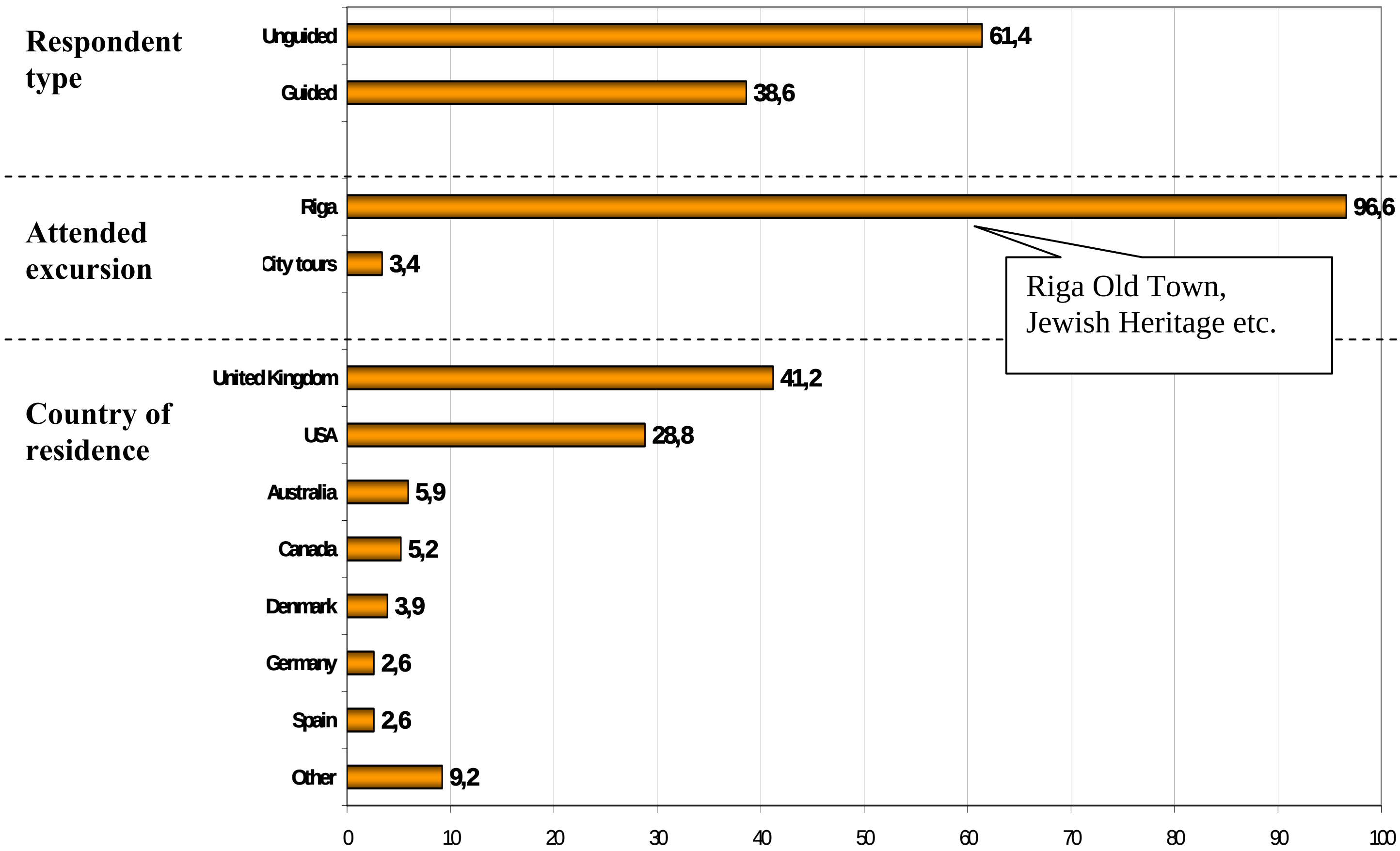
Riga



** If a couple was stopped by interviewer, only one person was interviewed, and this person's gender and age were marked. The interviewers had to mark the approximate respondents' age in terms of given limits.*
*** Since the sample was small, only English speakers were interviewed in Riga.*

Respondents' Social-Demographic Characteristics II

Riga



5. Survey results including analysis of statistically significant differences according to socio-demographic characteristics, and comparison of research results in Klaipeda and Riga

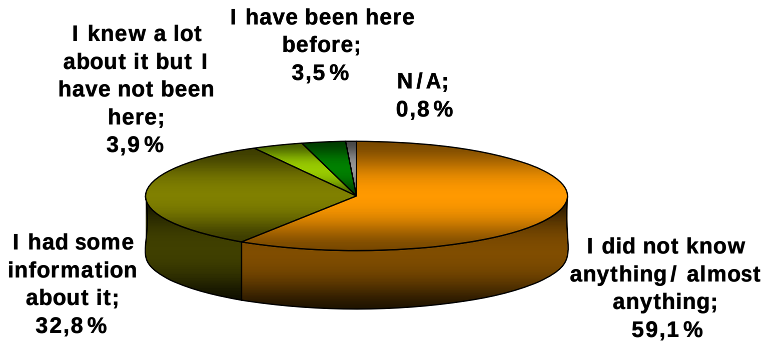
a. Information about the port of call

Similar number of respondents had no information about the port of call – neither Klaipeda, nor Riga – before their visit here. However, it is natural that Riga as a capital of Latvia had more of those who had some information compared to Klaipeda.

1. What did you know about Klaipeda/Riga before this visit? (%)

Klaipeda

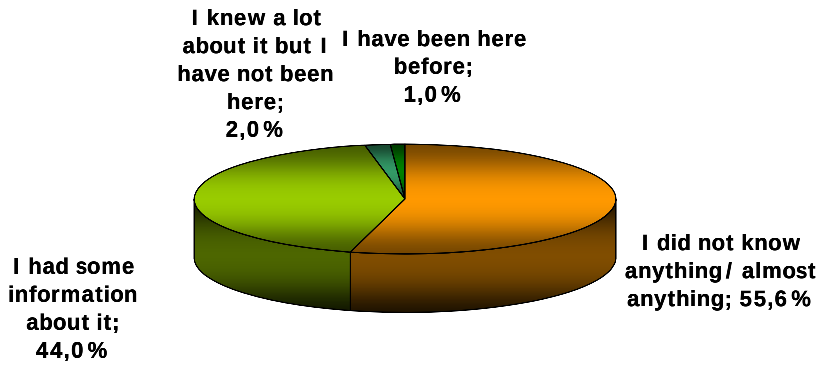
N=750



Guided respondents more often stated that they had some information about Klaipeda.

Riga

N=153



b. General impression on port of call

As well as informative level, general impressions about the cities are very similar as well. The general evaluation is completely positive. However, it is worth notifying that Riga has a clearer picture in cruise tourists' minds. Cruise passengers in Klaipeda less often indicated their expectations had been exactly as they expected. 92% of the interviewed said they found Klaipeda as they expected, better or, much better than they expected.

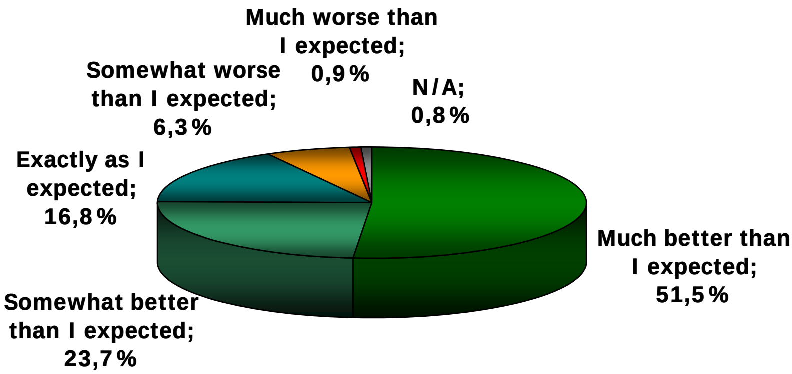
Over half of the interviewed had little knowledge of what to expect since they did not know almost anything about Klaipeda (59.2%).

76% of the people who had little or none information about Klaipeda before visiting and 75% of those who had some information found the town better much or somewhat better than they expected

53% of those with no information said much better, 49% with some information made the same statement.

2. How would you rate your impressions in general after visiting Klaipeda/Riga (%)

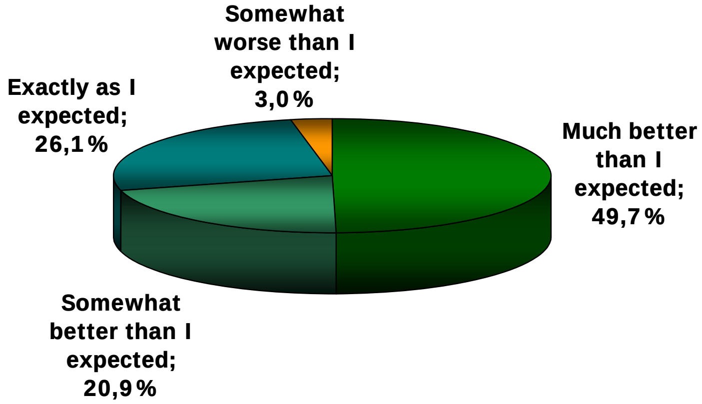
Klaipeda **N=750**



Guided respondents, under good weather conditions more often said that impressions after visiting Klaipeda were much better than they expected.

Riga

N=153


Somewhat worse than I expected; 3,0%
Exactly as I expected; 26,1%
Much better than I expected; 49,7%
Somewhat better than I expected; 20,9%

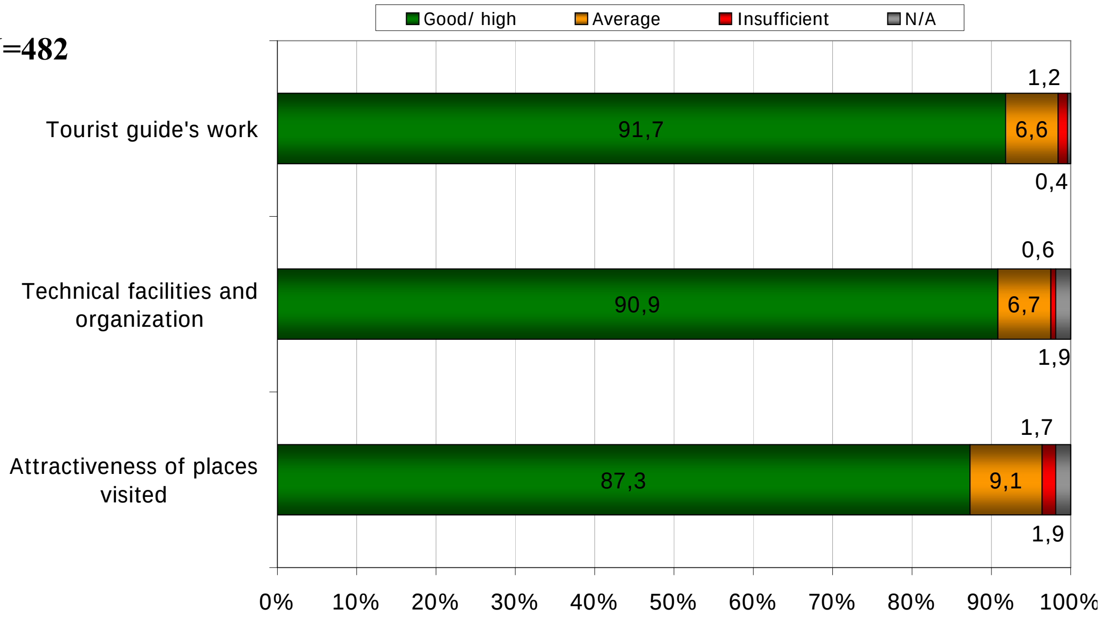
c. Evaluation of shore excursions

The shore excursions are a clear strength of surveyed ports of call. If continuously developed, it could be a perfect opportunity to attract even more cruise tourists and to increase their satisfaction with the port of call in general.

3. How would you rate the excursion you have just attended? (%)

Klaipeda

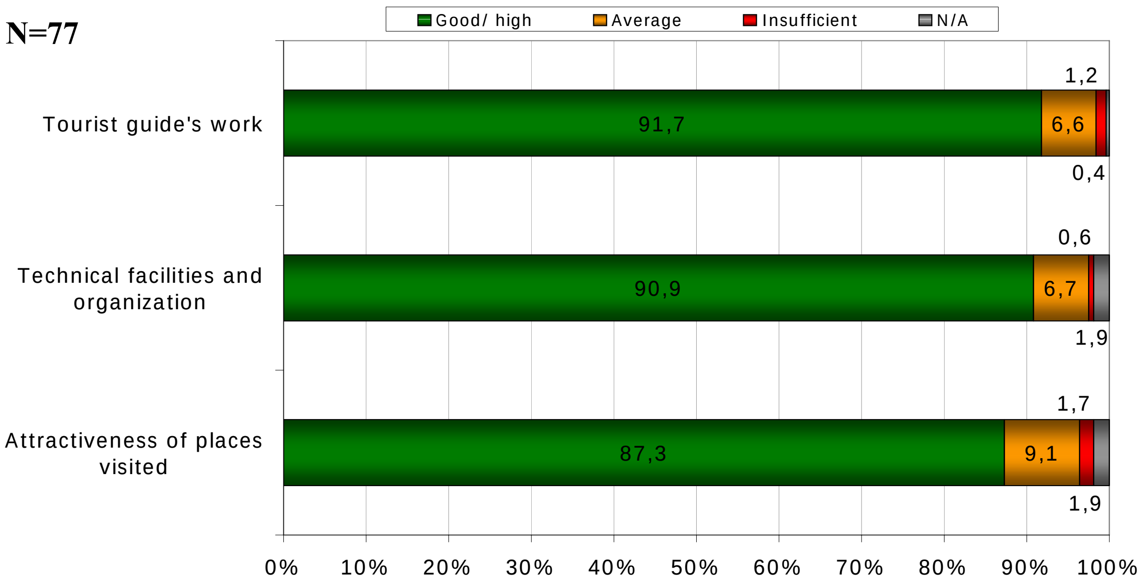
N=482



** Only guided respondents were asked this question*

Riga

N=77



** Only guided respondents were asked this question.*

d. Evaluation of port of call considering particular features

The tourist welcome quality is mostly liked because of friendly and rather helpful people, relaxed and warm atmosphere in the Port of Klaipeda.

Majority of those who liked nature made comments they enjoyed the shore excursions in The Curonian Spit or Palanga Botanical Garden, thus it is strongly related to the most beautiful places in the region.

When it comes to public order and public safety, cruise tourists emphasised they did not notice neither incidents, nor police, and they felt rather safe.

Historical and cultural interest was more often an object for those who went on guided trips to Klaipeda Old Town or Palanga Amber Museum. Some respondents missed more historical and cultural objects to be discovered and presented to cruise tourists in Klaipeda.

Bars and restaurants were evaluated rather well. A large part of respondents could not indicate any comments since they did not go to any of them during their stay – some did not go there because they had meals onboard, but most of such tourists could not exchange euros/ dollars to local currency litas, and their currency was not accepted. Some respondents still complained that not all of visited bars had English/ German menus and waiters speaking foreign language. Furthermore, some cruise tourists preferred to be served faster in bars and cafes.

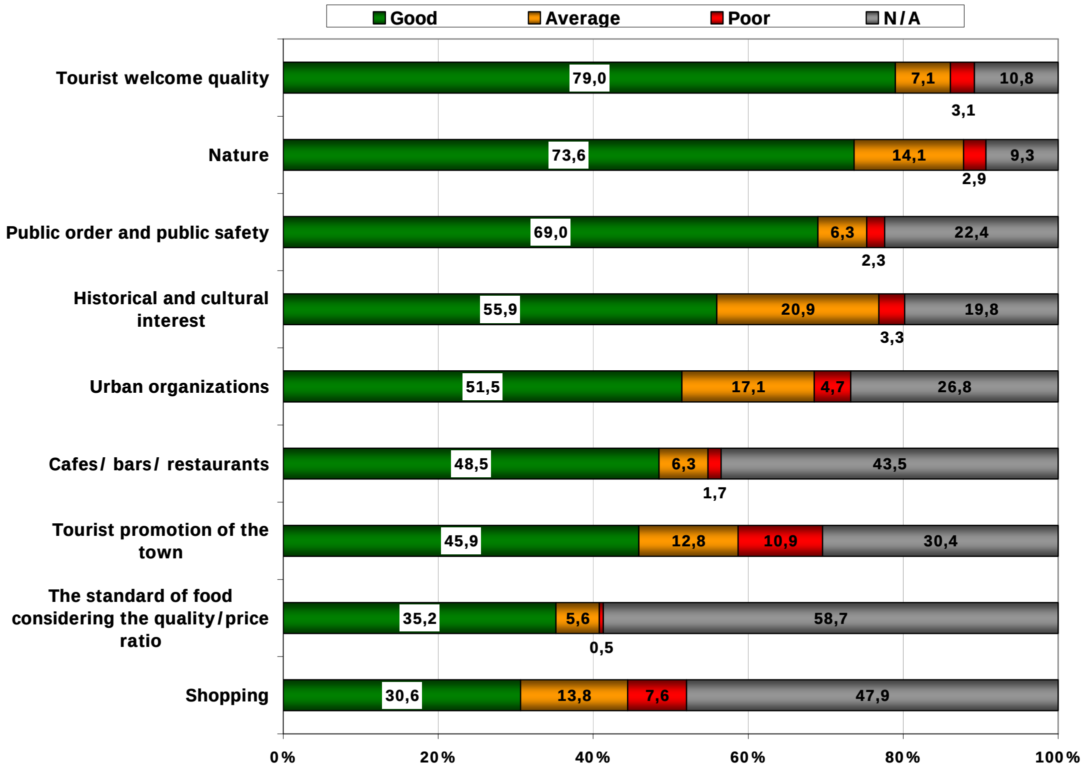
Tourist promotion of the town was evaluated controversially. Many cruise tourists did not notice any signs of town promotion. They admit it could be more active. Maps and informational material could be constantly renewed and more outdoor advertising related to Klaipeda City could be used in the port area. The evaluations of TIC were very positive – those who used their services were glad about helpful and informative people working there.

The standard of food considering price and quality ratio is very positive. What is important to admit that there is a high number of cruise tourists who had no experience related to local public catering.

Shopping is considered the weakest point. First of all, cruise tourists recognize they did not come here for shopping; however buying some small gifts, souvenirs or something nice for oneself is always a pleasure. However, majority did not have such possibility, either due to lack of time during the shore excursions or currency exchange/ acceptance problems.

4.1. What is your opinion about Klaipeda considering the following aspects? (%)

N=750



Guided respondents more often rated Klaipeda nature, historical and cultural aspect as good. Unguided respondents more often rated shopping and tourist promotion of the town as good.

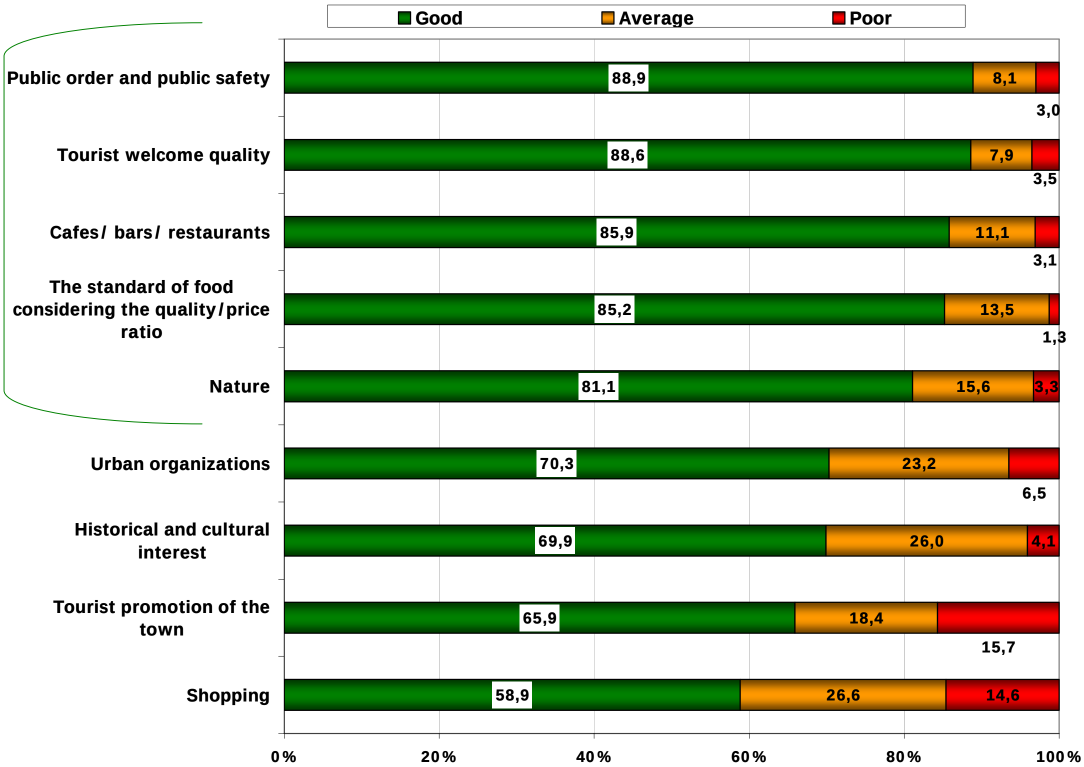
Respondents under bad weather conditions more often rated urban organization as good.

Male respondents, under good weather conditions more often stated opinion, that public order and public safety in Klaipeda is good. Male respondents, under average weather conditions more often rated cafes, bars and standard of food considering the quality/price ratio as good.

Next picture more clearly presents the opinions of respondents who evaluated the given aspects of the city – those who had no experience or no opinion about the matters were excluded from the sample.

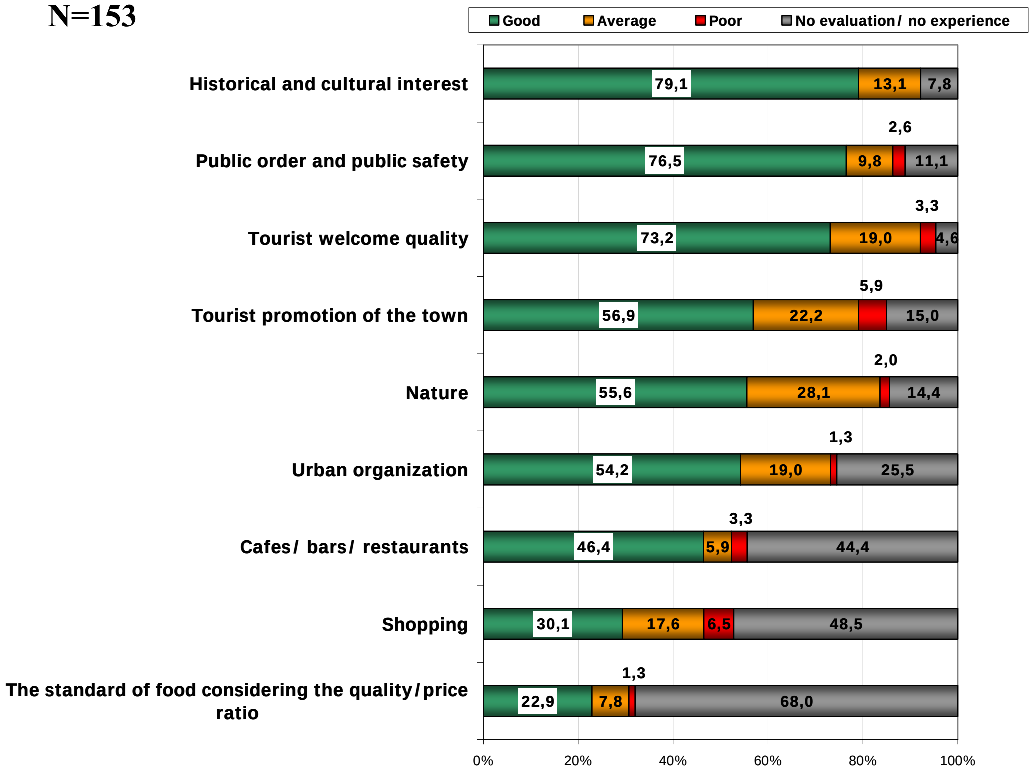
The public order/ safety, tourist welcome quality, catering and price quality ratio as well as nature are the strongest points in port of call evaluation.

Shipping still remains the weakest side with the lowest number of positive evaluations. However, it is important to admit that tourist promotion of the town received as many negative scores as shopping – cruise tourists believe, the town could be better promoted to tourists as well as more shopping opportunities could be created.



4.2. What is your opinion about Riga considering the following aspects?

N=153



Historical and cultural interest received the best evaluations in Riga. Attractiveness of its historical objects as well as public order and tourist welcome quality were the most satisfying the cruise tourists visiting the capital of Latvia.

Tourist promotion of the town could be stronger as well as in Klaipeda.

Nature is not the object of attention in Riga since it is a capital city with lots of tourist attraction objects and rich cultural and historical heritage.

Urban organization was criticized for intensive traffic and traffic jams mostly. The distance from Krievu Sala terminal to the Old Town is rather long, and the ships are moored at industrial area.

Enjoying bars and restaurants was difficult due to the currency acceptance problem – euros/ dollars were not accepted there. But those who have been in a café, bar or restaurant were positive about them.

Shopping in Riga was rather difficult (as well as in Klaipeda). It was so for several reasons – first of all, due to money acceptance/ exchange problems. Others could not find any shopping facilities; and the rest indicated shopping was not an object of their interest.

Guided, women respondents more often rated nature as good. Guided visitors more often evaluated historical and cultural interest as good. Unguided respondents more often stated, that shopping and cafes/bars/restaurants were good.

The following picture presents the same evaluations when respondents who had no opinion/ no experience are excluded from the sample.

Public order and safety, historical/ cultural interest and public catering seem to be the strongest points of Riga as a port of call.

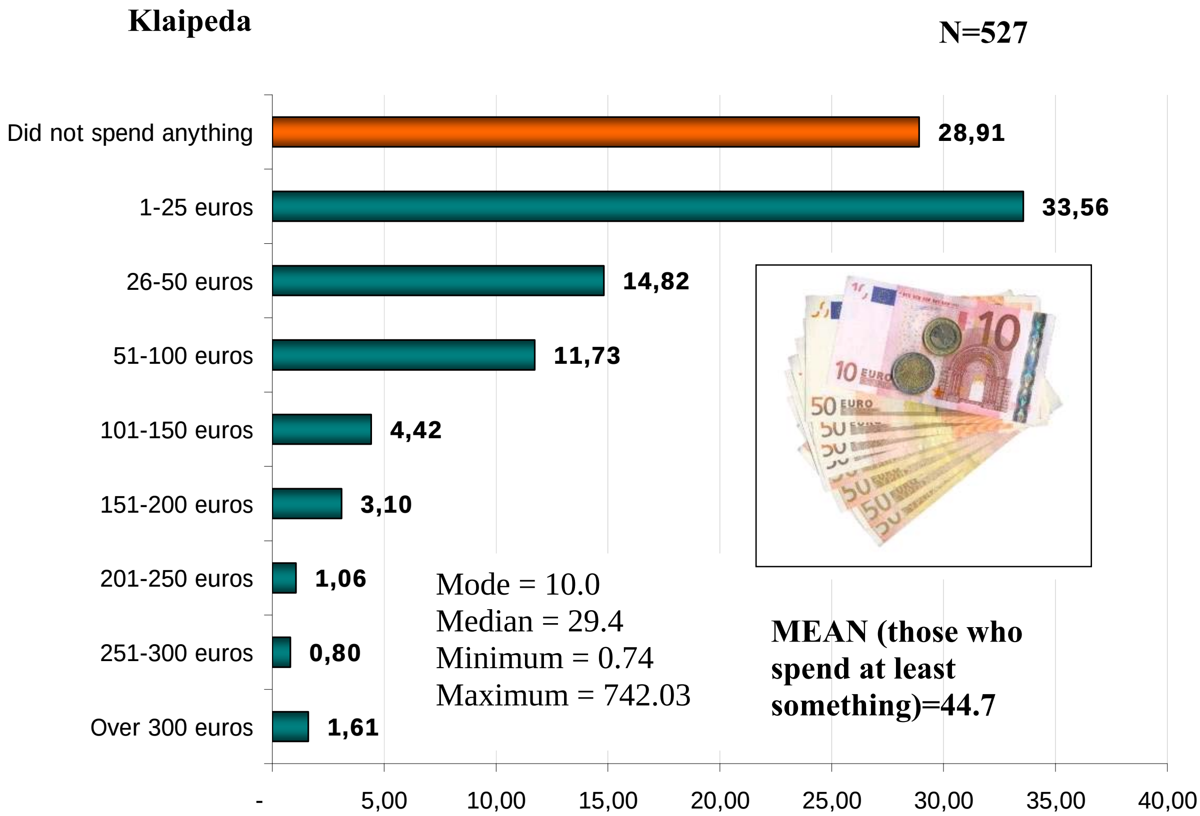
What is opposite to Klaipeda, nature evaluations are comparably lower – it may be related to shore excursions offered. The shore excursions chosen by cruise tourists in Riga were mainly related to sightseeing and major historical and cultural tourist attractions.

Shopping possibility is the least satisfactory – only half of those who had intentions to shop cited that it was good.

e. Cruise tourist expenditures in the port of call

When it comes to money one cruise passengers spent approximately 45 euros on average during the stay in Klaipeda. This mean is counted including even those who have not spent anything at all. If excluding such respondents, the average sum spent during the visit totals up to 61 euros on average. Up to 25 euros is the most popular sum to spend.

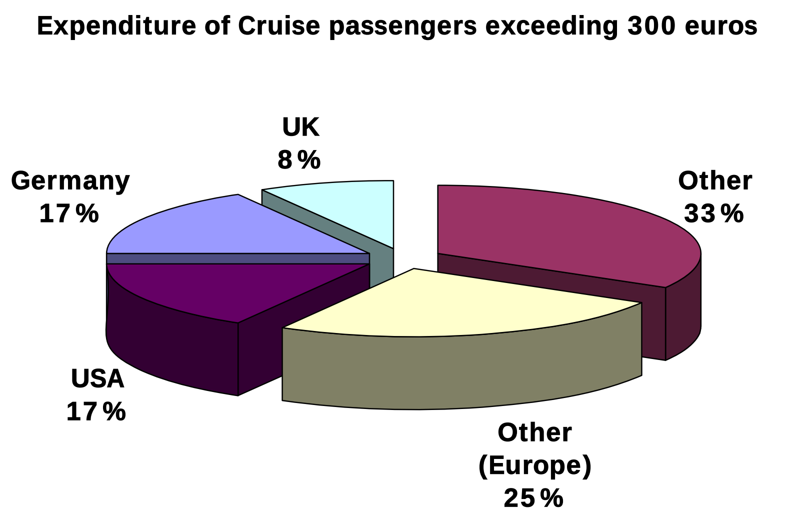
5. How much did You spend, approximately, during the visit of the city? (%)



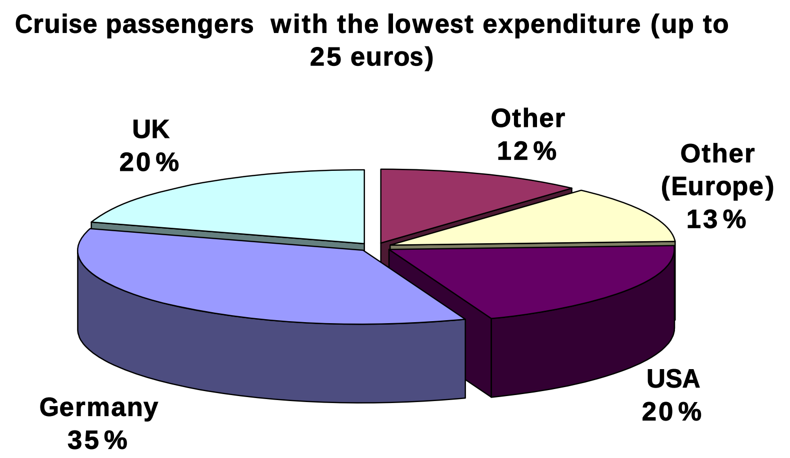
- 28.9% of interviewed cruise passengers did not spend anything in Klaipeda;
- excluding the above mentioned respondents, the mean of expenses is 60.9 EUR

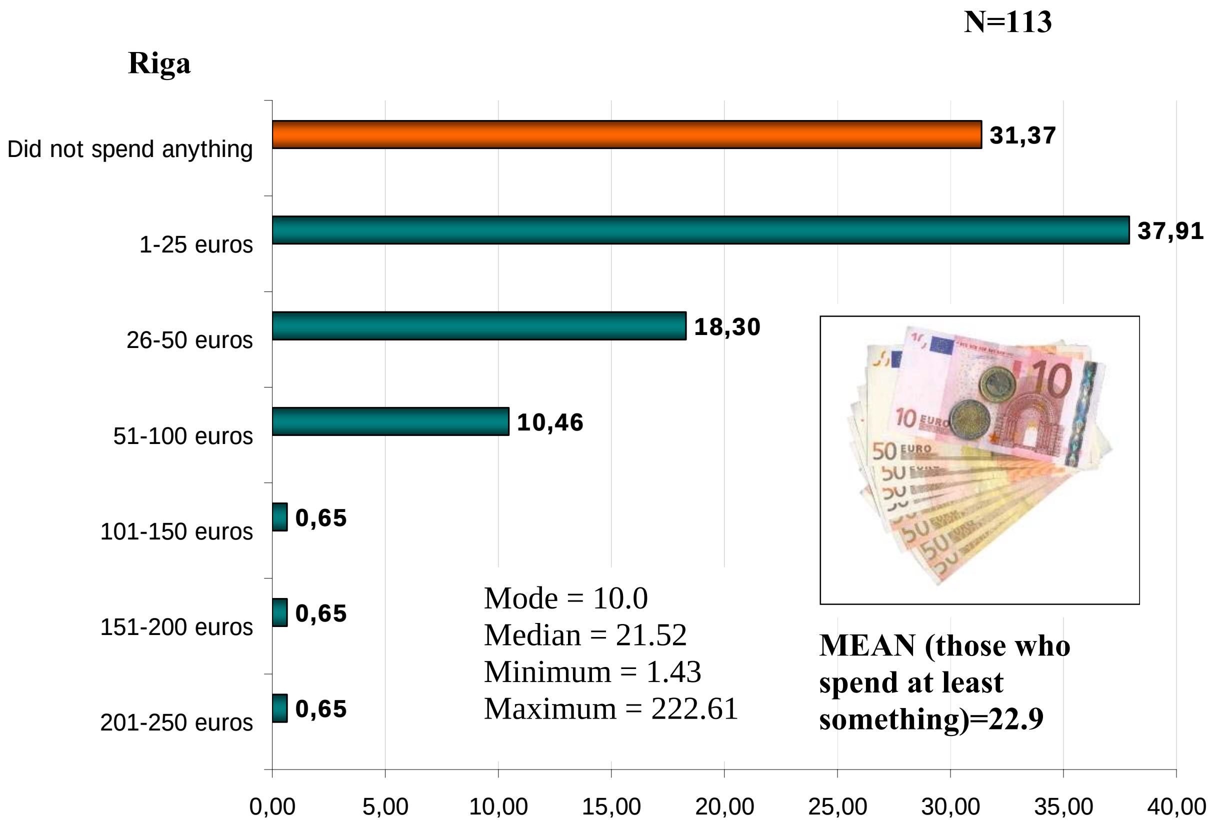
Comparing how much passengers spent those who spent the most, in mean, are the Canadians with 96,8 EUR per capita, followed by Americans 67,5 EUR, Dutch 57,6 EUR, British 48,6 and then the Germans 44,5 EUR.

The following picture describes the largest expenditure by the main nationality groups. It mainly shows that those who spend the most are not necessarily from the major source markets.



Germans seem to be the saver-type of cruise passengers in Klaipeda.





- 31.4% of interviewed cruise passengers did not spend anything in Riga;
- excluding the above mentioned respondents, the mean of expenses is 33.3 EUR

Guided visitors more often said that they had spent up to 100 EUR

When it comes to spending money, approximately 23 euros per passenger were spent during the stay in Riga. This mean is includes all respondents – even those who have not spent anything at all. As well as in Klaipeda, the similar percent of respondents did not spent anything in Riga. If excluding them, the average amount of money spent is about 33 euros on average.

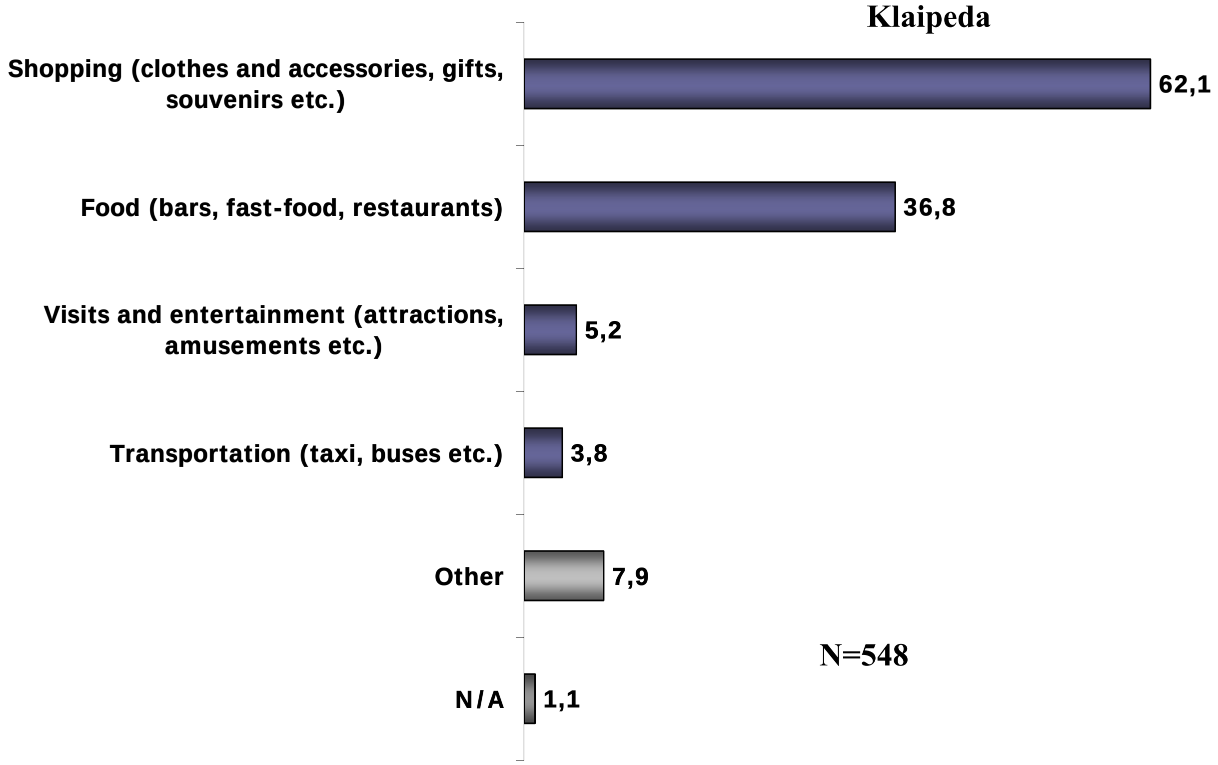
Cruise tourists were mostly buying souvenirs and gifts to bring home as well as different accessories and even clothes (linen and leather) for themselves.

The most popular souvenirs and accessories were amber ones, starting from the simple peace of amber and ending with luxurious amber necklace. Other people bought different country/ city related souvenirs. Some were happy to find local art galleries and to bring home different paintings and other pieces of art.

Over 1/3 of respondents who spent something in Klaipeda also bought some food and beverages, or went to café/ bars/ restaurant.

The answer option "other" mostly shows the tips for guides after the shore excursions as well as paid WC, or small purchases such as postcards.

6. What did you spend the largest part of your money on? (%)

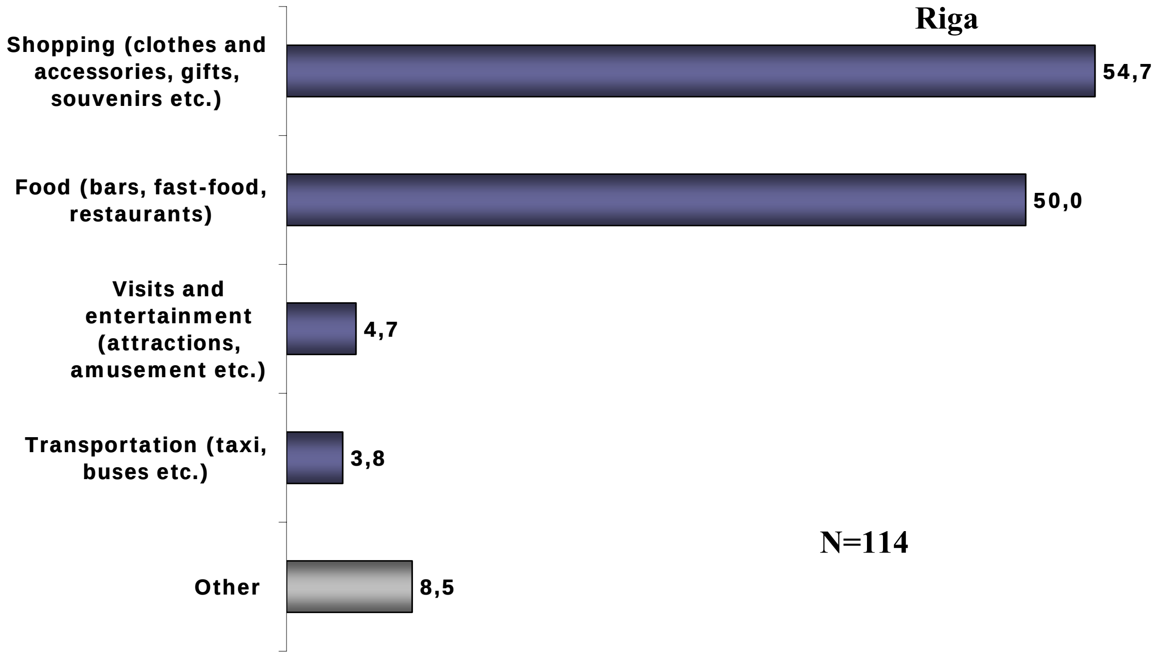


** Multiple answer option. Sum of answers is over 100%*

Male respondents more often said that they spent largest part of their money on food.

About 68 % of the women's first answer was shopping, followed by food (25%). The situation is similar within the men, although with a smaller gap between these two options: 59 % said shopping, 25 % food and restaurants. The most common second answer is food with 70 % overall.

Cruise tourists in Riga bought souvenirs and gifts as well as food and beverages in local cafes and restaurants.



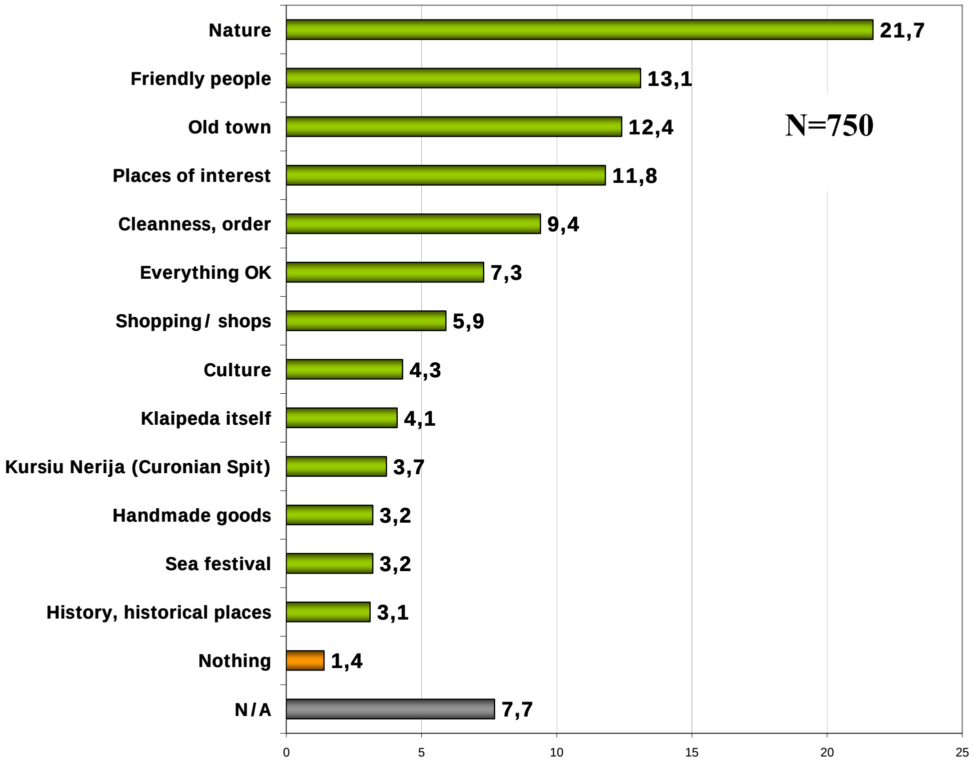
** Multiple answer option. Sum of answers is over 100%*

Distribution of answers by gender is similar to the situation in Klaipeda. About 60% of the women‘s first answer was shopping, followed by food (30%). The situation within the men's answers shows that a gap between these two options is smaller as well: 50% said shopping, 36% food and restaurants. The most common second answer is food with 86% overall.

f. Cruise tourists likes and dislikes in the port of call

When it comes to spontaneous answers (the question was open-ended), cruise tourists enjoyed staying in Klaipeda first of all because they spent their time in the places surrounded by beautiful nature. Furthermore, they liked friendly people in Klaipeda, as well as the Old Town and other places of interest. What is also important, it is that cruise tourists compare this port of call with others, and find it very clean.

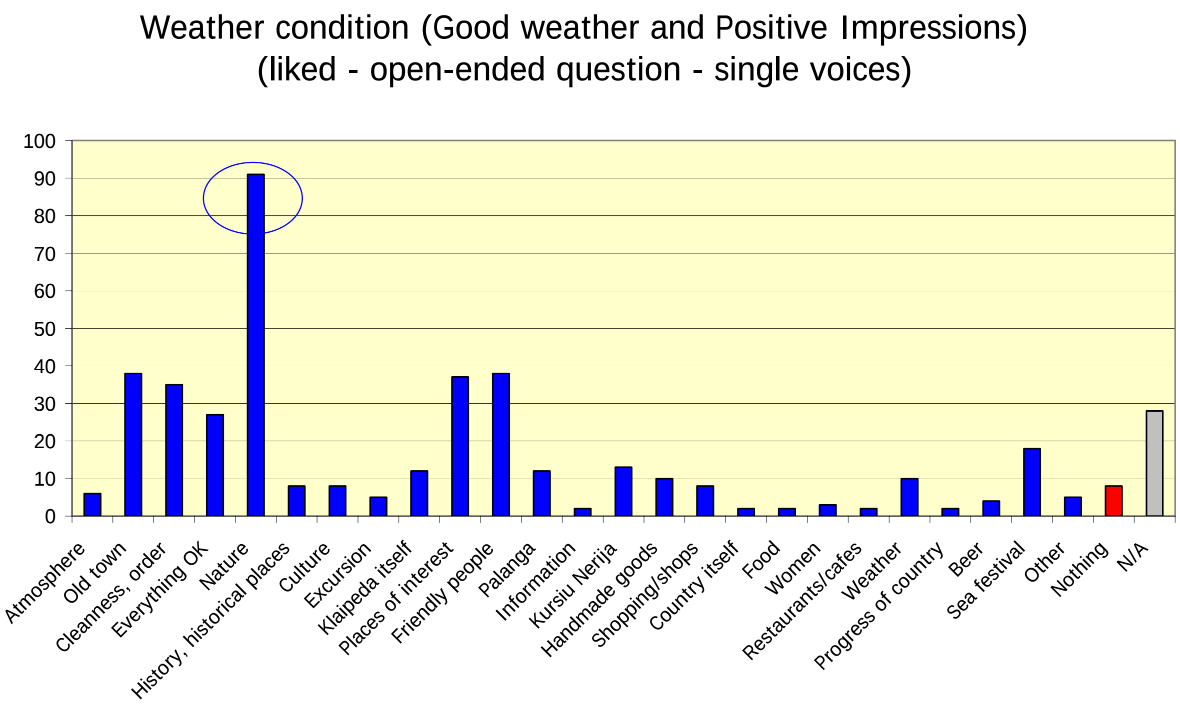
7.1. Was there anything you liked during your stay in Klaipeda?
What did you like the most during this stay? (%)



Guided respondents more often said that they liked nature – mostly because they visited the most beautiful sites in the region.

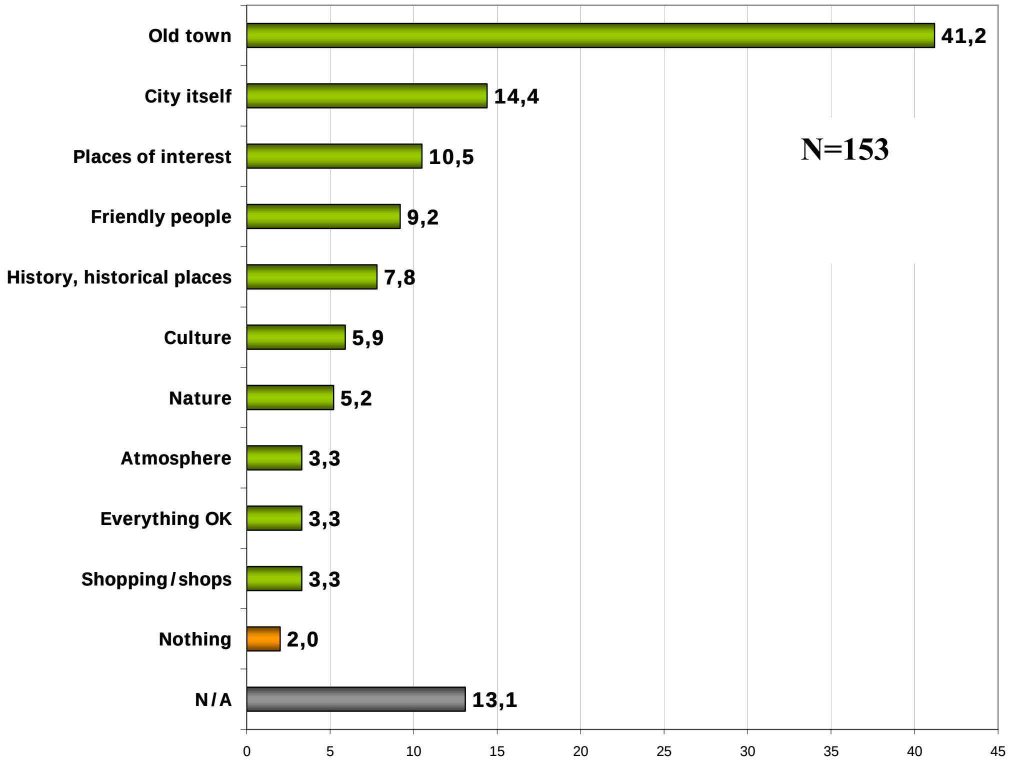
Klaipeda

Under good weather conditions, the strength of nature aspect is even more obvious. It is natural that people see more and have possibility to enjoy the natural surroundings when the weather is summer-like.



Riga Old Town was cruise tourists' attraction number one. Respondents were the most positive about the city itself and other places of interest.

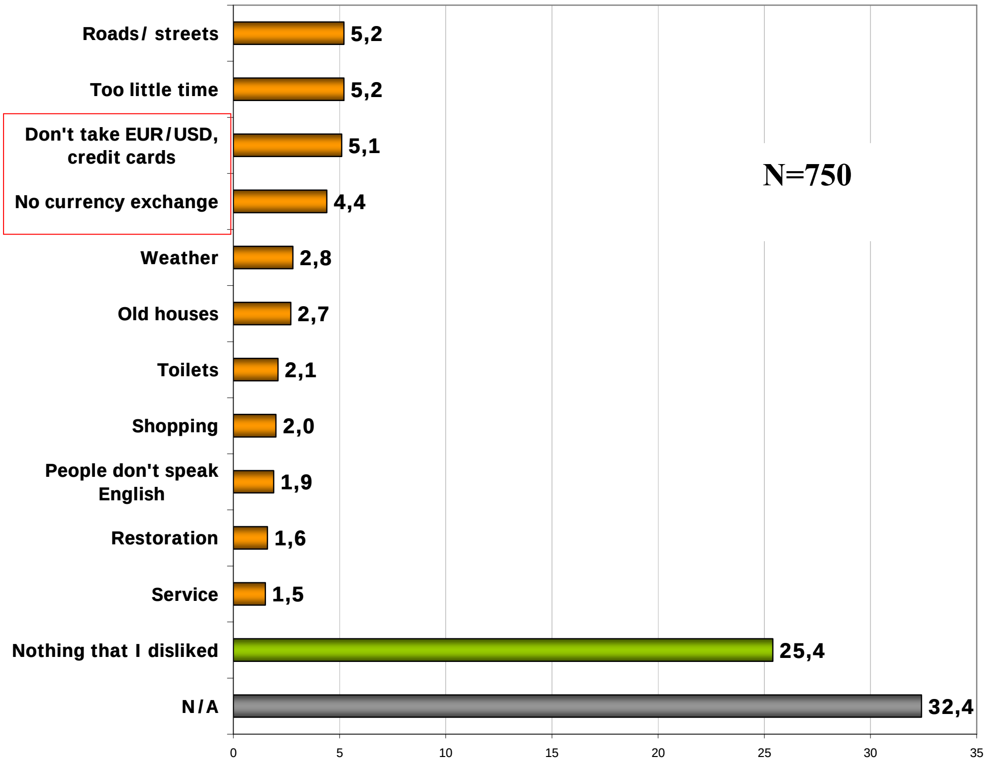
7.2. Was there anything you liked during your stay in Riga? What did you like the most during this stay? (%)



Riga

When it comes to negative things, currency exchange/ acceptance problems are the most obvious. Furthermore, cruise tourists noticed that streets and sidewalks need to be repaired – it is especially difficult to walk for the elderly people visiting Klaipeda. Additionally, the interviewed people claimed that they would have liked to spend more time in this port of call. It shows they are likely to come back the next time, and to experience more of it.

8.1. Was there anything you disliked during your stay in Klaipeda? What did you dislike the most during this stay? (%)



** Multiple answer option. Sum of answers is over 100%*
** Only the most often mentioned answers are shown.*

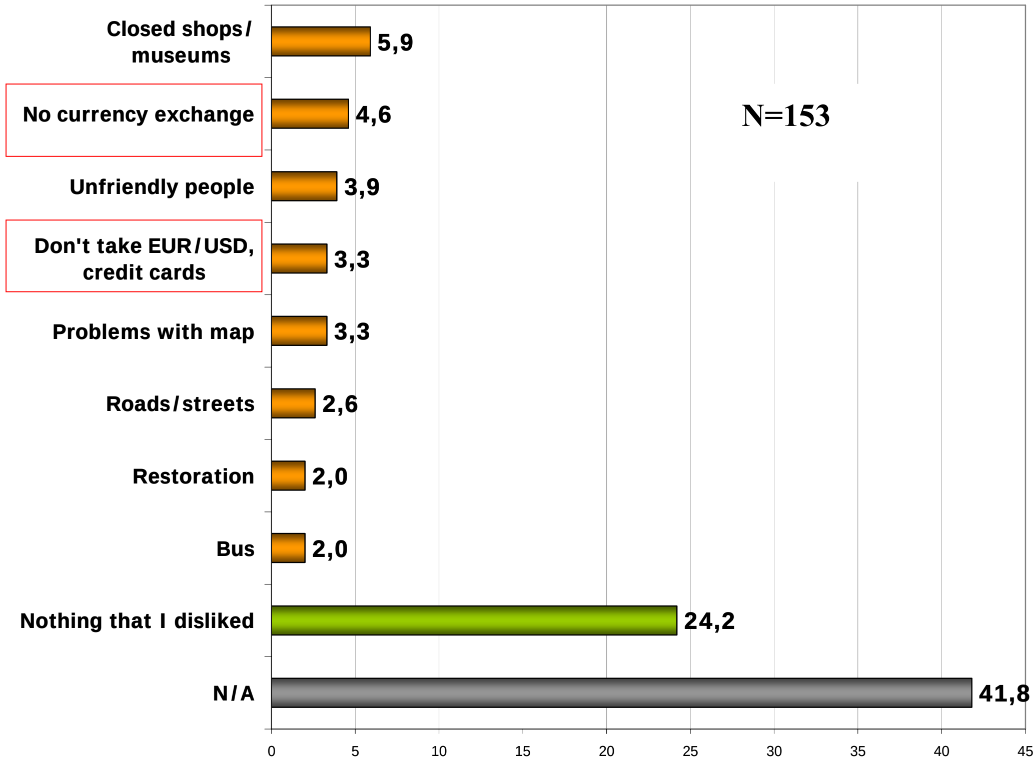
Within those who arose issues, the most popular concerns appear to be the conditions of the roads and streets (13%), chosen mostly by men (69%), the inability to use EUR/ USD credit cards (11%) and no possibility to change currency (11%), and also the conditions of the toilets (5,7%), pointed out mostly by women (75%).

Moreover having the chance to choose more than one option the interviews revealed that as a second choice the most popular is not being able to use EUR/ USD credit cards (17 %) and people not being able to speak English (12 %) in Klaipeda.

Only 0.5 % of the overall represented sample picked a third unpleasant detail or proposed an aspect of the town that can be improved.

The problem of currency exchange and acceptance was a negative experience in Riga as well as in Klaipeda. Additionally, many museums are closed on Mondays. Some could not find opened shops.

8.2. Was there anything you disliked during your stay in Riga? What did you dislike the most during this stay?(%)

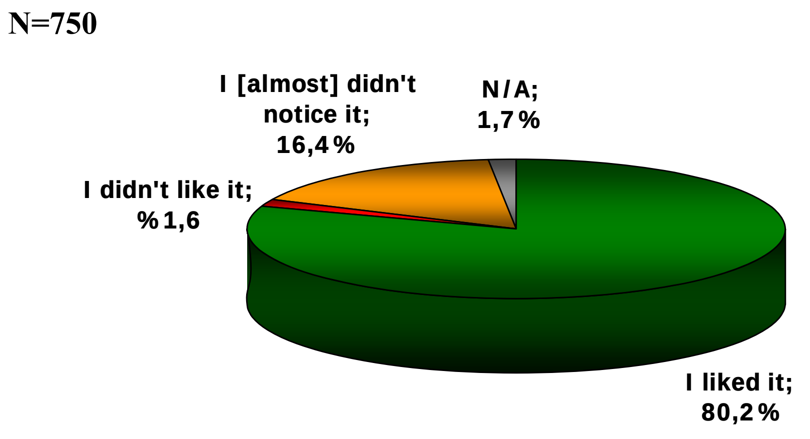


** Multiple answer option. Sum of answers is over 100%*
** Only the most often mentioned answers are shown.*

g. Evaluation of cruise tourist welcome

The Port of Klaipeda organizes the special cruise tourist welcome for the bigger cruise vessels. Majority of cruise tourists really enjoyed the national music, local bands and dances.

9. What about the cruise tourist welcome? Did you like it or not? (%)



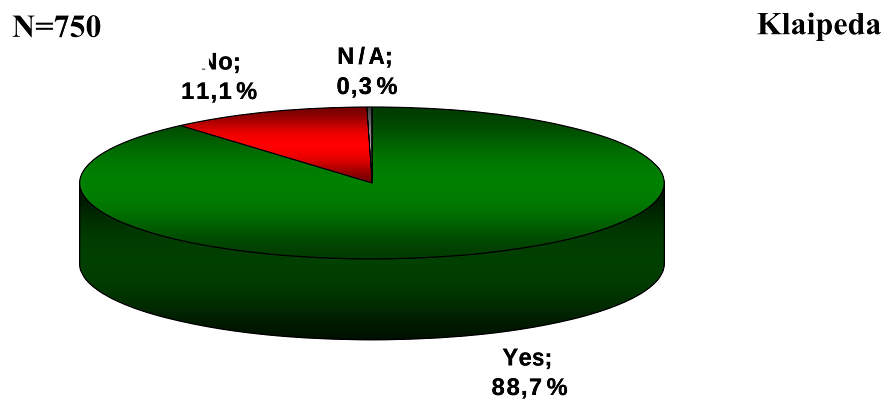
Under bad weather conditions respondents more often said that they didn't noticed cruise tourist welcome. Visitors from UK more often stated that they liked it.

**There was no cruise tourist welcome for the interviewed vessels in Riga.*

h. Intentions to come back to the country

Intentions to come back to Lithuanian were very positive. Many of cruise tourists interviewed were likely to visit Klaipeda in the future – 5-10 years to see the development. A large part of those positive ones, were very curious to come back and visit Vilnius, a capital of Lithuania. The rest were very eager to come back the next season – probably for longer holiday with their families – these were mostly fascinated by the nature in the Curonian Spit.

10. Would you like to come back to Lithuania/Latvia? (%)



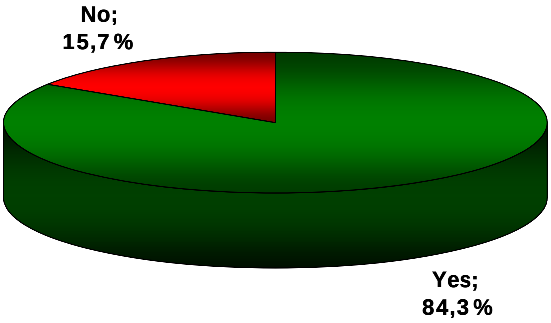
Guided respondents more often declared that they would like to come back to Lithuania.

Out of 11% who would not like to come back to Lithuania, 59% said Klaipeda is a site of poor or average historical and cultural interest. But 70% said that public order and safety are good. Over 70% of them said the excursion they had attended was to be considered as good. Almost 60% stated that their impression of Klaipeda was somewhat better or much better than they expected. Over 65% stated they new nothing or almost nothing about Klaipeda before their visit. No relevant difference in the sex within the composition of the sample is observed.

Only 9% traveled with bad weather conditions. 90% of people who answered negatively are aged over 40. This sample is made of 33% German, 25% from the US.

The thing that can be improved or is disliked the most is the inability to use EUR/USD credit cards.

N=153 **Riga**



Guided respondents more often expressed opinion that they would like to come back to Latvia. Majority of cruise tourists in Riga were also very positive to visit Riga one more time in the future.

6. Conclusions and recommendations

- From the point of view of other the most popular cruise destinations in Europe, the Mediterranean region has some natural strengths compared to the Baltic Sea region. Its geographical conditions and pleasant climate allows offering a cruise season of duration covering 11 months. In the Baltic Sea region cruising season of 5-6 months is more realistic. However, the Baltic region is another competitive strength which is rather impossible in Mediterranean. It is a degree of collaboration among the Baltic Sea ports. It covers common promotion presenting one target region. One more disadvantage of Mediterranean is being one of the oldest cruise destinations in Europe. The Baltic Sea region is newer, and Klaipeda is a rather comparably new itinerary on its map. Since Klaipeda is not a port of first range in the region, the survey results could be similar in other smaller ports. Small ports are also attractive in cruise market, thus they should work on their oneness and exclusiveness as well.

- Klaipeda as a cruise tourism product could be strengthened by tour operators' efforts to maintain existing and propose new attractions to cruise tourists. Onshore tour operators and Tourist and Culture Information Centre could arrange and implement effective promotional programs of how to convert cruise tourist to cruise tourist–repeater, or increase the numbers of land-based tourists in country. The cruise tourists' satisfaction is high with local operators' shore excursions (work or guides and overall organization) they attended during the stay in Klaipeda. It confirms that shore excursion operators are on the right way. Despite it, they should continuously work on the selection and qualification of licensed tour guides. The demand for private tour guides may increase due to growth of luxury cruise market. Furthermore, shore operators could search for and present more historical and cultural objects typical for Klaipeda/ Lithuania only. Since many cruise tourists were told in other ports of call that they should better buy amber in Klaipeda, this port could be easily promoted as "amber port" presenting all related opportunities. The eco-cultural tourism options in the region could be presented to cruise tourists to promote the naturalness of the region, healthy nutrition and other similar values. Cruise lines could be offered to source the needed supplies of goods (e.g. ecological products etc.) and services from local suppliers. It would definitely increase the overall benefits from cruise tourism.

- *The main service standards* for port facilities (common service standards distinguished by Cruise Baltic) are rather fulfilled in both, Klaipeda and Riga ports.

  - When it comes *to the compulsory level*, both ports have a dedicated cruise pier and clean and well-maintained port areas. However, in Riga, the biggest cruise vessels have no possibility to enter the passenger terminal in the port due to limited draught. Such vessels are moored in Riga Central Terminal and Krievu Sala, and the piers there are located in the industrial areas. The passengers are provided with shuttle buses – however, they have no possibility to walk to the downtown. It may cause negative cruise tourists' impressions about Riga. In Klaipeda passengers can either walk or choose offered transportation at the pier. Since some cruise tourists find peers being surrounded of industry, the municipalities and related institutions should ensure more pleasant port areas through which cruise passengers pass. Any noise from industrial areas which still happens and is not gone unnoticed by cruisers should be avoided at the time of their visit. Clear signs are indicating the main objects. However, the Municipality could arrange more attractive and interactive signs like “If you turn left, you will meet….”, “3 min on foot” etc.

- In Klaipeda cruise tourists have a clean and rather well-maintained port area. In Riga it is only Riga Passenger Terminal which offers a passenger-orientated facilities and service. Other terminals and quays used for cruise ships meet only technical requirements, and thus play only functional role.
- As the survey shows, resting areas for cruise tourists could be better organized in both ports. There is no sheltered area available for cruise tourists under the bad weather conditions neither in Klaipeda, nor in Riga.
- The survey confirmed that the tourist information is available to cruise passengers in tourist information centers. There is also a mobile TIC at the pier in Klaipeda during the cruise season. In Riga the situation is slightly different – passengers of the bigger vessels mostly visited the TIC in the Old Town since the vessels were moored in the industrial area, and no mobile TIC was available.

- Considering *the voluntary level*, transfer services (taxis) and related information (stands with taxi telephone number displayed) is available in Klaipeda. Some taxis were waiting for the cruises tourists at the terminals in Riga. However, the transportation related information could be better communicated in Riga. Additionally, cruise tourists complained they are not aware of taxi charges and quality. Thus the standards of vehicle quality and fares (i.e. from the port to different destinations) should be established and presented to avoid the cases when cruise passengers taking taxis are mislead.
- There could be better access for disabled people in both ports – there is still some room for improvement. Only one disabled respondent in a wheelchair was interviewed in Klaipeda – she had no complains since she had her closest people‘s assistance.
- A tourist information (the mobile centre) providing cruise tourists with the basic information and city maps is available in Klaipeda. City maps could be constantly reviewed and renewed. The locations of key services, useful tips for reaching beaches by taking a ferry, shopping and dining establishments, museums and other attractions should be marked. A list of “cruise-friendly” facilities could be arranged.
- Multi-service shops (souvenirs, postcards etc.) are available in the old towns and TIC. The credit card acceptance and cash machine problems should be solved for higher cruise tourists’ satisfaction – at the moment cruise tourists have many complaints related to currency acceptance and exchange.
- Cruise tourists, especially women, complained about the lack of toilets in both, port area and Old Town. Municipality should take care of this issue by dealing with related organizations.

- When it comes to *individual added value*, the personalized greeting (orchestras, national music and dances) is warmly evaluated by cruise passengers in Klaipeda. No cruise tourist welcome was arranged for the interviewed vessels at the pier in the port of Riga.

- The lack of international awareness of Klaipeda and Riga as cruise destinations is one of the main weaknesses of cruise sector there. Both countries (Lithuania and Latvia) should continuously promote their ports to cruise lines, cruise tourists and potential customers worldwide. Both, Riga and Klaipeda interviews show a rather low awareness of these cities among cruise tourists – 56% and 59% accordingly did not know anything about the port of call before their visit. The majority of the interviewed cruise passengers only know the name of the city and country where it is located. Therefore, the development of marketing partnerships and deeper communication of both, countries and ports is more than welcome to increase their awareness among the cruise tourists. For this reason active communication with cruise lines and active work while attracting them could be supplemented with up-to-date information. Some cruise tourists complained that they did not receive any informational material about Klaipeda onboard a day before call to this port as it was done with other ports of call during their cruise. The dedicated programme could include a publication outlining the Klaipeda shore excursion products, and it should be distributed to all passengers prior to arrival. Production of an appropriate video for viewing by passengers should also be considered. The cruise tourist welcome is a real strength of Klaipeda Port – cruise tourists find it very pleasant to be welcomed with local bands and similar attractions which raise positive emotions and such impressions are probably spread by word of mouth which influences other cruise tourists' decisions.

- In general, satisfaction with both ports is very high since the impressions are mostly higher than expected for about half of cruise tourists interviewed in these ports. It once more shows that active communication of ports, attractive proposals for shore excursions are crucial while increasing the cruise traffic in the target ports. Survey based positive experience of other cruise passengers from various countries and continents based could be used in this promotion. Renewed maps of the city and refreshed tips and advices for cruise tourists could be very helpful while deeper experiencing the country and region.

- The shore excursion services provided by local tour operators are evaluated completely positive. Tourist guides' work received the highest evaluations – majority of those who have been on guided tours were satisfied with the guides' professionalism, knowledge and warm communication with them as cruise passengers. Technical facilities and organization was satisfactory as well. Both ports provided special buses for tourists, and the tours went upon the strict timelines. The survey shows that guided tourists miss more time in the port of call – guided cruise tourists miss more time for shopping, eating and relaxing during the shore excursions; in general, they wish to more deeply experience the local culture and to bring home something special. It is a good future trend. However, shore operators could take it into consideration and some guided tours could include a "take your time" hour with certain proposals – small-scale shopping facilities, local kitchen offers etc. – it would not leave the cruise tourist all alone but also would give them more freedom to decide whether they want to have a glass of beer or an amber necklace.

- The evaluation of Klaipeda as a target port of call is the most positive considering the quality of tourist welcome, friendly atmosphere, and nature which mainly means the natural surroundings cruise tourists visit during the shore excursions. One of the main strength of the port's cruise product was identified by respondents as the natural beauty beaches and scenery in the Curonian Spit. Public order and public safety are satisfactory. More historical and cultural objects in the city itself are needed, even though the current offers are very interesting. Many cruise tourists had no public catering experience in

Lithuania during their stay – some saved their money themselves, but majority experienced money acceptance/ exchange problem. Language and service quality problems were less frequent. Tourist promotion of the town could be more active for the coming cruise tourists in the Old Town as well as the port area. The work of TIC received very positive comments thus the city and region promotion including different proposals could be more active.

- The standard of food considering price and quality ratio is very positive. It is important to admit that there are high numbers of cruise tourists who had no experience related to local public catering. Shore operators should work on it. Local kitchen and other attractive choices could be proposed if collaborating if local business.

- Shopping is considered a weaker point. First of all, many cruise tourists recognize they do not come here for shopping. However, buying some small gifts, souvenirs or something nice for oneself is always a pleasure. It is important that more than ¼ of interviewed cruise passengers did not spent anything. Many cruise tourists commented (those who did not spend anything as well as those who wanted to spend more) they did not have such possibility, either due to lack of time during the shore excursions or currency exchange/ acceptance problems. Before the survey, it was a presumption that one cruise tourist spend 50-75 euros at one port of call. The survey shows that those who spend they spend about 60 euros. And those who for some reasons do not spend anything should be presented with such opportunity – either on shore excursion or at the peer where informational material about where to shop, to get special souvenirs or unique amber jewelry. Local businesses should be presented with possibilities in be involved in cruise tourism sector and direct and indirect benefits. Shopping on Sundays is even more difficult – most of the shops in the Old Town (except the biggest malls, such as Akropolis further in the city) and museums are closed in Klaipeda. Akropolis mall provides free of charge shuttles, and this is one of good examples how to attract the cruise tourists by creating the opportunities for them. Also, cruise tourists had no possibility to visit museums and churches in Riga. Local business and cultural object should be encouraged to participate in this sector, and to apply different means such as flexible/ extended upon request working hours (where applicable – shops, cafes, handicraft sales, museums), putting clear and unified signs in the windows or on the stalls (i.e. “English spoken”, “Credit cards accepted”, “Sorry, foreign currency is not accepted”) etc. Establishing of network and collaboration among different business sectors should be encouraged by Municipality. Also, the Municipality and Port Authority should work with the banking community to establish foreign exchange booths and cash machines.

- Despite the fact that most of Baltic Sea region countries are EU members, euro is still not the official currency in most of the countries, thus the problem of small cash exists – tourists are unhappy as they cannot exchange money, and the city and small local businesses do not receive possible income. Both currencies are legally accepted – but few local businesses consider obtaining the special equipment to accept euros. Cruise passengers would like to have a possibility to exchange their money and to back exchange the local currency after they come back to the vessel. Also, the problem of exchange is more actual for guided tourists who go for shore excursions to small towns and villages around the port. The shore tour operators should take it into consideration while planning guided excursions. The problems are two. First if all, where to exchange the currency – dedicated cash machine at the terminal should be arranged or cruise lines could offer this possibility (especially the back exchange) at the vessel if such collaboration is possible. The second problem is how much to change – the acceptance of credit cards could solve the problem. The Municipality and local businesses could help solving the problem, and tourists could be provided with information about possibility to shop with "no limits" either they have cash of credit cards.

- Since the majority of cruise passengers would like to come to Lithuania/ Latvia, local tour operators and tourist information centers should take an advantage to promote the long stay tourism proposals.

- The purpose is to maximize the economical benefits from the cruise industry and at the same time the social must be taken into consideration when developing the future guidelines facilitating the development of cruise tourism in Klaipeda. The environment offered to cruise tourists should be safe and entertaining enough, and the daily life of local people should not be interfered but varied and spiced by such visits. In order to reveal social factors such as experience, perceptions and emotions of local people, perceived impacts and benefits, the social influence of cruise tourism in Klaipeda could be surveyed in the future.

- The cruise passengers' survey itself was commented by the interviewed cruise tourists as a significant sign that the Port of Klaipeda has strong intentions to find out the weaknesses as well as strengths and to develop further on.

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Questionnaires:

English version

Questionnaire for cruise passengers

- *To interviewer: mark answers yourself*

Sex: 1. Male 2. Female **Age:** 1. Up to 20 years 2. 21-40 years 3. 40 -60 years 4. Over 60 years

Date __________________ **Cruise ship (code)** ____________________ **Time of return on board** (hour/ minutes)__________________

Weather conditions: 1. Good (warm sunny day) 2. Average 3. Bad (rain, very cold, strong wind etc.)

Respondent type: 1. Guided *(pls write down the excursion attended)* ________________________ 2. Unguided

- *To interviewer: questions to be asked*

Q1. In which country do you live? ________________

Q2. What did You know about Klaipėda before this visit?

1. I did not know anything/ almost anything
2. I had some information about it
3. I knew a lot about it but I have not been here
4. I have been here before

Q3. How would You rate your impressions in general after visiting Klaipėda?

1. Much better than I expected
2. Somewhat better than I expected
3. Exactly as I expected
4. Somewhat worse than I expected
5. Much worse than I expected

Question for guided excursions only

Q4. How would You rate the excursion You have just attended?

Aspects:	**Insufficient**	**Average**	**Good / High**	**No evaluation/ no experience**
Tourist guide's work	1	2	3	99
Technical facilities and organization	1	2	3	99
Attractiveness of places visited	1	2	3	99

Q5. What is your opinion about Klaipėda considering the following aspects?

Aspects:	**Poor**	**Average**	**Good**	**No evaluation/ no experience**
1. Nature	1	2	3	99
2. Historical and cultural interest	1	2	3	99
3. Shopping	1	2	3	99
4. Urban organization	1	2	3	99
5. Tourist promotion of the town	1	2	3	99
6. Public order and public safety	1	2	3	99
7. Tourist welcome quality	1	2	3	99
8. Cafes/ bars/ restaurants	1	2	3	99
9. The standard of food considering the quality/price ratio	1	2	3	99

Q6. How much did You spend, approximately, during the visit of the town?

Total amount________________ **EUR USD LTL** *(pls mark the currency)*

Q7. What did You spend the largest part of your money on?

1. Visits and entertainment (attractions, amusement etc.)
2. Shopping (clothes and accessories, gifts, souvenirs etc.)
3. Food (bars, fast-food, restaurants)
4. Transportation (taxi, buses etc.)
5. Other *(pls write in)*____________________________________

Q8. Was there anything You liked during your stay in Klaipeda? What did You like the most during this stay? (it can be anything: general impressions or some pleasant details)

Q9. Was there anything You disliked during your stay in Klaipeda? What did You dislike the most during this stay? What can be done better? What is missing in Klaipeda? (it can be anything: general impressions or some unpleasant details)

Q10. What about the cruise tourist welcome? Did you like it or not?

1. I liked it
2. I didn't like it
3. I [almost] didn't noticed it

Q11. Would You like to come back to Lithuania?

1. Yes 2. No

German version

Fragebogen für die Fahrgäste der touristischen Reise durch Meer

- *Für den Menschen, der interviewet: vermerken Sie bitte die Antworten selbst*

Geschlecht: 1. Männlich 2. Weiblich **Alter:** 1. bis 20 Jahre 2. 21-40 Jahre 3. 40-60 Jahre 4. Über 60 Jahre

Datum _________ **Cruiseschiff (Kode)** ___________ **Zeit der Rückkehr ins Schiff** (Stunde/ Minuten)_______________

Wetterbedingungen: 1. Gut (warmer, sonniger Tag) 2. Nicht schlecht 3. Schlecht (Regen, sehr kalt, starker Wind usw.)

Typ der zu befragenden Person: 1. Mit dem Leiter *(bitte Exkursion angeben)* ________________________ 2. Ohne Leiter

- *Für den Menschen, der interviewet wird: zu fragende Fragen*

Q1. Wo kommen Sie her? _________________

Q2. Was wussten Sie über Klaipeda vor Ankunft in diese Stadt?

5. Nichts/ fast nichts
6. Hatte etwas Information
7. Wusste sehr viel, war aber nie hier
8. War schon früher hier

Q3. Wie schätzen Sie Ihre Eindrücke nach der Ankunft in Klaipeda?

6. Viel besser als ich erwartet habe
7. Etwas besser als ich erwartet habe
8. Eben so wie ich erwartet habe
9. Etwas schlechter als ich erwartet habe
10. Viel schlechter als ich erwartet habe

Fragen nur für die Gruppen mit dem Leiter

Q4. Wie würden Sie die Exkursion schätzen, in der Sie eben gewesen sind?

Aspekte:	**Unbefriedigend**	**Mittler**	**Gut/ sehr gut**	**Keine Bewertung/ keine Erfahrung**
Arbeit des Leiters von Touristen	1	2	3	99
Technische Bedingungen und Organisation	1	2	3	99
Reiz der besuchten Orten	1	2	3	99

Q5. Wie ist Ihre Meinung über Klaipeda, unter Rücksichtnahme auf folgende Aspekte?

Aspekte:	**Schlecht**	**Mittler**	**Gut**	**Keine Bewertung/ keine Erfahrung**
1. Natur	1	2	3	99
2. Geschichte und Kultur	1	2	3	99
3. Einkaufen	1	2	3	99
4. Darstellung der Stadt	1	2	3	99
5. Werbung der Stadt	1	2	3	99
6. Öffentliche Ordnung und Sicherheit der Öffentlichkeit	1	2	3	99
7. Qualität der Annahme von Touristen	1	2	3	99
8. Cafes/ Bars/ Restaurants	1	2	3	99
9. Verpflegungsstandard, unter Rücksichtnahme auf Verhältnis von Qualität und Preis	1	2	3	99

Q6. Wie viel Geld ungefähr haben Sie während des Besuchs der Stadt ausgegeben?

Gesamte Summe_________________ EUR USD LTL *(bitte Währung anzugeben)*

Q7. Zu welchem Zweck haben Sie meistens Geld ausgegeben?

1. Besuche und Vergnügen (Festplätze, Lustbarkeiten usw.)
2. Einkaufen (Kleider und Nebensachen, Geschenke, Souvenirs usw.)
3. Lebensmittel (Bars, Gaststätte, Restaurants)
4. Transport (Taxi, Busse usw.)

5. Anderes *(bitte anzugeben)*___________________________________

Q8. Hat Ihnen etwas in Klaipeda gefallen? Was hat Ihnen am meistens gefallen? (Sie können hier beliebige Sachen angeben: allgemeine Eindrücke oder nette Kleinigkeiten)

Q9. Hat es Ihnen etwas in Klaipeda nicht gefallen? Was hat Ihnen am meistens nicht gefallen? Was könnte besser sein? An wem fehlt Klaipeda? (Sie können hier beliebige Sachen angeben: allgemeine Eindrücke oder nette Kleinigkeiten)

Q10. Was meinen Sie über die Annahme der durch Meer wandernden Touristen? Hat es Ihnen gefallen oder nicht?

4. Gefallen
5. Nicht gefallen
6. Habe [fast] nicht bemerkt

Q11. Möchten Sie irgendwann nach Litauen zurückkommen?

1. Ja 2. Nein