

Capitalizing on Cruise tourism

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Cruise ships used to be considered as cruise liners that transport passengers from one destination/place to another. In this era they have repositioned themselves as floating vacation liners with all the elements and social amenities that cruise tourist requires. According to the Cruise Lines International Association (CLIA) the demand for cruising has increased with 68 percent in the last 10 years¹. Cruise ship passengers are considered same-day visitors. Same-day visitors (also called "excursionists") are persons who do not reside in the destination of arrival and stay for just a day without spending the night in a collective or private accommodation within the destination visited². This category includes cruise passengers who arrive in a destination on a cruise ship and return to the ship as well as crew members.

Cruise tourism has been fluctuating the last few years but trending in a positive direction for Curaçao. In this article a closer look will be taken at this segment of the tourism industry, the positioning of the cruise tourism compared to other Caribbean islands will be explored, and the economic impact it has on the island. This will be analyzed through the Business Research & Economic Advisors (BREA) triennial study³ in conjunction with the Florida-Caribbean Cruise Association (FCCA), which included 35 participating destinations throughout the Caribbean, Mexico and Central and South America. For this article a look will be taken at the top 20 destinations.

Data, method and definitions

The analysis of the BREA study is a triennial study which started in 2006, followed up in 2009, and 2012. The study for 2015 was conducted in two parts. The first part entailed the collection of data that could be used to estimate the direct spending generated by cruises in each of the destinations. For the analysis it required that:

1. Surveys be designed and distributed for the purpose of obtaining passenger and crew expenditure data at each of the destinations,
2. Data on total passenger arrivals and port fees are collected for each of the destinations, and

The second part focused on economic data, such as national income accounts, employment and income which have been collected for each destination. Furthermore, economic impact models have been developed to estimate the direct and indirect employment and income generated by the cruise tourism expenditures estimated in the first part.

Definitions

International tourism expenditure: as expenditure of outbound visitors in other countries including their payments to foreign carriers for international passenger transport. It also includes any other payments or payments afterwards made for goods and services received in the destination of destination. The

definition is more extensive than that of the travel expenditure in the Balance of Payments in which international passenger transport is not included. (~ World Tourism Organization, WTO)

Onshore passenger visits: Onshore passenger visits were estimated by data provided by the cruise lines which tracks the number of passengers and crew that disembark at each destination call.

Cruise calls or cruise ship, port of call: is the premier stop from where cruise ships take on passengers for their cruise holidays. A port of call refers to a port where a ship halts so that passengers can embark and disembark appropriately.

Cruise Ports in Curaçao and positioning in the Caribbean



Curaçao’s cruise port is a popular port of call for Southern Caribbean and Panama Canal cruises. Curaçao has 3 locations where cruise ships can dock. The inner harbor has two wharfs namely the Mathey Wharf (Port of Willemstad), and the Motet Wharf (Radio Holland Curaçao). The latter is used if there are 3 cruise ships visiting at the same time. The ‘Megapier’ is located at the Rif (see map). The ‘Megapier’ accommodates ships that are too large (above 70,000 Gross Registered Tonnage (GRT)) to enter the Santa Anna Bay (inner harbor) while moderate-size cruise ships (70,000 GRT and less) dock in the inner harbor (table 1)⁴. Nowadays there are ships ranging from under 10,000 GRT’s to more than 70,000 GRT’s carrying a capacity of more than 2,000 passengers.

Size	Gross Registered Tonnage (GRT)	Passenger Capacity
Very small	under 10,000	not exceeding 200
Small	10,000-20,000	200-500
Medium	20,000-50,000	500-1,200
Large	50,000-70,000	1,200-2,000
Megaship	more 70,000	more than 2,000

Times are changing and cruise ships are becoming larger and are carrying a greater capacity of cruise passengers. To be able to grow in this segment of industry Curaçao must construct more piers to accommodate mega cruise ships (see table 1). The necessity of more mega piers that can handle mega cruise ships is evident especially during the high cruise season⁵.

Table 2 illustrates that the GRT of cruise ships is increasing. It is remarkable that in some years there have been fewer amounts of cruise calls, but more cruise passengers that visited the island. This in comparison to the years when there was more cruise

calls, but less cruise passengers. For example in 2012 there have been more visitors i.e. 436,068 cruise passengers, but less cruise calls (226), while in 2011 there has been a total of 246 cruise calls to the port of Curaçao which brought a total of 400,596 passengers. This is also true for 2013 as to 2014 (table 2).

Most of the cruise ships that are being built lately are all above the 100,000 GRT⁶, this fact must propel Curaçao to prepare for this turn of events. There is already a second 'Megapier' in the works which has a cost of investment of 75 million (NAf) and is projected to finalize by the end of 2017⁷.

Another critical point for the cruise industry for Curaçao is that Curaçao lies in the lower part of the Southern Caribbean. Where the cruise ships sail in the Southern Caribbean is likely to be determined primarily by the size of the vessel⁹. Cruises exploring the lower part of the Caribbean tend to be longer than a week, thus demanding more comfortability and space. Large ships call at islands with enough tourism infrastructures that have shore excursion to satisfy and amuse their guest. The itinerary in the Southern Caribbean include a combination of the ABC islands (Aruba, Bonaire and Curaçao) plus St. Lucia, Barbados, Antigua, Barbuda, Grenada and the Grenadines, and South American countries, but not always is Curaçao included. It is probable that a cruise tourist have to take a longer flight and multiple connections to start a cruise in this area. The appeal of the product Curaçao could play an important role for cruise lines to choose Curaçao as destination in their itinerary.

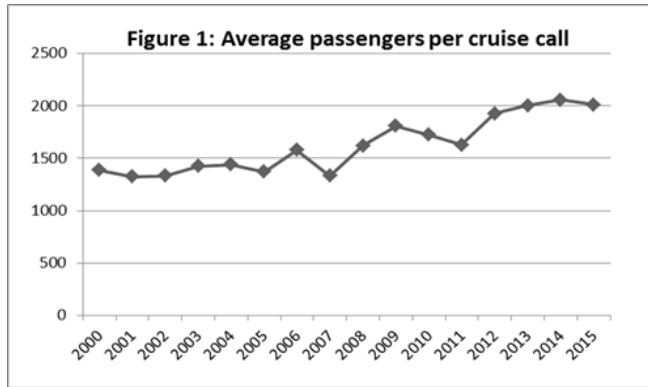
Cruise tourism statistics

Year	Cruise calls per year	Cruise passengers per year	Average passengers per cruise call
2000	219	303718	1387
2001	227	300411	1323
2002	225	299892	1333
2003	180	256703	1426
2004	144	207369	1440
2005	197	270442	1373
2006	205	323345	1577
2007	256	340907	1332
2008	219	354829	1620
2009	234	423088	1808
2010	222	382697	1724
2011	246	400596	1628
2012	226	436068	1930
2013	291	583994	2007
2014	290	596608	2057
2015	254	511085	2012

For Curaçao the segment of cruise tourism has certainly been on the rise (table 2). Between 2000 and 2015 there has been a 68 percent growth of cruise passengers. This overall growth has not been evident between 2000 and 2005 there was a drop of about 11 percent. In the successive years this has developed about four times as fast between 2005 and 2010 to about 42 percent. And for the subsequent years (2010-2015) the amount of cruise passengers slightly decelerated in growth with 34 percent.

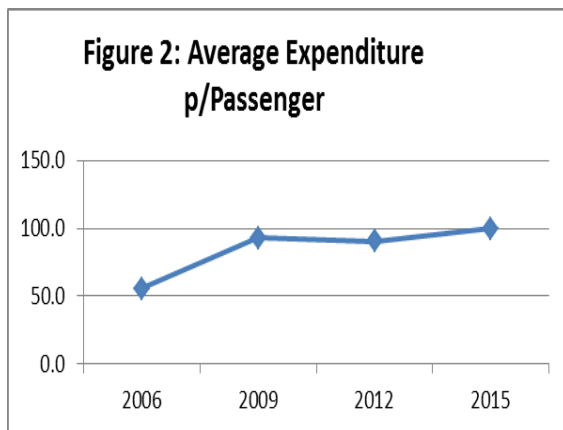
An average of the passengers per cruise call shows a growth which overpowers the fluctuation through the years (figure 1). Each cruise ship carries an average amount of above 1,000 passengers. This has been solid from 2000 to 2012. From 2013 to 2015 the average passengers per cruise call has surpassed the 2,000 mark. The lowest average cruise passenger per cruise call has been registered in 2001, with 1323 cruise passengers and the highest average was registered in 2014 with 2057 cruise passengers per

cruise call.



Cruise tourism expenditures

According to the triennial analysis of the Business Research and Economic Advisors (BREA) the cruise passengers and crew who had Curaçao as destination generated a total of \$51.0 million (\$US) in cruise



tourism expenditures on the island during the 2014/2015 cruise year. This is approximately 29 percent increase compared to in 2012. In 2006 this was \$18 million (\$US), so tourists are spending about 3 times more of what they used to spend. In 2015 a tourist has spent an average of about \$100 (\$US) every time he or she explores the island. In 2006 a cruise passenger has spent about \$56 (\$US) (=expenditures/cruise passengers per year) in a day (Figure 2). This trend is beneficial for the island as the more cruise passengers visit the island the more income it generates for the island.

Year*	Expenditures (\$US millions)	Change %
2006	\$18.0	n.a.
2009	\$39.3	118.3
2012	\$39.4	0.3
2015	\$51.0	29.4

Source: BREA report

**Note: The BREA research for the Caribbean is done on a triennial basis.*

Employment in cruise tourism

The cruise line business has generated about 903 job opportunities for residents in total employments in 2015, according to the BREA report. It more than doubled the amount of employment that was in effect in 2006 (420 total employments). This also shows that the more cruise passengers visit our island the more employment it generates, the more the island benefits. Cruise ships offer direct and indirect employment. Some of the direct employments in the Port are services including tugs, ship repair and maintenance, transport, water delivery, waste management and many more. Indirect employment which can be derived from total employment minus direct employment is services such as taxis, retail shopping, excursions and other services.

Table 4: Employment & Wages				
Year	Direct Employment	Direct Wage income (\$US millions)	Total Em- ployment	Total Wage income (\$US millions)
2006	250	\$4.40	420	\$7.50
2009	432	\$7.50	748	\$13.00
2012	424	\$7.50	735	\$12.90
2015	520	\$9.60	903	\$16.70

Source: BREA Report

As shown in Table 4, the total cruise tourism expenditures generated direct employment for 520 residents which received \$9.6 million in annual wages (2015). In the total employment the direct and indirect employment are included, a total of 903 jobs were generated and they received an annual wage of \$16.7 million. It is also observed that the wage income has more than doubled from 2006 to 2015.

Cruise data comparisons

To be able to comprehend where Curaçao stands in the Caribbean, a comparison is done on the expenditure of cruise tourism, onshore passenger visits, employment and the employee wage income in the cruise segment.

Expenditures by cruise tourists

The overall expenditure for a given trip refers to the total individual cruise tourist expenditure (not household expenditure or the expenditure of a travel party). The expenditure is allocated to the main country of destination, no matter in which destination the service provider is based or where the turnover or added value was created. The overall expenditure of cruise tourism in 2014/2015 runs from \$38 million (US\$) to \$423 million (US\$) (see table 5a). The 20 destinations combined generated \$2.9 billion in direct expenditures in cruise tourism. Seven countries are over the \$100 million mark, led by St. Maarten with \$423 million (US\$), followed by Bahamas, Cozumel, US Virgin Islands, Cayman Islands, Jamaica and Puerto Rico. This amounts to 72 percent of the total cruise tourism expenditures. Curaçao, with its \$51 million in cruise tourism expenditures, accounts for about 1.7 percent among the top 20 destinations.

According to the study the average expenditures of cruise passengers and crew focused on three categories, namely shore excursions, food and beverages and local crafts and souvenirs. Also jewelry and clothing were on the shopping list.

Table 5a: Total Economy Expenditure of Cruise tourism by Destination, 2014/2015 Cruise year			Table 5b: Passenger Onshore Visits, 2014/2015 Cruise year	
Rank	Destination	Destinations Total Cruise Tourism Expenditures (\$US Millions)	Destination	Onshore Passengers (Thousands)
1	St. Maarten	\$422.90	Bahamas ¹	2,939.7
2	Bahamas	\$373.10	Cozumel	2,538
3	Cozumel	\$365.50	St. Maarten	1,854.4
4	US Virgin Islands	\$344.30	US Virgin Islands	1,839.7
5	Cayman Islands	\$207.60	Cayman Islands	1,446.3
6	Jamaica	\$198.60	Puerto Rico ²	1,393.9
7	Puerto Rico	\$198.20	Jamaica	1,349.1
8	Turks & Caicos	\$95.00	Turks & Caicos	879.0
9	Belize	\$86.30	Belize	867.6
10	St. Kitts & Nevis	\$84.30	Honduras	738.1
11	Honduras	\$73.00	St. Kitts & Nevis	676.5
12	Aruba	\$71.90	Ensenada	610.7
13	Dominican Republic	\$61.00	St. Lucia	603.2
14	Barbados	\$57.30	Barbados ²	554.4
15	St. Lucia	\$57.20	Aruba	546.6
16	Ensenada	\$52.70	Antigua & Barbuda	527.6
17	Curaçao	\$51.00	Dominican Republic ²	480.6
18	Colombia	\$48.40	Curaçao	476.7
19	Antigua & Barbuda	\$43.90	Guadeloupe ²	308.2
20	Guadeloupe	\$38.20	Colombia ²	306.6

Source: BREA report

¹Only includes passenger visits at Nassau and Freeport.

²Includes passengers aboard both port-of-call and homeport cruise ships.

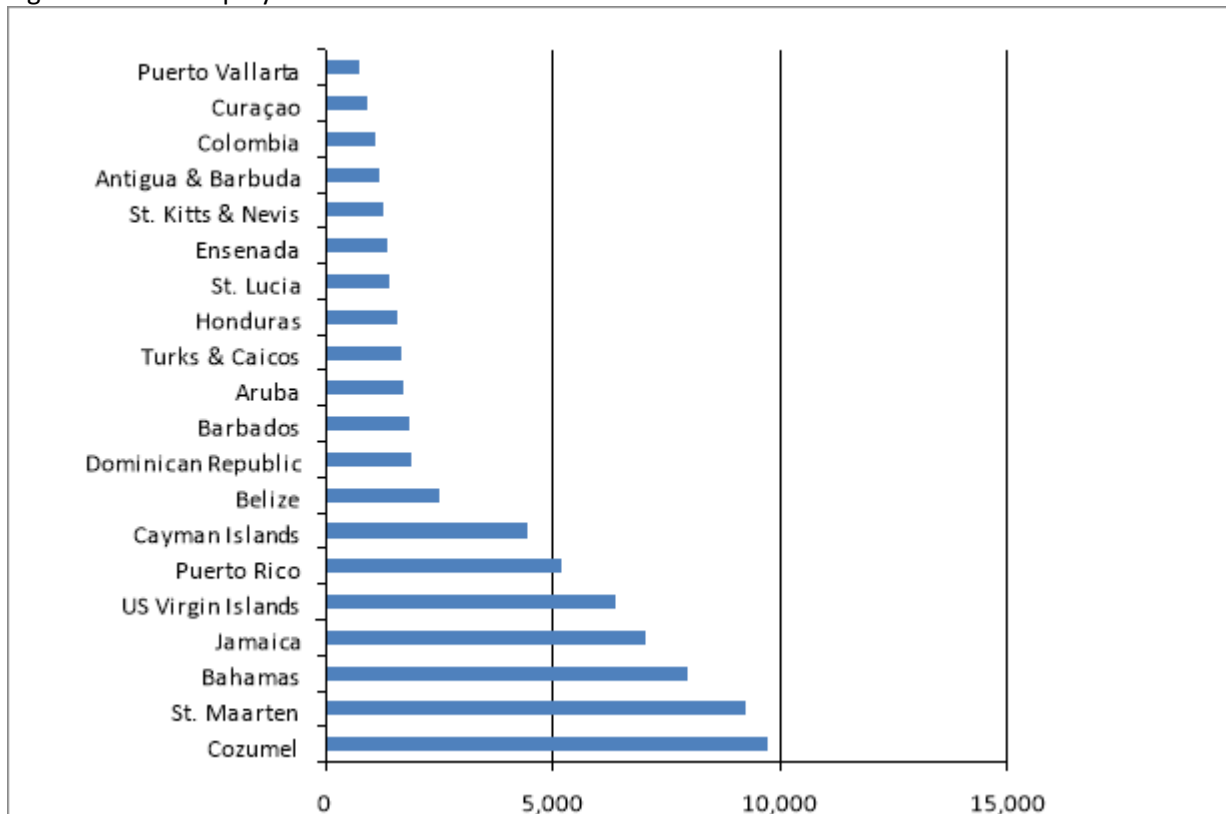
Onshore Passengers Visits

The amount of onshore passengers to each destination varies from about 2937 thousand to 307 thousands. The destination with the most onshore passenger visits is Bahamas followed by Cozumel and in third place is St. Maarten (see table 5b). Curaçao positions at the 18th place, with about 477 thousand onshore passenger visits, which is about 2 percent of the total top 20 onshore passenger visits. If the onshore passengers are compared to the top rank destination, it is viewed that Curaçao acquires about 16 percent of what the top rank destination receives.

Employment in cruise tourism

One of the economic implications for cruise tourism has been employment. For the Caribbean it has certainly shown the extent of employment levels that cruise tourism can generate. The same islands that have gained more from cruise tourism expenditures also have benefitted the most in employed jobs in the cruise tourism sector. In this section the most employment in cruise tourism is led by Cozumel (9727 jobs), followed by St. Maarten, Bahamas, Jamaica, US Virgin Islands, Puerto Rico, and Cayman Islands respectively (see figure 2). Each have more than 4000 persons employed in this sector, which combined is more than 72 percent of employment among the top 20 countries. Twelve countries are below the 2000 employment of which Curaçao (903 jobs) ranks at the penultimate destination with one of the least employment in this sector. Belize falls right above the 2000 employment and yet below the 4000 employment mark (2492 jobs). Table 6a provides the amount of the total employment.

Figure 2: Total employment for 2015



Source: BREA report

Table 6a: Total Employment by Destination for 2015			Table 6b: Total Employee Wage Income by Destination for 2015	
Rank	Destination	Total Employment	Destination	Total Employee Wage Income (\$US Millions)
1	Cozumel	9,727	St. Maarten	\$189.10
2	St. Maarten	9,259	US Virgin Islands	\$141.00
3	Bahamas	7,954	Bahamas	\$138.50
4	Jamaica	7,067	Cayman Islands	\$87.00
5	US Virgin Islands	6,397	Puerto Rico	\$75.00
6	Puerto Rico	5,209	Cozumel	\$61.00
7	Cayman Islands	4,454	Jamaica	\$46.10
8	Belize	2,492	Aruba	\$29.20
9	Dominican Republic	1,914	Turks & Caicos	\$29.10
10	Barbados	1,845	Belize	\$26.50
11	Aruba	1,716	Barbados	\$19.50
12	Turks & Caicos	1,654	Curaçao	\$16.70
13	Honduras	1,585	St. Lucia	\$11.70
14	St. Lucia	1,422	St. Kitts & Nevis	\$11.20
15	Ensenada	1,370	Antigua & Barbuda	\$11.10
16	St. Kitts & Nevis	1,293	Ensenada	\$9.50
17	Antigua & Barbuda	1,170	British Virgin Islands (BVI)	\$8.70
18	Colombia	1,089	Dominican Republic	\$8.00
19	Curaçao	903	Honduras	\$7.80
20	Puerto Vallarta	757	Colombia	\$6.90

Source: BREA report

Average Employee Wage Income

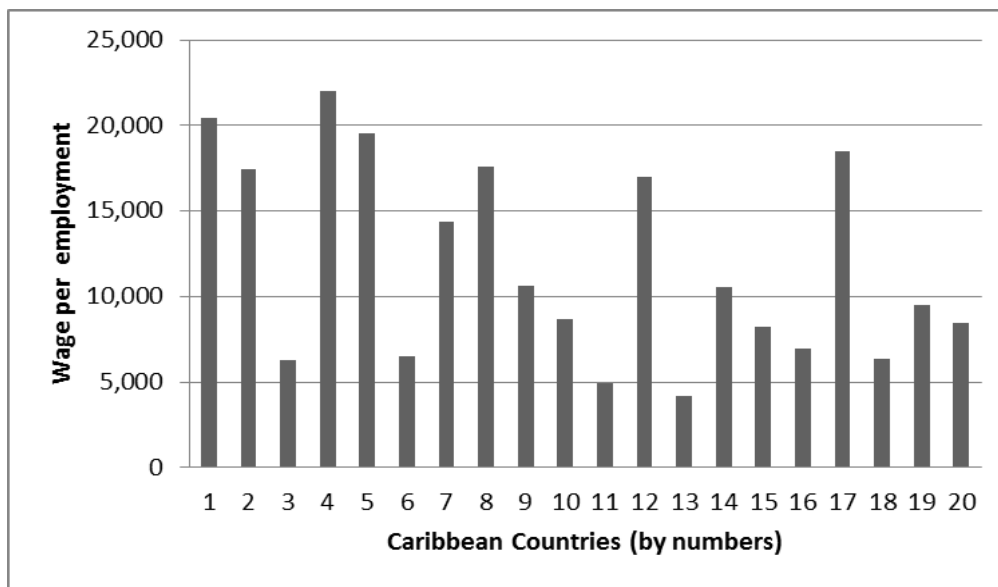
The cruise tourism employs a broad array of workers from Corporate and Shore Operations Employment which involves the Accounting/Finance Department, Maintenance & Purchasing Department, Sea Operations Department, Advertising/Collateral Department, Information Technology Department, Documentation Department, Sales and Reservations Department, Ground Services Department and Human Resources Department etc. to jobs that cater to the cruise tourist when it is on shore.

The total average employee wages income ranges from \$6.9 million (US\$) to \$189.10 million (US\$) (see table 6b). St. Maarten takes the lead with the most earned in employee wages followed by 2 other

countries surpassing the \$100 million (US\$) amount, the US Virgin Island (\$141 million) and Bahamas (\$138 million) respectively. Curacao’s average employee wage income is \$16.7 million which is about 9 percent of St. Maarten’s average employee wage income, and less than 2 percent of the total top 20 countries (\$940.4 million) in this segment.

Another important factor is the average employee wage income per total employment. For instance Cozumel is at the top of the total employment (9,727), in employee wages it earned only \$61 million, which is about \$6,271 (figure 3) for each employment for 2015. St. Maarten is at the top of the total average employee wage income with \$189.1 million and ranks second in total employment (9,259). This places St. Maarten at an average wage income per employment of \$20,423 in 2015. If a comparison is done between these two wages there is a discrepancy in the amount of wage an employee from Cozumel receives versus an employee of St. Maarten. A St. Maarten employee earns more wages per year. Curaçao ranks on the 19th place in total employment, but in average employee wage income it has earned \$16.7 million. The average wage income per employment for Curaçao is \$18,494 in 2015 (see figure 3). This is slightly lower than St. Maarten but still higher than Cozumel, about three times higher.

Figure 3: Employee wage income per total employment by destination for 2015



Note: Countries are in the same order as in table 6b. (Average Total employee wage income/Total employment= Employee wage income per employment) (Curaçao is nr. 12)

Conclusion

The cruise tourism segment shows that countries that rank in the top range (7) of expenditure likewise fall in the top of onshore passenger visits, also in the top employment and employee wage income received. These destinations are considered as high volume destinations. Despite being high volume destinations this not necessarily means that they always rank on the first place, e.g. St. Maarten ranks at the top in expenditure and employee wage income, but ranks lower in other indicators like onshore passengers and employment.

Cruise tourism in Curaçao has been on a growth trend from 2005 to 2015, with the investment in the second 'Mega pier' which is projected to finalize end of 2017, Curaçao can certainly exploit the benefits that cruise tourism has to offer.

Endnotes

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