

# MARITIME CRUISES AS AN INTEGRAL PART OF THE DESTINATION TOURIST PRODUCT. MANAGEMENT STRATEGY

**Dr.sc. Maja Vizjak, mag. Art<sup>1</sup>**

**Marin Romić, dipl. oec.<sup>2</sup>**

<sup>1</sup>Faculty of Economics and Tourism Dr. Mijo Mirković, Pula, Croatia

<sup>2</sup>University College Algebra, Zagreb, Croatia

## ABSTRACT

Nautical tourism is a growing sector that records excellent tourist results even in this uncertain time of the pandemic covid 19. According to the statistical data, an increasing number of people use the tourist offer of nautical tourism and cruising. Modern tourists need more than just accommodation and food. They are looking for a more sophisticated tourist offer and they find it in destinations that offer a diverse touristic product. Sea voyages or cruises record constant growth and resource development. With a nautical charter, the focus on the peak season is slightly smaller than is the case with the overall tourist traffic, while at the same time the share of pre-season and post-season is higher. In this way, the negative consequences of the seasonality of tourism are mitigated. Today in the time of the pandemic, this is an ideal type of vacation because it is less massive, with limited capacities and fluctuations.

*Keywords: Nautical tourism, sea voyages, cruises, strategy, pandemic covid 19*

## INTRODUCTION

Tourism is an ever-growing branch of the economy with all its forms and orientations. It connects and develops various types of other activities and brings great benefits to the dominant population in the region with tourist capacities. Modern tourists want more than only accommodation and food to meet their needs and are increasingly looking for a more sophisticated tourist offer. One of the media that has attracted people since ancient times is the sea. Man began to use water areas for entertainment and various tourist activities only one hundred and fifty years ago. Such interest has triggered various other activities related to the entertainment industry, namely tourist travel and nautical tourism and other activities related to water surfaces and staying on them. Nautical tourism is a specific form of modern tourist movement and one of the most common forms of tourist recreation. This form of tourism is attracting huge attention all over the world and is therefore considered one of the important segments in tourism in general. Nautical tourism is a dynamic tourist phenomenon that is increasingly important for the economy and tourism due to its socio-economic effects. In the

last twenty years, nautical tourism has been developing strongly as one of the modern forms of tourist recreation. As a science, especially technical science, developed, conditions were created for the development of nautical tourism which is becoming a new social phenomenon that is achieving increasing development rates at the global level [1]. From the very beginning, nautical tourism was a privilege of rich individuals, but with the increase of purchasing power and the standard of living this type of tourism becomes available to the middle class. Nautical and maritime tourism is considered a subsector of the tourism sector and the so-called blue economy. The blue economy presents great opportunities for economic development. A new concept is proposed that integrates the subsector of the blue economy and the blue growth strategy, under the name of “blue tourism”, with the sea as the protagonist and all those tourist activities of leisure and recreation developed in this environment [2]. Emphasis should be placed on the development of the maritime cruise segment, which is developing strongly throughout the world. Users of nautical tourism are characterized by a desire for continuous travel and visits to various locations. Modern nautical tourism is increasingly taking the form of mass migrations, especially with sea cruises. The phenomenon of tourists leaving on large navigable units (cruisers) to spend an active vacation is developing more and more. Nautical tourism has developed over time into the most developed part of tourism, recording steady growth and development even during the pandemic covid 19 and it is projected to continue growing in the future because vacations are semi-individual or in contact with a small number of people. Modern nautical tourism is increasingly becoming a sociological economic reality.

## **THE CONCEPT AND MEANING OF NAUTICAL TOURISM AND SEA CRUISES**

Nautical tourism is a specific type of tourism. The term nautical comes from the Greek word "naus" that means vessel and the skill of navigation which is today referred to as navigation. "Yacht" is a word of Dutch origin which means a smaller vessel used for entertainment purposes. The port of nautical tourism, the marina is a key carrier of development and a basic infrastructural object in the system of nautical tourism in a certain area. It is also a complex system that must be rationally designed in terms of investment, construction and functionality for the optimal valorization of space. Nautical tourism also requires the use of various services, such as berth rental, boat rental, skipper services, reception, storage and maintenance of vessels at sea or at berth, supply services for vessels or staff on vessels. Nautical tourism is a part of maritime tourism which, on the one hand, represents the totality of permanent, frequent or occasional socio-sociological phenomena and movements of tourists at sea or on riverbanks, lakes, canals in own, rented or foreign tourist vessels that takes place in tourist ports. On the other, it represents maritime-nautical-shipbuilding facilities of supra and infrastructure, all for the purpose of entertainment, rest, sports, passive and active recreation, relaxation, ambience, satisfaction, health, cultural and other motives of tourist and other motives that are not profit-driven [3]. Cruise tourism is a part of nautical

tourism oriented towards large international or intercontinental trips. Cruisers are large navigable units that transport several thousand tourists at once. The trips last ten or more days with a tour of several cities. The most important subject in nautical tourism is the tourist himself who uses all the benefits of nautical tourism. Nautical tourists differ from other tourists in their motivation, which is related to staying on the water or the sea. The most important object of nautical tourism is the vessel and building complexes for the reception or maintenance of the vessel. The nautical tourism market is part of the tourism market. The very process of creating or using a nautical service takes place simultaneously and the product or service itself is offered where there are adequate natural or social resources. The basis of nautical tourism offer is divided into three types: attractive in which natural and social factors are important for further development, communicative is needed when deciding to build a port for nautical tourism and receptive where the needs of tourists and the capacity of vessels are determined [4].

### MARITIME CRUISES AS PART OF THE DESTINATION TOURIST OFFER

The concept of sea cruises elaborates four important issues closely related to tourism, namely: transport of users, accommodation of users, presentation of important sights and engagement of important tour operators. Prior to the pandemic covid 19 cruise ship sector was one of the fastest growing segments in the global tourism industry. With an estimated annual value of more than \$ USD150 billion, the cruise industry had been forecast to reach a record level of 32 million passengers in 2020 [5]. Table 1 shows the most important data on maritime cruises in the world.

*Table 1. Data on sea cruises*

	Budget cruise	Mass cruise	Premium cruise	Special cruise	Luxury cruise
Share %	5	59	30	4	2
Cruise duration	Varies	3-7 days	7-14 days	7+ days	7+ days
Vessel types	Older, smaller	New, big and mega	New, medium and big	Small	Small and medium
Maritime cruise companies	My Travel, Thomson, Royal Olympia	Carnival, Royal Caribbean, NCL, Princess, Costa, Royal Olimpia, Ocean Village, Aida, Island Cruise, Arosa	Celebrity, Holland America, Cunard	A6K, Swan Hellenic, Cliopers, Clipper, Lindblad Explorer, Orient Cruise	Cristal, Silversea, Seaborn, Radisson 7 Seas, Seadream Yacht, Cunard
Average price per day (USD)	80-125	100-150	150-300	200-900	300-2000
Lower price -----Higher price					

*Source: [6]*

Table 2. contains the comparison of tourist arrivals and cruise passengers with their perspective growth rates.

**Table 2.** *International arrivals and the number of cruise passengers in the world, 1980-2017*

Year	Tourist arrivals in mil.	Annual growth rate (%)	Cruise passengers In mil.	Annual growth rate (%)
1980 – 1985	285,9 – 327,2	2,3	1,8 – 2,8	7,7
1986 – 1990	338,9 – 458,2	6,2	3,3 – 4,5	6,4
1991 – 1995	463, 9 – 565,5	4	4,92 – 5,67	2,9
1996 – 2000	596,5 – 681,3	2,7	6,5 – 9,72	8,5
2001 – 2005	680,3 – 802,0	3,3	9,92 – 14,47	7,8
2006 – 2010	846,0 - 952,0	3	15,11 – 18,8	5,6
2011 – 2017	983,0 - 1326,0	5,1	20,6 – 26,75	4,5
1980 – 2017	285,9 – 1326,0	4,9	1,8 – 26,75	7,5

*Source: [7]*

The special importance of sea voyages in the tourist offer of a particular destination has positive social benefits on the economic effects of the destination. Vessels that bring visitors to a tourist destination contribute to the total income in that destination. In addition, new jobs are being created in which the local population can be employed, either in direct or indirect jobs performed in service activities related to the reception, supply or dispatch of tourists. The activity of sea voyages is significantly different from the usual tourism and its activities. Sea cruises develop special needs for their users because the arrival of tourist passengers with large vessels in a particular tourist destination requires the need for various types of service activities such as guides, souvenir and local specialties sellers, bus drivers, etc. There are social changes in tourist destination. The arrival of a large number of visitors to a particular tourist destination requires the engagement of a larger number of police forces in order to secure visitors and their property. Sea cruises to remote destinations where there are lower levels of hygiene than those tourists are used to often lead to illness caused by local diseases to which tourists are not accustomed to. Because of that, large tourist vessels are equipped with various sanitary measures and special attention is paid to sanitary insulation. It is common for tourist vessels to be inspected by health authorities when entering a tourist destination.

The arrival of a larger number of passengers in the destination significantly affects the culture and language of the local population. Other important issues arise in visa regime issues for countries with which no appropriate arrangements have been made. From a social point of view, there is a problem of too many

passengers compared to the local population which, in many cases negatively affects the satisfaction of passengers with the local destination because there is resistance to tourists from the local population. This is especially noticeable in closed local environments where an excessive ratio of the local population and incoming travelers disrupts their usual life habits. Many visitors express a desire to buy real estate in tourist destinations which enormously raises real estate prices in which the local population cannot participate. As a result of such relations, there is a strong emigration of the local population [8]. Related to this, the Doxey index of irritation of the local population towards tourists coming from sea voyages can be used. Local resistance to passengers is realized in several phases [9]:

- euphoria
- apathy
- discomfort
- antagonism, when there are open conflicts between the local population and passengers.

The resistance of the local population towards cruise ships in some segments is acceptable if the uncontrolled arrival in a certain tourist destination is taken into account, because it can happen that in one day about 13,000 passengers disembark from a ship to a relatively small city, which causes crowds. The consequences of such events can be severe from a security point of view, as traffic in the city and the supply chains are disrupted. According to research, a cruise ship spends five to six hours in port while passengers spend most of their time wandering around the destination. This strong pressure from cruise passengers negatively affects stationary guests in the city who intended to come to the city so that they could see and enjoy the destination's sights in peace. Venice, where this issue has been resolved quite effectively, can be mentioned as a good example on how to deal with traffic and congestion problems caused by cruise ships. Passenger behavior is solved by using a tourist code of conduct which determines that all passengers from large passenger vessels should be provided with a map and instructions of all the attractions when leaving tourist vessels in order to divide large groups of visitors into smaller groups and move passengers on the right side of the roads in the direction of traffic flow to avoid congestion and to regulate traffic more easily [10].

The behavior of visitors is regulated on the biggest attractions, so that lying on the site, consumption of food and drinks, leaving waste, manner of dressing and the like are not allowed. Fines have also been imposed for these offenses. From the social point of view, there is a question of the impact that the sea cruises have on culture, economy, but also on the environment. This impact is especially important because it significantly affects the inhabitants of a particular tourist area. The unplanned impact can adversely affect the local environment if the local government does not have a development strategy that plans for the arrival of tourist's vessels and correlates with other forms of tourism within the destination.

## **ECONOMIC BENEFITS OF MARITIME CRUISES**

The operation and development of sea cruises can be characterized through large initial capital investments and the procurement of a suitable vessel, human resources, port facilities, and equipment for docking, supply and servicing of tourist's vessels. It is also important to mention other positive impacts that this type of tourism has on the destination. Analyzing the impact of tourism and sea cruises on the local economy has a long tradition. The emergence of this activity can be seen around 1933, when an Ogilvy study (one of the first tourism analysts) described the movements of tourists, consumption of domestic tourists abroad and consumption of foreign tourists in a tourist destination. Tourism, and cruise tourism in particular, is often used as a mechanism to develop a country's economy or tourist region. The cruise ship sector is one of the fastest-growing segments in the global tourism industry with an estimated value of more than \$ 150 billion [11].

Sea cruises significantly depend on various factors such as:

- the level of the seasonality of tourism, which significantly affects the level of tourist investments as well as various jobs related to tourism. Such jobs are usually precarious and underpaid
- the demand for sea cruises and the associated visits of tourists from vessels may depend on and are difficult to influence because of various political, weather or environmental influences
- price adjustment and revenues are not as pronounced as they are within stationary tourism, and it is less sensitive to changes in product prices and passenger income.

If we compare the seasonal distribution of total tourist traffic at the national level with the seasonal distribution of nautical charter, it is clear that in the nautical charter the focus on the peak season (July and August) is slightly less than in the case of overall traffic. At the same time, the share of pre-season and post-season is higher than is the case with total turnover. In this way, the negative consequences of the seasonality of tourism are mitigated. In addition to various advantages related to sea cruises, various negative connotations appear in practice, such as [12]:

- economic inflation and growth of real estate prices in the observed destination
- the import of various goods from abroad for the needs of vessels and sea cruises has increased
- significantly limited return on investment due to the seasonality of sea cruises
- creation of additional administrative and business costs to the destination authorities
- reduction of revenues from sea cruises caused by the local economy

- potential economic dependence on sea cruise tourism is created and interest in other industries is reduced.

If we analyze the impact of sea travel on the economic system of an individual tourist destination, it can be noticed that the tourist destination has direct, indirect and indicated revenues. Direct revenues are generated by various sellers of services and goods offered directly to vessels participating in maritime cruises, passengers and vessel crews. Revenues from vessels themselves are related to port costs, fees and other charges, water, fuel, maintenance and other services. The passengers themselves take part in the transport on the coast, taxi services, buy souvenirs, jewelry, use excursions, food and drinks. Indirect revenues are related to the consumption of various goods and services of local businesses, such as the activities of tour operators, agencies, suppliers and the like. Examples are travel agencies that rent various devices for the needs of passengers, fuel and the provision of various services to vessels or passengers. Indicated revenues depend on the establishment of certain connections between the realization of direct and indirect revenues. All revenues or effects of maritime cruises to the economy of the tourist destination can be analyzed according to various economic data and their impact on local GDP, employment, wage levels, labor force or according to various statistical factors. Costs arising from vessels, passengers and crew directly affect employment and earnings in the tourism sector that provides this type of goods or services. If we consider the average consumption of passengers and crew of sea voyages in a particular tourist destination, it affects the income of a particular tourist destination and the employment and earnings of employees. In particular, the sales of quantities of other business activities will significantly depend on the structure of sales of services and goods and their competitiveness towards other destinations. The main goal of such action is to reduce the import of various foreign goods and services used for the needs of vessels on sea voyages, especially in those within the domestic tourist destination.

The aim within each tourist destination is to increase the local population, especially in the sector of production of various goods and services. In practice, the opposite happens and more employees are hired in direct businesses. In the world, the USA is an exemption, with about 30% more employees in indirect businesses. Such measurement is performed using a multiplier of employment, which indicates the strength of a particular part of the economy. Thus, a multiplier of 2.3 was achieved in the USA, while in other countries such as the Caribbean it is slightly lower, around 2.0. According to the performed analyses, the income of the entire destination is 18.41% higher than the costs of passengers of that destination [12]. That way, if travelers spend \$ 600,000 in a particular destination then the total revenue in the destination capital would be \$ 710,000 which would be a direct effect of \$ 110,500. The increase in income in the destination is transformed into the number of new jobs with an index that is specific to each country. For example, for Europe, the index is 13.5 new jobs per 1,000,000 € in revenue [13].

Globally, pre-pandemic data confirms that the cruise industry plays an important role in the creation of jobs and economic opportunities for millions of people around the world. It creates 1,116,000 jobs and is responsible for \$ 154.5 billion of total economic output. Although, between mid-March and September 2020, it is estimated that the suspension of cruise operations has resulted in a loss of more than 500,000 jobs and \$ 77 billion of total economic activity it is still an important generator of jobs and prosperity worldwide (State of the Cruise industry outlook, 2021) [14]. According to the above, it can be concluded that the impact of sea cruises on the economic system of a particular tourist destination is of great importance.

## **CONCLUSION**

The aim of this scientific research is to consider the effects of nautical tourism today in unstable times caused by the pandemic covid 19. Sea voyages or cruises record the constant growth and development of resources. What is clear is that it is necessary to determine the development guidelines that are strategically determined in this growing branch of tourism and to consider the factors that would improve its further operation. There are determinants in the development strategies of a certain tourist destination, but it is necessary to classify them more structurally for the application and use of sea cruises. The development of the local economy can be further analyzed in addition to sea cruises that create direct and indirect jobs in a particular tourist destination. Every domestic nautical destination should be competitive with other destinations because there are more and more of them in the region. The most important destination products that crucially affect the demand for sea cruises should be the focus on the development of domestic tourism because they give an answer as to why users visit certain tourist destinations.

## **REFERENCES**

- [1] Luković, T. (2007.) Nautički turizam, definiranje i razvrstavanje, Ekonomski pregled
- [2] Vázquez R. M. M., García J. M. and Valencian J. P. (2021.) Journal of Marine Science and Engineering
- [3] Jadrešić, V. (1978.) Nautički turizam, Pedagoška akademija, Zadar
- [4] Gračan, D. (2002.) Doprinos nautičkog turizma strategiji razvoja hrvatskog turizma, Magistarski rad, Opatija
- [5] Mazzarol J.H., Soutar G., Tapsall S. and A.Elliott W.A. (2021.) Cruising through a pandemic: The impact of COVID-19 on intentions to cruise, Transportation Research Interdisciplinary Perspectives, Volume 9
- [6] Gibson, P. (2006.) Cruise Operations Management, Elsevier LTD, Burlington MA



[7] Peručić. D., Analysis of the world cruise industry, Edward Bernays University College, 2009.

[8] Page, S. J.(2007.) Tourism management, Sekond Edition, Elsevier LTD, Oxford str. 387.-399.

[9] Doxey, G.V. (1975.) A casuation theory of visitor –resident irritats, Methodology and research inferences, conference annual, San Diego, California

[10] <http://www.comune.venezia.it>

[11] State of the Cruise industry outlook, 2021 dostupno na [https://cruising.org/-/media/research-updates/research/2021-state-of-the-cruise-industry\\_optimized.ashx](https://cruising.org/-/media/research-updates/research/2021-state-of-the-cruise-industry_optimized.ashx)

[12] Frechtling and Horwath (1999.) Estimating the Multiplier Effects of Tourism Expenditures on a Local Economy trough a regional Input-Output Model, Journal of Travel Research.

[13] European Cruise Council (2005.) The ECC Annual review Book dostupno na <http://www.europecruisecouncil.com>

[14] Cruise Baltik Market Review 2008. dostupno na <http://www.cruisebaltic.com>