



The Posidonia
SEA TOURISM FORUM
THE CHALLENGE FOR GREECE, THE EASTERN MED & THE BLACK SEA

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Onassis Cultural Centre,
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Economic impact of cruising on emerging markets & the home port debate

The impact of cruising to the travel community in emerging markets

- E. Europe and other emerging markets such as Greece and the Balkans have shown comparatively little growth in cruise sales over the last three years
- Other emerging markets such as Turkey have shown significantly more increase also assisted by the birth of some national brands
- Cruising still offers healthy return to retailers and it is becoming more and more important to many of them especially under the present economic conditions
- The lack of National brands will possibly keep the increase in sales in some markets in single digit numbers for a few more years
- Higher potential exists in countries that can develop cruising from their own ports and we are seeing some efforts starting to materialise i.e. Russia, Romania, Ukraine, Turkey
- As cruising changes connotation, from an illusive dream to what it really is, a great VFM holiday for almost everyone, the importance to the Travel community will certainly increase further



Greece

- Greece has been showing a small yet steady increase in passengers taking a cruise
- Greece is however much more important as a destination than a source market and this is also what is important for its economy
- 6 of the top 15 ports of call (based on passenger calls) in Europe are Greek!
- Not surprisingly Greece is ranked as the 3rd most visited country by cruise passengers in Europe
- Yet, in 2009 Greece was actually ranked 1st. Greece suffered a significant decrease in passengers calls in 2010 (-10%) despite the fact that the overall capacity in the Mediterranean increased.
- The economic impact of cruising on Greece is almost directly related to passenger calls as it has few other sources of direct income such as ship building/repairs, financial services etc. hence G.P. Wild (International) have it ranked only in 6th place with €580m as far as the impact from the industry's direct expenditure goes



Louis Cruises in Greece

- LOUIS HELLENIC CRUISES is the only Greek cruise company :
 - ✓ Almost 20% of all passenger port calls to Greek ports
 - ✓ 45% of all embarking passengers in Greek ports
 - ✓ € 15m in commissions to the local travel agencies and DMCs
 - ✓ LHC has its head offices in Greece
 - ✓ Employs hundreds of Greek officers and crew
 - ✓ Maintains and upgrades its vessels as much as it can in Greece
- Direct Expenditure in Greece is estimated at € 130m * for 2010
- Total Economic impact of Louis Cruises on the Greek economy is estimated to be above € 200m* per year

Deduced from our own analysis, CLIA's figures on average spending for home porting passengers and passengers calling any destination as well as the 2011 Cruise Industry report by G.P. Wild (International)



Greece & the “Home Port” debate

- Does Piraeus have what it takes to become a major Home Port for the E. Med?
- Will such a significant investment pay off?

Attractiveness of Port city as a destination

Red tape - flexibility

Proximity / Access to source markets

Accessibility of port from airport/rail etc.

Air lift capacity of nearest airport

Turn around passenger total cost

Overall Port Infrastructure & Facilities

Stability of External environment

Air lift average cost

Political & Economic stability

Availability of maintenance services

Proximity to Marque destinations

Cost and availability of ancillary services/provisioning



What else is needed?



Maximizing economic benefit from cruising

- We would more that anything like a great port with all the modern infrastructure
- However, scarce resources need to be allocated in the most effective way and from an economic perspective there seems to be strong evidence that Piraeus and Greece as a country are presently not in the best position to make such an investment worthwhile due to a number of challenges.
- *Considering the small difference in spending by home porting passengers v passenger calls it seems that in the Short & Medium run:*
 - ✓ Greece should concentrate on developing ports of call rather than Home Porting. *The return on the same investment will be higher considering the level of services, infrastructure and maturity many destinations are in today.*
 - ✓ Invest in much needed infrastructure in a number of ports. Stick to basics
 - ✓ Invest in achieving higher percentages of passengers visiting the destinations
 - ✓ Invest in increasing passenger spending in every port of call
 - ✓ Invest in developing new ports (destinations) which the industry's itinerary planning people and clients alike are so much looking for
 - ✓ Make it more profitable for vessels to call i.e. decrease costs increase benefits
 - ✓ *Develop the country's variety in natural beauties, extend the opening hours of the sights etc.*



THANK YOU

