

Cruising New Zealand

1. 2007/08 Season Review
2. Current Issues & Recommendations

Prepared by Tourism New Zealand, August 2008



1. 2007/08 Season Review

Purpose

The cruise market generated 116,202 visitor arrivals to New Zealand (Cruise New Zealand) in the 2007/08 cruise ship season. This volume of visitation is comparable to Japan, New Zealand's fifth largest inbound market. Of the cruise arrivals, 79.9% were international visitors, where North America (including Canada) made up 47.5% of the international arrivals. Australia was the second largest cruise market and made up 24.3% of international arrivals. With almost 300% growth of the cruise market over the last four years it is recognised that there is increased pressure on key stakeholders, and the cohesion of these stakeholders to maximise the opportunity that this sector presents. In addition to this, greater stress has been placed on the infrastructure that supports this industry, from port facilities to tourism services.

It is because of this growth that this paper has been developed to provide an overview of the cruise market in New Zealand, to identify the challenges that currently exist within the sector and to provide recommendations to address these issues.

Executive Summary

As with the wider tourism industry, destinations are constantly competing for visitor arrival growth and the cruise sector is no different. Whilst New Zealand continues to be a popular cruise destination there is still much scope for improvements in all areas of the sector. Ports are internationally transferable and companies can and will move ships from port to port based on high revenue sources and cruise port facilities. Therefore it is crucial that this sector is given priority in terms of marketing resource and infrastructure support. Destinations which provide investment and a commitment to improve the cruise visitor experience will in turn be rewarded with additional cruise vessels visiting their country. Conversely, in this contracting economy, the lack of prioritisation for cruise can easily cause cruise lines to re-route their ships elsewhere where cruise is desired.

Although current satisfaction research suggests that the cruise passengers who visit New Zealand are pleased with their experience, this research requires further investigation with a wider base. It is well recognised that many of the ports throughout New Zealand who host cruise vessels are not delivering a world class experience. Infrastructure is an issue in nearly all of the ports currently being utilised by the cruise lines. Although many are long term projects that require considerable funding and resource, actions do exist in the short term that can ensure the passenger experience is enhanced in the upcoming 2008/09 season. Issues around cruise terminals, traffic management, queues, all weather facilities and guest servicing are key areas that need attention.

A large number of marketing and product development opportunities exist for Tourism New Zealand (TNZ), IBOs (Inbound Operators) and RTOs (Regional Tourism Organisations) to ensure that stakeholders are better educated on the cruise sector and in turn present the right kinds of onshore product to the cruise passengers (see Appendix One for stakeholders and their roles). Whether the passenger books these direct with the cruise lines or via the regional i-SITE network, there is still a considerable amount of work and cohesion required between the above stakeholders, along with the port companies and agencies, to ensure that the potential economic benefit that the cruise sector offers is maximised.

Tauranga provides many examples of best practice for other New Zealand regions and ports to learn from. Initiatives that assist passengers on arrival, and onshore programmes which extend to as far away as Rotorua, ensure that the economic benefits of the cruise sector reach a variety of stakeholders.

Continued research in understanding the future demands and passenger flows of the cruise sector is crucial going forward. It is also important that further work to understand the cruise passengers' expectations and needs during their time in New Zealand is more deeply understood to ensure that New Zealand provides a world class cruising experience.

Visitor Arrivals

With two sources of datasets available to analyse New Zealand's cruise industry, it is imperative to first establish the context of each dataset and hence determine the reliability of which dataset to use in preference.

Cruise New Zealand collects its statistics from the cruise vessel manifests which are the same documents submitted to customs as a government requirement, and hence reflect the actual number of people cruising. These Cruise New Zealand statistics are used in preference to the International Visitor Arrivals (IVA) data that Statistics New Zealand and New Zealand Customs collect as the Cruise New Zealand statistics include those passengers in transit, and therefore present a more accurate view of the New Zealand cruise industry. Cruise New Zealand statistics are detailed in Table One below.

TOTAL (CRUISE IN OR CRUISE OUT)											
CNZ		International		New Zealanders		Australia			United States		
	Total	Numbers	% of Total Arrivals	Numbers	% of Total Arrivals	Numbers	% of Total Arrivals	% of Intl Arrivals	Numbers	% of Total Arrivals	% of Intl Arrivals
2007/08	116,202	92,835	79.9%	23,367	20.1%	22,563	19.4%	24.3%	35,814	30.8%	38.6%
2006/07	65,389	54,840	83.9%	10,549	16.1%	10,648	16.3%	19.4%	22,940	35.1%	41.8%
2005/06	63,472	51,419	81.0%	12,053	19.0%	14,891	23.5%	29.0%	23,052	36.3%	44.8%
2004/05	40,095	32,995	82.3%	7,100	17.7%	4,457	11.1%	13.5%	22,425	55.9%	68.0%

Table One: Cruise Statistics collected by Cruise New Zealand.

The IVA includes cruise passengers who begin or end their cruise in New Zealand, but not those in transit (for e.g. passengers beginning or ending their cruise in Sydney but visiting Wellington and Dunedin). Using the IVA statistics means that the in transit passengers are not accounted for and therefore underestimates the New Zealand cruise industry. The IVA statistics are shown in Table Two below. Comparing between the two types of datasets suggests that in transit passengers accounted for an additional 38,251 passenger arrivals, a difference of 32.9% of total arrivals in the 2007/08 season.

TOTAL (CRUISE IN OR CRUISE OUT)									
IVA		International		New Zealanders		Australia		United States	
	Total	Numbers	% of Total Arrivals	Numbers	% of Total Arrivals	Numbers	% of Total Arrivals	Numbers	% of Total Arrivals
2007/08	77,951	52,863	67.8%	25,088	32.2%	9,853	12.6%	23,786	30.5%
2006/07	37,986	36,643	96.5%	1,343	3.5%	6,242	16.4%	17,658	46.5%
2005/06	46,053	35,018	76.0%	11,035	24.0%	8,357	18.1%	14,815	32.2%
2004/05	22,121	21,383	96.7%	738	3.3%	3,569	16.1%	8,601	38.9%
2003/04	21,946	20,635	94.0%	1,311	6.0%	3,286	15.0%	11,363	51.8%

Table Two: Cruise Statistics sourced from International Visitor Arrivals.

Therefore using the Cruise New Zealand statistics, cruise visitor arrivals for the 2007/08 cruise season have shown significant growth in the number of people cruising in, out and around New Zealand. The Cruise New Zealand statistics showed that the 2007/08 season almost doubled the 2006/07 season in terms of visitor arrivals (refer to Table One).

What is significant for cruise over the last year is that more New Zealanders are going onboard cruises, so the proportion of international passengers has decreased by four percent. Within international arrivals, Australia cruise passengers doubled from the previous season, to now account for almost one in every four international passengers onboard a cruise ship. Americans who have traditionally been the backbone of New Zealand's cruise industry, consisting of 68.0% of international cruise arrivals in the 2004/05 cruise ship season, now account for only 38.6% of international arrivals. This percentage of American cruise passengers reflects a consistent drop in the proportion of international cruise passengers over the last four years.

In the 2007/08 season, approximately 17 vessels arrived and departed Auckland only, visiting no other New Zealand port. These vessels tend to consist of New Zealand passengers cruising to or from the South Pacific, and not cruising in New Zealand. It should be noted that this large number of New Zealand passengers do not behave or contribute like an international cruise passenger, despite representing a large proportion of the total market.

Results of TNZ Passenger Satisfaction Survey 2006/07

Results

- 93% of all respondents were either extremely satisfied or very satisfied with their New Zealand cruise experience.
- 94% were either extremely likely or very likely to recommend New Zealand to others as a cruise destination.
- 35% said that their cruise was better than others previously experienced and 61% said that it was as good as others experienced.

- 68% said that they would return to New Zealand (the majority indicated this would not be on a cruise).

Key take outs:

- Despite the positive satisfaction results received from the survey, these statistics cannot be seen as representative of larger cruise market.
- Samples were taken from just 2 vessels (77% of respondents from Sapphire Princess and 16% from Statendam), and just 0.85% of cruise passengers were surveyed (555 responses out of 65,389 cruise visitors).
- Further research is being undertaken by Otago University into "Passenger Expectation and Satisfaction of Destination Activities and Attractions". Results are not anticipated until mid/late 2009.

Case Study – Tauranga

The port of Tauranga exceeds passenger expectations in terms of shore excursions and enjoyment of the area more than any other New Zealand port. During the period that this document was being developed it became clear that the Tauranga port, RTO, i-SITE and local operators were managing their cruise operations and onshore activity both efficiently and effectively. It is because of this that Tauranga could be looked to as a model for other New Zealand ports to learn from.

Key areas that Tauranga have/are undertaking that have achieved this status:

- Good communication between stakeholders.
- Tourism Bay of Plenty (RTO) is taking the initiative to create new products and to enhance the visitor experience.
- Destination Rotorua leverages the opportunity that cruise ships to Tauranga offers the region by providing them with a large source of high quality and high revenue earning shore excursions maximising the ships' revenue.
- Successful development and implementation of the Tauranga Ambassador Programme onboard vessels as well as the Mount Maunganui Lionesses who provide local host information in the town to capture those guests who choose to explore the town/region independently.
- The i-SITE is in close proximity to the port in Mount Maunganui and shuttle busses are put on for cruise visitors to transfer them from the port to the i-SITE in Tauranga to maximise the uptake of shore activities.
- The port operations are proactive and provide clear marshalling spaces for taxi/rental cars/independent operators to bring products direct to vessels.
- Initial investments have been made in gangways and signage.

Tauranga Ambassador Program

The Tauranga Ambassador Programme started with a mobile i-SITE for the first five years of operation. Over the past two to three years, Ambassadors board the ship and provide advice and local visitor information from a desk set up onboard the vessel in a high traffic area, away from the guests who are undertaking pre arranged onshore excursions.

The programme is very well received by the guests and crew of the cruises and the Ambassadors have reported on the positive feedback they receive on how their service enhances the visitor experience. Bringing the information source to vessel helps save the passengers' time during their often short visit in the port (often 8-10 hours). It also ensures that the passengers are kept off the pier and out of the elements until they are ready to go ashore and undertake their activity making the disembarkation process more orderly.

The Ambassadors also note that they receive many crew enquiries and hence many local operators benefit from their referrals.

The programme is implemented by nine part-time staff who undertake a week's evening course at a local polytechnic prior to the programme.

Key points of the programme include:

- The Ambassador programme must be seen as adding value to the guest experience in the port and complimentary, and not in direct competition with, the onshore excursions sold onboard by the cruise line.
- All brochures that are distributed are from i-SITE's normal publications of brochures, maps etc but also include bank/post office/church/shops/opening hours etc. Content is monitored by the cruise lines. The Ambassadors also give out souvenir pins to guests.
- The Ambassador programme must be staffed by neutral hosts, not I-SITE staff or booking staff. This ensures that the programme is not viewed as competitive to the cruise lines. The Ambassadors do not quote any i-SITE products, prices or packages. Instead they provide local information and refer guests to the i-SITE ashore for local tour bookings.
- The Ambassadors are paid by the RTO at \$12.75/hr. They are also provided with matching shirts with name tags. There are three to four ambassadors that work per ship each day, working approx three to four hours each from the ships' arrival. The RTO Marketing Manager is responsible for the management and daily scheduling of the Ambassadors.
- Ambassadors' names (security clearance) communicated from RTO to Port Company for pier access. The shipping agency (McKay Shipping) communicates the names (security clearance) to the vessel.

This report was prepared by Robyn Lewis and the Tourism New Zealand Operations team at the end of the 2007/80 cruise season.

Feedback and discussion is welcome. Please direct enquiries to Mischa Mannix, Trade Marketing Manager at mischam@tnz.govt.nz.

2. Current Issues & Recommendations¹

RTOs and Product

Issue	Recommendation	Who	Timing
At times there are limited communication and engagement between RTOs, IBOs and i-SITEs. There are further opportunities to maximise regional spend and opportunities that vessels provide.	CMDM to facilitate Cruise NZ, IBO and RTO workshops to address regional specific issues.	CMDM/CNZ/RTO/i-SITE/TNZ/IBO/Retail Association/Independent Operators	Oct – Dec 08
Some RTOs provide cruise ship welcomes and farewells – possible duplication of themes and irregularity.	Undertake a review of cruise ship welcomes around the country to ensure uniqueness and frequency.	CMDM/RTO/Port Companies	Oct – Dec 08
Sail in/out commentary is not being provided to vessels.	It is recommended that RTOs provide unique regional content for onboard commentaries on ships arrival and departure.	RTO/CMDM/IBOs	Oct – Dec 08
Opportunity to famil crew for future onboard referrals.	RTOs to provide an updated list of activity options for crew each season.	RTO/CMDM/IBOs	Oct – Dec 08
Limited knowledge of cruise market and cruise products in some regions. Some RTOs unfamiliar with dynamics of cruise and who does what.	CMDM to facilitate Cruise NZ, IBO and RTO workshops to address regional specific issues.	CMDM/CNZ/IBO/RTO/TNZ	Apr – Jun 09
IBOs are often not using RTOs to source new product citing frequent staff turnover and little knowledge of cruise market.	RTOs are encouraged to continue to further grow their level of knowledge of the cruise market and cruise line needs, engaging in regional development of cruise products to assist IBOs.	RTO/IBO/CMDM	Apr – Jun 09

¹ CMDM refers to the Cruise Market Development Manager, whose role is jointly funded by Tourism New Zealand, Cruise New Zealand and Tourism Auckland.

IBOs and Product

Issue	Recommendation	Who	Timing
Shuttle buses often overpriced, insufficient capacity, queues during peak periods, often without wheelchair access and bus hostesses – (see Appendix Two for Christchurch and Dunedin photos) and all weather coverage.	Continue to undertake discussions with IBOs, transport providers, RTO and ports as to how to improve shuttle services around the country. Immediate focus is on Wellington followed by Lyttelton.	IBO/RTO/Transport Providers/Bus and Coach Association/Port companies/CMDM	Oct 08 – Mar 09
Comments of limited educated driver guides during peak periods limiting sales.	Advise RTOs to initiate further discussion with IBOs and transport providers regarding training and/or IBO representation on the ground.	RTO/IBO/Transport Providers/Bus & Coach Association/CMDM	Oct – Dec 08
The peak cruise season limits communication with IBOs.	CMDM to create a Communications Plan so that key stakeholders are aware of what needs to be communicated at what time beforehand.	CMDM/all cruise stakeholders	Oct – Dec 08
Cruise companies rely upon IBOs for all facets of land and tour experience and do not like to accept introduction of foreign material from other sources.	Recommend CMDM and RTOs facilitate discussion with IBOs who are key in introducing any new future initiatives to cruise lines.	CMDM/IBO/RTO	Oct – Dec 08
IBOs are required to supply cruise companies with new and varied commissionable product, however new product initiatives are not always implemented by cruise companies.	IBOs are encouraged to continue to meeting with cruise lines at end of season to investigate new opportunities to meet the cruise company needs in the following season/s. Supplying TNZ with this feedback where appropriate would assist industry development and understanding.	CMDM/TNZ/IBO	Apr – Jun 09

Opportunities to provide more pre/post cruise and overland tour itineraries - definitely broader range of opportunities across the Tasman.	RTOs (especially Auckland) to continue to source new pre and post cruise itineraries together with IBOs.	RTO/IBO/CMDM	Apr – Jun 09
Regional familiarisations are often not attended by IBOs.	Coordinate regional cruise specific IBO familiarisations that showcase products that meet the cruise lines' needs. Regions to state a timeframe that IBOs can opt into at their convenience.	RTO/IBO	Apr – Jun 09
Cruise familiarisations for ships crew and management not happening.	CMDM to coordinate cruise familiarisations for crew, and perhaps cruise company management. Further discussion needed with IBOs.	CMDM/IBO	Apr – Jun 09

i-SITEs and Product

Issue	Recommendation	Who	Timing
Some organised shuttle services are not dropping passengers at i-SITEs (and instead at shopping areas) and therefore tourism products are not gaining maximum exposure.	Review shuttle service drop off locations and suggest changes where required.	RTO/IBO/i-SITE	Oct 08 – Mar 09
Opportunities to increase i-SITE presence onboard or pier-side in some ports.	Work with IBOs and i-SITEs to get non-selling i-SITE presence onboard the ships or pier-side. Suggest longer term implementation of Ambassador Programme around the regions as a nationwide initiative under the stewardship of i-SITE New Zealand.	CMDM/TNZ/i-SITEs/IBOs	Oct – Dec 08

Opportunity to broaden range of commissionable products available for sale at i-SITEs (Wellington specifically).	RTOs are encouraged to source additional cruise products in regions for sale through i-SITEs and at pier.	RTO/i-SITEs/CMDM	Apr – Jun 09
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Marketing

Issue	Recommendation	Who	Timing
www.newzealand.com – updated information with additional cruise specific information is required.	Updates are currently being undertaken.	CMDM/TNZ	Jul – Sep 08
Some daily arrival newsletters and port guides out of date with incorrect New Zealand information.	Update arrival newsletters and port guides. Distribute to cruise companies via IBOs. CMDM to make such information available on newzealand.com/travel/trade for cruise lines to download at their convenience.	CMDM/TNZ/RTO/IBO	Oct – Dec 08
Many comments from IBOs as to lack of NZ audio visual aids onboard vessels. Many cruise companies no longer produce shore excursion videos.	Initiate further discussion with IBOs as to cruise lines’ needs going forward. To develop a DVD with NZ and regional information to be played on in-cabin television channel.	CMDM/TNZ/IBOs	Oct – Dec 08
Barrier of collateral updates not filtering through to the ships.	Initiate further discussion with IBOs as to cruise lines’ needs going forward. CMDM to make all updated regional resources available on newzealand.com/travel/trade for ships to download at their convenience.	CMDM/TNZ/IBO	Oct – Dec 08

Some ships lacking Port Lecturers and/or Enhancement Lecturers. IBOs have been asked by cruise companies to provide lecturers and sometimes unable to fulfil this request.	Initiate further discussion with IBOs as to what cruise lines need going forward.	CMDM/IBO/RTOs	Apr – Jun 09
Some RTO websites do not have cruise specific info.	TNZ to encourage updates of regional consumer websites with cruise related information including links to port companies from www.newzealand.com (RTOs can use current www.newzealand.com XML feeds for automated updated content to their sites).	RTO/CMDM	Apr – Jun 09
Port Company websites provide the cruise ship schedule but no links to other websites.	CMDM to encourage links provided to www.newzealand.com and RTO website.	Port companies/CMDM	Apr – Jun 09

Infrastructure and Security

Issue	Recommendation	Who	Timing
Limited space and basic amenities at Princes and Queens Wharf for disembarking and embarking passengers coming off a large ship.	Target opportunities for infrastructure development as part of Auckland’s existing central wharves planning work.	Auckland stakeholders/ TMT as tourism link	Ongoing
Cruise not perceived as profitable or core business (versus cargo) by port companies, reluctance to make investment. Some initiatives with signage, new gangways.	Investigate options to reduce barriers to investment in port infrastructure with port companies, the cruise and regional stakeholders.	TMT	Ongoing
Little or no shelter/shade in regional ports – passengers exposed to the elements. Some ports do not have bathrooms facilities.	Refine requirements and provide basic infrastructural needs of cruise passengers with port companies.	Port companies	Ongoing

Comments from Cruise New Zealand and IBOs of bottlenecks and problems with luggage and group handling at Auckland airport.	Review of cruise ship passenger and luggage facilitation at Auckland airport	AKL Airport/RTO/ IBO/border agencies	Ongoing
Lack of sufficient and distinct marshalling areas for buses/shuttles/queuing/taxis versus cargo.	Suggest clear and orderly marshalling areas to be provided in ports for shuttles/tours/taxis/FITs/independent operators, as well as clear signage for orderly flows.	IBO/Port companies	Oct – Dec 08
Traffic queues in out and out of ports during peak periods impacting on tour timings and shuttle delays.	Further investigation is encouraged to address traffic management issues during peak periods.	Port companies/ RTO/IBO	Oct – Dec 08
No internet or phone services for passengers and crew at most of the ports.	Review of amenities in port.	Port Companies	Apr – Jun 09
During RWC 2011, it has been suggested by Cruise New Zealand that a number of vessels may be used as hotel facilities in Auckland and potentially other ports as possible overflow.	Incorporate cruise ship planning into the RWC 2011 planning project with consultation with port companies, cruise and other key stakeholders to ensure infrastructure and other issues are addressed within feasible timeframes.	RWC2011	Apr – Jun 09
A new visa requirement is being considered for transit passengers who were previously exempt as they were not processed through the border.	CNZ and TMT to actively oppose this motion using past good records as justification.	CNZ/TMT	As it comes up for discussion.

Research & Statistics

Issue	Recommendation	Who	
Current IVA does not accurately reflect cruise statistics. Numbers of domestic inbound/outbound New Zealand passenger distort accuracy of international number.	Lobby Statistics New Zealand and NZ Customs to include cruise into its collection of International Visitor Arrivals statistics.	TNZ/ TMT/ Statistics NZ/NZ Customs	Ongoing
TNZ Passenger Satisfaction Survey 06/07 only sampled two vessels and therefore not necessarily representative of the wider cruise passenger satisfaction.	TNZ Market Research team to liaise with Otago University to gain deeper access into their research and undertake further research where appropriate.	TNZ	Jul - Sep 09

Appendix One

Key Cruise Sector Stakeholders

Inbound Operators (IBOs)

- Organise shore excursions, pre and post cruise packages, shuttle services, local port information including disembarkation and embarkation operations at beginning/end of cruise.

Port Agency (mainly McKay Shipping)

- Responsible for itinerary planning and negotiation with port companies. The Port Agency services all the ships' needs.

Port companies

- Provide overall shipping facilities, berthing, gangways, security, marshalling areas, etc.

Regional Tourism Organisations (RTOs)

- Responsible for regional development of onshore cruise activities and products.

i-SITES

- Provide cruise visitors with information on local attractions and assist the booking process for these.

Appendix Two

Examples of Transport Delays in South Island Ports

Cruise passengers with no organised shore excursion activity waiting for shuttles to transport them to the cities. Note: Long queues, no shelter from the elements, ship container with awning being used as a temporary i-SITE.

