

“The Impact of Cruise Ship Tourism on Local Economies”

- Thomas J. Murray

Virginia Institute of Marine Science

Virginia Sea Grant Marine Extension Program

Social Coast Forum

Charleston, S.C.

February 11, 2016

Cruise Ship Tourism Industry Growth and Local Challenges

- Cruise tourism has been the fastest growing sector of the tourist industry for the past thirty years. Since 1980, the industry has had an average annual passenger growth rate of 8.1% per year.
- This growth is expected to continue into the future. Globally the trend is increasing.
- Carnival Lines represents 40% of the global market its 2015 earnings were up more than one-third from 2014

Case Study: Impact of Cruise ship Tourism on Quality of Life in Key west. Identification of the population

Main types of tourism in Key West, by mode of entry 2010 estimates

- 1. Cruise vessels – almost 1 million passengers
- 2. Land and air-based tourists – over 2.5 million visitors

Sampling sites



SITES

A – Cruise ship passenger sampling site

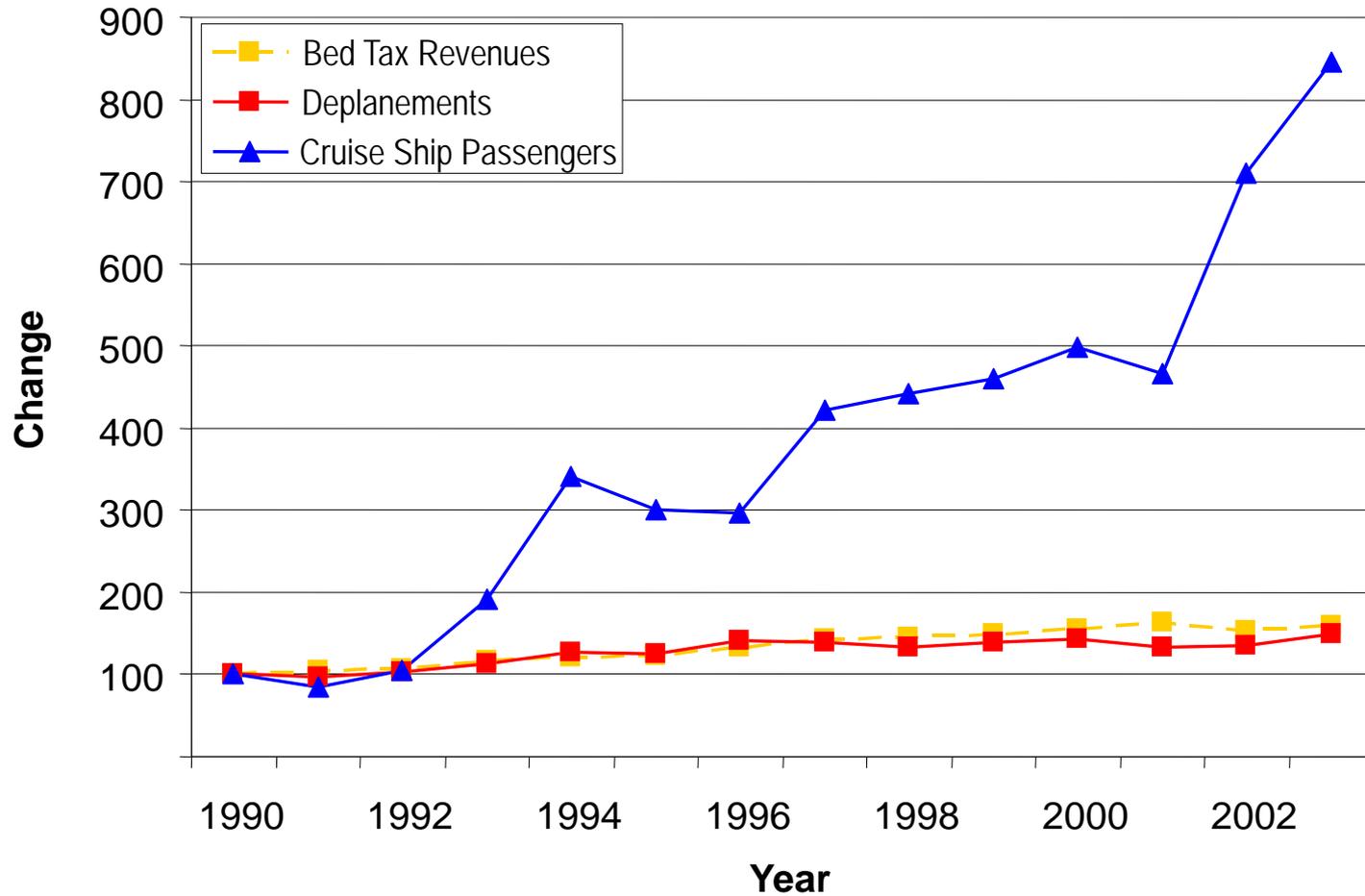
B – Land-based visitor sampling site

C – Air-based visitor sampling site

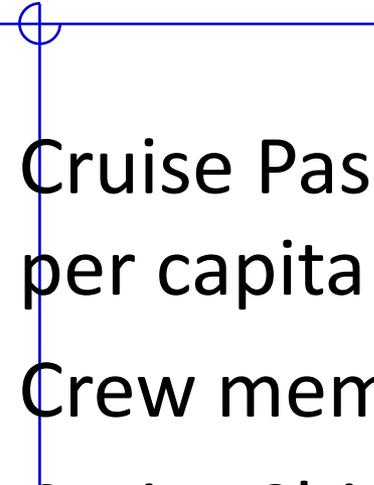


ECONOMIC IMPACT

GROWTH OF TOURISM INDICATORS IN KEY WEST (1990 = 100)

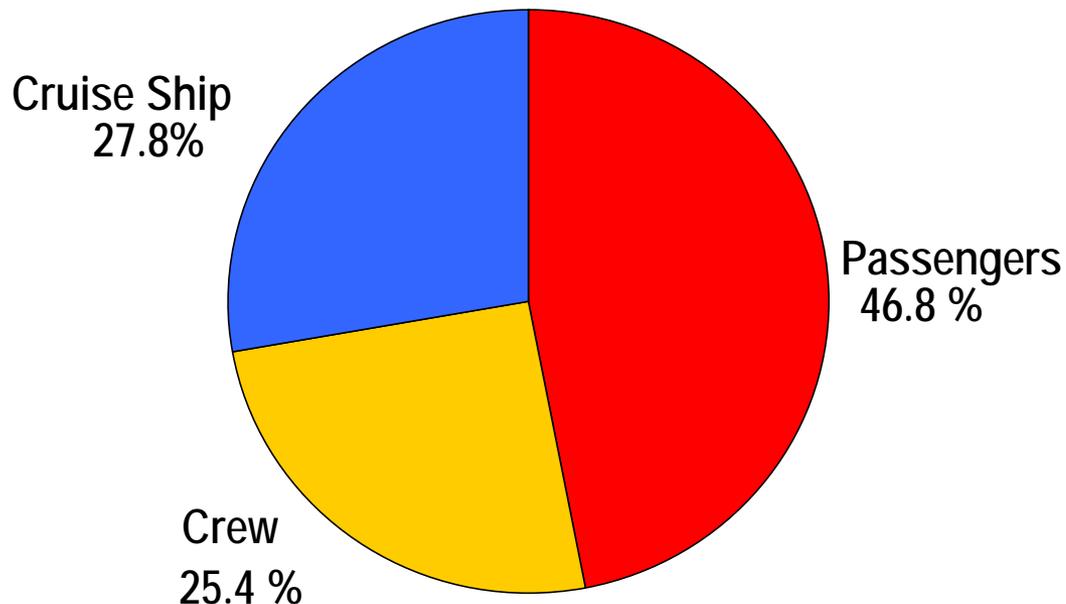


How much is spent?

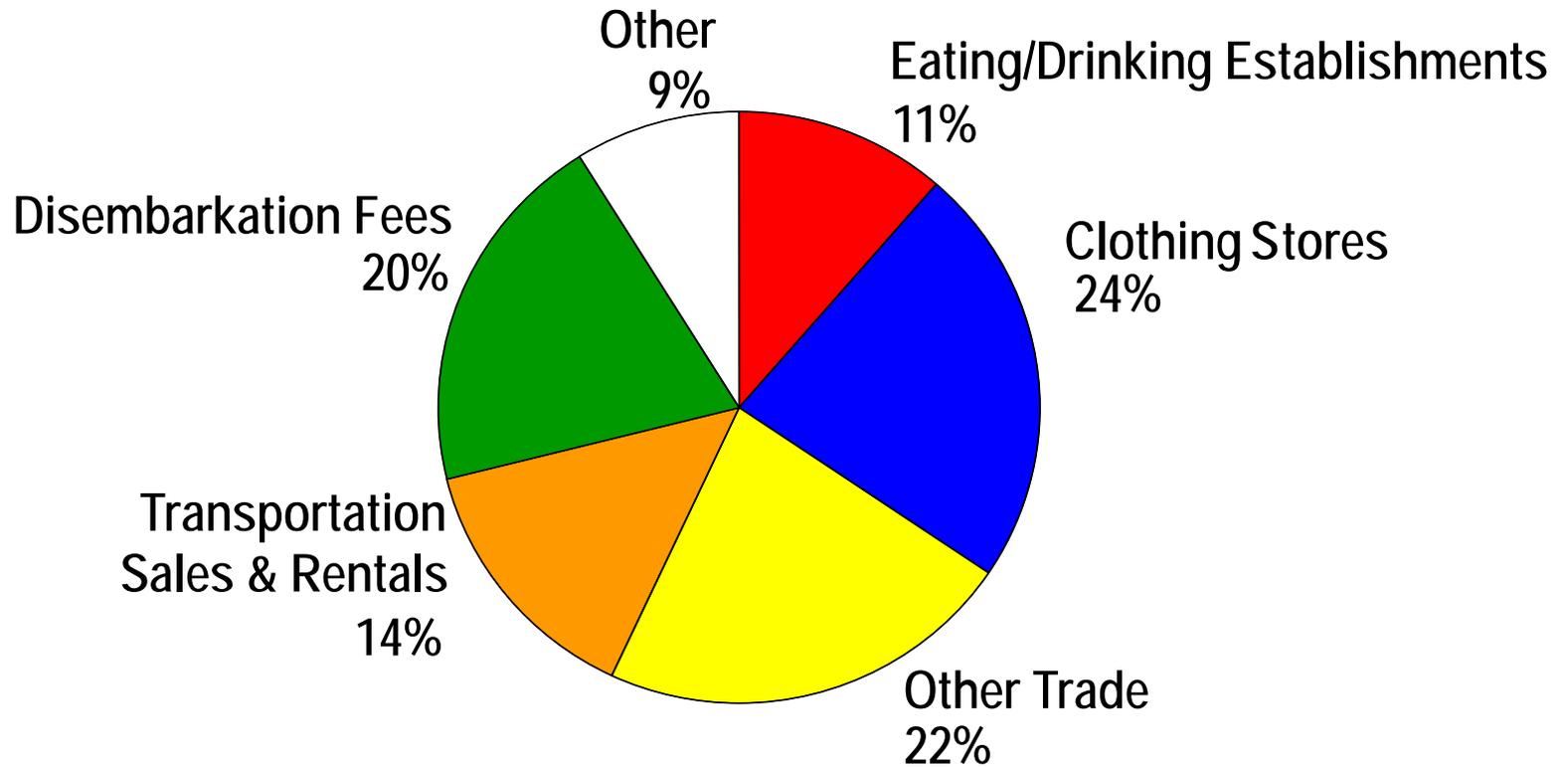
- 
- Cruise Passengers spent on average \$32.10 per capita while in Key West.
 - Crew members spent on average \$65.80
 - Cruise Ship Lines spent \$14 million on local purchases.

TOTAL DIRECT EXPENDITURES BY CRUISE SHIP TOURISM, 2003-2004

	Passengers Expenditures	Crew Expenditures	Cruise Ship Expenditures	Total
Food ,Eating/Drinking Establishments	\$3,060,071	\$1,048,414	\$0	\$4,108,486
Clothing and Apparel Stores	8,508,421	1,834,725	0	10,343,146
Other Trade	9,083,379	1,310,518	210,000	10,603,897
Transportation Sales & Rentals	0	655,259	3479000	4,134,259
Arts, Entertainment, and Recreation	2,275,181	4,979,967	0	7,255,148
Docking/Disembarkation Fees	-		10,124,000	10,124,000
Other	779,061	3,276,294	235,000	4,290,356
Total	\$23,706,114	\$13,105,178	\$14,048,000	\$50,859,291

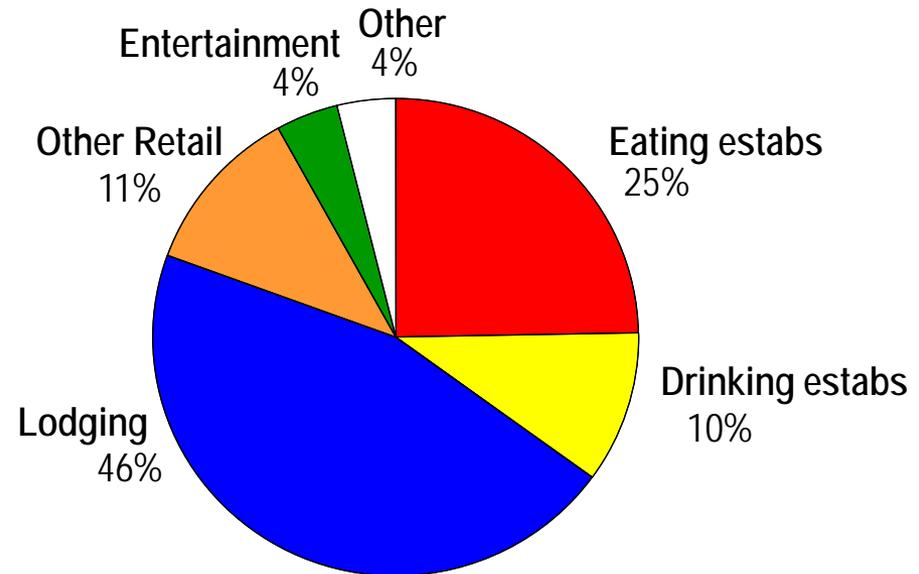


EXPENDITURES FROM CRUISE SHIP TOURISM BY EXPENDITURE CATEGORY



ESTIMATED NON-CRUISE SHIP TOURISM EXPENDITURES IN KEY WEST, 2003-04

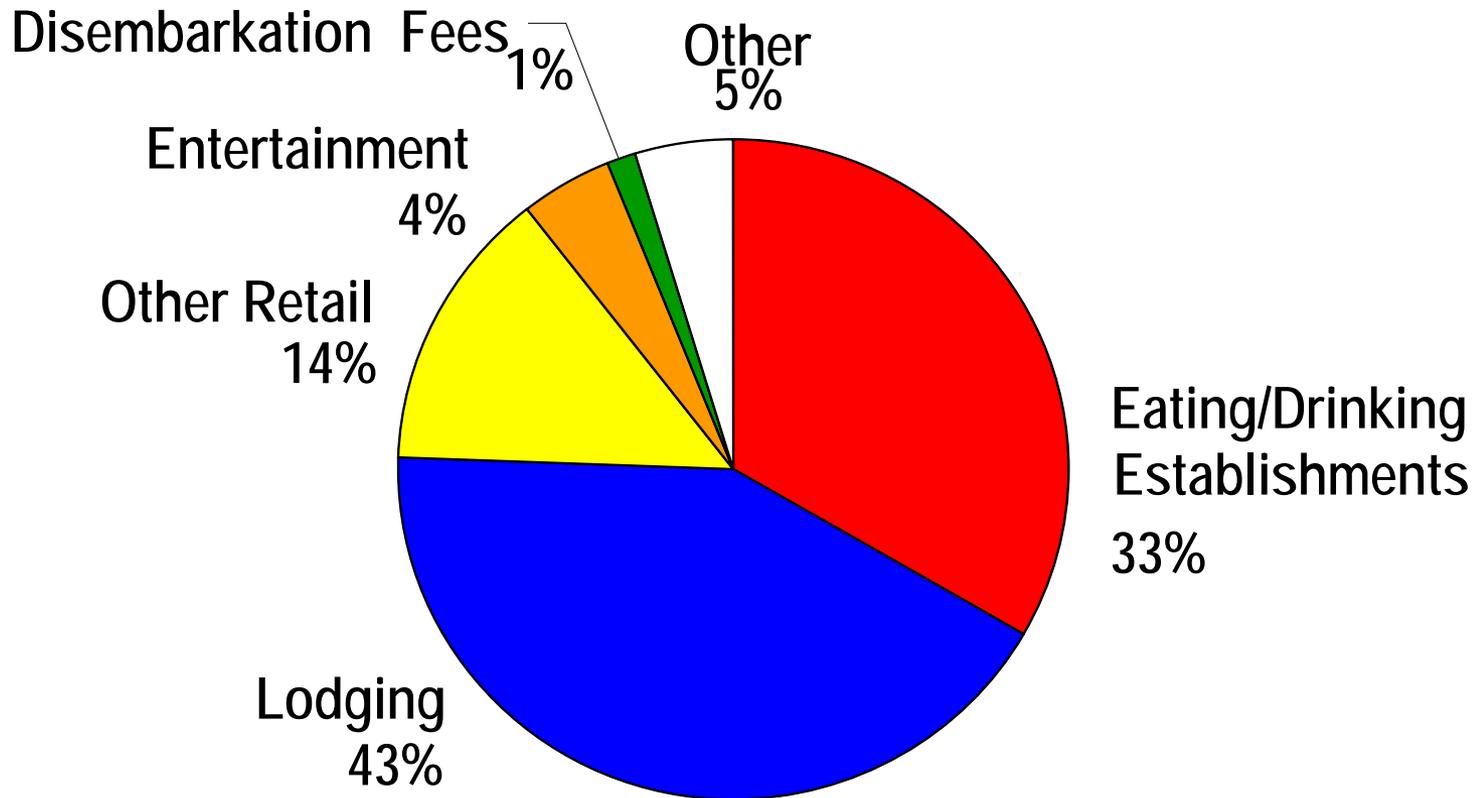
Sector	Expenditures
Eating	\$162,962,551
Drinking	68,576,584
Groceries	23,811,464
Clothing	24,542,783
Other Retail	26,335,119
Transportation	2,061,568
Lodging	299,409,859
Entertainment	28,569,811
Business Services	957,907
Other	22,119,692
Total	\$659,347,338



TOTAL TOURIST EXPENDITURES BY TYPE IN KEY WEST, 2003-04

	Cruise Tourists	Non-Cruise Tourists	Total All Tourists	Percentage of Total
Eating/Drinking Establishments	\$4,108,486	\$231,539,135	\$235,647,621	33.2%
Clothing	10,343,146	24,542,783	34,885,929	4.9%
Other Retail	10,603,897	50,146,583	60,750,480	8.6%
Lodging/Accommodation	0	299,409,859	299,409,859	42.2%
Attractions/Transportation	11,389,407	30,631,379	42,020,786	5.9%
Docking/Disembarkation Fees	10,124,000	0	10,124,000	1.4%
Other	4,290,356	23,077,599	27,367,955	3.9%
Total	\$50,859,291	\$659,347,338	\$710,206,629	100.0%

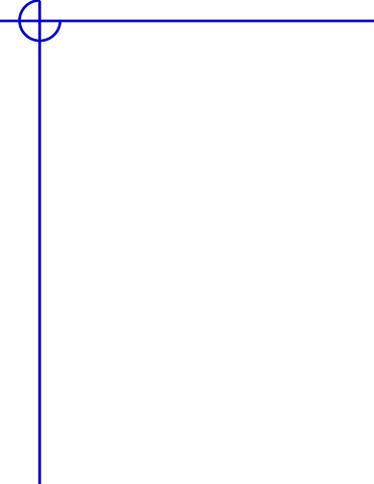
TOTAL EXPENDITURES BY EXPENDITURE CATEGORY



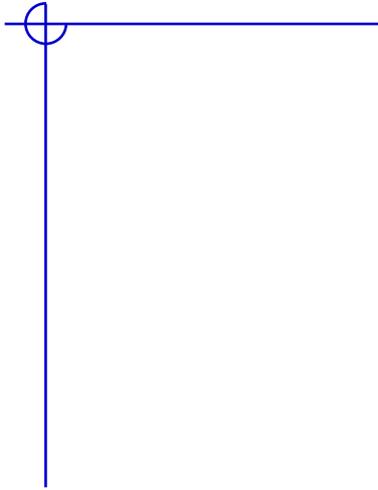
Comparing Economic Impact by Visitation Type

- Cruise Ship Tourism was responsible for 50% of the visitations to Key West in the year of the Study.
- It provided 7.8 % of the economic impact of tourism to the community that year.

DIRECT AND INDIRECT IMPACTS OF TOURISM AND CRUISE SHIP EXPENDITURES KEY WEST

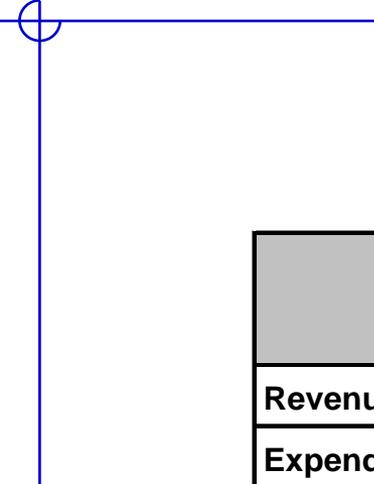


	Direct	Indirect	Total
All tourism			
Output	\$710,206,629	\$423,388,768	\$1,133,595,397
Employment	8,060	4,134	12,194
Tourism			
Output	\$50,859,291	\$30,319,701	\$81,178,992
Employment	577	296	873



FISCAL IMPACT

FISCAL BALANCE FOR TOURISM AND CRUISE SHIP TOURISM ACTIVITY

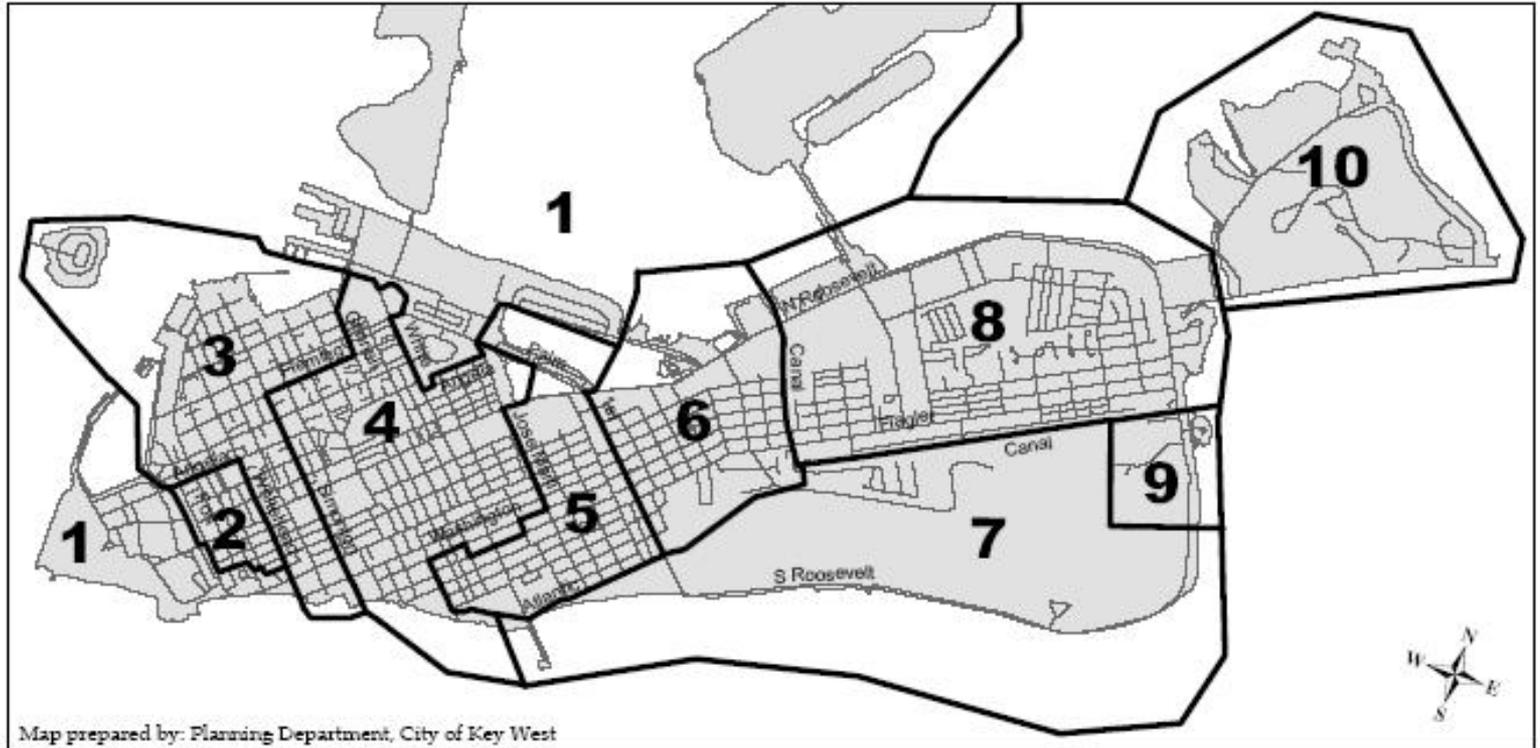


	Cruise Ship Tourism	All Tourism	Adjusted All Tourism
Revenues	\$5,072,746	\$15,072,553	\$21,745,855
Expenditures	\$3,245,936	\$14,728,343	\$14,728,343
Fiscal Balance	\$1,826,810	\$344,210	\$7,017,512
Ratio	1.56	1.02	1.48

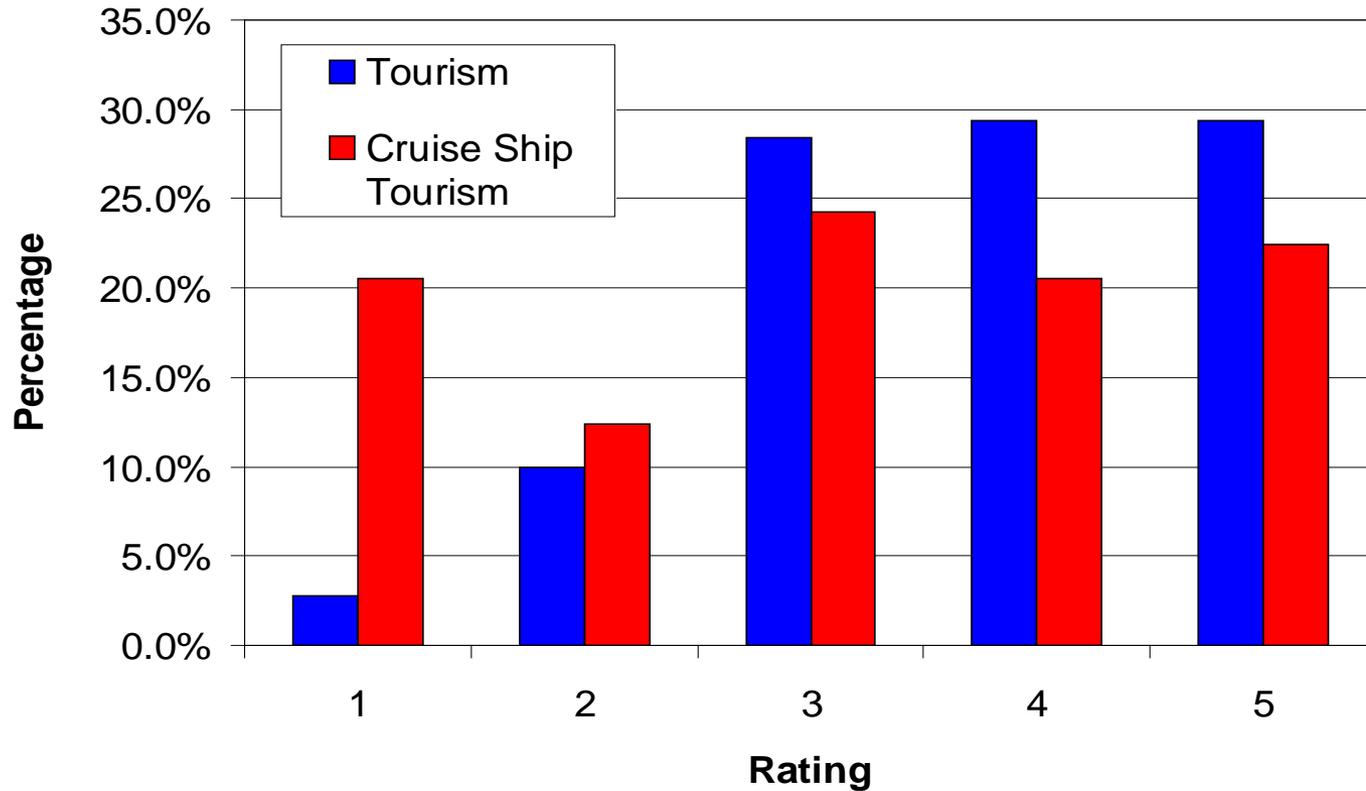


PUBLIC PERCEPTION

RESIDENTIAL DISTRICTS

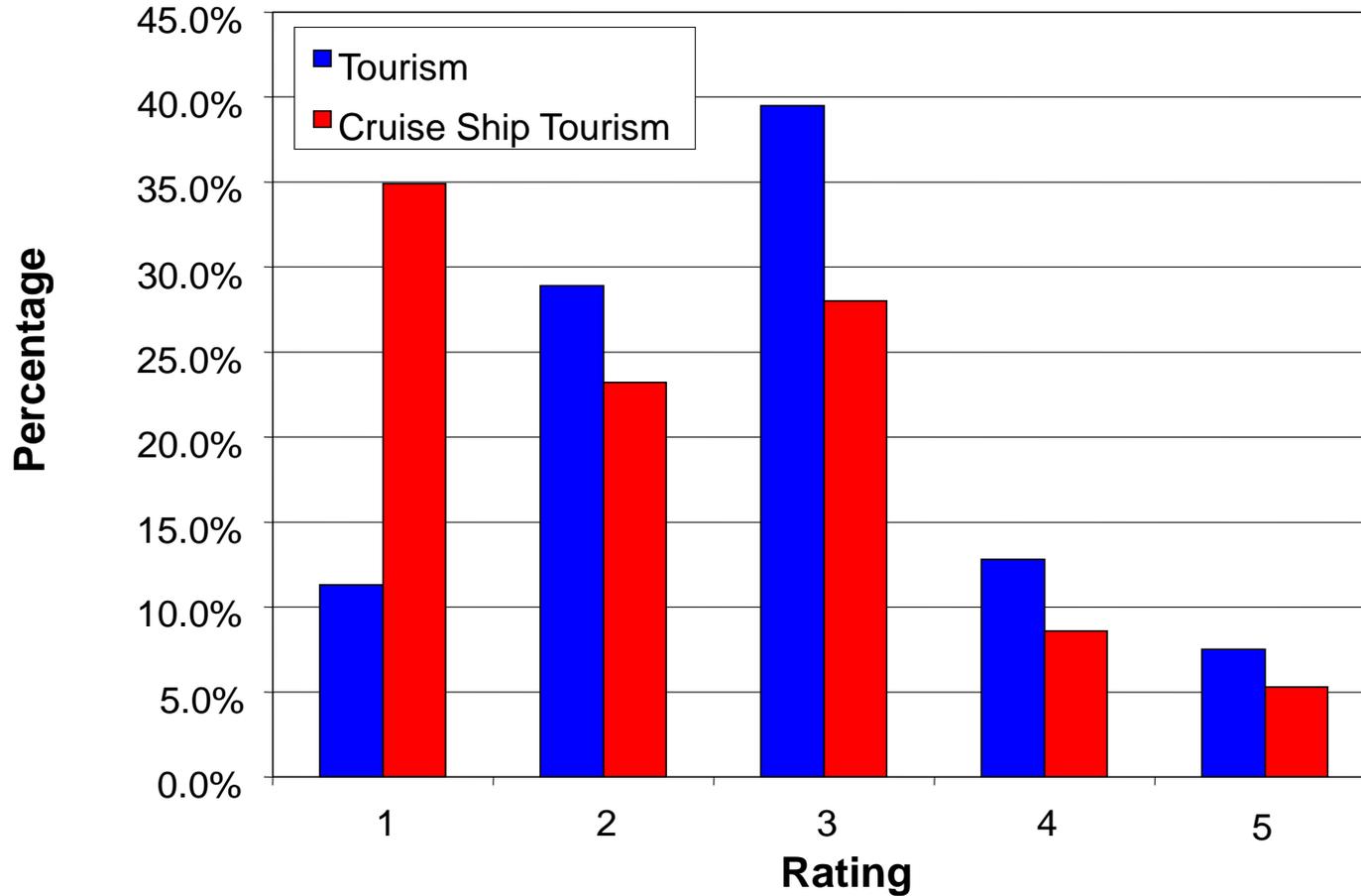


OVERALL EFFECT ON QUALITY OF LIFE OF TOURISM AND CRUISE SHIP TOURISM



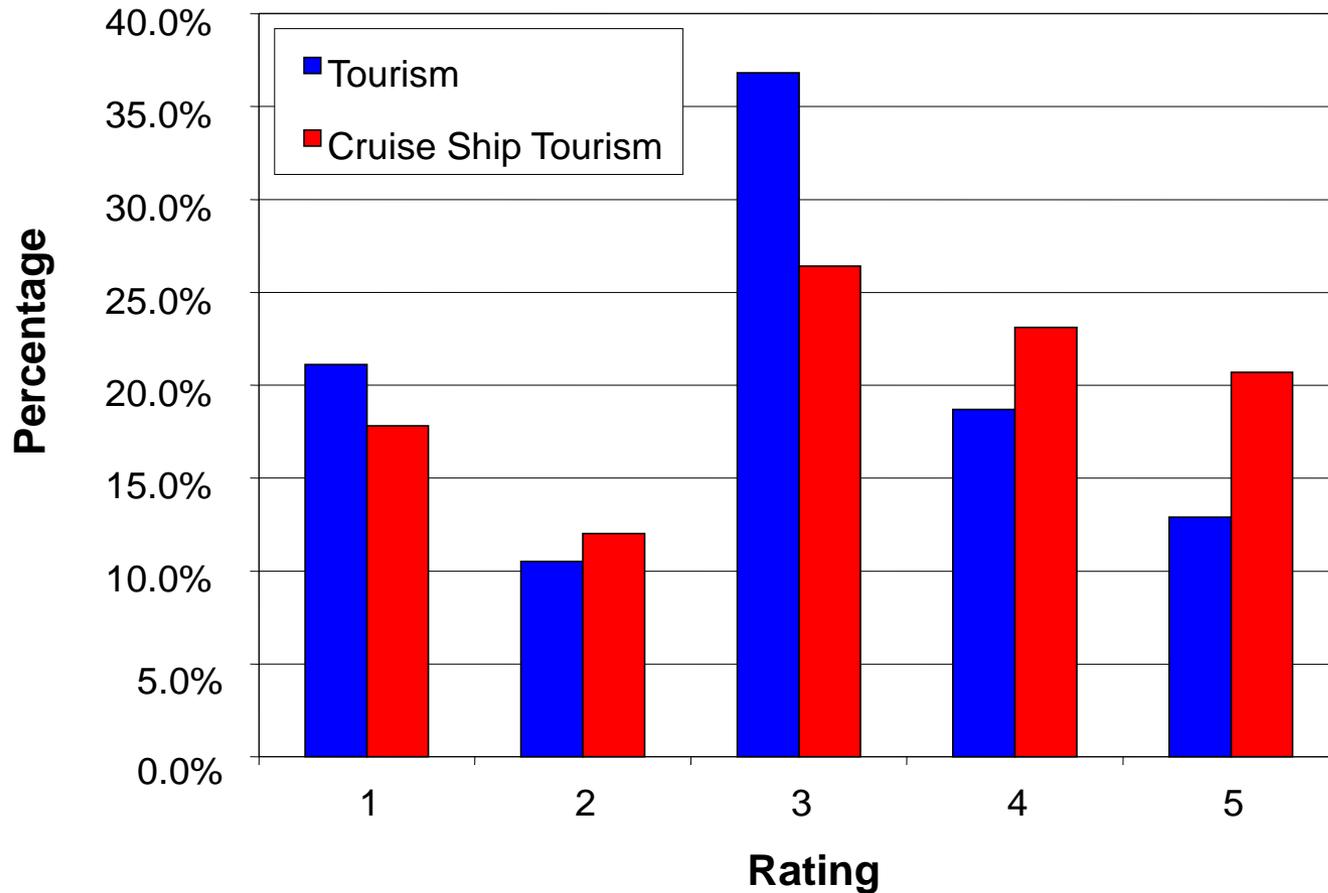
1 = strongly negative
5 = strongly positive

PROPER LEVEL OF TOURISM AND CRUISE SHIP TOURISM



1 = much less
5 = much more

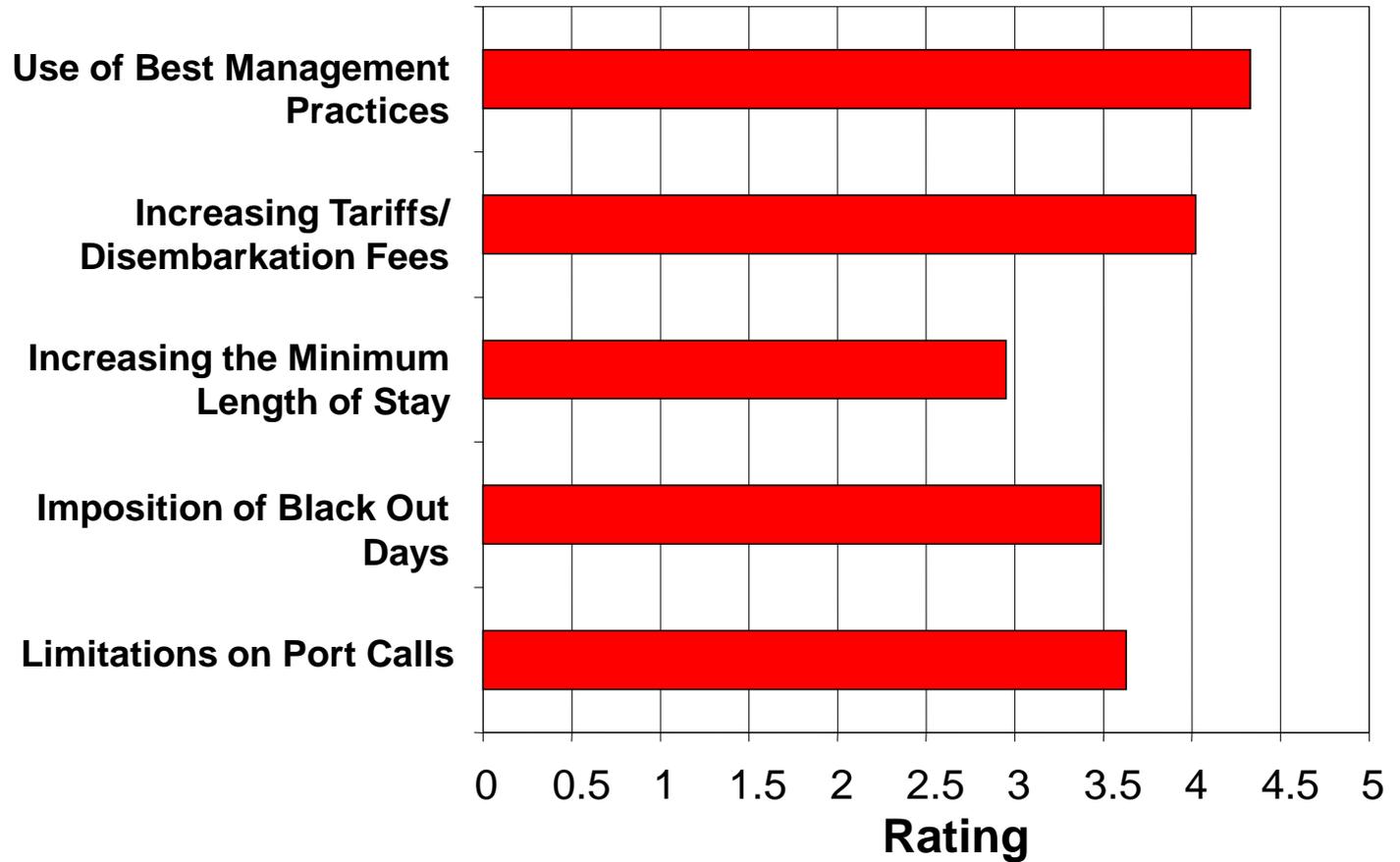
TO WHAT EXTENT SHOULD CITY BE INVOLVED IN REGULATING TOURISM AND CRUISE SHIP TOURISM?



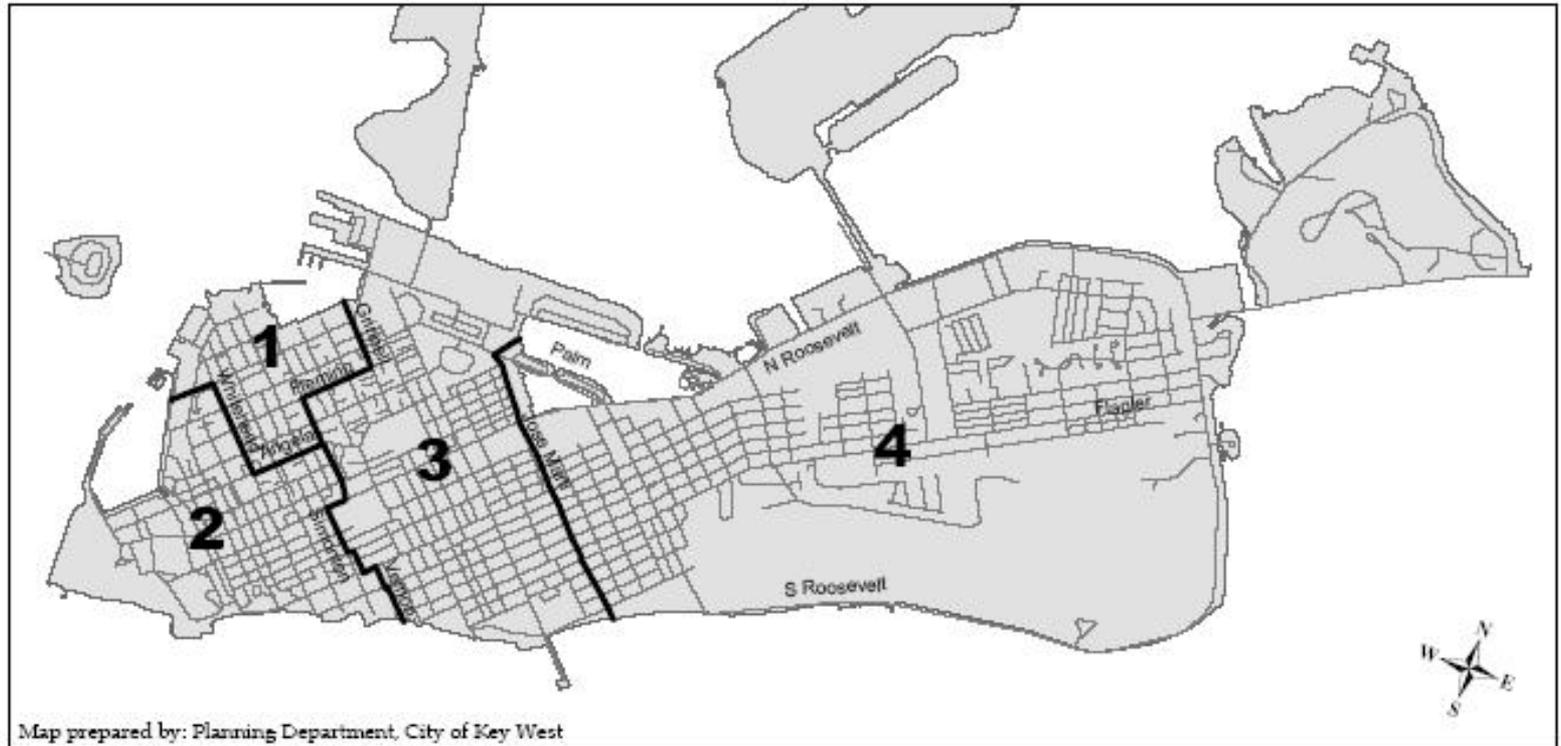
1 = much less
5 = much more

RATING TO MANAGEMENT STRATEGIES

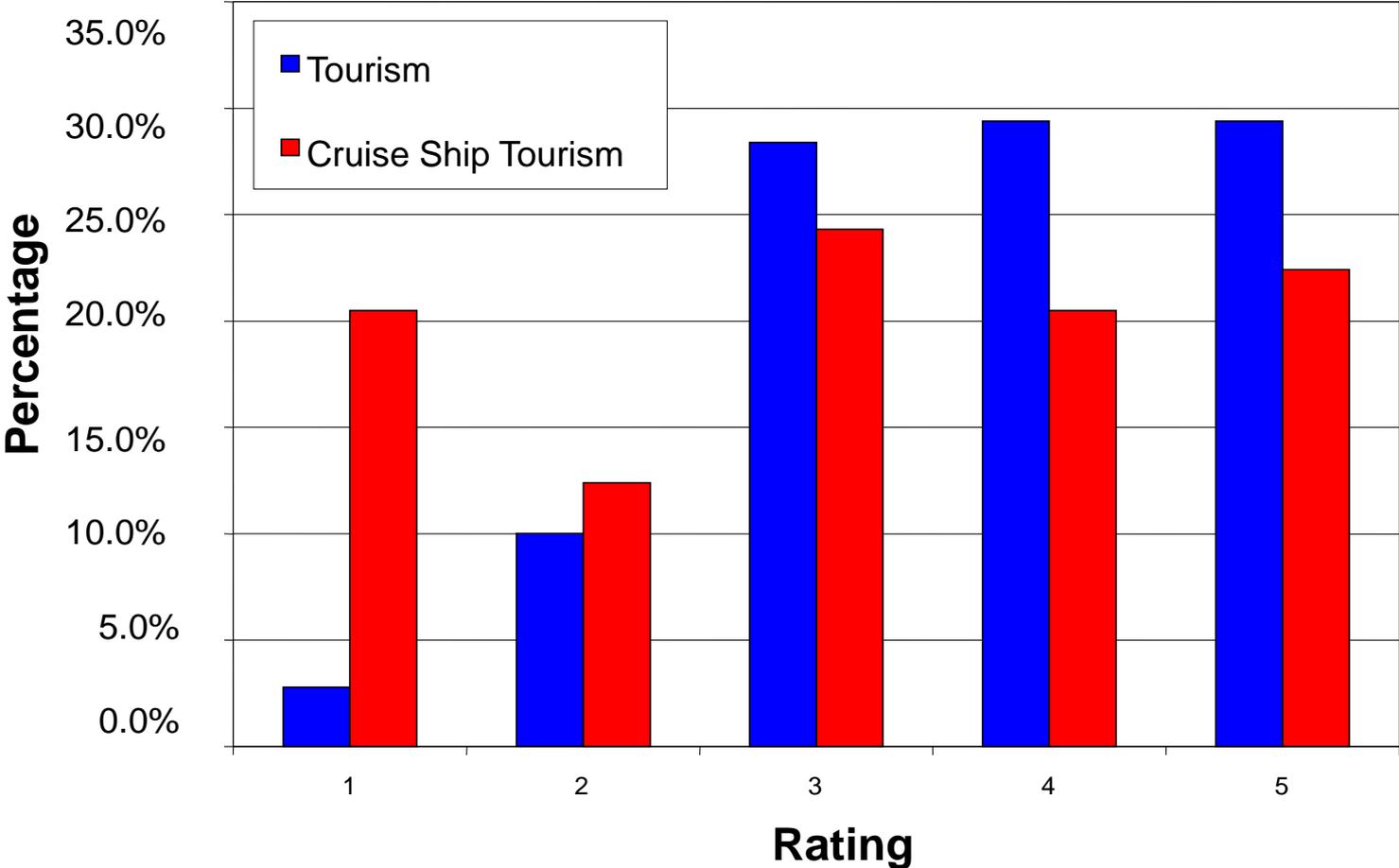
Management Strategy



BUSINESS DISTRICTS

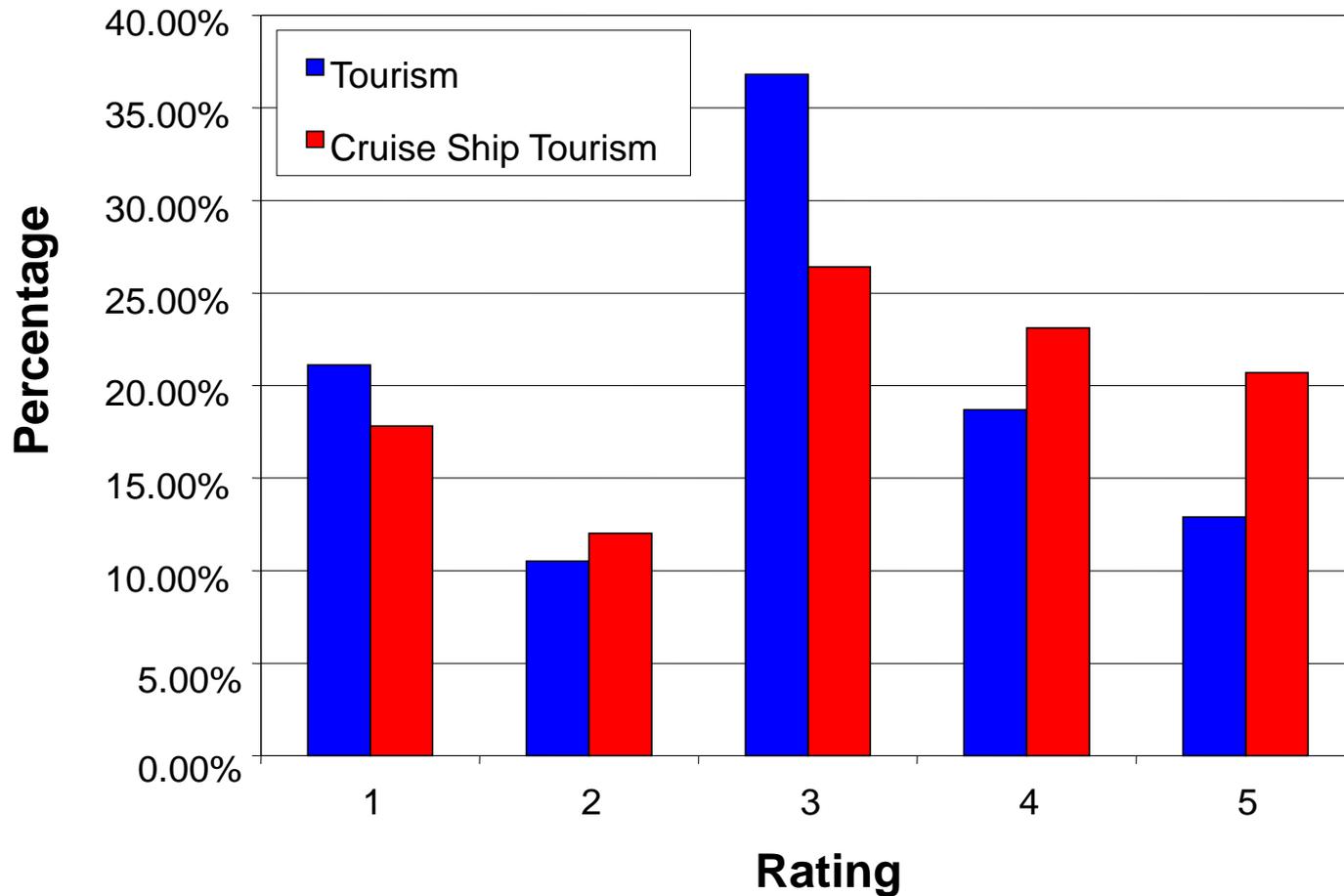


PROPER LEVEL OF TOURISM/CRUISE SHIP ACTIVITY



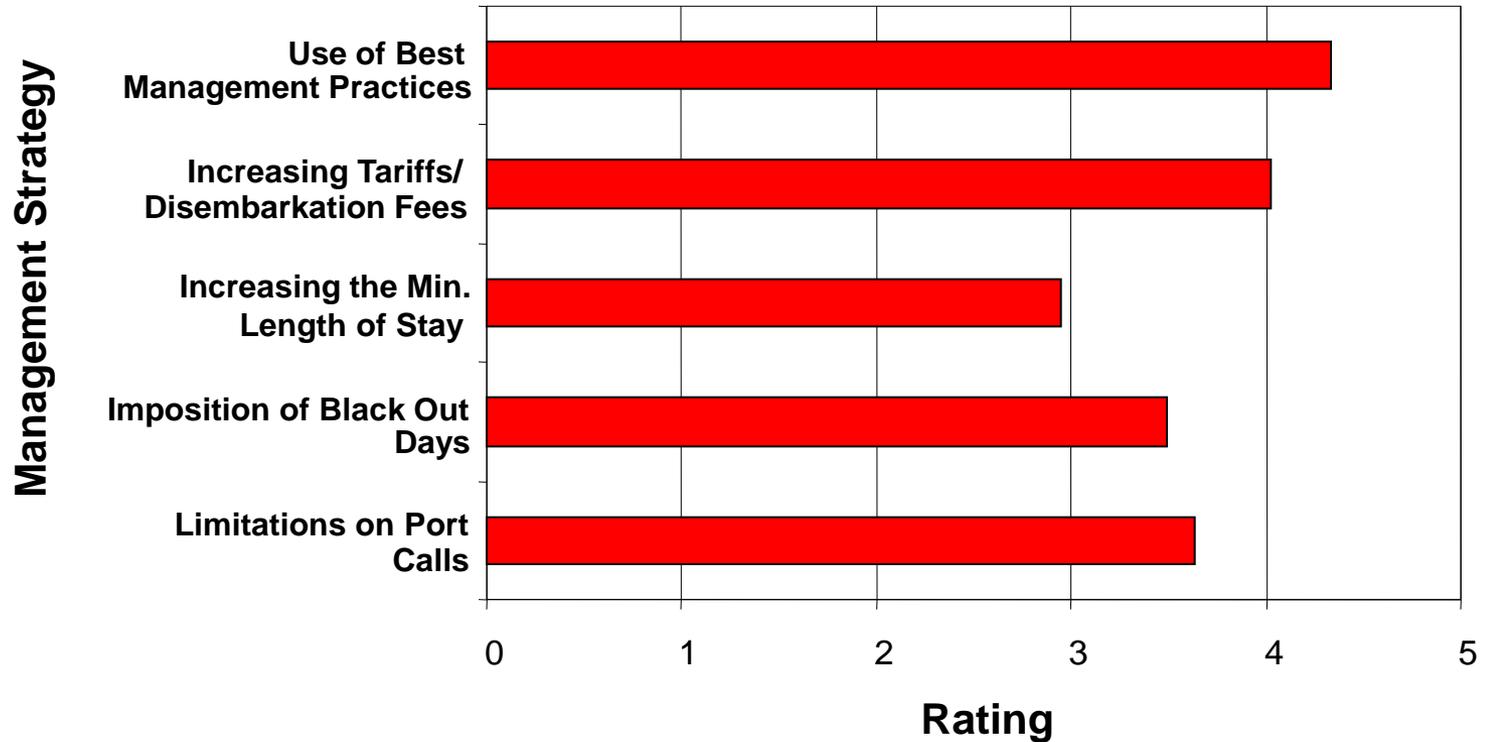
1 = much less
5 = much more
than current levels

TO WHAT EXTENT SHOULD THE CITY BE INVOLVED IN REGULATING TOURISM/CRUISESHIP ACTIVITY?



1 = much less
5 = much more

RATINGS ON MANAGEMENT STRATEGIES



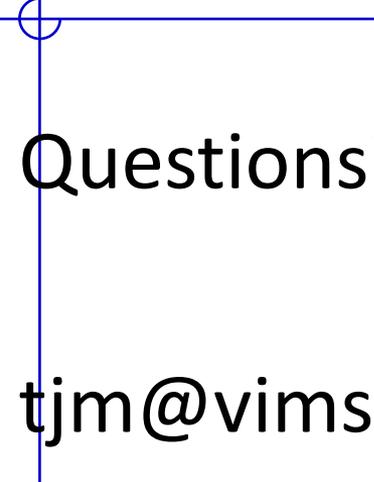
BMPS

- 
- Require ships to suspend on-board entertainment and activities while in port to encourage more people to leave ship.
 - § Require cruise lines to use local agents for cruise ship organized shore excursions and activities. A maximum service charge for museums, tours, and other local activities sold on ship would be of benefit to area merchants.
 - § Require restocking of supplies from local companies, although Key West is often an early port of call so that restocking requirements are typically low.
 - § Develop more sightseeing attractions and entertainment activities for cruise passengers and development of a calendar of cruise-ship visits for distribution to all taxi drivers, hoteliers, and interested parties.
 - § Focus upon targeted promotion aimed at improving and expanding the proportion of cruise passengers that return to the destination as overnight guests. The cruise passenger surveys clearly indicated the opinion that improved tourism literature and guides to the destination for cruise passengers was needed. Most cruise ship passengers rated Key West very highly as a destination, 68.3% of cruise ship visitors stated that they would return for a longer, non-cruise ship trip
 - § Attract more upscale, luxury cruise lines, encouraging longer shore stays for these ships with higher-income passengers.

How can cruise tourism continue to Grow?

- Trade press suggests the rate of growth in cruise tourism is slowing in the long established regions such as the Caribbean.
- Growth is underway and targeted to increase in the Orient.
- Carnival reportedly plans to increase its fleet of cruise ships in China from 4 to 6 this year
- Mega Cruise ships are being designed for that market. RCL Quantum of the Seas can carry 4,180 passengers and is based in Shanghai.

Thank you!

- 
- Questions?
 - tjm@vims.edu

Field session results

- A total of 1,822 surveys completed with Key West tourists
 - 919 cruise ship passenger surveys completed
 - 903 general visitor surveys completed
- *NOTE: even if summer and winter populations are considered as separate populations, a significant (95% confidence level and +/- 5% confidence interval) random sample was obtained for both cruise ship passengers and general visitors for EACH period*
 - *Sample total for each period for each visitor type > 384.2 samples*