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# Greek Sea is not in Crisis. An institutional approach of the economic impact cruise ships have on local societies: the case of two Ionian Islands.

by

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## Abstract

International cruise industry has evolved into becoming the most successful sector in the maritime leisure market, achieving a constant average growth of 7.4%, for more than two decades. The exploitation of economies of scale which led to cost advantages, along with the diversification of the product and the inclusion of imaginative amenities and itineraries on behalf of the cruise lines, helped in the development of a mass cruise market which attracted the interest of a wider and more diversified clientele. This popularization has not only increased the profitability of cruise lines but also the economic benefits enjoyed by the host countries that accommodate them. Recent literature has highlighted the significant contribution of cruise tourism to local communities generating added income, employment and increasing welfare. As, the industry is expected to continue to grow and expand to new unexplored markets in the near future, these effects will also be magnified allowing more communities to benefit from the benefits generated by the cruise industry. This thesis examines the Greek cruise market and its potential, with a particular emphasis on the case of the two Ionian Islands, Corfu and Cephalonia. Our aim is on the one hand to estimate the economic impact generated by the cruising industry to the local communities of the two islands, while one the other hand to identify the factors that the latter should consider in their effort to emerge as major cruise destinations in the Mediterranean cruise market. Its contribution is to provide quantifiable estimates with regard to the average cruise passengers' expenditures on these islands and to emerge those characteristics (infrastructure, facilities and services provided) which are necessary for the satisfaction of both cruise lines and their passengers. Our estimations illustrate the considerable economic impact generated for the local communities of Corfu and Cephalonia as cruisers spent on average 66.6 and 29.3 euro respectively. However, the deficiencies presented in the services offered are still evident denoting that cruise ports along with their cities should initiate an immediate effort to rectify them. The framework which analyses the strengths and weaknesses of each destination can, in principle be used, to develop an overall cruise strategy for local communities which would lead to the enhancement of the overall product offered. The conclusions are relevant for policy makers, as they illustrate and quantify the results of the development of cruise tourism in the region of Ionian Islands while propose some recommendations that could be taken into consideration. The development of a strong and sustainable cruise market is of imperative importance for the local communities and highly depends on implemented polices; in this respect, our research aims in helping them to this direction.

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# Chapter 1 Introduction to this Thesis

## *1.1 The scope of the research*

The cruise industry is characterized as the most exciting market of the maritime leisure sector, as it has managed to achieve considerable levels of growth for more than four decades. Since its modern inception in the early 70's, the cruise sector has generated billions of dollars supporting economically not only cruise lines but also the economies of the host countries in various ways (expenditures of cruise lines, crews and passengers, revenues from the shipbuilding sector) with substantial revenues. Also, during that period cruises transformed from a luxurious type of vacation consumed mainly by passengers of middle to high age and high income into an affordable solution for all ages and tastes. The development of a mass cruise market which is highly attributed to the economies of scale enjoyed by cruise operators (larger vessels that lead to cost advantages) on the one hand, which allowed them to implement more competitive (reduced) pricing, while on the other to the diversification of the cruise product (days of trip, amenities, itineraries) gave a new impetus to the industry after the beginning of the 90's. An impetus, which until nowadays is still strong (despite the economic crisis of 2008), as the highly internationalized environment under which the sector operates along with the constant development of new concepts on behalf of the cruise operators, in places that since nowadays have remained underutilized or unexplored, give new prospects for further expansion of demand and further growth of the industry. Consequently, as the industry grows, so will its economic impact, to the host countries.

Greece is one of the top destinations for cruises in Europe. The ideal Mediterranean climate in combination with the 190,000 beaches and the more than 40 distinctive cruise options provide a variety which attracts million passengers annually. Among these options, it has been observed lately that an emerging cruise market is formed in the area of the Ionian Islands. Certain factors such as the saturation of some destinations and the recent riots in the Northern Africa (Arabic Spring) forced cruise companies to alter their itineraries and expand in other underdeveloped markets.

This is the case of the Ionian cruise market and more particularly of its two islands Corfu and Cephalonia; which introduce new prospects for a lasting and sustainable development of the region. Characteristically, the arrivals in 2011 exceeded the 600 cruise ships and the visitors surpassed the half million, while the estimations for 2012 are far more optimistic surpassing any other year's expectations. Yet the lags in crucial areas for the enhancement of the performance (inadequate infrastructure, inproper exploitation of the counties unique characteristics) both on a local and national level, that Greek cruise market presents, need to be confronted in order to promote the latter as a major destination for cruise tourism.

The economic impact for local societies is undoubtful, energizing numerous activities and obligations for local port authorities and their cities respectivelly. Therefore, it is considered an indespensable need to analyze and evaluate the multiple effects of cruise passengers expenditures on local societies as well as the identification of strengths and weaknesses in the management of the services provided to cruiseships in order to propose certain points for the development of a cruise tourism strategy (on behalf of the cities and their ports), which will enhance the provided services and will lead to a lasting and sustainable growth.

### *1.2 Research Objective*

This thesis is the means to understand in a better way the effects cruise tourism exerts, on the economies/societies of host countries. The research field is the Greek cruise market and more particularly the cruise market developed in the region of the two Ionian Islands, Corfu and Cephalonia. Hence, the main research question is:

***How important is the economic impact generated by the cruising industry, to the local economies of the two Ionian Islands and what factors should the latter consider in their effort to emerge as major cruise destinations?***

The research question is approached both theoretically and empirically. With regard to the theoretical analysis an overview of the cruise industry and of the Greek cruise market respectively, is undertaken. The empirical part aims to collect and analyze primary data coming from the cruise passengers visiting Corfu and Chefalonia on the one hand while on the other from the local communities that host them. In such a way, we will be able to examine the subject from the perspective of the customers as well as from the providers point of view. Besides that, these two categories represent the two sides of the same coin whose analysis will enable us to get the whole picture. Although each questionnaire has differing aims, their final results will be combined in order to reach robust and accurate conclusions that will contribute truly, to understand which are the factors that do matter, in order to develop and sustain a strong cruise market.

The survey addressed to cruise passengers aims in a first level, to investigate the incentives and the socioeconomic characteristics of the cruise visitors as well as the satisfaction levels from their experience in the two Ionian destinations. In a second level, it intends to measure their expenditure behavior and get their opinion with regard to the provided services - facilities in the ports and their cities, which will let us understand in such a way, the strengths and weaknesses of each destination as well as the passengers' standards and expectations from a touristic resort.

The second survey concerning the local communities of Corfu and Cephalonia aims in evaluating the residents perception towards the cruise development in the region. More particularly, our goal is to have their view on aspcects that are influenced or affected by the development of cruising such as the economic, socio-cultural and environmental impacts. Added to that we intend to get their opinion too, about the services and facilities provided in order to check whether their answers converge with the ones given by the cruise passengers. Their opinion about the implemented policies for the promotion of cruise tourism, will make also possible to investigate the potential for improvment in order to enrich the existing touristic package of this particular touristic market.

This research is concerned with the development of cruise tourism and the maximization of its economic impacts at the region of the Ionian Islands. Due to the fact, that its realization depends on a series of intricate interconnected activities, it is considered necessary to develop an integrated and robust research plan. This plan will allow us to accomplish our research aims, as it will act as the model for our research procedure. The four stages of our research plan are depicted in the following figure.

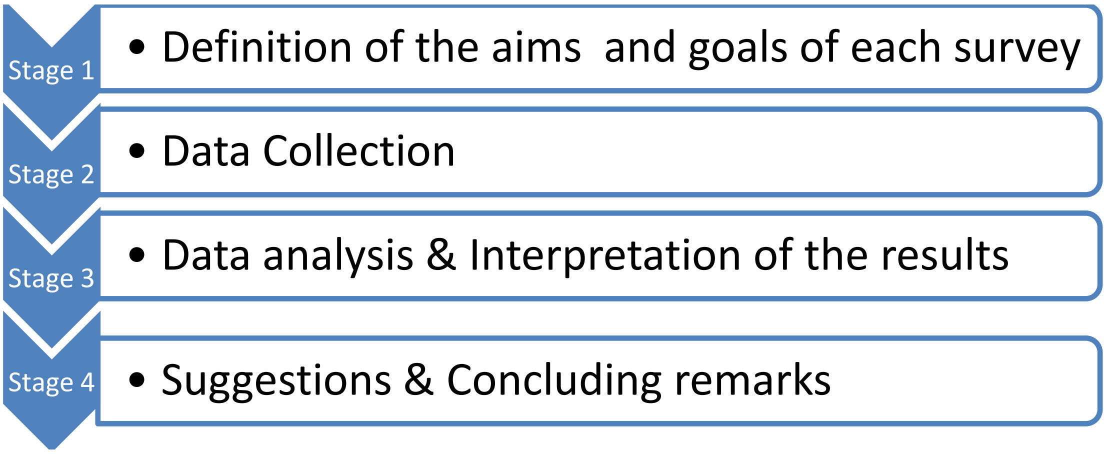



**Figure 1**: Stages of the research plan

### *1.3 Methodological approach*

The present research is grounded on primary data. A sampling survey carried out with questionnaires is the most common form of empirical research, which also proves to be a very indicative tool for researching cruise tourism and tourism in general. The collection of the primary data for this survey was carried out with a questionnaire which was distributed to the residents of Corfu and Cephalonia and their cruise visitors respectively, with a random sampling procedure. The first step in this procedure was to define the population to which the questionnaires were addressed and to formulate a sampling framework of these populations. Further on, in order to have a representative sample from that framework each person consisting it, had an equal (nonzero) possibility to be chosen in the sample letting us in such a way, to generalize the results to the whole population.

The questions asked, are the means to extract conclusions so in order to be as effective as possible they should reflect accurately the aims of the research. For this reason the questionnaires were constructed in a way that would enable respondents to understand clearly the questions asked and in general the philosophy and the scope of this survey. The types of questions used were chosen carefully in order not to violate the neutrality principle, including several types of "Closed end" as well as "Open end" questions to evaluate the respondents' answers. As far as the former are concerned, we made use of "Dichotomous" questions which basically ask from the respondent to chose among two options, "Multi-chotomous" questions which need an answer among many options as well as of "Ordinal" and "Ranking" scale questions which both, in a five point scale, measure on the one hand the importance of a particular variable while on the other hand rate others according to their particular characteristics from bad to excellent (Survey Monkey, 2007). All the aforementioned types of "Closed end" questions have a predetermined content; while on contrary, "Open end" ones give the opportunity to the respondent to answer in his own words what he or she believes with regard to the subject under study, justify or even develop it.

Added to that, in order to check the robustness and the validity of our research we addressed specialized readers to review them. More particularly, all of the questionnaires were given to philology professors, not familiar with the subject, however, capable of judging the structure and the content of the questions based on their experience and knowledge. Their helpful remarks were taken into consideration as the questionnaires were adapted towards the proposed direction. However, besides that, the readers concluded that overall, the questionnaires were comprehensive and thorough enough, following a logical order.

Moreover, before the beginning of our research, we had to test also in practice, if the surveys were indeed comprehensive for the respondents. Therefore, before the distribution of the questionnaires, we had to run a small pilot test. Such tests are very common in questionnaire surveys, reinforcing the validity and accuracy of the questions asked. So, for this reason, ten people for each of the two questionnaires were asked to fill it in and make their remarks. The results showed that respondents in their overwhelming majority understood clearly the questions and the aims of our research, having no problem in filling it quickly and easily. The average time for the completion of each questionnaire was estimated to be four to five minutes. From the answers of the respondents we also extracted information about facts and questions that might had been omitted since then. From this procedure, some new thoughts for the purpose of the study came up, which after a comprehensive discussion with the respondents who made those remarks, led to the inclusion of four additional questions in cruise passengers' questionnaire. No other concerns were reported. Overall, pilot tests proved to be a very interesting process, as they gave us the opportunity to get in touch and discuss for the first time with a small part of the populations under study, enriching in such a way our research and us personally.

### *1.4 Data Collection*

The data collection was acquired from primary and secondary sources. The theoretical approach is supported by secondary sources which were obtained from academic papers, reports, articles in newspapers and internet sources related to the field. With regard to the primary data apart from the questionnaires distributed we conducted interviews with the local port and municipality authorities (of Corfu and Cephalonia), in order to acquire as much information as possible for the cruise tourism developed in these islands.

The data collection phase is among the most critical procedures in the whole research process. The aims and goals that were set in the initial design phase must be accomplished at this level. In general, the quantitative research approach is based on statistical analysis. More particularly, sampling methods are used for the extraction of results concerning a population, without examining the views of all the people composing it, with only a relatively small part being examined; the sample. As far as the data collection procedure from the questionnaires is concerned, it should be clear from the very beginning, that components of the same sample should be treated in the same way, i.e. should be asked the exact same questions. Based, therefore, only in the responses of the same sample it will be possible for the statistical analysis to deduce accurate and valid conclusions.

Now, regarding the size of the sample it should be stated that very often there is a dichognomy among researchers about what consists of a representative sample (Zafeiropoulos, 2005). Therefore, since there are not objective principles as to what a representative sample is and what is not, the samples examined in this research may be susceptible to criticism and skepticism. However, the reader of this thesis must take into account three important factors. The limited budget and the restricted time that we had in our disposal, as well as a more technical aspect which is concerned with the required accuracy level of the results. The first two do not require a further explanation or justification however; the latter is of greater importance.

As far as the accuracy of results is concerned, the size of the sample can be computed by the following formula:

$$\boldsymbol{n = \sigma^2 / S.E.}$$

Where n is the size of the sample, $\sigma^2$ is the population variance and S.E is the standard error of the mean. The aforementioned formula indicates that the larger the numerator is, or the smaller the denominator is, the larger the value of the sample size should be, approaching the real value. More particularly, as the mean of a population deviates from the one of the sample, the standard error of mean is defined as the measure to check whether the results of the research correspond to reality. In such a way, the smaller the latter is, the smaller the deviation from the population will be, making the research more reliable. The variance on the other hand, displays the level of deviation from the mean value of the population. The smaller it is the closer are the values of the sample to the mean and therefore the more safe and accurate is the sample.

### *1.5 Overview and Structure of the Thesis*

The thesis is consisted of 7 chapters. The current Chapter 1 introduces the research scope and the main research question of this study. Chapter 2 gives an overview of the cruise industry presenting the evolution of the sector and its key characteristics. The changing geography of cruise shipping, resulting by the highly internationalized environment will be analyzed in Chapter 3 along with the current state of the Greek cruise market. Chapter 4 and 5 consist of the cases studies conducted in the Ionian Islands of Corfu and Cephalonia respectively. In these chapters, the average economic impact of cruise passengers will be estimated and the results of the two conducted surveys will be analyzed and will be presented. A S.W.O.T analysis, based on the characteristics of each island will be undertaken. In chapter 6, we will make a comparative analysis of the two cases studies investigating with the help of t-tests, whether there is a significant statistical difference between the responses given by the local communities regarding the offered services-facilities of each island and the factors influencing their perception towards the development of cruise tourism. Finally, Chapter 7 concludes the study while based on the afore-analyzed characteristics of the two Ionian Islands, proposes some recommendations on the one hand for the enhancement of the cruise product offered to cruise lines and their passengers, while on the other for the maximization of the socioeconomic impact to the local communities.

## Chapter 2: An Overview of the Cruise Industry

### *2.1 Introduction*

Among the various manifestations of maritime tourism, cruise tourism is among the most popular (Basiron, 1997). Cruise ships are vessels with scheduled itineraries, taking a deep water cruising of at least two days with a capacity of a hundred or more passengers (Thompson Clarke Shipping, 2006). In other words, cruising is a roundabout trip which within a short period of time allows a large number of people travelling by boat, to visit multiple destinations (maybe in various countries) which possibly they would never visit on their own, giving them in such a way the chance to get a taste of their characteristics, natural beauty, culture and attractions.

### *2.2 Consumer Demand for Cruising*

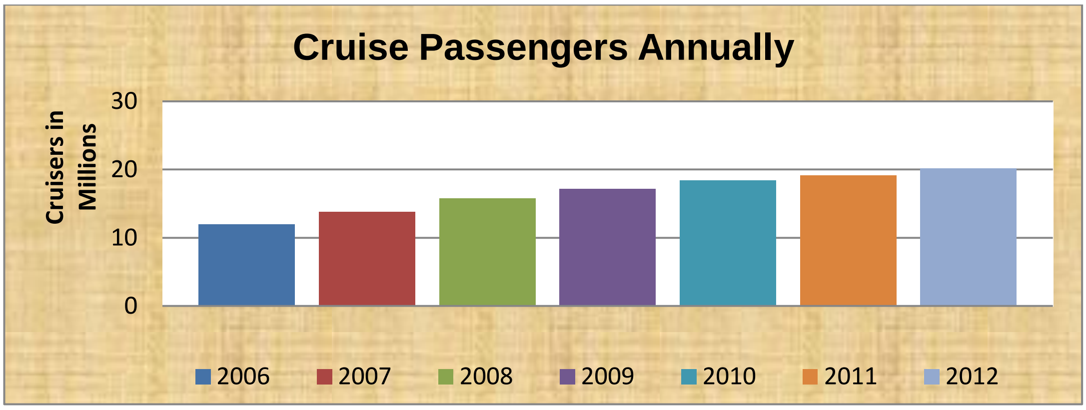
Initially, it must be stated that the cruise industry is characterized as one of the most dynamic and exciting shipping and tourism sectors for the twenty year period (1990-2010) with an average demand growth of 7.6% (C.L.I.A , 2010). Being the fastest developing sector of the leisure market, deep-water cruises have attracted more than 110 million passengers only over the last decade (Diakomichalis, 2007). During this period cruise tourism transformed from a luxurious type of vacation consumed mainly by passengers of middle to high age and high income into an affordable solution for all ages and tastes (Wood, 2004).

The most intriguing and worth mentioning fact is that this remarkably stable growth of demand has taken place during a period of global economic crisis (Cruise Down Under, 2010-2011). Despite the recession that deepens the recovery in many countries, the forecasts for further growth of demand in the cruise industry are very optimistic. Characteristic of this tendency, that proves the crisis immunity of the sector, are the first estimations for 2012 that came to light, where cruise passengers carried worldwide are approximated at 20.3 million, a 5.6% rise over 2011 (Cruise Market Watch, 2012 (a)).The reason to attribute this lack of extreme cyclicality that the other shipping markets face, lies in a number of parameters seen only in this particular leisure segment which we will discuss further on in our study.

The cruise industry first of all is considered to be a relatively young industry, as it was only after the beginning of the 70's when the first organized attempt to launch cruises as a new merchantable product was made (Georganou, 2006). Newly established firms wanting to benefit financially from the brand new sector formed in the shipping industry, the leisure one, deployed their refurbished ships on cruises around the globe. As the shipbuilding, maintenance, fuel and operation costs of the cruise ships used at that time, was considerably high and the passenger capacity limited, the cruise product was analogously highly priced and destined exclusively for the elite. The idea was of course successful, attracting the bourgeoisie who wanted to experience a very different and original way of vacation, which amongst the other amenities included numerous destinations in the most exotic and inaccessible places of the world. However, the abovementioned exclusivity was also the reason that kept the market penetration to the average population considerably low with only a few privileged, not even representing the 1% of the global population, experiencing a cruise until the late 80's (Tzavara & Giannoutsou, 2008). Since then the industry has changed practically entirely; it developed significantly, transforming the cruise companies into colossal enterprises, enhanced its technology, altered its marketing strategies and its pricing policies to be accessible to a largest share of the touristic audience and yet still, the penetration levels have not been increased significantly. As the majority of the audience (which is constantly widening) is now becoming familiar with the concept of cruising it is easily understandable that the prospects for further growth are rather bright.

Another factor energizing the demand is the plethora of itineraries and amenities, cruise companies offer nowadays, constantly expanding to new areas of operation and enhancing their provided services (ASEAN, 2002). On the one hand, the shift towards new areas for growth came to reverse the hitherto practice, of operating to saturated markets, and also in order to allow companies to respond to the highly globalised environment (MENLO Consultion Group, Inc, 2009). Therefore, apart from the conventional areas such as the Caribbean, Antarctica and the Mediterranean, the international market has yet to be explored and exploited to a considerable extent. On the other hand, the services offered on board, many times transform the ship into the real destination (Wood, 2004). Contemporary ship designs include imaginative facilities that make each ship a totally different concept and therefore a different experience that can entertain and please all kinds of cruisers, all day long. The areas around the globe that have remained untapped, together with the constant development of new concepts provide a significant momentum for the unremitting growth of the industry, as their promotion and marketing will create its own demand.

Finally, an equally significant factor to comprehend the continuous expansion of demand is the alteration of the pricing strategy on behalf of the cruise lines. The progress of technology has allowed them to take advantage of the economies of scale and consequently to construct new, bigger and more economical vessels in terms of operation costs, permitting in such a way the reduction of prices (Bull, 1996). Nowadays, cruises have become more approachable to the middle waged customer, who until recently believed that such a type of vacation would be an elusive dream for him. Due to this fact, many new comers are lured to participate to one, wanting to live an experience that was only destined for the privileged few. This creates a dynamic for the industry, as by opening its doors to the masses the demand will skyrocket to unprecedented levels. Together with the employment of new marketing tools, such as the internet, and the development of on line services which have remained underexploited so far, further growth will  be encouraged (Amadeus, 2007).



**Graph 1**: Cruise passengers annually (2006-2012) (Cruise Market Watch, 2012 (b))

### *2.3 The Supply Side on Cruise Industry*

Interpreting the above, the contraction of demand seems rather unrealistic, as the number of cruisers worldwide is likely to surpass the 30 million until the 2020 if the growth of the sector maintains the current levels of annual grwoth. As a result cruise companies, trying on their behalf to meet this rapid growth of demand and at the same time to capture a largest market share, strive to increase their fleet with vessels of increased capacity. The construction of ever growing cruise ships which apart from their enhanced passenger capacity, reduce significantly the costs of sailing per passenger by allowing the exploitation of economies of scale, have triggered an acne in the cruise shipbuilding sector (Thornes, 1999). However, despite the feverish construction processes in the shipyards and the yearly growing number of cruise ships delivered, the projected demand will still be ahead of the supply (Spinter Research Ltd, 2007). Besides that, the existence of a limited number of specialized cruise shipyards poses capacity constraints, putting a limit to the rhythm with which newsbuildings are delivered. In the following table the ten largest cruise ship builders along with the number of vessels constructed are depicted.

**Table 1**: Top 10 cruise shipyards around the world (Wijnolst & Wergeland, 2009)

| Rank | Cruise Shipyard | City | Number of ships |
|---|---|---|---|
| 1 | Chantiers de l'Antlantique | St. Nazaire | 38 |
| 2 | Aker Yards OY | Turku | 25 |
| 3 | Fincantieri | Monfalcone | 22 |
| 4 | Meyer Werft | Papenburg | 22 |
| 5 | Aker Yards OY | Helsinki | 21 |
| 6 | Fincantieri | Marghera | 15 |
| 7 | Union Naval | Valencia | 6 |
| 8 | H.D.W | Kiel | 5 |
| 9 | Visentini | Donada | 5 |
| 10 | Chesapeake S.B | Salsbury | 5 |

Diachronically, the cruise fleet has been growing steadily in number and in size. As of 2012, the number of operated cruise ships reached the 256 around the world, while their capacity was estimated to be more than 428.000 passengers (Cruise Market Watch, 2012 (c)). Since the 70's cruise vessels have evolved considerably; the size profile of the global fleet reflects the fact that the majority of newbuildings constructed in recent years has been large with a lower capacity of more than 2.000 passengers (Ebersold, 2004). This tendency is expected to continue further as the prospects for growth permit it. Characteristically, in the period 2000-2011 the cruise ship fleet grew by 143 mostly new vessels while for the 2012-2016 another 22 cruise ships which are on order or under construction are awaited to be introduced to the market (C.L.I.A, 2012). In order to be more specific and allow readers to understand the extent and the velocity at which the sector grows, it must be said that the abovementioned investments have a value of 14 billion, represent the 9.5% of the existing fleet and the 14% of the current capacity (AMEM, 2012).

**Table 2**: Cruise Order book for 2012-2016 and added capacity (Sea-Trade Insider, 2012)

| Year | Number of ships | Added Capacity |
|---|---|---|
| 2012 | 7 | 20,224 passengers |
| 2013 | 6 | 14,072 passengers |
| 2014 | 5 | 17,900 passengers |
| 2015 | 3 | 10,961 passengers |
| 2016 | 1 | 3,250 passengers |

Responding to the signs of our times, cruise operators with the construction of such mega ships seek a dual benefit. On the one hand, apart from the obvious increase in the capacity supplied, cruise lines have the ability to include onboard facilities and amenities which add value to their services and enhance the customer satisfaction. In such a way, modern cruise ships create their own demand as they are transformed into the real destination, each developing a unique concept according to its particular characteristics. On the other hand, reduced costs per passenger along with the plethora of onboard facilities, presage even greater financial benefits for the companies, increasing their profit making capabilities.

### *2.4 Demographics of cruise passengers*

Back in the early days, the cruise market was traditionally destined for the elite class. Usually people of advanced age (many of which were retired), higher education and with a sufficient income chose such a kind of luxurious vacation. It was not until the early 90's, when the mass- market phenomenon exerted tremendous influence in the cruise industry, causing significant implications and alterations to the demographic characteristics of cruise passengers. The transformation of the cruise product into a more affordable one triggered a series of changes in the composition, attitude and behavior of the cruise clientele, decreasing considerably the average age and wage level of participants (Wind Rose Network, 2009).

This radical change can be highly attributed to the technological improvements in the shipbuilding sector which in their turn, allowed the implementation of different pricing policies and marketing strategies on behalf of the cruise companies. The promotion of budget cruises to the masses, as it was logical and more or less expected, exploded the demand and increased the competition among the lines, attracting younger and less wealthy customers onboard. The growth of the industry which is uninterrupted since the beginning of the 90's, certifies that a constantly increasing audience of all ages and of all income profiles, desires to spend their money in enjoying luxurious vacation on a cruise ship.

The results of the abovementioned tendency are also apparent in the demographics trends of cruisers, where a series of important changes have taken place. Commonly examined demographics include the age, income, gender, marital status, employment status, educational attainment and the geographical origin. As the industry is still in the expansion phase one of the most important characteristics is the lowering age of cruisers and the high degree of first timers. According to Cruises Lines International Association demographic report:

**Table 3**: Cruise Passengers Demographics (C.L.I.A, 2011)

| **Cruisers Demographics 2011** |
|---|
| 1. The average age of cruisers is 48 years old; decreasing from 65 that used to be in the 70's |
| 2. The average cruisers income is 97.000 USD; decreasing from 107.000 USD |
| 3. Gender: Participants are divided by moiety to male and female with the former being a bit more active (52%) |
| 4. Marital Status: 79% of all cruisers is married |
| 5. Educational Attainment: Cruisers are in their majority highly educated people, as 55 % of them are college graduates and 21% are post-graduates |
| 6. Employment Status: As the industry is still dominated by older people, it is natural to observe high rates of retirement that reach the 20%; with the rest 80% being fully or part time employed |

Overall, the demographics of cruising are awaited to be under a constant change. As the cruise industry is expected to attract an even more diversified clientele, the consequences in the demographics will be analogous, with the results being more visible in the route of time. The transformation of the cruises into a commodity product, along with the development of new concepts and itineraries is helping to that direction, as new and more specialized parts of the touristic market are introduced in such a type of vacation, accelerating the aforementioned tendency.

### *2.5 Types of cruises*

Especially over the last decade, cruise companies in order to attract a wider share of the touristic market, tried to diversify their product and offered a variety of cruise types for all kind of tourists and tastes (Dowling, 2005). Literally nowadays, it could be claimed that there is a perfect ship for every cruiser. Based on the diversified customer needs and incentives, the price they are willing to pay and their demographics, cruise market could be classified in five major segments. Despite the fact that all of the vacation categories are characterized by cruisers as somewhat expensive, it is commonly acknowledged among them that cruising has a superior value.

1. **Contemporary cruises**: Employing the largest vessels afloat and carrying the highest number of passengers, "mainstream cruises", as they are often alternatively called, are the most popular and most recognized around the world (Expedia CruiseShip Centers, 2012). Offering a unique experience for all kinds of tastes, they attract on board a variety of cruisers; from first timers and repeaters to young and old alike. This can be attributed to the fact that these "floating cities" feature an abundance of onboard activities and facilities that even on shore destinations would be jealous of; Broadway musicals and Las Vegas shows, swimming pools and water parks, multi-ethnic restaurants and nightclubs, spas and hot tubs are only some of them, which combined with a well organized and friendly 24hour service, transform the ship into the "real destination" guaranteeing fun and entertainment for everyone (Abundant Journeys Travel Agency, 2011). Mostly sailing in Caribbean ports of call (and to a lesser extend also to Europe and Alaska) these megaships are operated by the biggest companies in the cruise sector such as Carnival Cruise Lines, Costa Cruise Lines, Norwegian Cruise Lines and Royal Caribbean International (Cruises Inc., 2012).

2. **Budget cruises**: Cruises in this classification are very similar to the abovementioned category and together they form the "mass- market" category. However, key differences help to distinguish one from another. So, despite the fact that the former also appeal to a great variety of ages and backgrounds, they usually have a shorter duration and they operate older and smaller ships which do not feature the modern amenities and the personalized service of the contemporary cruises (Cruise Critic, 2012). On the contrary they offer a casual–all inclusive standardized service which makes them a more economical solution. Finally, unlike the colossus brands that dominate the contemporary market and are global operators, budget cruise lines tend to operate in a single one; mostly Europe, in which it should be stated that they hold a sufficient market share. Key players in this segment are Louis Cruises, Ibero Cruceros, Olsen Cruise Lines and others.

3. **Premium cruises**: Moving up the ladder in cost and comfort, premium cruises are the intermediate category between contemporary and luxury cruises. Designed for a more discerning clientele which seeks a more sophisticated experience, they feature all the amenities of a typical mainstream cruise but besides that they offer upscale features that add value (Anon., 2008). Premium class cruises offer unique exotic itineraries across the globe (South America, South Pacific and Europe) and usually adopt a more intellectual mentality, providing distinguished and other enrichment lectures about the history and the culture of the destinations, include art exhibitions, libraries and gourmet restaurants (Haralambides, 2012). Not falling under the mass-market category, cruise lines in the premium category employ mid-sized to large cruise ships which tend to carry fewer passengers providing additional space per passenger and allowing a more convenient and more personal touch to the refined service. Due to the more formal environment and the abovementioned characteristics, such cruises are typically more suitable for experienced and older travelers who seek a quitter and relaxed onboard experience (Hawks, 2011). Some of the most acknowledged lines in this segment are Celebrity, Holland America, Cunard, Silversea and Disney Cruises.

4. **Luxury cruises**: As their name implies these cruises are committed in offering services of the finest caliber. Travelers that appreciate finer things and a formal atmosphere have a place in such cruises. Due to fierce competition amongst the cruise markets, lines and especially luxury ones, clamor for even more differentiation which is achieved through a red- carpet treatment and peerless amenities, accompanied by an exquisite gastronomy cuisine prepared by celebrity chefs and the most extravagant level of accommodation (Cruise Critic, 2012). Added to that, the program is likely to derogate from most mainstream vacations, not offering the flashy entertainment the latter promise but instead a more ambient, exclusive and rejuvenating experience with boutique shore excursions and enrichment lectures on art, history, writing etc, given by experts with dignified skills (Mayntz, 2010). Deluxe ships range in size, from relatively small yachts to mega-yachts, each enriched with a distinctive personality; circumnavigating the world with unique itineraries, anchoring in the most exotic ports of call and destined to serve the few hundred privileged cruise goers on board. The latter, are usually people, with wealthy pockets, successful in their

businesses and of some age, who in order to live a once in a lifetime experience will not hesitate to defray the hefty equivalent. Some of the major companies which are active in this market are Crystal, SeaDream, Seabourn and Radisson Seven Seas Cruise Lines (Cruises Inc., 2012).

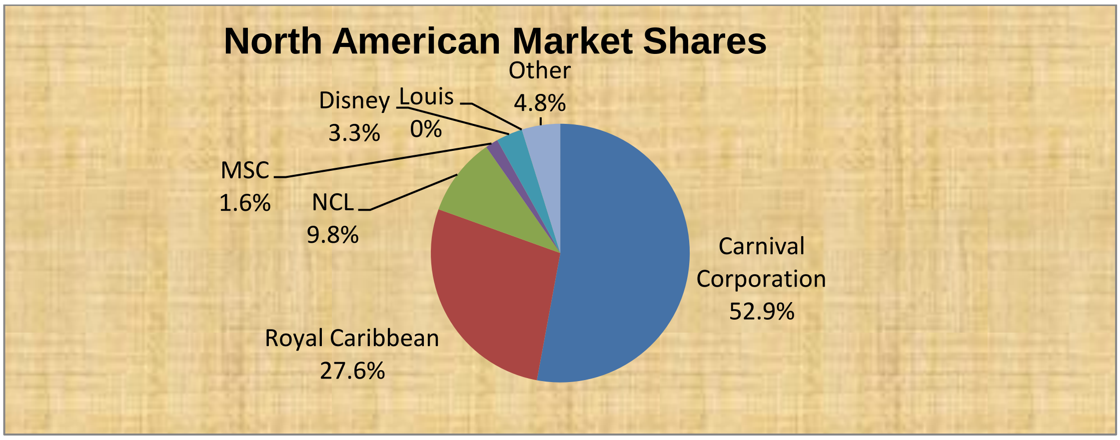
In conclusion, apart from the abovementioned markets, the industry constantly develops new concepts of niche and specialty cruises where cruisers can enjoy vacation with a particular theme. Typical examples are: Couples Cruises, Golf Cruises, Religious Cruises, Adventure Cruises, Conference Cruises, Gay and Lesbian Cruises and many more.

### *2.6 The oligopolistic market structure of the Cruise Industry*

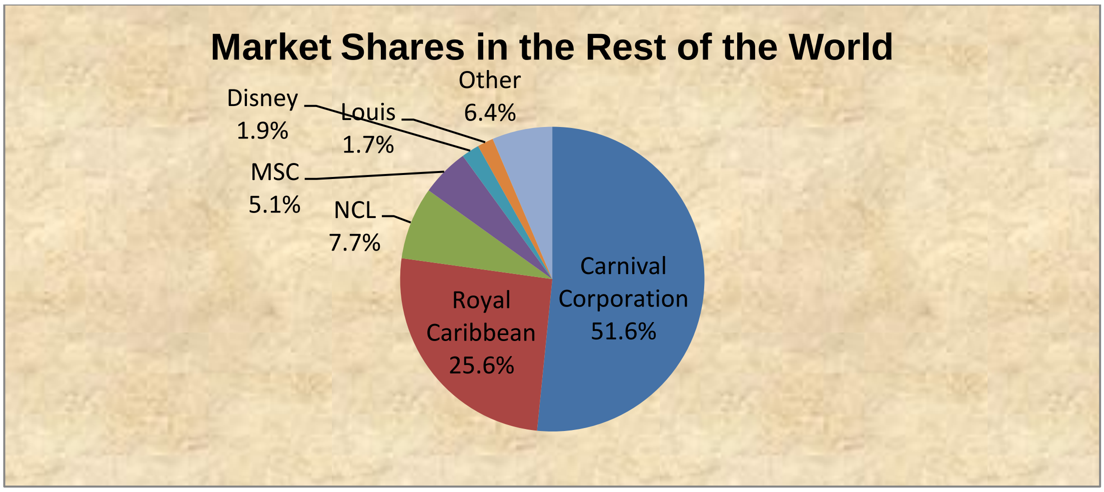
In order to understand the competitive structure of the cruise market we must first determine the number of operating companies and respectively their market shares. In general, several market structures exist; on the one extreme, we have perfect competition where numerous players produce identical products, compete for a small share in the market and each one has limited power over the prices of the products (Mankiw & Taylor, 2008). Conversely, on the other end, we have monopolies where a single company provides the whole output of a unique product and has total market control. In reality, most markets are likely to operate between the abovementioned market structures, namely under monopolistic competition or oligopolies.

Due to the fact that a large number of cruise companies operate in the sector (more than 40 worldwide), each with a relatively small market share (the biggest one is Carnival Cruise's and accounts of the 21.1% of the whole sector (Cruise Market Watch, 2012 (c))), high product differentiation in terms of services, amenities and geographical scale; one could think that monopolistic competition is the structure that characterizes the market. However, that picture is plasmatic as most of the cruise companies are members in one of the three colossal parent corporations that dominate the market. Cruise industry is highly concentrated, with the three major Corporations holding more than the 50% of the sector's shares, a percent which suggests high oligopolistic tendencies (Gisnås, et al., 2008). Observing the high concentration levels of the cruise industry, it is easily noticeable that especially after the economic downturn of 2008, this tendency has been reinforced as competition has reduced the number players. Despite the constant rise of demand for cruising, costs such as fuel, services and labor continued to mount up with an average annual rate of 9.7%, pressuring economically smaller cruise companies who could not absorb these increases (Ablaev, et al., 2011). Hence, the latter in order to avoid bankruptcy, withdraw from the sector or were likely to be acquired by larger firms through mergers and acquisitions, consolidating in such a way the industry to an even greater extent. The three firm concentration ratios for 2011 were 80% as far as the share of worldwide passengers is concerned and 60.2% using the number of ships (Cruise Market Watch, 2012 (a)).

More particularly, the leading player is Carnival Corporation which comprises in her portfolio 10 of the most known cruise firms amongst which, Carnival Cruise Lines, Holland America, Princess, Seabourn, Ibero Cruceros, Aida, Costa Cruises, Cunard, P&O and P&O Australia (PLC, 2012). Operating in all market segments (in some, with more than one firm) it currently employs 103 cruise ships around the world, with a capacity of more than 209.000 pax., capturing the 52.3% of the total market shares and carrying 8.5 million passengers annually (Levin, et al., 2012). Next in the line is Royal Caribbean Lines, controlling 5 firms (Royal Caribbean International, Celebrity, Azamara, Croisieres de France and Pullmantour) and 40 ships with a capacity of 96.270 pax., embarking about 4 million passengers each year, which is reflected in the 26,6% of the sector's shares (Royal Caribbean Cruises Ltd., 2011). The third largest parent company is Star Cruises which owns another 4 brands (Norwegian Cruise Lines, Orient Lines, Cruise Ferries and NCL America); with 21 cruise ships and a capacity of about 38.600pax under its control, it holds the 8.8% of the market (Star Cruises Limited, 2011). At this point, it is significant to say, that all of them, present a steady growth year by year, capturing an increasing percentage of the market's shares. This phenomenon can be highly attributed to the competitive strategies these firms implement (taking advantage of the economies of scale which allows them to reduce their prices) which embolism the smaller ones who cannot stand such competition. Hence the latter either get acquired or merged with one of the leading companies or cease their operations. The following graphs depict the market shares of the major brands and the slight changes they present in the North American Market and the rest of the world.




**Graph 2**: Major Cruise Firms Market Shares in North America (Levin, et al., 2012)




**Graph 3**: Major Cruise Firms Market Shares in the Rest of the World (Levin, et al., 2012)

### 2.7 Barriers to entry

A major characteristic of oligopolies and therefore of the cruise industry is the interdependence of competitors, meaning that a potential strategy followed by one player, may influence respectively the other's. This interrelation may lead to the engagement of competitors to price wars or conversely, to the formation of a cartel, where through price settings each would preserve and maintain its market share. However, this is not the case in the occasion of cruise industry. Along with the high heterogeneity the sector presents and therefore the possibilities for vertical and horizontal differentiation (Papatheodorou, 2001) that were described above, lines due to the technological advancements had the chance to reduce their charges and at the same time offer a better quality to cruisers, impeding in such a way potential newcomers who might consider entering the market (Baumol, 1982). Even if they tried to enter through the secondary market, purchasing a second hand vessel from the numerous that exist, refurbishing it and re-introducing it in the market, potential new entrants would have to face again the competition from budget operators (some of which also belong to the dominating firms) who already deploy older ships and are capable of implementing more competitive pricing policies.

By eliminating the abovementioned option, prospective new operators would have to place an order for a newsbuilding vessel to a shipyard. Apart from the barriers attributed to the significant amount of capital investments needed and the considerable time required to elapse for the completion of the construction, newcomers would have to face, in some occasions, the illicit practices of the paramount brands. In order to avoid the threat of a new entrant in the market, the latter could place a series of orders to the few specialized shipbuilders, occupying the existing capacity for several years (Gisnås, et al., 2008) or alternatively, they could make an agreement with shipyards themselves containing clauses that forbid access to rivals (Papatheodorou, 2006). One way or the other, they finally manage to block them and reinforce effectively the entry barriers.

An analogous story with the shipbuilding agreements might occur among cruise lines and travel operators. As cruise travel agents remain the main distribution channel with more than 65% of cruisers making use of their services (Lauderdale, 2011) it is understandable that they still have considerable power. So lines desire a close relationship, even an exclusive one, with them. By restricting services to other firms or by directing sails to certain cruise packages, agents, off course with the right price equivalent, limit the access to travel distribution, especially for those that have no or insufficient distribution network (Papatheodorou, 2006).

Finally, a strong barrier to entry in the cruise business is the brand name of the existing firms itself. Due to their high quality services and the constant introduction of new concepts and itineraries, cruise operators have achieved to deliver high levels of satisfaction gaining in such a way the reputation and the loyalty of the cruisers. Hence, the latter would not have an incentive to change operator, on the contrary, they would be dispirited to trust an operator with no reputation at all. Added to that, in order to maintain that brand loyalty, dominating firms have to spend sufficient amounts of resources in marketing and promoting the brand itself and their concepts respectively(for example, only Royal Caribbean Cruise Line spends about 50 million USD for its annual promotional campaigns) (Royal Caribbean International, 2008) . Hence, it is almost impossible for newcomers to have that multi-diversity of concepts but also the financial means to promote them properly; and this is a major fact that also discourages them from entering the market.

### *2.8 Types of ports for cruising*

As mentioned above, cruise companies in their exertion to attract more passengers and in order to keep the levels of satisfaction high, try to develop constantly new concepts and new itineraries. Besides that, according to Kendall the purpose of cruising is not the transportation itself, but the granting of the enjoyment to cruise passengers (Kendall, 1986). As ships are growing bigger in size and cruisers become more sophisticated and more demanding in the experiences they seek, ports in the first place must guarantee access and all the other necessary requirements to host such mega-ships while cities too, must present a well structured organization and a variety of services to entertain the disembarking passengers. Due to these facts a major role in the selection of ports and in the configuration of itineraries, on behalf of the cruise operators, are the existence of proper infrastructure and superstructure as well as the facilities available to accommodate the cruise ship and its passengers.

The ports involved in the cruise industry can be classified in three major categories:

- The first category is the so called **home-ports**. These ports constitute of either the initial point of embarkation i.e. from where passengers start their cruise, either the ending destination where the latter finally disembark or sometimes represent both the starting and the ending point of a cruise trip (Lekakou, et al., 2009). Apart from that characteristic, a home- port is distinguished from the other types of ports as there, also takes place the replenishment of the ships with all the necessary supplies needed for the cruise. The duration of the port stay is also longer and it usually ranges from twelve hours to twenty-four hours enabling cruisers to have a more vivid experience. However, a port in order to be selected as a home-port, from one or more cruise companies, it is important to feature all or most of the services and facilities demanded by them. According to Lekkakou, Pallis and Vaggelas and their research on the field, there are more than seventy factors that cruise companies might take into account in order to choose a homeport for their operations. These factors can be classified in five major categories of equal significance: a) the natural characteristics of the port, b) the port services to passengers, c) the port services to cruise ships d) the port services costs and finally e) the proximity of the touristic areas from the port (Lekakou, et al., 2010). Finally, it must be stated that ports pursue to become home-ports, as the economic impact, generated by the expenditures of cruise lines, cruisers and their crews (due to the longer duration of the port-stay) (Vaggelas, 2011), is estimated to be six or seven times greater than that on a port of call, (G.P. Wild and B.R.E.A, 2007) as the abovementioned groups tend to purchase goods of a higher level and price. Among the many homeports around the world some of the most eminent ones are the homeport of Miami in the region of Caribbean, the homeport of Barcelona in the Western Mediterranean, the homeport of Venice in the Adriatic and Piraeus in the Eastern Mediterranean.

- In the second category we have the **ports of call**. Such a port is an intermediate destination on the cruise's voyage and may be a single among the numerous others of that kind that the itinerary includes. Ports of call usually provide quite fewer services in comparison to homeports as the main reason for their inclusion to a cruise firm's itinerary is the featured touristic sites, natural beauties or other unique particularities that make them attractive. Due to this fact apart from the appropriate characteristics the port must feature to accommodate the vessel and the necessary organization to allow the efficient and safe disembarkation/embarkation of the passengers, the other existing services are being provided only in case of an emergency (such as ship repairs, bunkering and water supplies). However, it has been observed lately, that even these ports, in order to become more attractive to cruise lines (maybe to become homeports) and/or deal with the increasing demand for cruising, upgrade their services, adding more facilities such as docks, terminals and waste management. Nevertheless, the duration of the port stay is considerably shorter ranging between four and eight hours. As a consequence the economic impact to the society is of a lesser extent, in comparison to homeports, however, it is also significant.

Particular reference should be made at this point, in the ports of call without docks, in which due to landscape peculiarities (rocky coastline), the development of sufficient port infrastructure is physically impossible. In an occasion like that, cruise ships hold on anchorage while passengers are transferred from and to the ships by smaller boats. Cruise lines are most likely forced in a way, to include them in their itineraries despite the time consuming procedure of disembarkation and embarkation, owing to their particularities (unique physical beauty, history- culture) which make their demand inelastic. Finally, ports of call exist in thousands around the world, a fact which indicates eloquently the expanding geography of cruise shipping. Some of the most popular around the world are St. Thomas and St. Maarten in the Caribbean, Copenhagen and St. Petersburg in the Baltic, Santorin, Capri and St. Tropez in the Mediterranean.

- Finally, the last category of cruise ports is composed by the so called **hybrid ports**, which are a combination of the two abovementioned categories. More specifically, these ports can act on the one hand as home-ports for some cruise lines, while one the other hand they might just be a port of call for others. This differentiation occurs due to the wide diversity of itineraries and the constant development of new ones, on behalf of the cruise lines which, depending on their sailing itinerary choose how they will utilize such ports. In order to act as home-ports, even occasionally, the latter should feature facilities that please the requirements posed by cruise lines. Typical hybrid ports are the ports of Corfu and Trieste in the Mediterranean, the Helsinki port in the Baltic and the port of St. Charles in the Caribbean.

### *2.9 Cruise Terminals*

Especially over the last decade, the cruise industry experienced a tremendous growth, not only in terms of ships size and capacity, but also in terms of seasonality and geographical coverage. As a result, ports too, had to harmonize with these trends in order to continue to operate efficiently in the global market and attract the interest of the major cruise lines. Trying to respond to the growing demand for contemporary services and facilities, the latter had to develop the infrastructure, which would be able to accommodate the increased size of cruise ships and consequently their increased passenger capacity. Due to these facts, large areas in the ports had to be reformed and re-imaged into passenger terminals, to offer the desired enhanced capacity.

Establishments like these would be able to host passengers before and after their land excursions offering a place to relax and unwind. However, apart from that, cruise terminals nowadays, have evolved into something more than that. The existence of additional facilities inside the cruise terminal such as entertainment, cultural and recreational areas (exhibitions, duty free stores, playgrounds) upgrade the experience and the satisfaction levels of cruisers, adding in such a way value to the destination and benefiting financially the port itself but also the regional and national economy.

Additionally, in a more aggregate level, the operation of such facilities may be seen as a venue for numerous related activities. First of all, it gives the opportunity to the destination to intervene and redesign drastically not only the port but also urban structure of the city (Unified Port of San Diego, 2007). For example, in ancient Greece, the port was the entrance to the city and due to this fact, Greeks, wanting to denote the grandiose and the riches of their civilization took care to adorn them with emblematic walls and statues, gaining in such a way the prestige and respect of the visitor who came for the first time. Besides that, the port is the premiere impression of the visitor when approaching the city by sea (London, 2010). Therefore, restoring the linkage between the waterfront and the city, by upgrading and reforming underdeveloped areas, investing in the advantages of the location and its historical heritage; offers the possibility for the development of new cultural and entrepreneurial activities (McCarthy, 2004). Moreover, the development of the port may sweep along other investments in road infrastructure and in the refurbishment of preserved and monumental buildings, upgrading the aesthetic of the city (Butuner, 2006). Finally, and most importantly of all, is that all these benefits will be enjoyed not only by visitors but by the whole local society as well.

However, thorn to the development of cruise terminal facilities is their substantial cost. The public sector in many cases, cannot bear to finance them exclusively, therefore the contribution of the private sector is considered indispensable. The latter, usually depreciates its investment through concessions for a fixed number of years or/and through the payment of stable installments on behalf of the public sector. The benefits for the private sector, from the provision of port services are also considerable and as a matter of fact, the last years cruise companies want to be involved more intensively in the operation of cruise terminals, driven by their motive to become more efficient and more profitable (Manikiotou, 2009). The participation of the private sector can be accomplished through the implementation of a private- public partnership model. Indeed, as the international experience has shown, such partnerships are considered to be the most appropriate route for a sustainable economic development, as they offer the means for the combination of the efficiency and the experience of the private sector with the management of the positive externalities and the strategic planning of the public sector (Chlomoudis, et al., 2007). The concessionaire must be chosen carefully and meritocratically; based on a realistic Business Plan which will include investments and operations that defuse the economic impacts to the local society (Haralambides, 2012) and offer a sustainable development. After all, the role of the public sector will be to ensure on the one hand, the efficient allocation of the resources, while on the other hand it should promote and propose certain parameters that should be considered such as the environmental quality improvements and the mitigation of negative externalities, the creation of employment and the enhancement of the quality of life to the local community among others (World Bank, 2005). In other words, the Port Authority will become basically a regulatory body and a landlord, leasing infrastructure to private companies which will undertake the operations part.

### *2.9.1 Port of Barcelona*

A characteristic paradigm of the abovementioned trend of P.P.P's could take the form of concessions. The latter have prevailed in the cruise sector and have underlined the particular interest of the private sector to be more dynamically involved in the provision of port services to cruise ships and their passengers respectively, through the establishment of cruise terminals. A typical example of that trend is the case of the Port of Barcelona. The latter, situated in the homonymous city of Spain, it is considered to be the busiest port, in respect of cruise tourism traffic, in the Mediterranean market and the fourth worldwide (Intercruises: Shoreside & Port Services, 2011). In charge of the administration is the Port Authority of Barcelona, whose management board is consisted of representatives of the Spanish Government, the periphery of Catalonia, the ministries of Trade, Industry and Shipping as well as of shipping agents and trade association of the city (Port de Barcelona, 2012).

The Port Authority owns in total seven cruise terminals, of which, six are under the exclusive management of the Port Authority itself. The seventh cruise terminal was constructed in 2006 and it was wholly financed privately by the Costa Crociere Company (part of the Carnival Corporation), to which it was concessioned for a twenty five years period exploitation, against economic charges. The total amount of financing the investment, which is a state of art facility designed by the architects Luigi Vincini and Andrea Piazza, exceeded the twelve million euro and is consisted of a dock of more than 300 meters length and 20 meters wide (TEAM Company, 2007). It also features a building of high aesthetic with four levels and a total area of 10.000 hectares in which facilities such as duty free, souvenir shops and children's room are hosted. In such a way, the terminal is capable to satisfy the needs of embarking passengers and to provide contemporary port services to cruise ships of any size and capacity (Port de Barcelona, 2011).

The terminal was named Palacruceros and was inaugurated in the April of 2007. In the first two months of its operation the throughput of passengers reached the 100.000 while during the whole year, 126 vessels with more than 330.000 cruisers approximated the terminal, recording in such a way an increase of about 65% comparing to 2006 (Costa Crociere SpA, 2007). Taking also into account, that each cruise passenger's expenditures in a port in Spain were estimated on average at 45 euro, according to the European Cruise Council Report of 2007, the economic impact for the city reached approximately the 15 million euro (G.P Wild (International) Ltd and B.R.E.A, 2007). In the five year anniversary of Costa's terminal in 2011, the number of passenger movements was estimated at about 732.000 presenting a 20% increase from 2010, continuing the steady growth and attracting the 20% of the total cruisers arriving to Barcelona (2.6 million) (Costa Cruceros, 2012).

The aforementioned facts illustrate in the brightest way the success of the concession project in the Port of Barcelona. In such a way the Port Authority has managed not only to upgrade the facilities and the aesthetic of the port but also to increase the cruise and passenger traffic considerably, achieving multiple benefits for the city and the local community of Barcelona. Other ports around the world, intrigued by the success of Palacruceros have also implemented similar practices (Port of Cochin in 2008, Port of Rome in 2007) however still many other European ports should embrace such an example in order to benefit not only the port community itself, but also the regional and the national economy.

### *2.10 Economic Impact of cruise tourism*

Cruisers unlike on shore vacationers might spend the largest part of their expenditure on board; however, their land excursions have also a considerable economic impact on local communities (G.P Wild (International) and B.R.E.A, 2011). In many respects, this impact will be diffused to the regional and national economy as cruise just like tourism is an industry that interconnects with others, which sell their products and services to cruise lines, their passengers and crews respectively. These three categories of purchasers are the main income generators for the local communities, whose earnings will depend on the formers direct and indirect expenditures and on the extent to which these expenditures are related to goods and services produced within the region (Dwyer & Forsyth, 1998).

These inflows of new money can revitalize and support the economy in a complimentary way to the other shore types of vacation, by creating new employment, soliciting investments and increasing profits of the businesses which also entails an increase in the GDP of the country and therefore in the tax revenues (Izmir Chamber of Commerce, 2011). Aware of the abovementioned effects, host countries try to maximize the benefits generated by cruising either by pursuing to extend the duration of the vessel’s call or by attracting more calls (Brida, et al., 2011). Hence, either way leads to increased consumption as on the one hand destinations host more disembarking passengers while on the other cruisers spend more money as they have more time for spending activities. Increased consumption triggers a chain reaction increasing the output generated and therefore prices and wages for the industries interrelated to cruising.

At this point someone could allege that the increased prices, a result of the cruising development, burden’s the local population that has no relation with it and at some extent this may be true, as locals may be forced to purchase goods in higher prices due to their increased demand (Ardahaey, 2009). However, the economic interdependencies developed within the community will allow even these categories to be benefited from the indirect and induced effects generated by cruise tourism. To understand the impact of cruises to the societies, a first categorization of the benefits can be achieved through their distinction into direct, indirect and induced impacts.

To begin with, **direct impacts** are considered those that have an immediate effect to the person or business affected by the cruising activities. For example, an increase in the number of cruise ships would directly increase the port dues paid by cruise lines in that port of call. These additional revenues which can be used to create new employment, increase wages of port employees and invest in the enhancement of port infrastructure are considered to be direct impacts of the cruise lines expenditures. Similarly, when an increased number of cruisers disembark in a destination, their expenditures directly impact the sales in the business sector. Again, the income generated by the added sales is counted as a direct impact of the cruisers' spending, which may trigger changes in the business sector regarding the provided services, the number of employees needed and the level of their salaries.

The **indirect impacts** are in a nutshell the effects caused by the interrelation of the industries' expenditures. In other words, those affected directly by the cruise business activities re-spend their revenues to purchase goods and services from other related sectors. In the aforementioned example, the port will need to diffuse earned revenues to interconnected industries to be supplied with products and services needed to ensure the satisfaction levels of the cruise lines and their passengers respectively. If the port wants to enhance its services by constructing a new dock it will need to employ a construction company. The associated changes in revenues and jobs in the construction sector are considered as the indirect impacts of the increased number of cruise ships calling the port. In the same way, a business selling local products to the passengers disembarking at a destination needs to be supplied steadily by the local producers. The growth in sales and profits of the producers again represents the indirect impact of the increase in cruise passenger traffic in the destination. In both occasions however, suppliers will need other businesses too, to supply them with goods and services to produce their final products. In such a way, the construction company will need to purchase raw materials, specialized vehicles and experienced personnel to accomplish the task while the local producers will need to acquire seeds, fertilizers and trucks to sow their crops. These other involved industries represent indirect impacts in another level, illustrating in such a way the various levels of linkages among the sectors in a region.

Finally, we distinguish the **induced impacts** which are the result of the household spending of those who are directly or indirectly employed by the cruise industry (Stynes, 1997). Employees of all the sectors, which are directly or indirectly inter-depended to the cruising industry (just as in our illustrated examples), consume also their salaries to purchase commodities and services such as food, rents, transport and other consumable products in order to satisfy their household needs (Ardahaey, 2009). In such a way the percentage of the employees' wages that goes for that purpose and create additional sales, revenues and jobs to the respective industries are the induced impacts. Their impact will depend on the consumption levels of the households and in their likelihood to purchase goods and services produced locally.

The total economic impact of the cruising industry can be calculated by summing up the direct and secondary effects (indirect & induced) generated in a local community (B.R.E.A, 2001). Due to these effects also the municipality and the central government are benefited through imposition of taxes (VAT) and other charges (electricity and telephone bills) to the households, businesses and their customers.

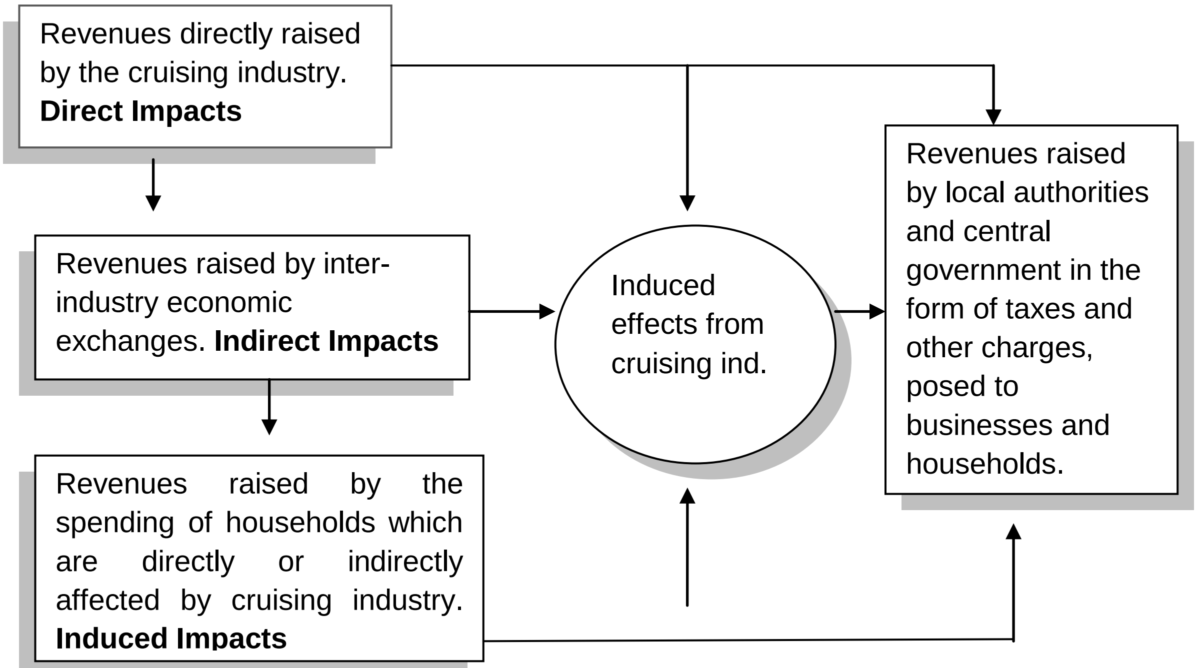



**Figure 2**: Illustration of the direct, indirect and induced impacts of cruising industry

### *2.10.1 Input – Output Models*

Developed by the Nobel Prize winner economist Vassily Leontief, I-O is a unique tool for an economic structure analysis[1] and for an estimation of the economy's wide effects of an initial change in the economic activity (Bess.R & Ambargis.O.Z, 2011). Since its inception is has been developed to fit various norms, enabling in such a way many scientific fields to estimate on a regional/national level the effect of the initial change in the final demand, initiated by construction projects and economic policy formulations (Bess.R & Ambargis.O.Z, 2011). Focusing on the interconnectedness of industries, households and governmental policies on the one hand, while on the other measuring the overall impact (direct & indirect) of a project in terms of dollars of output, employment, wages, taxes, the I-O model prioritizes the public expenditures as well as the reliable evaluation of future projects.

The measurement of the economic impacts arising from the cruise passengers' expenditures can be made with the implementation of the Input- Output Analysis. One of the most common forms of the I-O model, appropriate also in the case of the cruise sector, is the multiplier analysis which describes a chain of spending. In such a way it is be able to identify the force of the cruise sector on the rest of the regional or national economy, by estimating the direct dollar impact as well as the secondary effects (indirect, induced) of the cruisers' expenditures on revenues, employment, wages and taxes. In a nutshell multipliers tell us how much economic activity will be triggered within the community as a result of each additional dollar spent by cruisers (World Travel & Tourism Council, 2002). The total economic impact will be no more than two or three times the size of the initial change of the demand (Zamora, 2008).

[1] Economic Structure Analysis is only one part of the Overall Project Analysis investigating the feasibility of a project in terms of technical issues and institutional arrangements and it's consistent with the country's/sector's strategies and aims (Belli.P, 1998).

The **output multiplier** derived from the I-O models is useful to determine the direct effects of the cruisers expenditure by measuring the output generated. The bigger the multiplier the more significant the impact of each additional dollar spent will be, for the community. In such a way, if the output multiplier has a value of 1.50, 0.50 additional cents are generated in an interrelated sector for every subsequent dollar spent by cruisers. This money will be diffused in the community to produce secondary effects through multiple rounds of spending of the income created by the visitors spending (Grady & Muller, 1988).

The **income multiplier** estimates the impact that an initial change of the final demand, would have on the income of households (Givens, 2007). An income multiplier of 0.40 cents leads to extra 0.40 cents of income for every additional dollar spent. The income generated in the community is rather lower than the total direct impact, as a considerable amount of the revenues will leak out of the economy in order to purchase goods and services from outside the region (Haralambides, 2012). Along with the output multiplier, their impacts are considered to be the benefits produced from the cruise visitors' expenditure.

Finally, the **employment multiplier** measures the relation between the output generated and the number of jobs created in the local society (McLennan, n.d.). However, as long as the consumption does not cause the output to proportionally increase, the prices, and the wages of the industries related to the cruise sector, it will not be possible to maximize the effects. So, if wages are increasing in a higher rate than the output, the jobs created will be fewer as the cost of maintaining one will become more expensive, while conversely, if the increase in the output is not reflected in a proportional one in salaries, the jobs might be more in number, however, the unequal allocation of the resources generated by the cruise passengers' spending, might provoke the public sentiment.

### *2.11 The economic Significance of Cruise Tourism*

A unique characteristic of the cruise industry is that its impacts, positive or negative, are distributed not only in one destination but in a range of societies in which the ship calls (European Cruise Council, 2010). In such a way a single cruise ship can benefit multiple destinations with significantly. That is the reason why cruise is acknowledged by many authors as an important economic contributor in destinations across the globe. Cruise Industry, creates yearly huge income flows for the hosting countries, of which according to the European Cruise Council report, €14.5 billion have as final recipient the European economies (G.P Wild (International) and B.R.E.A, 2011). This has a tremendous effect in the development of ports and the port related cities due to the high economic impact resulted by the expenditures of cruisers and crews, the shore side staffing by cruise lines (marketing, tour operations), the expenditures of cruise lines for the purchase of goods and services, port dues and maintenance (Brida & Zapata, 2008). Moreover, Dwyer & Forsyth indicate that cruise tourism may have several potential benefits to the society. It can benefit countries by increasing or improving foreign exchange earnings, profit and taxes, employment, externalities, terms of trade and economies of scale (Dwyer & Forsyth, 1998).

On individual level previous studies have examined the economic impact of the cruise industry on particular nation's economies. Guiliano, Seidl and Pratt in their study illustrate the undeniable economic impact for the economies of Central America and more particularly for the case of Puerto Rico as new money come into the region benefiting the local communities (Seidl, et al., 2006). Similarly in the Plan Blue Regional Seminar concerned about tourism and its sustainable development in the Mediterranean G.K Vaggelas highlights the positive impacts of cruise tourism for the local societies of Piraeus and Chios (the average expenditures of passengers are 105 and 35.8 euro respectively) while raises sustainability issues that should be faced on behalf of the ports and the port-cities (Vaggelas, 2011). Further on, Selva, Medina and Guerrero demonstrate in their study how important for the attraction of cruise lines are the appropriate infrastructures (port- city) and why there is a need for their constant evolution to meet the demand and offer an increasing number of services (Guerrero, et al., 2008). Also Lekakou, Pallis and Vaggelas, try to identify the crucial factors that influence cruise lines decisions regarding the home ports of call. They concluded on 34 different possible indicators a number which illustrates the high expectations of cruise lines with regard to the provided services they seek (Lekakou, et al., 2010). It can be understood that for simple ports of call the indicators will be less, but it is interesting to show the variety of services cruise lines take into consideration.

Many authors have also focused in the negative externalities cruise tourism exerts such as air emissions, waste, congestion, deterioration of the fauna and flora. Environmental issues must be taken carefully into consideration, as according to Dridea and Ghoerghe, cruise ships produce substantial quantities of garbage, numerous types of wastewater (black water, oily bilge, sewage) that are often discharged untreated into pristine marine inhabitants and may lead to the disruption of the local communities (Dridea & Gheorghe, 2004). A similar study conducted by Brida and Zapata also points that as the ship order book and passengers grow in number, so does the impact cruise has on the environment and local communities (Zapata & Brida, 2010).

Finally, Gabe, Lynch and Mc Connon highlight in their research that typically cruise vacations expose passengers to multiple ports. According to the characteristics of the travelers and their experience in a given port, the likelihood of a return visit increases (Gabe, et al., 2006). 80% of the cruise passengers agree that a cruise vacation is a good way to sample destinations that may wish to visit again on a land basis vacation (C.L.I.A , 2010).This fact reinforces according to Gitelson and Crompton, the idea that destination managers should develop and sustain a strategy for loyal travelers (Gitelson & Crompton, 1984).

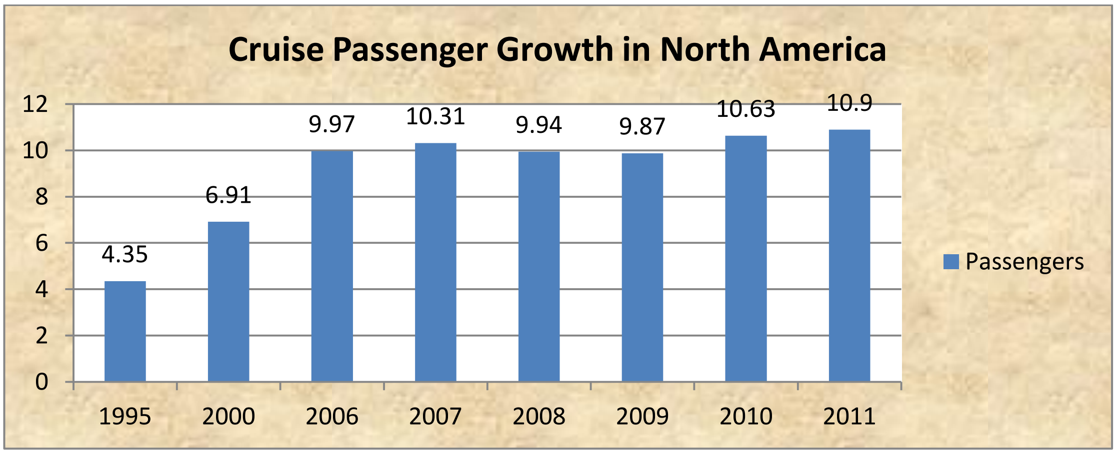
## Chapter 3: The changing geography of cruise shipping

### *3.1 Caribbean: The dominant market*

The Caribbean has been since the inception of contemporary cruises the leading cruising destination in the world. Since the late 60's, the region has experienced an unprecedented growth in cruise visitors' arrivals as well as in terms of revenues, transforming in such a way cruise tourism into one of the principal pillars of the Caribbean economy (Association of Caribbean States, 2012). The tropical climate throughout the year along with the unique complex of exotic islands attracted the interest of the newly established cruise lines (NCL, RCI and Carnival) which made it the first cruise vacation option around the globe. As such, developing countries in the region considered cruising as a unique opportunity to stimulate economic growth; invested considerable amounts of money in the development of sufficient infrastructure, maintaining in such a way the loyalty of cruise lines and ensuring a long lasting prosperity (Pinnock & Ajagunna, 2012).

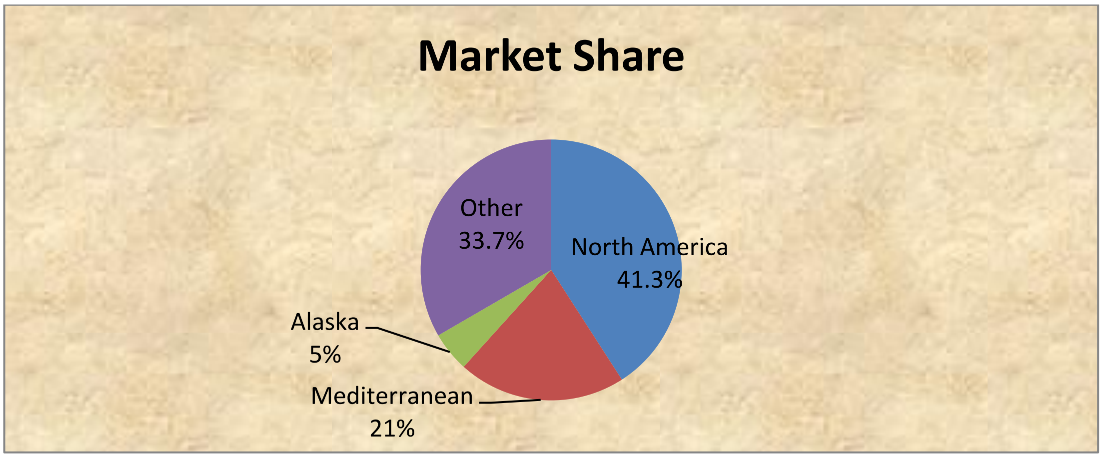
Indeed the constantly increasing demand for cruising corroborated their expectations as for more than 40 years now the Caribbean market is still expanding, attaining an unparalleled achievement in the chronicles of cruise tourism. Considering also the fact that this demand is mainly driven by North Americans, of which only 20% have ever cruised and more than 50 million are intending to (C.L.I.A, 2010), it is easily understandable that the potential for further growth is an achievable aim.

To depict the evolution of demand in terms of numbers, it is important to highlight that in the early days of cruising not more than 500,000 thousand cruisers sailed to the Caribbean (Brida & Zapata, 2009). However, over the years and especially since the 90's when cruise industry transformed into a mass market, ships became bigger and new onboard and onshore amenities were included, the demand in the region skyrocketed. Characteristically, in 1989 the passengers reached 3.29 million, while in the upcoming years this trend continued with an average annual growth rate of 7.2% surpassing gradually the 10 million cruisers (Spalburg, 2009).




**Graph 4:** Cruise Passenger Growth in North America (Byington, 2011)

However, despite the overwhelming and long-lasting growth of the Caribbean market, its market share heads towards the opposite direction, declining over the years. More particularly, Caribbean in the early 80's captured more than 80% of the total cruise market share, whereas nowadays represents the 41.3% (Florida-Caribbean Cruise Association, 2011). Still the percentage it holds is considerable and at least for some time it will continue to be the predominant market, however, it will enter a reduced growth phase, which reflects the emergence of new or niche markets (B.R.E.A, 2009).



**Graph 5:** Markets Shares (Mulonas, 2012)

This sharp decline was more or less awaited and it can be attributed to the fact that nowadays cruise industry has become more globalized than ever, operating in the four corners of the earth; from Alaska and South America to Eastern Asia and Australia. Responding to the signs of our times and in order to keep in pace with the changing developments and demands of a highly internationalized environment, cruise lines altered with the years their strategies along with their itineraries to expand to new markets (Yuan, 2012) that would attract, intrigue and please a wider array of customers ranging from repeaters to ones that hitherto had never experienced a cruise before.

The appeal for cruises in new and original destinations led inevitably cruise lines to deploy a larger proportion of their fleet in these itineraries, depriving it from the Caribbean market. Thus, the latter's market share would decrease despite the ever growing demand. However, due to the fact that many of these itineraries presented high seasonality, cruise lines would have to implement strategies that would optimize the deployment of their fleet in a way that would enhance their competitiveness and profitability, through the repositioning of the vessels from agora to agora (Rodriguez & Notteboom, 2011a). Besides the Caribbean there are only a few itineraries in which the weather conditions permit to be serviced throughout the year (in eastern Mediterranean and Middle East), so constant repositioning is required. Most cruise ships during the winter months sail in tropical itineraries (Caribbean) while when spring comes, many are repositioned in Alaska's, North Europe's and Mediterranean itineraries which take place only until the end of the summer season (Motter, 2012). However, again the end of their season coincides with the peak season of other markets (Hawaii), enabling in such a way operators to exploit market in a complementary way allowing them also to deploy their fleet in the most efficient way (Rodrigueaz & Notteboom, 2010b).

### *3.2 The rise of the Mediterranean market*

The development of new concepts, in markets that since then were underdeveloped, gave a new impetus to the cruise industry increasing further its demand. Especially, after the 90's where most of these concepts were developed, the geography of cruise shipping changed drastically. This happened due to the fact that these alternative itineraries, proposed a different experience than the one offered in the Caribbean market (Canevello, 2007).

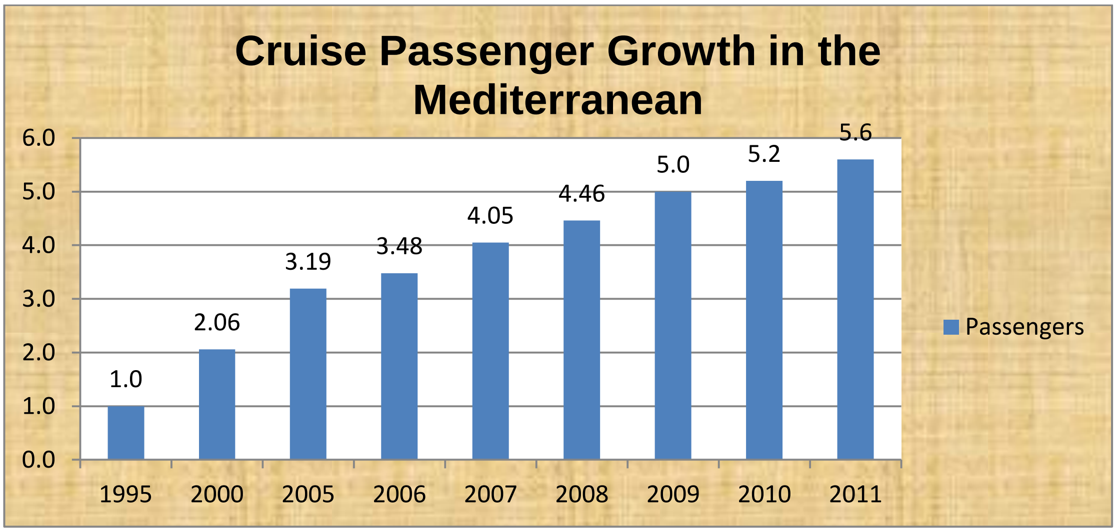
The cruise lines understood that there were numerous destinations around the world, each with unique particularities that were appropriate for exploitation. Addressing to a global audience, they took advantage of these characteristics which acted as a magnet for a wider clientele and diversified their product offering cruises for all kinds of tastes. For example, the Caribbean is a destination synonymous to entertainment, where cruisers seek fun and relaxation in one of the most exotic places in the world. Conversely, a cruise to Alaska or Antarctica offers a more primitive experience, for the ones who seek a voyage in unexplored and pristine areas, near the wild nature and away from the civilization. Others again, offer a more cultivating and enriching trip to destinations with strong historical and cultural heritage.

The historic Mediterranean basin, the Roman's "Marre Nostroum" is a typical example of third listed category. This unique from a morphological point of view destination that unites instead of dividing the continents that surround it (Europe, Asia, Africa), encloses a history of millennia. In its surroundings great civilizations were developed and flourished such as the Arabic, the Greek, the Roman and the Egyptian which stigmatized the humanity ever since. Their achievements, many of which are still visible (in archeological sites and museums), even nowadays excite the admiration of the visitors who throng to browse them. Besides that, many of the cities in the Mediterranean are monuments by themselves, preserving their traditional and historical character, traveling their guest to bygone eras. However, the ancient history of the region is not the sole reason for visiting her. The cultural heritage of the Mediterranean has been imbued to the contemporary civilizations which in their turn have developed a distinct and equally significant culture. In combination with the natural beauties and the mild climate encountered in the entire range of the Mediterranean, the area offers a unique experience for its visitors and justifiably is among the major cruise destinations.

The Mediterranean agora can divided into two geographical sub-regions, with the Italian peninsula being the physical border between them. The western cruise market, which accounts for the 49.44% of the total throughput, is bounded by Spain, France, Western Italy and the North African coastline while the Eastern one holds the remainder percent of the Mediterranean market share and consists of the Adriatic, Greece, Cyprus and the Black Sea (Wild, 2011).

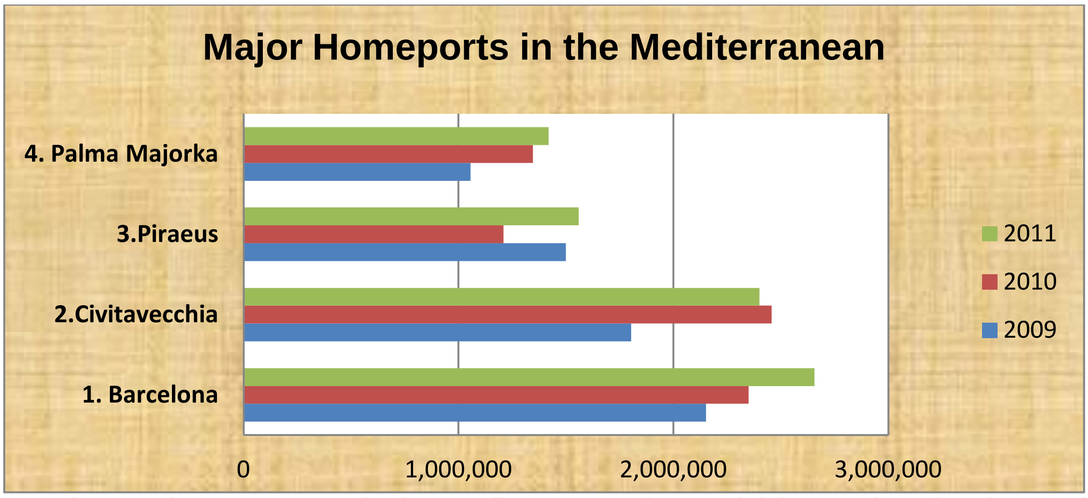
In both regions however, the level of growth especially over the last decade is considerable, making the Mediterranean the fastest developing cruise market around the globe. Characteristically, its market share rose by 11.65% in 2000 to 18.25% in 2009 gaining the largest market share in the world (6.56%) (Torbianelli, 2010). From only some hundreds of thousand cruisers visiting the region in the early 2000 the demand has grown to attract almost 5.6 million in the 2011 growing by 24% over the past three years and by over 180% over the last ten (G.P Wild

(Intenational) Ltd., 2012). Currently, the market holds more than 21% of the total cruise market throughput being the second largest cruise market in the world after Caribbean (Tsimplakis, 2012). Besides published data which illustrate that tendency, analysts also point out that the Mediterranean cruise market presents a huge potential for growth, which if managed carefully, it could lead to serious realignments in the geography of cruise shipping putting the region in the pole position of cruise destinations (Pastena, 2011).




**Graph 6:** Cruise Passenger Growth in the Mediterranean (G.P Wild (Intenational) Ltd., 2012)

However, already destinations such as Barcelona, Venice and Piraeus are among the predominant host homeports not only in the region but in the whole world, attracting each year increasing numbers of cruisers which surpass by far the one million (see Graph 3.4). In these and in another hundred instances (cruise lines visited more than 200 port cities), the expansion of cruise traffic has benefited local economies generating over 35 billion in total output (G.P Wild (International) and B.R.E.A, 2011). The growing interest for Mediterranean cruises has let smaller ports also to claim shares in this lucrative market, as cruise lines develop constantly new concepts including new destinations in their itineraries. Besides that, the deployment of more than 150 vessels around the Mediterranean (Cappato, 2010) indicates such a thing in the most evident way. Major lines such as Carnival Corporation have in their near future plans to strengthen their position in the Mediterranean region by improving existing destinations as well as adding completely new ones in the years to come (Cruise Insight: Ports and Destinations, 2012).



**Graph 7:** Major Homeports in the Mediterranean (G.P Wild (Intenational) Ltd., 2012)

The upward trend in the market however, which coincided with the development of ever-growing cruise ships rises a series of challenges for the hosting ports and especially the smaller ones (World Cruise Industry Review, 2011). As many of them were not until recently included in any itinerary, or if they were, they had only the basic infrastructure and superstructure to accommodate and service average sized vessels, the increased traffic on the one hand and the new established standards posed by the gigantic floating cities on the other, threatens directly their future responsiveness. Therefore, in order to keep in pace with the growing demand and the requirements posed, new exigencies for the ports need to be faced (Canevello, 2007). Hence, on-shore infrastructure as well as technical enhancements which are imminent, not only need to be forwarded rapidly but they should also envisage and follow at a proportionate rate the evolutions of demand and of the shipbuilding sector in order to create adequate and long lasting projects able to respond to the exponential progress of the cruise sector (Pastena, 2011).

Larger ports have ensured in a bigger or a lesser extent the funds to create the appropriate infrastructure, unlike many smaller ones which are burdened with substantial costs, not easily gathered especially in an economic crisis concurrence. More characteristically the port of Piraeus has initiated an investment program of 420 million euro for the recreation of its cruise facilities (Piraeus Port Authority, 2011) while Port of Barcelona invested another 15 million for the development of cruise Terminal A (Port de Barcelona, 2011). On the contrary many smaller cruise ports in these countries do not have an investment strategy at all. Added to that, many of those are ports also situated in cities built centuries ago, heavily urbanized and already prone to overcrowding, not having the adequate capacity to expand their port facilities (Policy Research Corporation, 2009). Therefore, if valiant efforts are not made on behalf of the port authorities and their cities respectively, to obtain the funds to build the capacity needed, additional problems will occur from the expansion of cruise and passenger traffic which will gradually lead to the withdrawal of the cruise lines and consequently to the loss of the welfare generated by them.

Overall, only time can tell if the Mediterranean market can respond efficiently to the increasing demand for cruises developed in its basin. Undoubtedly, the cruise industry generates multiple direct, indirect and induced economic effects in the hosting countries, which could act as an alternative channel to overcome the financial crisis that besets the European economies and especially those of the north. Therefore, politicians, managers and policy makers should make the current crisis a chance for a new starting point with solid foundations, taking advantage of every chance they are given. The strong potential of the Mediterranean cruise market consists of such a chance which if managed, developed and promoted responsibly it can guarantee a long-lasting prosperity for the hosting countries and their peoples.

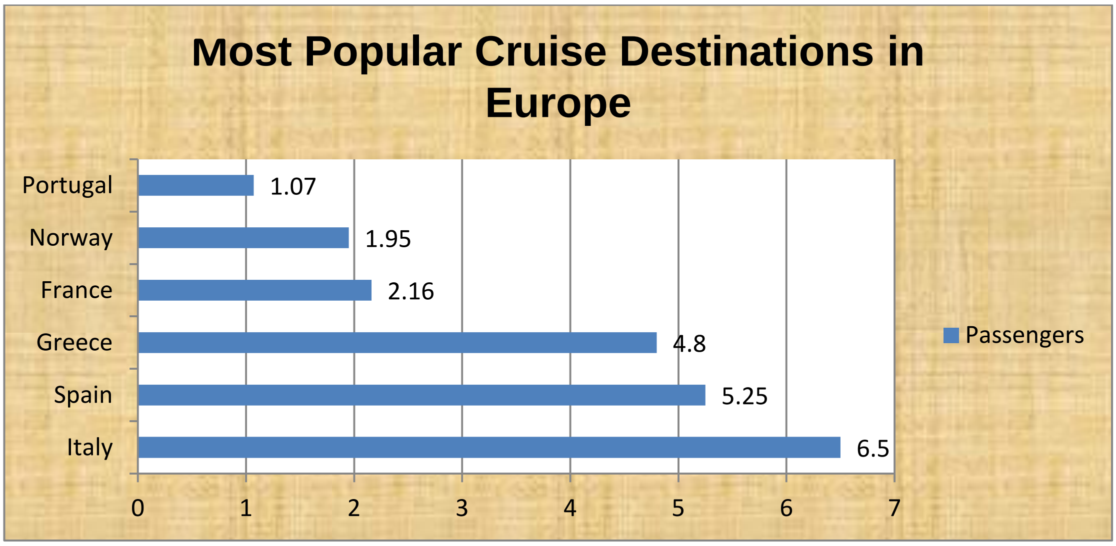
### *3.3 Greece as a cruise destination*

Greece is an integral part of the Mediterranean Sea and undoubtedly one of the most appealing tourism destinations worldwide. Its relationship with tourism dates back several decades, when in the beginning of the 19$^{th}$ century royal families from abroad discovered the natural beauties of its islands and transformed them into their hermitage. Characteristic is the case of the Empress Elisabeth of Austria also known as Sissy who visited Corfu and enchanted by the beautiful Mediterranean climate decided to build her palace, Mon Repo, in the island's premises using it as her summer residence. Since then, of course tourism has developed to become an activity for the masses and an industry which can support economically entire countries.

This is more or less the case of Greece, as the tourism industry is a basic pillar of its economy representing the 16.5% of its GDP and occupying the 18.4% of its workforce (SETE, 2012). This tethering of the Greek economy to the tourism industry is not however, a random coincidence. Greece features numerous competitive advantages which act as a magnet for tourists around the world, amongst which are the strong historical and cultural bonds with the birthplace of the world's civilization, the temperate climate and the unique in the Mediterranean island complex. Characteristically, for 2011 more than 16.5 million chose Greece as their vacation destination recording an increase in comparison to 2010 of 9.5% (HATTA, 2011)

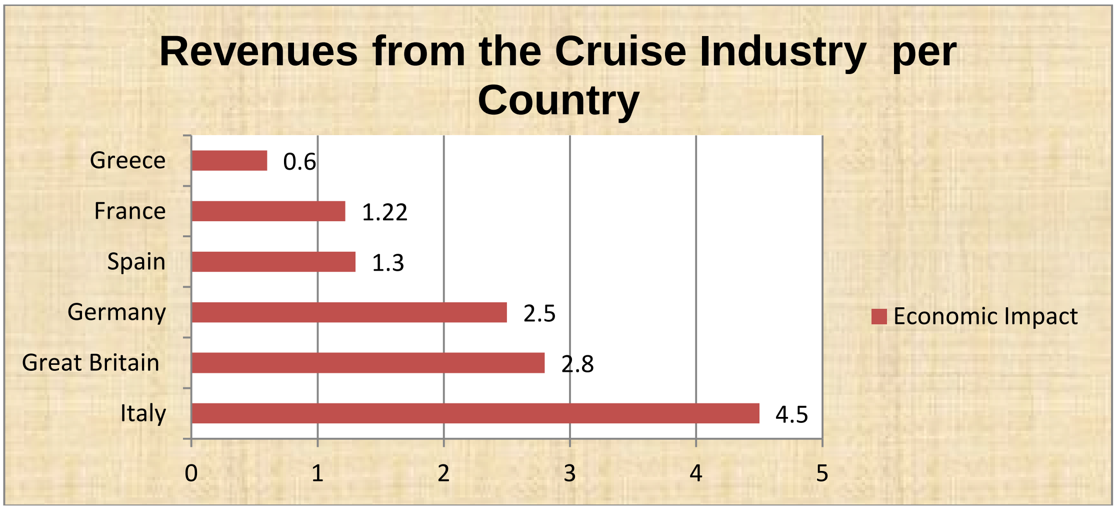
However, as capable might be Greece in attracting tourists for terrestrial vacation that incapable she is in developing and sustaining a strong cruise market as it presents considerable fluctuations over the years (Tzavara & Giannoutsou, 2008). Although, Greece has all the fundamental to become a dominating cruise market in the Mediterranean by taking advantage of its unique characteristics, the lack of sufficient and effective policies holds her back. Apart from the protectionism policies that were in act until recently (and we will discuss them in more detail further on in our study), thorn to the development of cruising in Greece still is the existing bureaucracy of the Greek State. The shared competence of the cruise sector among two ministries, those of Tourism and of Mercantile Marine, creates confusion in responsibilities leading to inertia and inefficiency. Considerable delays in the incision of an overall policy which will promote on the on hand, more systematically and actively the Greek cruise destinations, while on the other hand will plan and will organize the enhancement of existing port infrastructure are observed.

The potential of the Greek cruising market in combination with the important effects generated by the industry, impose the need for the implementation of a set of policies which will be adjusted to the highly competitive international environment and will aim in the improvement of the final offered product. This means that Greece will have to shake off the pathogeneses of the past and put the boat about to a new course.




**Graph 8:** Most Popular Cruise Destinations in Europe (in millions) (G.P Wild (Intenational) Ltd., 2012)

These pathogeneses are actually the reason why the performance of Greek ports in attracting international cruises is moderate. Despite the fact that it ranks in the 3rd place of the European cruise market attracting nearly 4.8 million cruisers (Graph 3.5) and capturing the 17% of the market, Greek ports are mainly cruise destinations presenting considerable lower direct revenues in comparison to other countries; even the ones with lower passenger traffic (G.P Wild (Intenational) Ltd., 2012).




**Graph 9:** Revenues from Cruise Industry per Country (in billions) (G.P Wild (Intenational) Ltd., 2012)

From the direct revenues coming from the cruise sector in Europe, Italy captures the 30%, Spain the 9%, France which has half the cruise passenger of Greece, absorbs the 8%, whereas Greece only the 4% (G.P Wild (Intenational) Ltd., 2012). The shortage in the revenues occurring from the cruise industry in the Greek economy can be attributed to two major reasons. Greece, on the one hand does not have a shipbuilding industry as countries like Italy, Germany and Great Britain do (which contribute considerably to their revenues), while on the other hand the low competitiveness of its ports results in their rare use as homeports, with only 16% of the total cruise passengers embarking from a Greek port (Mulonas, 2012).

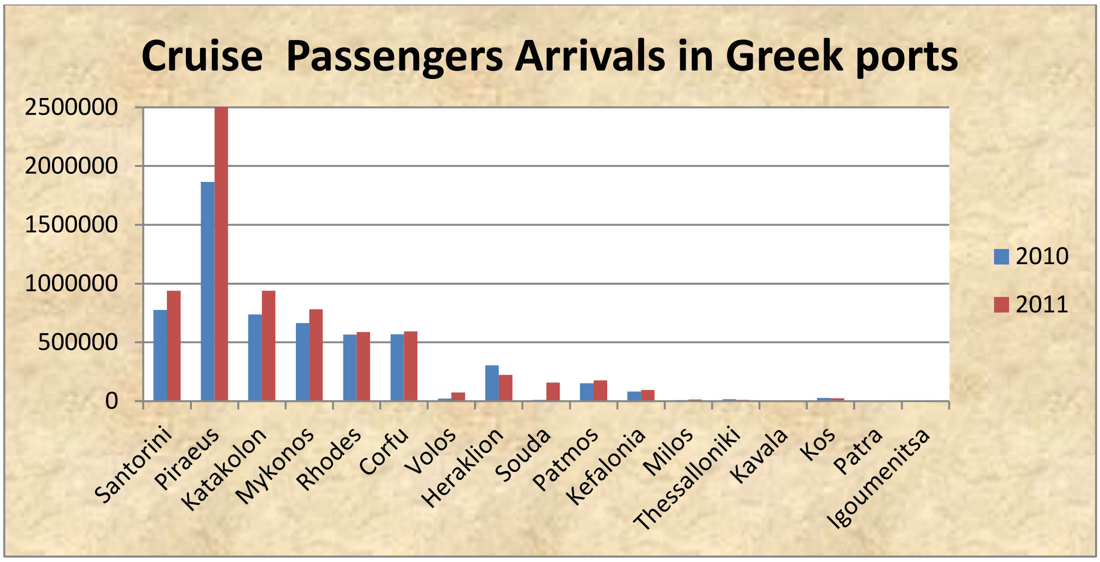
Firstly, a main concern for the enhancement of competitiveness that has to be faced immediately is the lack of sufficient port infrastructure and superstructure. A lot of ports in Greece and mainly those of the islands present considerable deficiencies, a fact which deters cruise lines to include them in their itineraries. The changes that have taken place in the cruise industry should determine the conditions under which the ports operate and develop; however, something like this does not happen in the case of Greece. More particularly, Greece ranks in the last position among the member States of E.U in investments concerning infrastructure projects with only 0.5 of its GDP going for that purpose (Pallis, 2004). As such, the Greek port system should be redesigned wherever this is necessary in order to meet the expectations of the cruise lines and their passengers, contributing in such a way in the modernization and promotion of the Greek ports. In the base of a realistic, feasible and orthological business plan considerable investments should initiate, aiming in strengthening the competitive advantages the country has as well as in creating a conducive and safe environment which could render Greece as a major cruise node in the Eastern Mediterranean.

On a second level, an exclusive entity for the promotion of Greece as a cruising destination should be founded. Following the successful steps of other Mediterranean countries such as Italy and Spain who ventured such a thing availing considerable gains, Greece should practice the same. The fierce international competition amongst countries for their inclusion in the itineraries of cruise lines should be dealt with specialized efforts. Spasmodic and misdirected actions are not simply enough for the development of cruising. Hence, by following closely the developments in the cruise industry and by participating in every major forum, meeting representatives of the major operators and developing strategic synergies with other Mediterranean ports, this entity will be responsible for development of an overall strategy for the systematic promotion and marketing of Greece and of its competitive advantages abroad. Besides that, Greece has numerous weapons in its arsenal, equally efficient to attract the interest of cruise lines as well as of their passengers. According to the Travel & Tourism Competitiveness Report of 2011 Greece holds the 12$^{th}$ position worldwide in heritage cultural sites and the 24$^{rd}$ in heritage natural sites (Blanke.J & Chiesa.T, 2011). If only these characteristics were utilized in a well-addressed and methodical way which would illustrate the numerous and diversified experiences the Greek country offers, the perception of the worldwide cruise community towards Greece would alter in a more positive way.

### *3.4 An overview of the cruise ports in Greece*

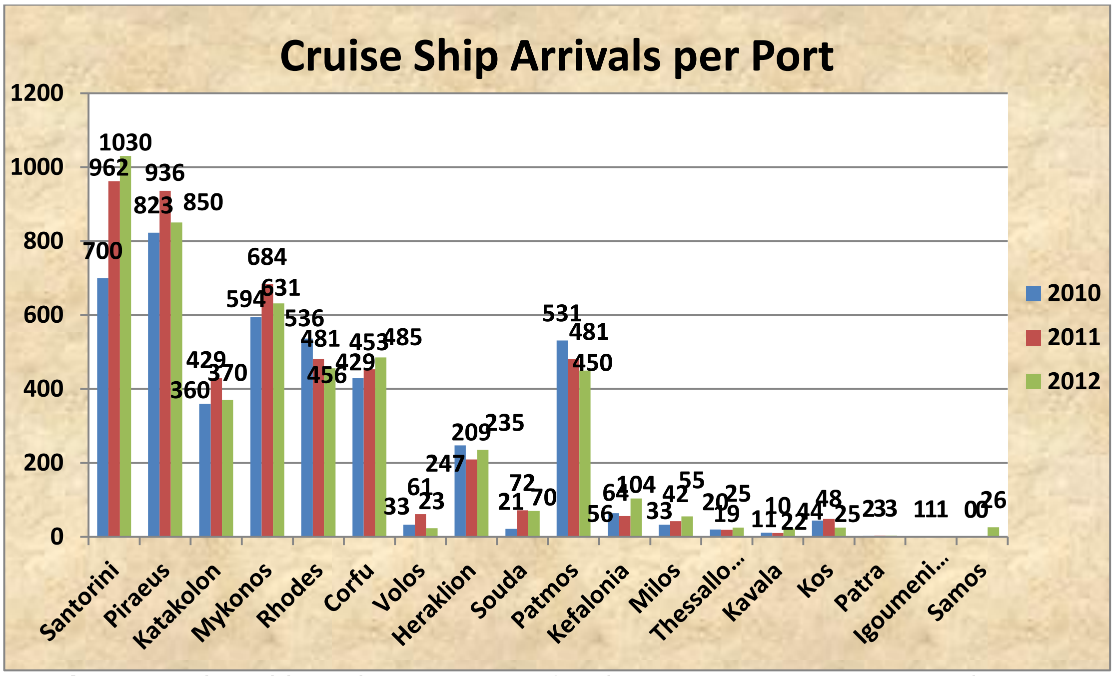
The penetration of the cruise industry in the eastern Mediterranean has not left Greece intact. Therefore, despite the absence of an entity for the promotion of Greek cruise destinations, an annual increase of 35% in their arrivals was observed in 2011 (To Vima, 2012). Most likely, cruise operators have understood by themselves that the Greek-Black Sea market presents great potential, capable to expand the industry to emerging markets and to increase their profitability. In combination with the glutting of other traditional markets (Western Mediterranean, Caribbean) and the increased number of vessels cruise operators have at their disposal nowadays, they are mandatorily driven to broadening their horizons by discovering new markets and expanding their clientele. However, due to the fact that destinations in the Arab world have been excluded from their itineraries for security reasons due to the latest riots in the area (Arab Spring) the tendency to expand in other Eastern Mediterranean destinations has been reinforced.

During a critical period for the Greek economy, at which it has been affected seriously from the aftershocks of the global financial crisis, the cruise sector becomes an ace in the hole for its economical support. Cruise ships contribute in the strengthening not only of the Greek mainland but also of its islands as millions of cruisers arrive each year giving a "financial breath" to the local economies as well as to the national economy. Among the fifteen most popular ports of call in Europe Santorin, Mykonos and Rhodes are ranked in the 4th, 6th and 12th place respectively. The passenger arrivals in the major Greek ports for the years 2010- 2011 are presented in the following table.




**Graph 10:** Passenger arrivals per port for the years 2010-2011 (Corres & Papachristou, 2012)

As it is easily observed from the graph above, not more than six ports attract more than half a million passengers annually. However, almost all of them presenting an increase in their passenger traffic with the Piraeus being the leading port attracting more than 2.5 million cruisers for the 2011. Greece is considered an ideal cruise destination from many perspectives however the lack of sufficient infrastructure in many ports of the country concentrates its cruise market in eight maximum ten destinations which attract the increase of the cruise ship and passenger traffic. The truthfulness of this assertion can be observed in the following table where the cruise ships arrivals for the last three years in the major Greek ports are depicted.




**Graph 11:** Cruise ship arrivals per port for the years 2010-2011-2012 (Corres & Papachristou, 2012)

The eight first cruise destinations are in their majority classic destinations which are included for many years in the cruise lines itineraries and amongst which only Piraeus and Corfu serve also as homeports. Apart from Santorin which is for another year (2012) the leading port of call of Greece (despite the fact that it does not have any port infrastructure to host cruise ships), Corfu which presents a 7% increase and Heraklion an 11% respectively, all the other major destinations present a small decline. However, it must be pointed out that in many of those ports despite the decrease in the number of calls, bigger vessels with an average of 1,286 passengers are awaited, offsetting that loss (Corres & Papachristou, 2012). All the other ports of call, present more or less an analogous performance with small deviations. The lack of new destinations, with only exception, the island of Samos which for the first time hosts 26 cruise ships, is evident and may lead the Greek market to saturation.

Cruise ships arrivals in Greece present a smaller seasonality in comparison to on-shore vacation period, starting from late February and ending in the first week of November (Tsartas, et al., 2010). The starting/ending period varies a bit from destination to destination however the peak season for cruise ship arrivals is also during the summer months and more particularly between June and September. Apart from the fact that more intensive actions should initiate towards the further reduction of seasonality and the expansion of cruise tourism also during winter months (Corres, 2011), as the weather conditions permit it, port authorities should also plan and pursue (through the marketing of, off season cruises, communication with cruise lines) a better allocation of the ships arrivals among the months of the cruise season. Many of the cruise ports in Greece lack the technical characteristics (see table 3.1) to correspond to the increase in cruise ships arrivals during the summer months and as a result phenomena such as congestion and delays are typical. Cruise docks are often not enough to service the increased traffic; or similarly the absence of sufficient superstructure (terminals) makes impossible the management of thousands of passengers disembarking at once. The following table presents the technical characteristics of the major cruise ports.

**Table 4:** Technical characteristics of the Greek cruise ports. (Hellenic Port Association, 2012)

| Cruise Port | Available Docks/length | Passenger Terminal/ size |
|---|---|---|
| **Heraklion** | 12/ 4.800m | Yes/ 259m$^2$ |
| **Souda** | 2/ 1.370m. | No |
| **Corfu** | 5/1250m. | Yes/3360m$^2$ |
| **Kos** | 2/ 310m. (140m+170m) | Yes |
| **Patmos** | 1/ 208m. | No |
| **Santorini** | 4/480 m. | No |
| **Mykonos** | 4/750m.(200+350+90+ 110) | Under Construction |
| **Milos** | 1/ 65m | Yes/250m$^2$ |
| **Piraeus** | 11/2.7k.m | Yes(2)/ 15000m$^2$ |
| **Volos** | 1/460m. | Yes/550m$^2$ |
| **Thessaloniki** | 3/630m. | Yes/1300m$^2$ |
| **Kavala** | 2/380m. | Yes/200m$^2$ |
| **Patra** | 3/ 771m.(373+219+179) | Yes/ 1000m$^2$ |
| **Katakolon** | 3/700m. (300+200+200) | No |
| **Igoumenitsa** | 12/781m. | Yes/ 6.326m$^2$ |
| **Kefalonia** | 2/450m. | No |
| **Rhodes** | 4 | Under Construction |

As it can be observed, many of the above-listed cruise ports do not have at their disposal adequate infrastructure (docks) to host the ever-growing cruise vessels and due to this fact the latter have to stay on anchorage, which is a very time-consuming and tedious procedure both for the visitors and the cruise lines. Moreover, not more than six ports have a proper passenger terminal to facilitate a smooth and organized embarkation/ disembarkation for the passengers visiting the port of call. These facts reduce the satisfaction levels of the cruisers and undermine their experience at the given port of call. We must also bear in mind that their port stay is limited and so, any difficulty or inefficiency they encounter, which prevents them from enjoying their land excursion and comes in contrast to the comfortable and well organized environment of the cruise ship, acts in a deterrent way for the port (Corres & Papachristou, 2012). Therefore, the necessity to upgrade and enhance the provided services and facilities in any port with deficiencies is urgent, as the proper infrastructure and superstructure is a prerequisite to attract cruise lines nowadays (Queensland, n.d.). Actually, these pathogeneses are the primal reason why the Greek cruise market is being characterized by a relative stagnation and justifies its incapability to exploit the potential for growth that would enable her to sustain high levels of competitiveness.

### 3.5 The Greek legislation on Cruise and the lift of Cabotage

The term cabotage, refers to “the reservation of a country’s domestic shipping trades to ships flying the national flag of that state,” and applies to coastal and deep-sea voyages, as well as shipments on inland waterways. (OECD, 2002). Cabotage is used in the context of "cabotage rights", the right of a company from one country to trade in another country. The word usually describes the restriction of the operation of sea, air, or other transport services within or into a particular country to that country’s own transport services (Oxford Dictionaries, 2010).The word itself has its origins in the French word caboter which means “sail along a coast” (Psaraftis, 2006). In the framework of protectionist policies, many countries have endorsed cabotage laws in favor of their national shipping industry. Especially in Europe, cabotage laws have had many forms, from a legislative requirement to man the ship primarily with native personnel, or the obligation for the vessels to be owned by natives or to be registered under the state’s flag, even the requirement for the owners to keep their vessels constructed and maintained in national shipyards. (OECD, 2002) The privilege of cabotage was for many years the means for the countries to control not only their shipping industry but also the subsidiary industries, the workers unions, the local communities.

Similar protectionist legal provisions as the above mentioned had been implemented in Greek shipping law. According to the Code of Public Maritime Law, the right to transfer people and goods among Greek ports was reserved exclusively for ships under the Greek flag. Greek ports could only be used as home ports by Greek owned vessels (Anon., n.d.). That restriction prevented foreign owned vessels from operating in Greek ports and serving domestic or foreign passengers (Anon., n.d.). In order for a vessel to perform an itinerary in the Greek sea routes it ought to employ exclusively Greek seamen, and to be of Greek property not less than 51%. A vessel is considered as being Greek when it belongs to a Greek physical or legal entity by at least 50% of the shares (Anon., n.d.). As a result for many years all Greek shipping companies enjoyed the monopoly of serving the Greek territory, without any foreign business competition.

The cabotage laws were going to be amended by the E.U. in the early 90’s with Council Regulation No. 3577/92/EEC of 7 December 1992, applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage) [Official Journal L 364 of 12.12.1992] (European Council, 2007). In the very explanatory statement of the Regulation, the European Council states that it was adopted to achieve the abolition of restrictions on the provision of maritime transport services within Member States, the establishment of the internal market, where the internal market will comprise an area in which the free movement of goods, persons, services and capital is ensured. By applying freedom to provide services to maritime transport within Member States, the beneficiaries should be Community ship-owners operating vessels registered in and flying the flag of a Member State whether or not it has a coastline. In order to avoid distortion of competition, Community ship-owners exercising the freedom to provide cabotage services should comply with all the conditions for carrying out cabotage in the Member State in which their vessels are registered. The implementation of this freedom should be gradual and not necessarily provided for in a uniform way for all services concerned, taking into account the nature of certain specific services, such as the transportation of people and goods and cruise tourism, and the extent of the effort that certain economies in the Community showing differences in development will have to sustain. The introduction of public services entailing certain rights and obligations for the ship-owners concerned may be justified in order to ensure the adequacy of regular transport services to, from and between islands, provided that there is no distinction on the grounds of nationality or residence (European Council, 1992).

Battling domestic and extraneous interests, Greece did not incorporate the above mentioned E.U. Regulation into its domestic law up until the Presidential Decree No 344/2003 (Ministry of Economy and Finance, 2003). There was a great period of grace, in fear of strong opposition on behalf of the Greek shipowners and seafarers, causing further problems that would discourage non Greek companies to operate in Greek Seas. From their point of view, this reform should be done extremely carefully due to the specific nature of the Greek geographical position, the uniqueness of its seas and its many islands - whose residents actually earn a living mainly from shipping and tourism - so as to prevent foreign shipping companies from completely invading the internal market. However, despite the amendment of the law, cruise industry was not particularly strengthened or given the proper motivation. The hesitant changes, the cumbersome legal procedures in order for a shipping company to be founded, combined with the plague of bureaucracy that is in general stifling the public sector, and the strict provisions for the staffing of the vessels, had a negative effect on the development of the cruise market and other sectors that are complementary to the above market.

Under that prism, it took a surprisingly long time for the Greek governments and legislators to decide and implement a change in the law. Given that the previous regime failed to deliver positive results, one would expect the needed radical change to come earlier. Slight changes of fragmentary nature were made from time to time through a few amendments and ministerial decisions. Nevertheless, the reform came within the context of the global economic crisis, in an effort to boost a sector that could bear fruit. Despite the recession, shipping and tourism are the country's “heavy industries”, as they are often referred to.

Thereby, after months of consultation among the competent bodies, Law No 4072/2012 (Improvement of business environment - New corporate form - Trademarks - Real Estate Agents –Regulation of shipping issues, ports, fisheries and other provisions) was voted by the Greek parliament, changing some of the key provisions of the law for the cruise (Nomos, Greek legal database, 2012). The most important change is the complete lift of cabotage restrictions for international cruise companies, as indicated in article 222, § 1. All vessels enjoy the privilege of executing circular tour voyages, exclusively for marine recreation, regardless of their registered flag, for a single ticket (fare), provided that the final port of disembarkation is also the starting point for their trip between Greek and/or foreign ports (home-porting). Additionally the same law stipulates that the social security contributions to Greek Seamen’s Pension Fund (NAT) extend to all cruise ships regardless of their registered flag. This is an incentive for ship owners to recruit Greek seafarers on their cruise ships, in order to protect jobs for the Greek seamen.

According to the rapporteur of the recently voted law, the latest legislation did not manage to help the state derive a significant benefit. The time – consuming processes failed to contribute to the creation of a friendly investment environment, making the complete lift of cabotage inevitable (Greek Parliament, 2012). The effect of the adoption of the new law on Greek and International cruise market was immediate and it is estimated to grow. The Cruise Ship-owners and Marine Operators Association welcomed the legislator's decision, stating that the new regulation, albeit belatedly, is in the right direction, so that the concerned managing companies can be convinced that bureaucratic rigidity no longer exists, facilitating the status of home porting, while at the same time setting incentives for employment of Greek Seamen (Tsamopoulos, 2012).

"It is more than obvious that Greek ports will benefit greatly from increased cruise ship traffic, but most of the potential economic benefits will spill over into the local economies. The nature of the cruise is such that combines the technical side of the reception of ships with the touristic attractiveness of the destination, so there is no such thing as developing a cruise port without also developing the city and the surrounding area." These are the words of the CEO of the Port of Heraklion, Crete, Mr. John Bras (Tsimplakis, 2012) and they reflect the expectations of the whole Greek cruise community, including the local port communities, the ship owners and the ship workers. The omens are quite good since recently Costa Cruises included Heraklion and Rhodes ports as its home ports, making a promising starting point.

During the last years it is evident, considering that saturation in the Caribbean region, that the public's attention is focused in the European cruise. Taking into account the recent statements of the Minister of Development in the Posidonia International Shipping Exhibition 2012, that Greece is the second most popular cruise destination with 4.3 million visits, that the number of passengers grew from 2 million in 2005 to 6 million in 2011 with an increasing tendency, and thus makes it a very dynamic market, with a very bright future (Minister of Development, 2012). Besides, in today's globalized competitive environment, there is no option for Greek cruise but to become more outward looking. The sole reservation one can formulate, that is to say the loss of Greek maritime workers jobs, is undermined by the benefit of the creation of plenty of new jobs in the relevant markets. All predictions tend to agree in this direction, considering the volatile conditions in the eastern Mediterranean area, and the increased interest of foreign cruise operators. The findings from the recent meeting at the offices of the Union of Greek Ports held for the discussion of cruise matters are quite encouraging and interesting. According to the annual figures of OLP, 850 cruise ships are expected to arrive in 2012 in Piraeus port. As for the period 2013 to 2016, after the announcement that the port will keep its tariffs stable, along with the total lifting of cabotage and the new infrastructure, the operation of the cruise port in the coming years is expected to be positively affected (Skai.gr, 2012)

## Chapter 4 Case Study at the Cruise Port of Corfu

### *4.1 Profile - Technical characteristics of the port of Corfu*

Corfu Port is the largest port of the Ionian Islands and the sixth largest cruise port in Greece with more than 1.940.000 passengers' throughput annually (O.L.KE, 2012 a). Sited in the northern borders of Greece the island has a strategic position acting as an intermediate node between Greece and the rest of the Adriatic. The governing body is the Port Authority of Corfu (C.P.A) which is a public limited company with a unique shareholder; the Greek State. C.P.A owns all the assets in the port and is responsible of the management, development, construction, operation and maintenance of the port facilities (Vlachos, 2012). In other words, port of Corfu is a typical service port.

The strategic plan of the port of Corfu is closely connected with the development of leisure tourism and therefore with the cruise tourism. Perceiving the potential for growth the Mediterranean and more particularly the Adriatic cruise market has, in a premature stage the port initiated a noteworthy effort to formulate the appropriate conditions to meet the expectation of the cruise lines and their passengers (Vlachos, 2012). After a series of investments in port infrastructure and facilities the port is nowadays the second among the two hybrid ports (port of call as well as homeport) in Greece.

As far as the facilities of the port are concerned, the CEO of the port Sotiris Vlachos, in the personal interview he gave as during our stay in the Island of Corfu (Vlachos, 2012), informed us that the latter is capable of serving cruise ships of every size and draught in a 24 -7 basis all year round. It features five vessel berths amongst which two are appropriate for new generation cruise ships with an average draught of 8 to 11 meters. The total length of the quay is about 1250 meters able to serve 5 vessels simultaneously; however during peak season when all berths are occupied, 3 more ships can also be served on anchorage. The port also features a cruise passenger terminal of 3.360 $m^2$ to which passengers are transferred with the shuttle buses available. The port has also in a close range (50m) a parking station for more than 100 cars, a taxi station and space for more than 50 coaches while the nearest public transport station is at 100 m range. The distance to the center of the city is about 2 kilometers and the nearest international airport is 2.5 kilometers away.

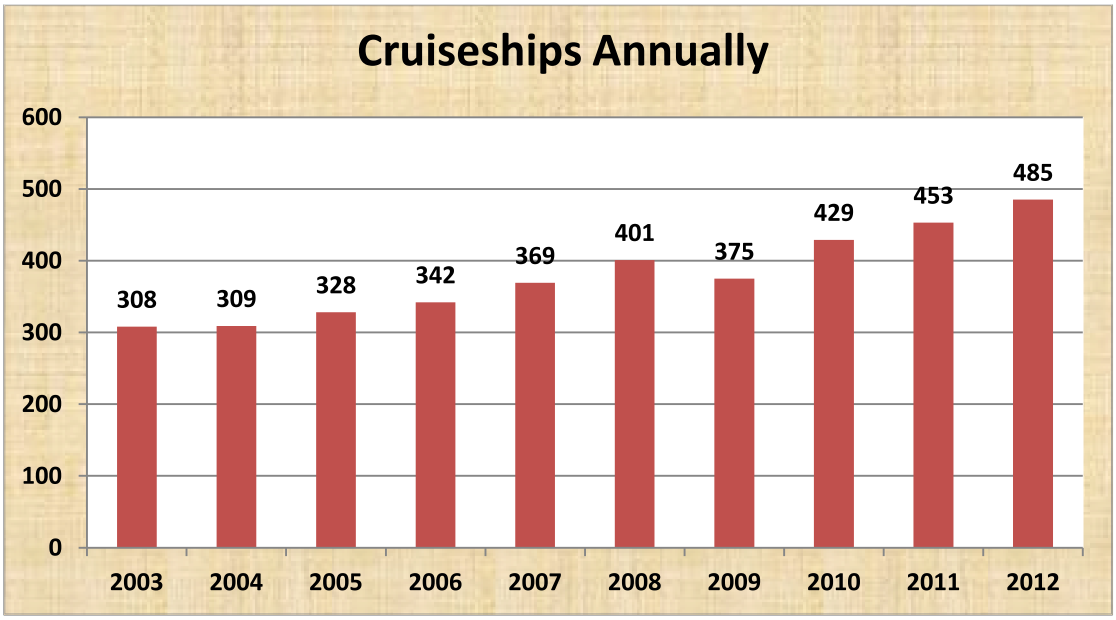
Moreover, regarding the services provided to the cruise ships and their passengers he explained that the port offers various port services, passenger services and ship services (Vlachos, 2012). The port includes a berth allocation system which allows the cruise crew to know in advance where they will dock upon arrival (however, especially during peak season phenomena of congestion are observed) as well as an algorithm which is taking into account several variables and determines the sequence and the priority of the cruise ships that are about to berth. Every cruise ship wants to experience a fast berth to minimize the disembarkation time while port authorities, in such a way ensure the efficient allocation of space and resources achieving high levels of service and satisfaction. In addition, the port offers pilotage, towage, mooring, bunkering as well as some repair services. With regard to the passenger services the port is compliant with the ISPS security code and with all the responsibilities that stem from it (tourist police, security control during disembarkation/embarkation. Special infrastructure for handicapped exists with ramps, wheelchairs and elevators featuring the Braille system. Other available services for passengers include a tourist information kiosk inside the terminal which also provides a map of the island, car rental services, duty free shops and free telecommunication services (Wi-Fi). Also, in the premises of the port an ambulance is available for emergency reasons, to transfer the patient to the nearest medical center where all incidents can be treated. Finally, the port features water supply, waste removal and some handling services to the ships.

As the aim of the Port Authorities of Corfu is to attract an even larger number of cruise ships in the near future and its selection as homeport from more cruise operators (currently only Thomson uses the port as a homeport) a series of actions to that direction are organized (Vlachos, 2012). On the one hand the technical measures are concerned with the creation of additional berths with the elongation of the existing dock by 430 meters (2 or 3 more berths), the establishment of a new cruise terminal to host the increased passenger traffic and the enhancement of the services and of the security provided to the cruise lines and their passengers (O.L.KE, 2010 a). The port also tries to meet the requirements in order to be certified by the Port Environmental Review System as an environmentally friendly port (O.L.KE, 2011). On the other hand, at an administration level, the port authorities have initiated an effort to brand the destination abroad participating in the most important international cruise conventions such as the one in Miami and in the one in Marseille that will take place in November (2012). Added to that C.P.A has also commenced a number of synergies for the better cooperation and communication with other Greek but also international ports. As such, the latter is a member of the Greek cluster ports Hellenic Port Association as well as a member of the MEDCRUISE which is the most important cruise port forum in the Mediterranean including 68 ports amongst which Barcelona, Venice, Dubrovnik, Piraeus and others (O.L.KE, 2012 a). In such a way, the Port Authority will achieve to strengthen the competitive position of the island in the very antagonistic cruise market but also its actions will have a wider effect promoting and benefiting the country as whole.

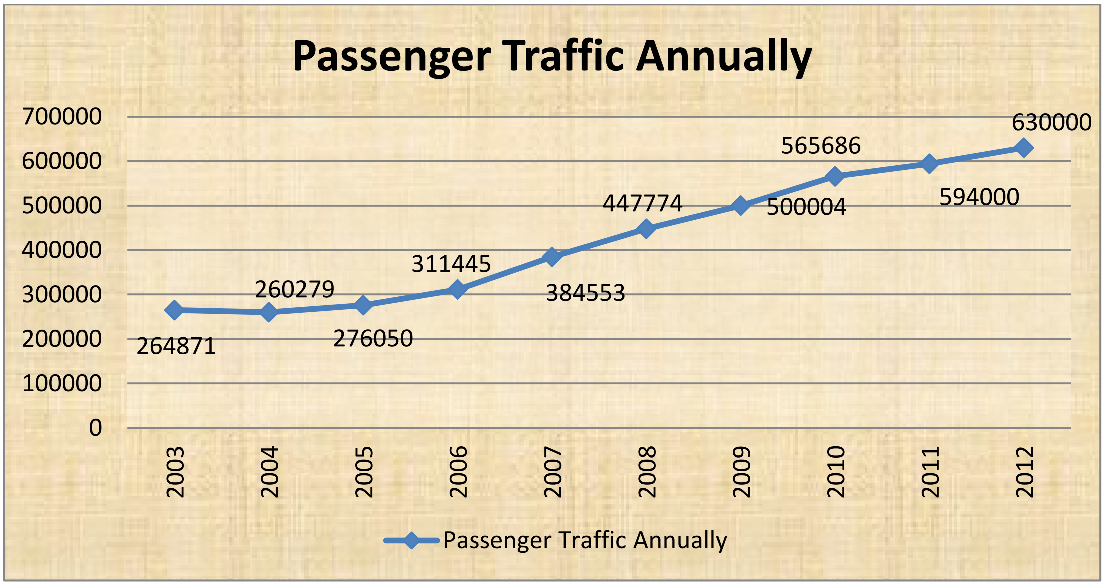
### *4.2 Cruise and Passenger traffic in Corfu diachronically*

The relationship of Corfu with the cruise industry dates back to the beginnings of the seventies. Back then however, it was the Greek owned cruise fleet that was dominant in the Mediterranean and used the port of Corfu as a base for its Adriatic itineraries (Vlachos, 2012). Since then, practically everything has changed in the cruise industry (with the Greek fleet not being capable to keep in pace with evolutions taking place in the sector and therefore extinct), however, the port of Corfu apart from a small decline in the cruise ships arrivals during the 90's, still remains one of most important cruise destinations in the region of the Mediterranean.

Indicative for the performance of the port is that since the beginning of the new millennium not only all major cruise lines have included Corfu in their itineraries, but they also increase sharply the number of calls each year. More particularly, the number of cruise ship arrivals has increased from 308 in 2003 (O.L.KE, 2010 b) to 485 in 2012 (Vlachos, 2012) achieving an increase of 57.5%. Analogous is the course of the cruise passenger traffic at the port of Corfu which at the last nine years has increased by 137.8%. In 2003 the port hosted 264.871 passengers (O.L.KE, 2010 b) while the estimations for 2012 talk about 630.000 passengers (Vlachos, 2012). Particular reference should be made at this point, in the observed increase at the average number of cruise passengers per vessel calling the port which confirms the trend for ever-growing cruise ships. In 2003 the average number of passengers per vessel was about 860 while in 2011 this number had increased to 1.350 (O.L.KE, 2012 b) recording an increase of 36.3%. The first of the two following graphs depicts the annual cruise ship arrivals for the period of 2003 to 2012, while the second presents the annual passenger traffic in the port of Corfu for the same period of time.

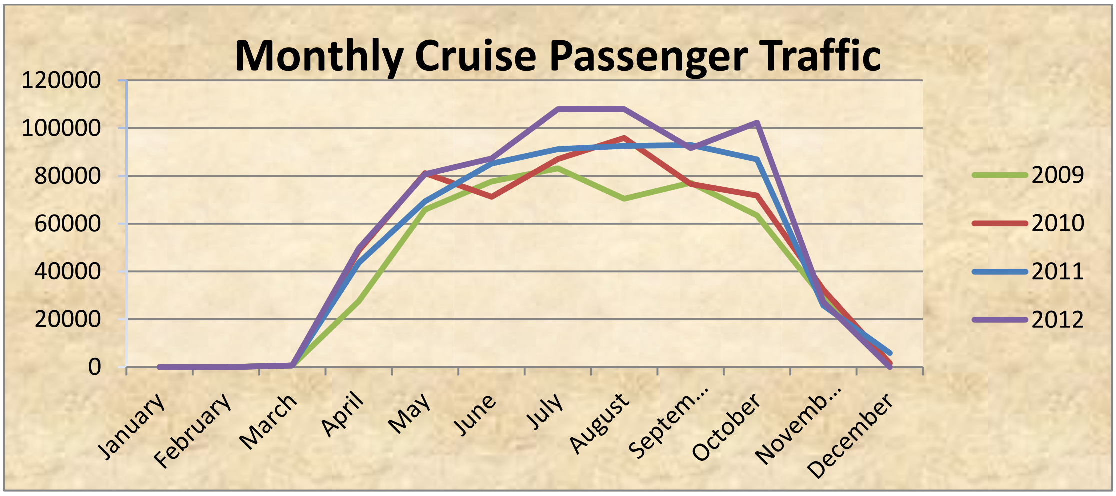



**Graph 12:** Cruise ships arrivals annually in Corfu (O.L.KE, 2012 b)

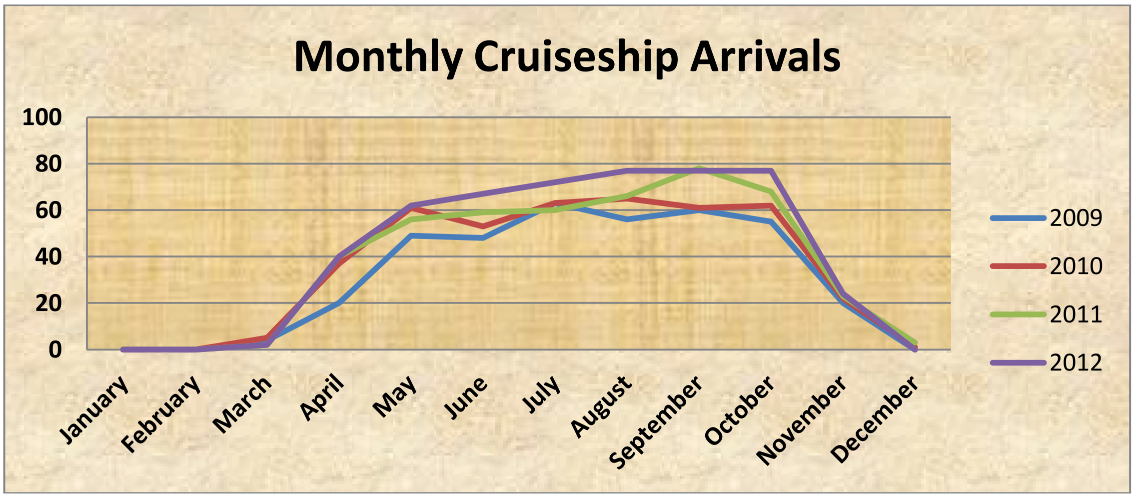



**Graph 13:** Cruise passenger traffic for the period 2003-2012 in Corfu (O.L.KE, 2012 b)

Moreover, it is also important to present the monthly distribution of cruise ship arrivals as well as the monthly distribution of the cruise passenger traffic to determine the seasonality and the peak season for the port of Corfu. Many consider cruising as a summer vacation option however, the cruise season for the port the last four years typically starts long before summer, in March, where the fist cruise ships call and lasts till the first weeks of December. Therefore, it can be easily understood that by prolonging the cruise season and transforming cruise tourism into a winter hypothesis too, the economic benefits for the destination will be even bigger. However, as weather gets warmer with more extensive periods of sunshine it is logical for traffic to increase. The cruise peak season in Corfu as in every cruise port in Greece (with small variations) starts in May and lasts until October, in comparison to terrestrial tourism whose peak season lasts only for three months (July to September). The busiest month in terms of passenger traffic is usually August (in 2011 was September) while in terms of cruise ship arrivals the peak month varies each year (in 2009 was July, in 2010 was August, in 2011 was September and for 2012 from August till October 70 ships are awaited). These variations illustrate the altering deployment strategies operators follow each year as well as their tendency to deploy larger vessels during peak months to accommodate the increased summer demand and smaller ones before and after.




**Graph 14:** Monthly distribution of the cruise passenger traffic in Corfu (O.L.KE, 2012 c)




**Graph 15:** Monthly distribution of cruise ship arrivals in Corfu for the period 2009-2012 (O.L.KE, 2012 c)

### *4.3 Corfu's Residents perception towards cruise tourism and its impacts*

Corfu, which is the site under study, is the second largest island of the Ionian Islands and the seventh biggest in Greece. Its population is estimated to around 110.000 citizens amongst whom more than the one third lives in the municipality of "Kerkuraion", including also the capital city (28.200) (EL.STAT, 2011). Since the cruise sector in the region experiences a considerable growth over the last decade, recording an increase of 45%, with the cruisers visiting the island increasing from 264.871 in 2003 to 594.000 in 2011, making Corfu the sixth most popular cruise destination in Greece, we consider it important to investigate the perception of the largest stakeholder towards that development; the host community. Stakeholders according to Freeman's definition are individuals or group of individuals that can influence or be influenced (as in our case) by the achievement of an organizations objectives (Freeman, 1984). Hence, the local population is the primary actor affected by the multiple and diverse impacts (economical, social and environmental), cruise development has on destinations. In general, cruise tourism raises both positive and negative reactions depending on the point of view of the observer. So, just because the attitude of the various groups and individuals in not, in most cases, homogenous but on the contrary is very diversified or even conflicting and is totally a matter of gains and losses and how each one experiences that growth, our aim will be to eavesdrop the local community of Corfu and extract their perception towards cruise tourism. After all, their position and their level of acceptance will play a crucial role and will determine in the long run whether this type of development is appropriate and beneficial for the region or not.

The research took place in the capital city of Corfu during the summer period of 2012(June-July) which is the peak season not only for terrestrial but also for cruise vacation. The questionnaire designed -was in Greek language- and consisted of 25 questions, divided into two sections. The first included, 7 questions regarding the socio-demographic characteristics of the respondents while the second focused on the community's perception towards cruise development in the region. At this part those surveyed were requested: i) to declare their approval, disapproval or neutrality towards cruise tourism and its further development, ii) to rate in a 5 scale point (1 = Bad to 5 = Excellent) the implemented touristic policy of the island as well as the existing services and facilities offered by the port and the city respectively to visitors, iii) to evaluate again in a 5 point scale (1= Not at all to 5 = Very Much) the 11 listed items concerning the economic, social and environmental impacts triggered by the development of cruising and finally, iv) to state which are in their opinion the strengths that attract the visitors to the destination and what should be promoted more intensively abroad ( Strengths- Local Products).

After the successful completion of the pilot tests the distribution of the questionnaires commenced. Respondents were randomly selected, however, we tried to address to a wide range of locals with differing demographic characteristics. For this reason we took samples of all ages (apart from people less than 18 years old) both genders and of diversified employment backgrounds (unemployed - public employees – private employees – free launchers – retired – bank employees). Questionnaires were distributed through personal interviews by the author himself accompanied by one volunteer, specially instructed about the presentation of the research. Overall, a total number of 303 questionnaires were obtained complete. The collected sample represents almost the 1.1% of the city's population.

Regarding the demographic characteristics, the results of the survey showed that from the 303 respondents:

**Table 5**: Respondents Gender

| Gender: | Male | Female |
|---|---|---|
| | 49.2% | 50.8% |

**Table 6**: Age distribution of respondents

| Age: | 18-25 | 26-35 | 36-45 | 46-55 | 56 or more |
|---|---|---|---|---|---|
| | 6.9% | 29.4% | 41.9% | 16.5% | 5.3% |

**Table 7:** Educational Level of respondents

| Educational level: | Gymnasium or lower | Lyceum Degree | University Degree | Masters Degree | Doctoral Degree |
|---|---|---|---|---|---|
| | 3% | 42.9% | 41.2% | 9.9% | 3% |

**Table 8**: Employment Status of respondents

| Employment Status | Employed | Retired | Students | Housewives | Unemployed |
|---|---|---|---|---|---|
| | 87.1% | 2.3% | 5.3% | 3% | 2.3% |

**Table 9**: Employment Position of respondents[2]

| Employment Position: | Private employees | Public Employees | Free Lancers | Bank Employees | Other |
|---|---|---|---|---|---|
| | 9.9% | 21.1% | 46.9% | 17.8% | 4.3% |

**Table 10**: Financial dependency on cruise of respondents

| Financially Dependent: | Yes | No |
|---|---|---|
| | 29.4% | 70.6% |

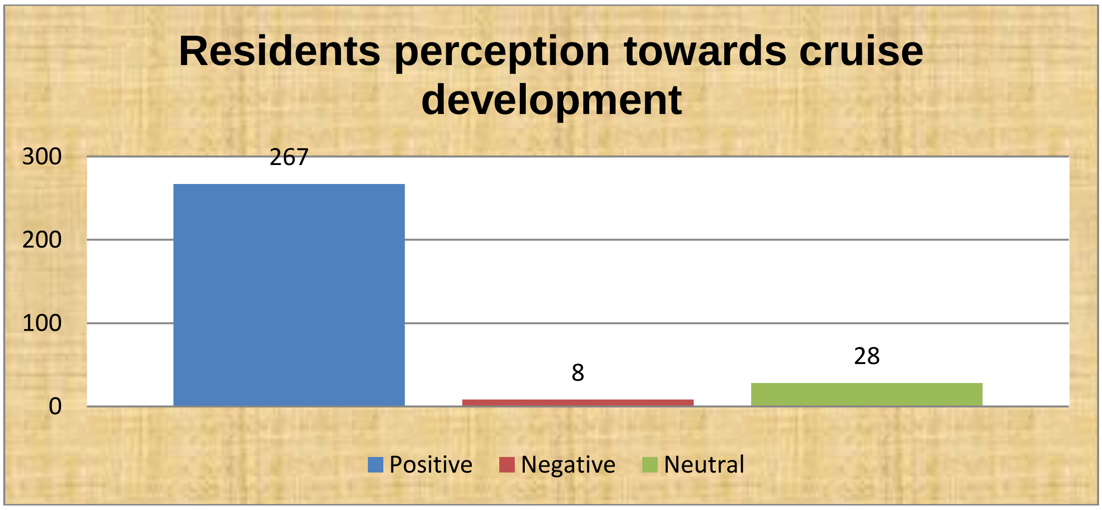
**Table 11**: Respondents households' distance from the port

| Distance from the port: | 0.0-0.5 km | 0.5-2.9 km | 3.0-9.9 km | 10 or more km |
|---|---|---|---|---|
| | 14.9% | 39.6% | 28.7% | 16.8% |

In the second part of the questionnaire which is the main body of research, the respondents replied in their vast majority that they look positively (88.1%) to the development of cruising in their island, whereas only a small percent (2.6%) disapproved of such a development and a 9.2% expressed its neutrality. These results however, do not evoke any surprise as after many discussions with the local community it became clear that cruise tourism has evolved to become the "blood donor", as one local expressed, of the local economy. Especially, in an economic crisis concurrence where the terrestrial tourism has undergone a considerable setback, suffering from considerable reductions in reservations and arrivals not only of domestic but also of foreign tourists, cruise tourism offers an "economic breath" to the islands population. Taking also into consideration that cruise season starts in March and finishes in December preceding and following the peak tourist season

[2] At this point we must note that some of the students (4 in number) who participated in the survey did an internship while in some other cases 2 housewives reported to help in the family business.

which lasts only for three -four months, it becomes crystal clear that cruise tourism supports the local economy almost in an all year round basis. In addition to the aforementioned, the lift of the protectionist policy of cabotage revives the hopes and the prospects of the local community for the further growth of the cruise tourism in the island, as Corfu is one of the two existing homeports in Greece (the other one is Piraeus). Due to these facts 267 of the respondent stated that they are in favor of a further development of cruise tourism while only 8 and 28 respectively replied negatively or neutrally.




**Graph 16**: Corfu's residents' perception towards cruise development

Corfu is an island that can offer diverse experiences to visitors of all tastes, as it features unique and pristine natural landscapes, significant monuments and cultural heritage, religious sites, contemporary art and fine local products among others. Therefore, as the island's local economy highly depends on tourism, local authorities should have a prominent role in the emergence of these characteristics and an efficient tourism strategy for the management of the thousands of visitors arriving annually. However, according to the numerous remarks of respondents these advantages the island has are not exploited in a proper and efficient way. More characteristically, a resident involved in the tourism sector stated that "most visitors are concentrated at the major attractions of the island which are Mon Repo, Achilleion and Palaiokastritsa while other equally beautiful and important sites remain unexplored". Another free lancer from the city of Corfu, denoted that "even the old city of Corfu, which is an UNESCO cultural heritage site, does not have the attention it should have, as very few things denote to the visitor the importance and the history of the place". However, apart from the residents' remarks about the deficiencies in the tourism policy and strategy also our personal experience at the island strengthens the abovementioned allegations. Historical neoclassical buildings languish in the dust of time, the absence of touristic signs giving information and guidelines is apparent, making it very likely to get lost in the labyrinthine alleyways while the tourist office is not in a prominent place. These and many other facts indicate that the responsible for the touristic policy of the island should commence intensive efforts to alter the existing situation, taking advantage of the pragmatic potential the island has, offering also to the visitors an enriching, entertaining and most importantly enjoyable experience. Due to these deficiencies observed, residents were highly dissatisfied with the touristic policy implemented by the local authorities of the island, with 188 respondents rating it to be from poor (46.2%) to bad (15.8%), whereas the rest 115 characterized it from good (32.3%) to very good (5.6%).

As far as the existing facilities and services provided to the cruise visitors of the island are concerned, Corfu's local community responded the following; most of the respondents rated the port facilities as fair (40.3%) whereas a 32% finds them good, a 21.8% rated them as poor, a 3.6% finds them bad and a 2.3% rated them as very good. Referring to the port characteristics earlier we highlighted the considerable effort that the Port Authorities of Corfu have commenced in order to meet the expectation of the cruise operators but also of their passengers. The success in attracting an increased number of cruise ships each year can be attributed mostly to them and to the systematic and well organized services and facilities they provide. Besides that, this effort seems to be acknowledged by a large share of the local community. However, in the cruise tourism there is no room for complacency as the developments in the sector are rapid (ever-growing cruise vessels, new security measures, facilities to host the increased number of passengers per vessel) and a port must constantly evolve and upgrade their facilities in order to keep in pace with the increasing demand and with the new requirements the cruise lines pose.

Further on, 105 respondents (34.7%) rated the restaurants and the bars of the island as fair, 83 (27.4%) characterized them as poor, 70 (23.1%) as good, 34 (11.2%) as bad and the remaining 11 rated them as very good. Despite the fact that the majority of the respondents rated the restaurants and bars as fair, over one third believe that they range from poor to bad. A frequent phenomenon which is observed in many Greek islands (also in Corfu) is that many of the bars and restaurants adopt "a fast food" logic. In such a way, not only the visitors and especially those like cruisers who visit the island only for just few hours, do not have the chance to taste the traditional Greek cuisine and the fine wines and beers, but also the plethora of local products and local dishes remain unutilized. More particularly, Corfu has a rich production of local products (nubulo ham, olive oil, dairy products, wines, beers, liquors) and numerous infamous traditional dishes which the visitor cannot taste except from exquisite restaurants. If the visitor does not get acquainted to the local products through the local cuisine it is very unlikely that afterwards he will purchase them.

The answers of the local community regarding the offered guide tours to the cruise visitors indicated that 7 (2.3%) consider them as bad, 61 (20.1%) believe that they are poor, 139 (45.9%) rated them as fair, 92 (30.4%) as good and 4 (1.4%) as very good. Indeed Corfu is very well organized in this respect, as it has a tourist tradition of over a century. The services offered are of premium quality with the guides being the definition of professionals. Besides that, the establishment of the Department of Foreign Languages, Translation and Interpretation of the Ionian University in Corfu supplies the sector with highly specialized and multilingual personnel. However, as far as the excursions themselves are concerned it must be stated that over 30 years they remain the same and have become a bit saturated (Mon Repo – Achilleion Palace – Palaiokastritsa – Old City of Corfu). To respond efficiently to an increasingly diverse audience such as the one of cruise tourism, the development of concepts for all tastes is imperative. Besides that, the island has all the fundamental for the development of such concepts that will defuse cruisers in various parts of the island according to their interests and will allow them to get acknowledged with an alternative Corfu which remains unexplored not only to cruise visitors but also to the mass tourism categories.

To continue with the shopping facilities of the island, the 64% of the respondents rated them to be from fair to very good with 26.7%, 34.7% and 2.6% respectively. On the contrary 36% of the respondents rated them from poor (29.7%) to bad (6.3%). In general, Corfu's shopping market consists of all kind of shops ranging from Greek accessories and memorabilia to brand firms and boutiques offering numerous options for all kinds of tastes and all budgets. However, according to their owners most of these shops are family businesses with minimum revenues (and particularly the ones selling local products) lacking the marketing strategies to promote properly their products. In the era of consumerism, branding appropriately the product is very important; hence, actions to that direction should commence, if not by the shopkeepers themselves by the local and other public authorities, such as the Chamber of Commerce. The latter should hold an active role in the organization of Corfu's commercial center by giving incentives (in the form of discounts, promotional strategies) to cruisers to buy from the local market while other factors such as timetables, prices and quality of products should be under its oversight .

Regarding the public transportation 71 (23.4%) respondents rated them as bad, 93 (30.7%) as poor, 108 (35.6%) as fair, 30 (9.9%) as good and only one as very good (0.3%). Despite the fact that the bus network covers a large area not only in the city but also in its surroundings, their frequency and especially during the summer peak season is intolerable. According to our personal experience the considerable waiting time in combination with the employment of small buses to fit in the narrow streets of the island cannot simply offer the capacity needed. Characteristic is the case of the line serving the port which is also widely used by many cruisers; as there is only one bus every hour, passengers who want to return to their ship are literally squeezed in, with the remaining that do not fit in, having to wait for one more hour (very unlikely) or alternatively having to either take a taxi or walk a 2 kilometers distance. In addition to that, the price of the ticket is considerably high for the Greek standards and certainly is not equivalent to the services provided.

Finally, the respondents were asked to rate the "other services" the island provides to the cruisers such as the availability of free Wi-Fi, medical care, parking facilities (not mostly for the cruisers but in order to allow them to walk freely at the pavements of the city), garbage bins, touristic signs e.t.c. According to their answers the majority of the sample believes that such facilities are fair (32%) whereas the 21.1% believes they are bad, the 29.4% good and the 17.5% very good. Apart from the Wi-Fi internet services that most cafeterias of the city offer freely and the hospital that is in a close range from the city, the other services present deficiencies. Due to the fact that the city was built centuries ago it does not feature either the adequate road infrastructure to host the increased car traffic neither the sufficient space for pavements to allow pedestrians walk with safety. Added to phenomena such as parked cars in the pavements are often due to the lack of parking facilities, hampering the already aggravated circulation of cars and pedestrians. Moreover, as we also denoted earlier the lack of touristic signs for guidelines and information is evident while the existence of garbage bins is not in a close range either. The latter has an apparent effect also in the cleanliness of the city as many litter result on the streets, polluting the environment but also affecting the image of the city.

Overall, when residents were asked if Corfu could attract cruise passengers of high or higher annual incomes the majority responded in a 61.5%, that the island in a bigger or lesser extent features the adequate infrastructure and the appropriate services to meet their exquisite needs. On the contrary, the 38.5% stated that the island lacks many characteristics necessary to attract such kind of visitors and that too many rectifications should be made in order to achieve such a goal.

In the next session of the survey, we present the table with the 10 listed factors used to evaluate the local community's attitude towards cruise tourism. The latter are cited according to their order of importance while the table also provides their mean and standard deviation.

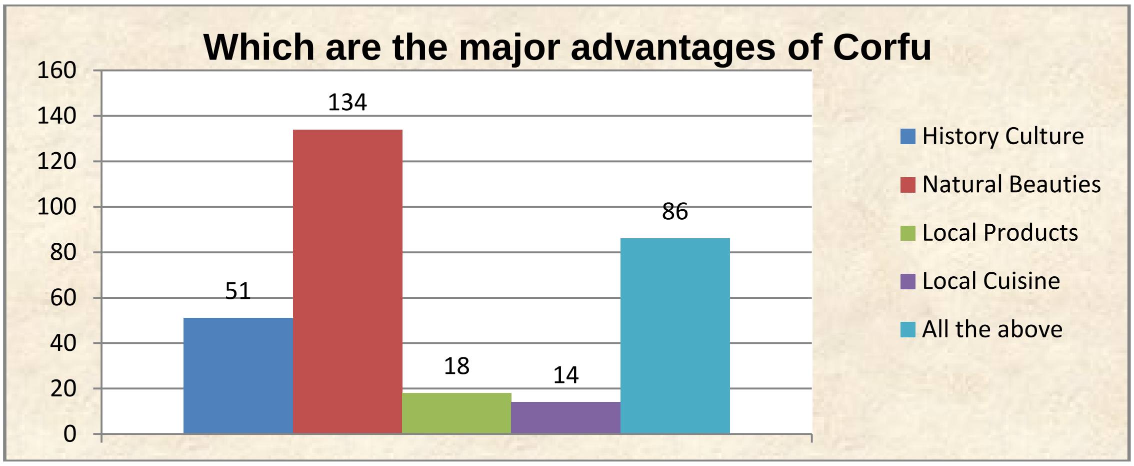
**Table 12**: Descriptive Statistics, mean and standard deviation of the listed factors

| **Factors** | **Mean** | **St. Deviation** |
|---|---|---|
| **1.** Increase in infrastructure investments | 3.9109 | 0.85366 |
| **2.** Upgrade- Promote Cultural Heritage | 3.5644 | 0.95774 |
| **3.** Increase income of residents | 3.5248 | 0.84486 |
| **4.** Contribution to employment | 3.3399 | 0.95596 |
| **5.** Enhance quality of life | 3.2211 | 0.93883 |
| **6.** Pollution Measures | 3.0825 | 0.88948 |
| **7.** Upgrade Cultural events | 2.8482 | 0.95774 |
| **8.** Increase in the prices of the products and services | 2.7690 | 1.01940 |
| **9.** Deterioration of fauna and flora | 2.6304 | 0.83508 |
| **10.** Increase in the amount of urban waste | 2.5578 | 0.85106 |

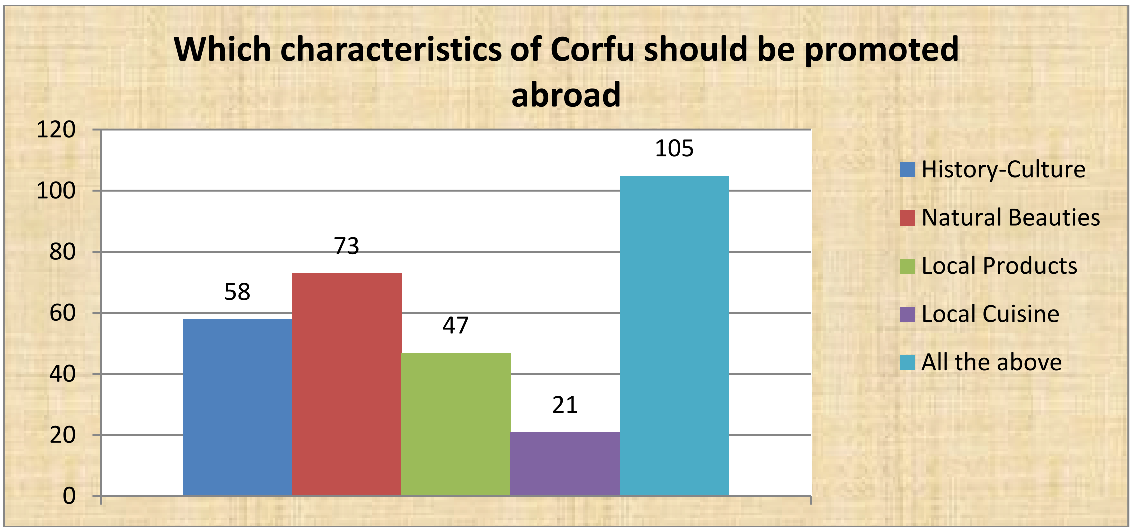
As it can be seen from the afore-listed table the residents of the island community of Corfu, are focusing mostly on the positive effects cruise tourism exerts to their local society and less on the negative ones. Characteristically, factors related to the economic, social and cultural enhancement hold the top five positions with only the promotion of Cultural events factor ranked in the seventh place, On the contrary, factors related to the negative externalities cruise activities generate, such as the environmental pollution, the increase in prices of the products and services, the deterioration of flora and fauna and the increase in the amount of urban waste are ranked in the sixth, the eighth the ninth and the last position respectively.

More analytically, residents perceive the increase in infrastructure investments resulting from the cruise activity as the predominant factor impacting their local community. In other words, they believe that the development of cruise tourism will act as a lever for further investments in the island (in road and port infrastructure, in the facilities of the city) which in their turn will enhance the existing infrastructure as well as the services provided. The second ranked factor in the preferences of the residents is related to the promotion of their cultural heritage abroad. Cruise passengers visiting the island, will have the chance to admire its monuments, learn its history, interact with locals and understand in a better way the importance of the civilization developed at the island and its influence to the western world. In such a way, when returning to their countries, they will act as ambassadors of the Greek culture, promoting Greece in the four corners of the earth. The increase in the income for the residents of the islands resulting from the cruise activities is ranked in the third place of our list. Revenues from cruise tourism can act as a supplement for local businesses increasing their turnover and benefiting the local economy through the multiplier effects. The fourth listed factor has to do also with the perception of the local community towards the economic benefits for the economy of the island, in terms of new employment. The development of cruise tourism will inevitably lead to the creation of new jobs (maybe also of some seasonal ones) for the efficient management of the increased passenger traffic. Moreover, in the fifth place residents rank the enchantment of their quality of life as the result of cruise tourisms growth in the island. As their income increases and new employment positions are created it is logical for residents to believe that their quality of life will be impacted in a positive way and that their welfare will increase. Only in the sixth place of our list, residents rank one of the negative effects related to cruise tourism; the pollution of the coastal and marine environment and the measures that should be taken to restrict it, while in the seventh place residents place a factor again related to the cultural impact on the island, which is the upgrading of the cultural events that will take place at the island due to the cruise tourism expansion. Finally, in the last three positions residents choose to place their worries related to the other negative effects generated by cruise tourism such as the increase in the prices of the products and services as a result of their increased demand, the deterioration of flora and fauna and the increase in urban waste due to the increased consumption.

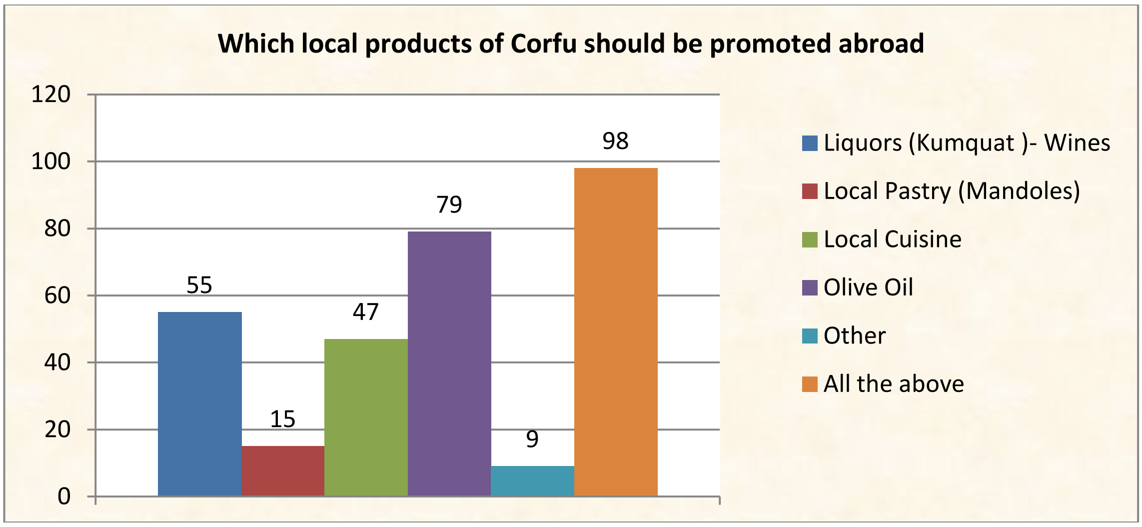
Finally, in the last session of the residents survey, the latter were asked to denote which are in their opinion the major advantages of Corfu, that act as a magnet for cruise tourists and for tourists in general and which of these along with the numerous local products should be used to promote and brand the destination more intensively abroad. Based on the respondents' answers the results are the following; as far as the advantages of Corfu Island are concerned the 16.8% of the surveyed believes that history and culture is the most significant one, the 42.2% believes that it's the natural beauties of the island, 5.9 % believes it is the local products, 4.6% believes that it is the local cuisine while a 28.4% believes that it is a combination of all the above. Regarding the promotion of the destination abroad, the 19.1% of the respondents think that history and culture should be placed at the top of the promotional agenda, 23.8% believe that the natural beauties is the most appropriate way to brand the destination abroad, 15.5% consider the local products as the means for Corfu's proper recognition, 6.9% believe that local cuisine will establish the destination whereas 34.7% thinks that with a combination of all the above proper branding will be achieved. In conclusion, 18.2% of the respondents consider that local liquors (Kumquat) and wines should be more intensively promoted abroad whereas 5% support the promotion of local pastry (mandoles), 15.5% the promotion of the local dishes and of the local cuisine, 26.1% the promotion of the local olive oil, 3% the promotion of other products (soap, dairy products, hams) and a 32.3% supports the promotion of all the products produced in Corfu. The results are also depicted in the following three graphs.




**Graph 17**: Which are the major advantages of Corfu?




**Graph 18**: Which characteristics of Corfu should be promoted abroad?




**Graph 19:** Which local products of Corfu should be promoted abroad?

### *4.4 Cruise Passengers Satisfaction Survey in Port of Corfu*

"But islands can only exist
If we have loved in them"
("Islands", Derek Walcott)

In order to have a clear picture about the facilities and services provided to the cruise passengers visiting the port of Corfu, we conducted a satisfaction survey which was addressed to them. The latter are visiting the port for only a few hours however, their opinion is equally important as it reflects the experience they had at the island. The pictures they gathered, the services they were provided along with the attitude the local people welcomed them will play a significant role in the formation of their perception which in turn will determine whether sometime they will return to the destination or even if they will encourage their friends and families to visit it too. Besides, destinations that offer poor or average experiences to cruise passengers are sooner or later erased from the itineraries of the cruise operators, as the latter pursue the optimum satisfaction levels for their clients. The antagonism in the cruise market is fierce so it is not at all difficult for them to change their itineraries as there are numerous other destinations that remain relatively unexploited or even unexplored.

The survey took place at the port of Corfu in parallel to the one conducted for the local community of the island. The constructed questionnaire was distributed in three languages, in English, Spanish and Italian due to the multiethnic and very diverse passenger audience at which it was addressed. Moreover, the questionnaire contained 26 questions which were divided in four sections. The first section included 7 questions in relation to the socio-demographic characteristics of the cruise passengers, the second was dealing with the activities they undertook during their port stay and their expenditure behavior, the third one focused on questions regarding their satisfaction with the port and city services whereas the last section was asking more general questions, containing also one about their on board experience.

Before the commencement of the survey we run a mini pilot test, where no problem was reported, so the distribution of the questionnaires started normally. Respondents were selected again randomly, from the ships that called the port during the period of our survey. In order to reach a wide range of visitors, the distribution followed two processes; on the one hand as a considerable percent of the cruisers took part in the organized excursions around the island a sufficient number of the sample had to be taken from them, so as soon as the coaches were filled, an announcement for the purpose of the study was made by the author and then the questionnaires were given to the tour guides who after the completion of tour (on their way back to the port) distributed them to the passengers to fill them in. On the other hand, the author accompanied by one volunteer who was specifically instructed on how to present the research, collected samples at the terminal of the port from passengers who were returning back to the ship. We chose to distribute the questionnaires in this way, because it was important for us, the visitors to have formulated an overall experience about the city and the port, being therefore more capable to respond to the questions in an accurate way. In total, 285 fully responded questionnaires were acquired.

After the completion of the data collection phase their analysis and their interpretation began. With regard to the demographic characteristics of the cruisers the results showed:

**Table 13: Gender of Cruisers**

| Gender: | Male | Female |
|---|---|---|
| | 52.3% | 47.7% |

**Table 14**: Age distribution of cruisers

| Age: | 18-25 | 26-35 | 36-45 | 46-55 | 56 or more |
|---|---|---|---|---|---|
| | 3.2% | 17.9% | 24.6%. | 31.9%, | 22.5% |

The most surprising finding is that, the so called “third age” (56 or more) which used to be the dominant age group that cruised is classified in the third position. As it can be observed from the distribution of the age groups, cruising is not any more an exclusive vacation option of the elderly; on the contrary people of all ages seem to choose it nowadays. However, still there is a tendency for older and mature ages, with the young cruisers’ share being still relatively small.

**Table 15**: Educational Level of respondents

| Educational level: | Lower than High-School | High-School Diploma | Bachelor Degree | Master’s Degree | Doctoral Degree |
|---|---|---|---|---|---|
| | 4.2% | 16.8% | 51.2% | 24.6% | 3.2% |

**Table 16**: Employment Status of respondents

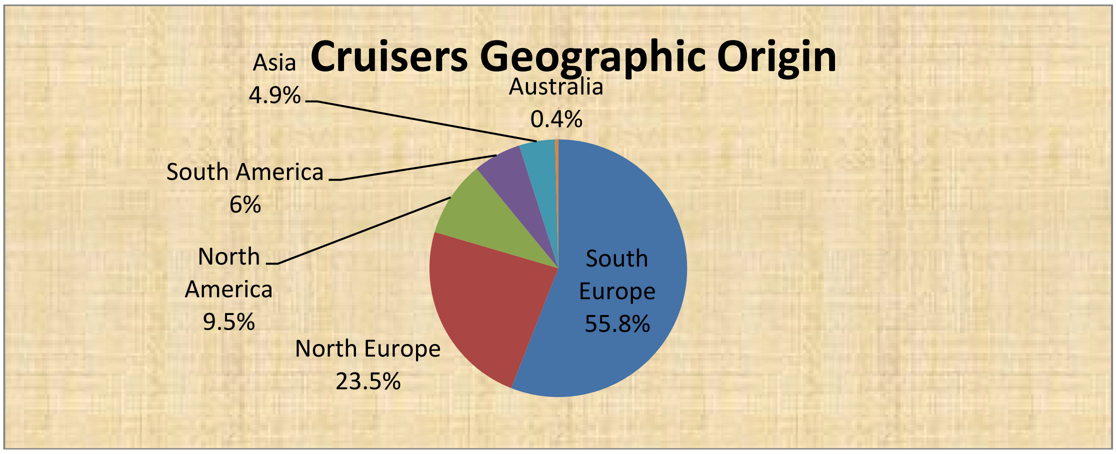
| Employment Status | Fully Employed | Retired | Part-Time Employed | Unemployed |
|---|---|---|---|---|
| | 74.2% | 17.6% | 6.4% | 1.8% |

**Table 17**: Annual income of cruisers

| Annual Income: | 0-25,000€ | 25,001-50,000€ | 50,001-75,000€ | 75,001€ or more |
|---|---|---|---|---|
| | 25.3% | 42.5% | 22.8% | 9.5% |

The three listed tables above are useful to extract important conclusions regarding the demographics of cruisers. Apart from their high level of education and the high employment rates cruisers which were more or less awaited, particular attention should be given in their annual revenues. Although most of the cruisers that took part on the survey seem financially sound, one thing must be noted on the occasion of the afore-listed results ; “cruisers are not as rich as they used to be”, meaning that the cruise industry has changed from being destined only for the elite to attract nowadays passengers of all economical backgrounds. Cruise lines in order to be competitive in the international market, implement competitive pricing, offering discount packages and offers to their clients attracting in such a way a very diverse clientele. Besides that, the transformation of cruise tourism into mass tourism has its consequences, one of which is that as we are going through a severe economic crisis, people all around the globe are most likely to face to a bigger or lesser extend an economic crunch. Therefore, mass cruise operators are the ones who have to adjust to what their clientele can afford and not the other way around, as the latter can survive without cruising while the former cannot without cruisers.

Cruising is still a favored couples destination as the 56.1% of our sample stated to travel with his/her partner whereas the 27.7% said to travel as a family and a 16.1% as an individual (or with friends). Apart from couples who are obviously travelling with one more passenger the other two categories reported to travel on average together with another 2.12 passengers. As far as the geographic origin of the sample is concerned, cruisers came from:




**Graph 20**: Geographic Origin of Cruisers

As it can be seen from the aforementioned results, Europeans represent the 79.3% of the whole sample meaning that the European cruise market is mostly preferred by Europeans themselves. More analytically, 41.4% came from Spain, 9.1% came from U.S.A, 7.7% came from England and Italy, 6.3% came from France, 5.6% came from Austria, 2.1% came from Germany and Russian while the rest 18% came from other countries around the world (amongst which Norway, Portugal, Peru, Ecuador, Malaysia, Japan, Australia).

In the second section of our survey, the first question was related to the motives that led them to take this particular cruise package.

**Table 18**: Motivation to take the particular cruise package

| Motivation to cruise | Natural Beauty-Climate | History-Culture | Itinerary | Fun-Relaxation | Other |
|---|---|---|---|---|---|
| | 14.5% | 35.4% | 33% | 14.4% | 0.7% |

The results from the 285 surveyed, confirm the high diversity of the cruise clientele and the very diverse criteria with which the latter chooses its cruise package. Cruises can offer very different experiences to their passengers, being able in such a way to attract in the same vessel cruisers with differing likenesses and tastes. Besides that however, the findings also show that passengers are well informed about the characteristics of the places they will visit, as along with their responses, some also commented that “Corfu is a cultural and historical crossroad which everyone should visit once in a lifetime” or similarly “the beautiful nature and the mild climate you come across Greek islands inspires you to travel constantly in order to discover new unique destinations” and “the multi-cultural characteristics of Corfu intrigue the visitor who wants to admire the accomplishments of important civilizations". As the overwhelming majority of cruisers visited Corfu for the first time (95.8%), with only 1.4% having cruised to it before, a significant 55.4% of them, chose to discover the island by participating in an organized excursion around the island. The rest 44.6% preferred to discover Corfu on their own. Among those who took part in a land excursion the majority visited Mon Repo, Achilleion, Plaiokastritsa and the church of Saint Spyridon. The others either visited some of the abovementioned sites on their own either went to the beach either visited the museums or they went to the city center directly. On average every cruise passenger of the sample visited 1.6 sites of the island.

Further on, we asked respondents to state the repartition of their expenditures during their stay at the port of Corfu. Their average expenditures in a series of categories are depicted in the following table.

**Table 19**: Average expenditures of cruise passengers in Corfu

| Categories | Average Expenditure |
|---|---|
| 1. Food and Beverages | 18.9€ |
| 2. Attractions | 2.6€ |
| 3. Transportation | 10.4€ |
| 4. Shopping(souvenirs-clothes-jewelry etc.) | 27.5€ |
| 5. Tours not sponsored by cruise lines | 1.6€ |
| 6. Miscellaneous | 5.2€ |
| **Total average expenditures** | **66.6€** |

Therefore, as we can see from the above table the average expenditures per cruiser visiting the port of Corfu is estimated at 66.6 €. Cruisers make most of their expenditures for shopping spending on average 27.59€, while the next following expenditure category is that of food and beverages were they spent 18.9€. Moreover, transportation expenses, basically for those that did not participated in any excursion are estimated at around 10.4€ while considerably fewer expenses are observed for attractions, only 2.6 € on average and for tours not sponsored by the cruise line, 1.7€ respectively. This can be highly attributed to the fact that the passengers who wanted to visit the various sites of the island most likely chose to participate at the excursions organized by the cruise lines where all expenses were included in the prepaid price. So, only those who visited them by themselves or preferred to go to others that were not included in any excursion had to spent additional money. Finally miscellaneous expenses were estimated at about 5.3€.

Finally, in this section passengers were asked if they had been harassed in any way somewhere during their visit in Corfu. With the exception of 8 cruise passengers who declared such a thing (5 at the shopping area, 2 at the beach and one passenger on the road) all the other indicated that they felt perfectly safe during their stay.

Further on, in the third section, questions with regard to the cruise passengers' satisfaction with port and city facilities took place. These questions asked from them to rate in a five point scale (as in the local community's survey) services such as the port facilities, the bars and restaurants of the island, the guide tours[3], the shopping facilities, the transportation services, the friendliness of local people and finally "other" provided services. The results of their responds are presented in the following table.

**Table 20**: Cruise passengers' evaluation on the services and facilities provided at Corfu.

| Services | Bad | Poor | Fair | Good | Very Good |
|---|---|---|---|---|---|
| 1. Port Facilities | 3.5% | 2.8% | 28.4% | 58.2% | 7% |
| 2. Bars-Restaurants | 0%% | 7.4% | 41.8% | 46% | 4.9% |
| 3. Guided Tours* | 1.3% | 3.5% | 21.7% | 49.6% | 23.9% |
| 4. Shopping Facilities | 0.7% | 6.0% | 45.6% | 45.3% | 2.5% |
| 5. Transportation Services | 2.5% | 14.7% | 53.7% | 25.6% | 3.5% |
| 6. Friendliness of locals | 0.4% | 2.1% | 16.5% | 63.2% | 17.9% |
| 7. Other Services | 0.4% | 11.2% | 58.6% | 29.8% | 0% |

With regard to the port facilities a cumulative 65.2% of the respondents were highly satisfied with the organization and the services provided. Characteristically, a passenger stated that "Corfu is the best organized cruise port in Greece we have visited so far" while another said "from my several cruise experiences I must admit that the port of Corfu is one of the most contemporary cruise ports in Eastern Mediterranean". In the antipode, from those passengers that were dissatisfied or poorly satisfied (6.3%) one from Pullmantur's Zenith, which was on anchorage, stated "the need for additional docks in the port of Corfu is eminent, as our disembarkation was a very time consuming and tiring procedure" while another said that "for cruisers coming from countries outside Schengen, the identity verification procedure is too lengthy; we practically lost an hour waiting". Apart from the last remark which refers to a procedure that port authorities must follow mandatorily, according to the ISPS regulations, the other ones illustrate the different levels of convenience and comfort cruisers enjoy depending on whether their ship will dock or it will stay on anchorage. The existence sufficient infrastructure to accommodate cruise ships in order to provide equivalent quality of services to all passengers is of paramount importance.

Similarly, more than half of the respondents (50.9%) reported to be satisfied with the bars and restaurants of Corfu. "The traditional dishes we tasted were something out of ordinary and a savorous experience that will mark our trip to Corfu" one cruiser said while someone else commented that "the Mediterranean cuisine combines the healthy nutrition with the finest and most delicious tastes". On the contrary some of those who characterized restaurants as poor stated that "the food was good however, we wanted to taste something more original; restaurants should utilize the island's local products". Overall, as cruisers seem to seek traditional tastes and therefore restaurants should take this into account and focus more on that direction.

[3] Cruise passengers travelling with Thomson Majesty which uses the Corfu Port as a homeport did not take part in any organized excursions so they could not rate this particular service.

As far as the guided tours are concerned, some of the satisfied cruisers stated that "tours were well organized, allowing us to get a taste of the major island's attractions" as well as others made particular reference about the tour guide's professionalism stating "our tour guide was exceptional; she was very friendly and highly qualified". On the contrary, some negative remarks were made with regard to the public transportation services where cruisers stated "the distance to the city is too far to walk and the buses are too small and too scarce" while another one said "we waited more than half an hour for the bus and finally when it came it was full; so we had to walk to the port". As we also stated earlier, the deficiencies presented in the public transportation should be rectified to serve the passengers needs in order to facilitate their movements around the city and to the port.

In general, the high levels of satisfaction that cruise passengers gained, as we observed in the afore-listed table, also from all the other provided services and facilities at the island justifies why the majority of cruise passengers reported to have a pleasant experience in the island of Corfu. Cruisers stated "everything was perfect; we had an unforgettable experience", "Corfu was a magical destination that everyone should visit sometime" and "we enjoyed our stay in Corfu very much and we would like to thanks locals for their hospitality". In the following table we can observe more analytically how cruisers rated their experience:

**Table 21**: Cruise Passengers' experience in Corfu

| Cruisers' Experience | Bad | Poor | Fair | Enjoyable | Most Enjoyable |
|---|---|---|---|---|---|
| | 0.0% | 1.1% | 18.2% | 59.3% | 21.4% |

In the question if they would return sometime for terrestrial vacations in Corfu, cruisers responded:

**Table 22**: Cruise Passengers' likelihood to return in Corfu for terrestrial vacations

| Likelihood to return | Not at all likely | Not too likely | Somewhat likely | Very likely | Extremely likely |
|---|---|---|---|---|---|
| | 9.1% | 29.8% | 42.8% | 16.8% | 1.4% |

The enjoyable experience most cruisers had predisposes a considerable percent to return sometime in Corfu. As a passenger very accurately denotes "with a cruise you get a general idea of the destinations you visit and then you can return in the places you enjoyed the most, based on the information and experiences you gathered; I will definitely return to Corfu".

Despite their likelihood to return in Corfu or not, respondents were asked if they would suggest the island to their friends and relatives. The results showed:

**Table 23**: Cruise Passengers' likelihood to recommend Corfu

| Recommend Corfu | Not at all likely | Not too likely | Somewhat likely | Very likely | Extremely likely |
|---|---|---|---|---|---|
| | 0.4% | 3.9%% | 23.9% | 48.8% | 23.2% |

The fact that a cumulative 95.9% of the respondents stated that is somewhat likely to extremely likely to recommend Corfu to others is a very positive outcome, as the word of mouth is an equally important marketing technique for branding a destination. The personal experience cruisers had, if communicated to others may motivate them also to visit sometime Corfu. Finally, when asked to rate the port of Corfu in comparison to the other ports they had visited so far cruisers responded:

**Table 24:** Cruisers' rating for the Port of Corfu in comparison to others

| Rate Port of Corfu in comparison to others | Worse | About the Same | Better | Much Better |
|---|---|---|---|---|
| | 8.7% | 56.5% | 31.7% | 3.1% |

In the last section of our research we asked cruise passengers some questions regarding their cruise experiences. The average duration of the cruisers voyage at sea was estimated to last about 7.8 days. With regard to the port of their embarkation the majority of passengers started their cruise trip from Venice (41.8%), while the rest embarked from a range of different ports across the Mediterranean amongst which were the port of Bari (16.1%), Piraeus port (17.5%), port of Corfu (19.3%) and 5.3% in others. Among the destination passengers visited or they would visit next in their cruise trip the most popular were Santorin, Piraeus, Dubrovnik, Katakolon and Kusadasi while other less popular were Mykonos, Istanbul, Kotor, Split and Ravena. As we found out after the analysis of the data a considerable percent of the cruisers surveyed, were cruise repeaters (40.7%) having cruised on average 1.3 times (apart from their current trip) while the rest 59.3% were first timers. A noteworthy fact coming from our analysis is that there were 2 respondents that had cruised 12 times before. Moreover, 52 cruisers of our sample travelled with Ibero Cruceros Semana Santa III, 95 with MSc's Musica, 56 with Pullmantur's Zenith, 27 with Silversea's Silver Spirit and 55 with Thomson's Majesty.

Moreover, we asked cruise passengers to rate the facilities and services on board to ascertain whether the high satisfaction levels the cruise lines "promise" correspond with the perception of our respondents. The results are presented in the following table.[4]

**Table 25:** Cruise Passengers satisfaction on board

| On board Services | Bad | Poor | Fair | Good | Very Good |
|---|---|---|---|---|---|
| 1. Food | 0% | 3.9% | 22.6% | 58.3% | 15.2% |
| 2. Entertainment | 0% | 1.3% | 7.0% | 58.7% | 33.0% |
| 3. Cabins | 0.4% | 0.9% | 15.7% | 57.4% | 25.6% |
| 1. Shopping Facilities | 0% | 3.0% | 32.2% | 53.9% | 10.8% |
| 2. Special Events | 0% | 1.7% | 17.0% | 57.0% | 24.3% |
| 3. Friendliness of crew | 0% | 0.9% | 1.7% | 33.9% | 63.5% |
| 4. Other Amenities | 0% | 1.7% | 31.7% | 57.0% | 9.6% |

Indeed as it can be seen, most passengers indicated with their responses that the quality of the provided services and facilities on board satisfied their expectations to a high extend. However, the high satisfaction levels are not absolute among cruisers as the cruise lines argue, as there were few that rated their experience as average implying that especially in some categories the services could be better.

[4] Again cruise passengers travelling with Thomson's Majesty could not take part in this section.

More particularly, regarding the food services on board, a cumulative 73.5% stated to be highly satisfied with the buffet dinning style and the variety of dishes provided by cruise lines. From the less satisfied (26.5%) cruisers one stated that “despite the variety of the dishes provided, the menu is repeated every two days” while another one said that “it would be more preferable to have separate restaurants offering different cuisine instead of a main buffet serving all kinds of food”. Even more satisfied they were with the entertainment they had on board as the 91.7% was pleased with the diverse forms of entertainment offered. As a cruiser stated “you can practically do anything on board; from drinking beverages while gazing the beautiful sky to dancing and celebrating in one of the many bars the vessel has”. Again as far as the cabins were concerned a cumulative 83% highly enjoyed their stay at them. According to their remarks “all kinds of cabins were spacious enough, tidy and most importantly clean”. Less satisfied were the passengers overall, with the shopping facilities on board, as a sufficiently larger share of passengers (35.5%) rated them from poor to fair. However, the majority (64.7%) still found them good or very good. The special events organized by the cruise lines on board, pleased cumulatively the 81.3 % of the passenger to a large extend, as according to their remarks (from all vessels) every night a different theme event was organized. Characteristically, one passenger from MSc’s Musica who shared his experience with us said that “the special events are the best part of the cruise as until now the crew organized a Beatles night, a Latin dance show and a Dj set which were all extremely amusing”. The category with which almost all passengers were highly satisfied was the one regarding friendliness and kindness of the crew as with the exception of 6 cruisers all the rest indicated that their services were of the finest caliber. A cruiser noted “the crew was extremely nice to an extent that we thought we were being pampered” and someone else added “apart from the fact that the crew services you 24-7, they always have a warm smile, willing to help you or to assist you with anything you desire. Finally, regarding the other amenities included in the cruise lines service to their passengers the latter indicated at a 66.6% that they were good to very good. Based on their descriptions all vessels featured pools, playgrounds for children and gyms while some others also had cinemas and casino. Overall, in all categories included in the questionnaire, way more than half respondents said to be sufficiently satisfied regarding the former as above average or extremely good.

As a capstone to the aforementioned findings cruisers when asked to rate their overall experience on board their responses indicated that:

**Table 26**: Cruise Passengers’ on board experience

| On board Experience | Bad | Poor | Fair | Enjoyable | Most Enjoyable |
|---|---|---|---|---|---|
| | 0% | 2.6% | 9.6% | 53.5% | 34.3% |

Cruise lines maintain generally, the high satisfaction levels for their clients trying to gain their loyalty, because as we found ourselves, a considerable percent of them has cruised before or intents to do so in the future.

### *4.5 SWOT Analysis for the island of Corfu*

After the analysis of the current situation and of the results from the two surveys we conducted on the island of Corfu, we can now denote which are the strengths and weaknesses of the island with regard to the services and facilities provided to the cruise visitors. In combination with an analysis of the chances and threats that are presented in an international and complex environment we can use it as a powerful tool for the implementation of a cruise strategy that will offer a long lasting and sustainable growth for Corfu and its local community.

**Strengths of Corfu**

1. Geographical position
   Corfu for many centuries had been due to its unique geographical position an important marine node between East and West. Nowadays its strategic position can play again a crucial role, this time for the development of a totally different sector; the cruise sector. As cruise lines have excluded from their itineraries, destinations in the Northern Africa which used to be very popular (Algeria, Tunisia, Egypt) due to the political imbalance that exists, they try more systematically to penetrate in emerging markets and more particularly in the Eastern Mediterranean which until recently was underexploited. In such a way the island of Corfu is somehow privileged, because its position is between the ageless Adriatic market which in the last decade is experiencing considerable levels of growth in terms of cruise traffic and the developing Greek market. Therefore, as a sufficient number of cruiseships, with itineraries including destinations across the Eastern Mediterranean, use as homeports, ports of the Adriatic such as Venice, Trieste or Bari, Corfu's position is in a crossroad from where these ships inevitably will pass. Many if not all cruise lines sailing in the region have already included Corfu in their itineraries which is usually their first call in the Greek seas. A further exploitation of this geographical advantage is capable of benefiting even more the development of cruise tourism in the region.

2. Local Community's Perception towards cruise tourism
   The research conducted in the local community of Corfu demonstrated that the 88.1% of the residents participating in the survey have a positive perception towards the development of cruise tourism in their island. After all, residents consist of the larger stakeholder in the island whose attitude would definitely influence or even determine the success of that development. If local community did not approve it then its durability would be questionable, as neither the cruisers nor the cruise lines would be satisfied with their experience on the island. On the contrary however, the negative externalities arising from such a development are at least for now overlooked by the majority, as residents seem to focus more on the positive effects cruise tourism has, seeing it as the means for their infrastructural, economical and cultural enhancement. Therefore, their support will also be a crucial factor for the further development of cruising in the island.

3. Historical- cultural heritage
   As the results of the two surveys illustrated, both visitors and residents with a 35.4% and a 16.8% respectively, acknowledged the importance of the historical and cultural heritage the island carries. The multiethnic and diverse

civilizations and cultures that were developed since the ancient times at the island have left their mark until nowadays. In such a way the old with the contemporary co-exist in a harmonic way amazing the visitor. The multiple touristic sites (Mon Repo- Achilleion – Saint Spyridon church) in combination with the historic center of the city of Corfu which is a monument itself (and since 2007 is also an UNESCO cultural heritage site) act as a magnet for the attraction not only of cruisers but of all kind of tourists around the world.

4. Natural Beauties- Climate
   Similarly, as both surveys indicated, the natural beauties and the climate of Corfu are a major strength of the island. From the perspective of the local community these are the characteristics that should be promoted more intensively abroad, while according to the cruise passengers the 14.4% of them chose that cruise package for this reason. Corfu has an incredibly wild and pristine nature of which cruisers just get a glimpse during their stay. In addition to the weather conditions which until the late November permit to the cruise lines to operate in the region, the extension of the cruise tourism period is possible.

5. Port Facilities
   The answers of both surveyed categories converge, regarding the adequacy of the port facilities. On the one hand the 93.6% of cruisers while on the other hand the 74.6% of the local community rated the port facilities from fair to very good. Despite the fact that the local community was a bit harsher on its ratings, it is generally acknowledged among them that the port authorities have made a lot of effort in developing the infrastructure to accommodate an increased number of cruise ships and passengers each year. On an administration level also, the C.P.A has shown in practice their willingness to transform Corfu to an important cruise node in the Mediterranean basin, participating in various international conferences, commencing synergies with other foreign but also local ports strengthening in such a way the competitive position of Corfu in the international cruise market. However, the encouraging abovementioned results must not bring complacency to the port authorities neither negate the considerable efforts they have to put, in order to maintain the competitive position they hold in the cruise market.

6. Friendliness of local people
   As we noted earlier in this section the attitude of local people towards to the cruise visitors of the island plays an important role in the latter’s experience. The way they are welcomed, the way they are treated and the way the will be serviced is a crucial factor that formulated the perception of the cruise passenger. As our research illustrated, indeed the local population was very friendly and warm with the cruise tourists. More than 80% of them consider that residents of Corfu were very hospitable and helpful.

7. Guide Tours
   The 55.4% of the cruisers participated in one of the organized excursions and more than 90% of them indicated that they were satisfied from the provided services. Similarly more than 70% of the residents believe that guide tours offer services of good quality to cruisers. Besides, Corfu has so many sites suitable for exploration that tour guides have multiple routes to

choose from. However, the professionalism with which they do their job touristic agents, tour guides and bus drivers is noteworthy and consists of a major advantage for the island as cruisers' main on shore activity are the guided tours

8. The plethora of local products
   Corfu has a rich production of various local products. The mild climate in combination with the fertile soil favors the cultivation of a plethora of products, some of which are unique around the world. The rare red wine variety called "Petrokorithos" with the characteristic aroma, the infamous liquor cumquat which comes from a special variety of Chinese mandarins, that the English brought to the island first, during the colonization period and since then are cultivated in the island, the local pastry called "mantoles" along with the high quality olive oil are some of the products that could be promoted internationally and become synonymous to the island of Corfu.

9. Overall satisfaction of cruisers
   According to the responses gathered from cruise passengers, the 80% stated that they had an enjoyable or even the most enjoyable experience in the island of Corfu. Added to that, from the 285 surveyed the 61% expressed their willingness (to a bigger or to a lesser extend) to return for land vacation in the island sometime while almost 96% said that it is somewhat likely to extremely likely to recommend Corfu to their friends and relatives. As their experiences will travel with them back to their hometowns, Corfu has the unique chance for a word of mouth advertisement which is equally important as it can introduce the destination to a share of the touristic market that is not accessible, encouraging in such a way more people to visit it.

**Weaknesses of Corfu**

1. Infrastructural Deficiencies
   Based on the remarks gathered from the two surveys conducted, but also from our own observations during our stay at the island of Corfu the following infrastructural deficiencies were observed.

   In the city:

- Lack of sufficient road infrastructure. The roads are too narrow, hardly maintained and therefore unsafe for driving.
- Direct consequence of the lack of a sufficient space for the development of road infrastructure, is also the lack of pavements in many places of the city (mostly in the coastal area), making walking a dangerous case, for pedestrians. Added to that special care for handicapped people is not taken.
- Lack of sufficient parking places around the city and at the touristic sites such as Mon Repo and Acheillion creating considerable congestion problems.
- Lack of touristic guide signs (with maps and other information about the sites, museums) around the city as well as in the port. Cruise passengers can be easily lost in the labyrinthine alleyways of the city.

- Lack of public toilets in the city and around the busiest places of the island.
- Insufficient number of buses in the line serving the port which in combination with their low frequency do not offer the capacity needed to fit all passengers.
- Lack of garbage, recycling bins in a close range from each other that will enhance the cleanliness of the city and will absorb the increased urban waste which is a result of the increased passenger traffic on the island.

At the port:

- Lack of a touristic information kiosk for vessels not approaching at the jetty.
- Lack of a first aid station in the port premises.
- Lack of a shelter in the berths of the port, for a safer and more convenient disembarkation/embarkation of the passengers during the rainy days.
- Creation of additional berths to meet the increased number of cruise ships arrivals.
- Lack of stores with local products in the port facilities.
- Lack of a hall for cultural, historical and other exhibitions allowing cruise passengers to entertain and enrich themselves during their stay at the terminal.

2. Lack of strong port- city relations
   The lack of strong relations between the city and the port is a major weakness for the island that should be looked into. Those authorities should be in close cooperation, instead of working separately in matters of touristic policy. A combined effort could promote more efficiently the positive characteristics of the island abroad, reinforcing its competitive position in the international cruise market. Therefore also local authorities of the island should participate in international cruise conferences promoting Corfu as a cruise destination. Added to that, together they should discuss their future plans for the enhancement of the facilities and of the infrastructure in the city as well as at the port, making an overall strategic plan. Priorities for the future development should be posed and deficiencies should be confronted according to their importance. A relationship based on mutual understanding, constant communication and confidence should be built. Further on, those authorities in the occasion of cruise ships arrivals at the island could organize various cultural and historical events around the city and the port area entertaining in such a way cruisers and allowing them to see something different during their stay.

3. The insufficient exploitation of the potential advantages the island has
   Corfu features many characteristics that remain unexploited and which the cruise passenger will never have the chance to know even if they wanted to. All the excursions and the mentality in general, of those involved in the touristic business are focusing in the emergence of the most touristic sides of the island. However, nowadays cruise lines attract a very diverse clientele which has very diverse tastes and desires to do or see original things in the destinations it visits.

The island is suitable for offering experiences like that as it features the pristine nature for off road trips, agricultural areas where local products are produced, picturesque villages, shipwrecks and underwater caves with unique biodiversity. Therefore, courageous efforts should commence (from the private or the public sector) for the renewal of the excursions offered and for the promotion of an alternative Corfu which remains unknown not only to cruise passengers but to the whole tourism sector. The promotion of new characteristics will also give a new potential for growth as it may attract a specified share of the touristic market.

**Opportunities for Corfu**

1. Lift of cabotage
The recent lift of the protectionist policy of cabotage in Greece, is expected to benefit considerably the Greek cruise market, which the last four years is experiencing an upward trend. The abolition of the restrictions embodied to that law will increase even more the cruise ship traffic, the passenger arrivals but also and maybe most importantly it will give the chance to Greek ports to become themselves homeports. As we have noted earlier in our study the economic benefits for a homeport in comparison to a port of call are six or seven times greater, so in such a way the prospects for the development of the ports but also of the enhancement of the economic impact generated to the local communities is evident. This fact consists of a major opportunity for the port of Corfu as it already meets most of the criteria cruise lines demand from a homeport. Characteristic of its potential to become such a port, is that immediately after the lift of cabotage, since May 2012, the cruise operator Thomson was the first line that used the port of Corfu as a homeport for some of its Mediterranean itineraries opening the way for others to follow. In the meantime the port authorities should commence procedures that will enhance the provided services offered to cruise lines and their passengers, being in such a way more appealing and more attractive to them.

2. The considerable economic benefit for the local community
As we estimated earlier in our study, cruise passengers in the island of Corfu spent on average 66.6€ for food and beverages, transportation, shopping, attraction, tours and other expenses. This estimation allows us to make a rough approximation of the total economic impact generated for the local community of Corfu. Taking also into account that for 2012, 630,000 cruise passengers are awaited to disembark at the island and that cruise lines according to C.P.A spend in total, 82 million in goods and services during their stay at the port (Vlachos, 2012), the total economic impact is:

**Table 27:** Revenues for Corfu from cruise passengers and cruise lines expenditures for 2012

A. Revenues from cruise passengers = Number of passengers awaited* Average Cruiser’s Expenditure = 630,000 * 66.6€ = 41,958,000 million €
B. Revenues from cruise lines expenditures = 82 million €
C. **Total direct impact** = A + B = 123,958,000 million €

However, these 123,958,000 million generated in the local economy of Corfu consist only of the direct effect from the expenditures of the two abovementioned actors. As Stefanidaki and Lekakou indicate in their study cruise ships economic impact is diffused in the local economy through an income multiplier effect (Stefanidaki & Lekkakou, 2011), which another Greek researcher, Tsartas, estimated it to have a value of 2.18 for the Greek islands (Tsartas, et al., 2010). As he points out, the income multiplier is considerably higher in Greek islands than in other destinations around the world. So the islands revenues if we consider also the income multiplier will be:

**Table 28:**Total revenues for Corfu estimated with the income multiplier for 2012.

**Total Impact** = Revenues from cruisers* Income Multiplier + Revenues from cruise lines* Income Multiplier = 91,468,440 + 178,760,000 = 270,228,440 million €

As it can be understood the above estimated amount is considerably high transforming the cruise sector as one of the basic pillars of the local economy. Especially, in the current economic crisis concurrence that Greece and consequently Corfu is going through, the generated revenues from the cruise passengers' expenditures benefit and support significantly the local businesses and the local community in general. Therefore, if Corfu port manages to increase even more the cruise passengers arriving at the island, and the local community manages to maintain and upgrade the provided facilities in order to handle the increased passenger traffic the above estimated economic impact will be even greater.

3. <u>Attraction of premium and luxury cruises</u>

Each cruise destination has to distinguish, on a first level what type of cruise tourism it wants to attract, while in a second level it should develop an analogous profile to promote the destination abroad. Apart from the mass cruise tourism category that is already attracted to Corfu, an expansion to new cruise markets could be possible. According to the local community the 61.5% of the respondents, believe that in a bigger or lesser extent the island can attract cruisers of upper classes with high annual incomes. If this is so, a more systematic effort should initiate for the promotion of the destination as one, suitable for premium and luxury cruises. Such cruises can enhance the economic impact generated, as this type of cruise passengers typically make larger expenditures during their port stay (which is usually longer in duration). However, in order to address successfully to such an audience all the deficiencies and shortages that do exist have to be rectified, as major characteristic of these cruises and of their passengers is the premium quality of services pursued. Corfu as we said earlier, can offer all kinds of experiences to its visitors due to its multiple positive characteristics however, it is the way the destination will be branded and how premium and luxury cruise lines will be convinced to include it in their itineraries; therefore the promotion should be done in the most targeted, organized and efficient way.

**Threats for Corfu**

1. The Financial Economic Crisis
   The financial economic crisis that is bludgeoning the entire European continent and more intensively the counties of the South consists of a major threat for the Mediterranean cruise market as a possible default in any of the countries may destabilize the situation and have catastrophic effects for their populations and their productive sectors. Cruise industry and in general tourism is very sensitive to phenomena such as political instability and insecurity. A characteristic example is the recent developments in the Arab world (Arab Spring), where all cruise lines did not hesitate to withdraw their ships and cancel their itineraries in the region as a result of the insecurity and the unsettled situation that prevailed. If something happened in any of the European countries of the Mediterranean it is most likely that something analogous would happen.

   More particularly, as far as Greece is concerned the political situation in the last two and a half years exacerbates as austerity measures affect seriously its remaining productive sectors. In such a way the political instability, the strikes which are a common phenomenon, the increased unemployment and delinquency affect inevitably the tourist sector and therefore also the cruise tourism. Many of the businesses engaged in the tourism sector do not make ends meet, closing even during the peak season. Therefore, despite the lift of cabotage the uncertainty that exists discourages cruisers to take cruises around Greek islands but also cruise lines to deploy a larger number of ships in Greek itineraries. Luckily for cruisers that do come, the situation in the islands is milder as the latter still survive mainly due to them. The same goes for Corfu which is still holding as a large part of its population is occupied in the tourist sector. Cruise destinations however, cannot do much on their own to improve their position as it is the overall negative climate that affects them.

2. The fierce international- internal competition
   Apart from the international competition among the destinations which is fierce, Corfu will have to deal with a second front too, which is the competition from the internal Greek market itself. After the lift of cabotage many destinations around Greece will desire a share of the lucrative domestic cruise market. Despite the fact that the port of Corfu for the time being is many steps ahead both in terms of infrastructure as well as in terms of administration the emerging Greek destinations might succeed in gnawing some of its cruise share. Added to the fact that cruise lines constantly develop new concepts and new itineraries, penetrating and expanding in new territories, the international competition is awaited to become even strong

## Chapter 5 Case Study at the cruise port of Cephalonia "Argostoli"

### *5.1 Profile – Technical Characteristics of the port of Argostoli*

Cephalonia consists of four major ports each one with particular characteristics. The port of Sami which is the busiest port in terms of passenger throughput, handles most of the domestic and international ferries serving the island while the rest are handled by the port of Poros which is situated in the other (eastern) side of Cephalonia. Then, there is the port of Fiskardo, which is cited as the most cosmopolitan place of the island, serving mostly yachts and occasionally a couple of years back hosted some cruise ships of small or average size (Pathekas, 2012). Finally, there is the port of Argostoli which is situated in the homonymous city and capital of the island and is the place where the last three years almost all cruise ships call.

More particularly, the port of Argostoli as all the other ports of the island is governed by the Municipal Port Fund which is a local port management organization composed of two bodies; the municipality of Cephalonia and the Hellenic Coastguard, which represent the Greek State (Kekatos, 2012). As a port authority has not been established yet, the Hellenic Coastguard on the one hand acts as the administrator and operator of the port, being also responsible for its security, while on the other hand the municipality owns all the assets and is responsible for the development, construction and maintenance of the port facilities (Pathekas, 2012).

In general, Cephalonia is well located on a strategic position from where the main trunk of cruise ships sailing to the eastern Mediterranean passes. Refraining about 500 nautical miles from the port of Venice, which is the major homeport in the eastern Mediterranean and another 100 miles from the port of Corfu which is usually the first port of call for cruise ships sailing to the Greek Seas, the island of Cephalonia stands as a relatively emerging and much promising cruise port in the Ionian Seas (Palasi, K., 2012). Taking advantage of its geographical position and of the considerable cruise traffic that sails nearby its coasts, the island has managed successfully to attract some of the major cruise lines.

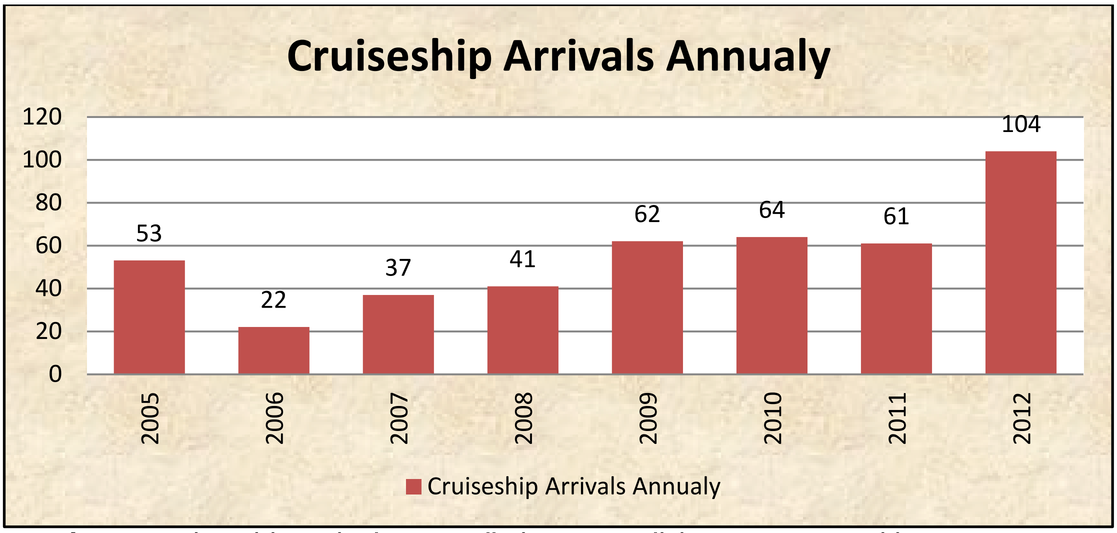
In 2006 Cephalonia, was included in the investment program of the Greek National Tourist Organization for the creation of contemporary and safe mooring and docking facilities in order to enhance the services provided to cruise lines and their passengers (Kekatos, 2012). The project was co-funded by European and National funds with the former contributing 75% of the total expenditure and the latter the rest of the amount with the total investment cost estimated at 5.638.907 euro and the mooring dock being delivered in the summer of 2009 (Troumpetas & Polykalas, 2012).

With regard to the facilities provided to cruise ships, Ioannis Pathekas responsible for administrative and finance department of the port in the personal interview he gave us (Pathekas, 2012), stated that the port of Argostoli features two vessel berths of which only the new mooring dock is able to serve almost all kinds of ships whereas the other is suitable for small or average sized ones. The total length of the quay is 450meters with an average draught of 8 to 10 meters. Operating in a 24 hours basis the port is able to serve three vessels at a time; usually one at the dock and the other two on anchorage. It features a parking station for 15 coaches, a taxi and a public transport station within a 30 meters range. The distance to the city center is less than a kilometer while the nearest international airport is almost 10 kilometers away. As far as the services provided to cruise ships and cruisers at the port are concerned, the latter offers pilotage and towage services while it also implements the ISPS security code. Other characteristics include a tourist information desk as well as free telecommunications (Wi-Fi).

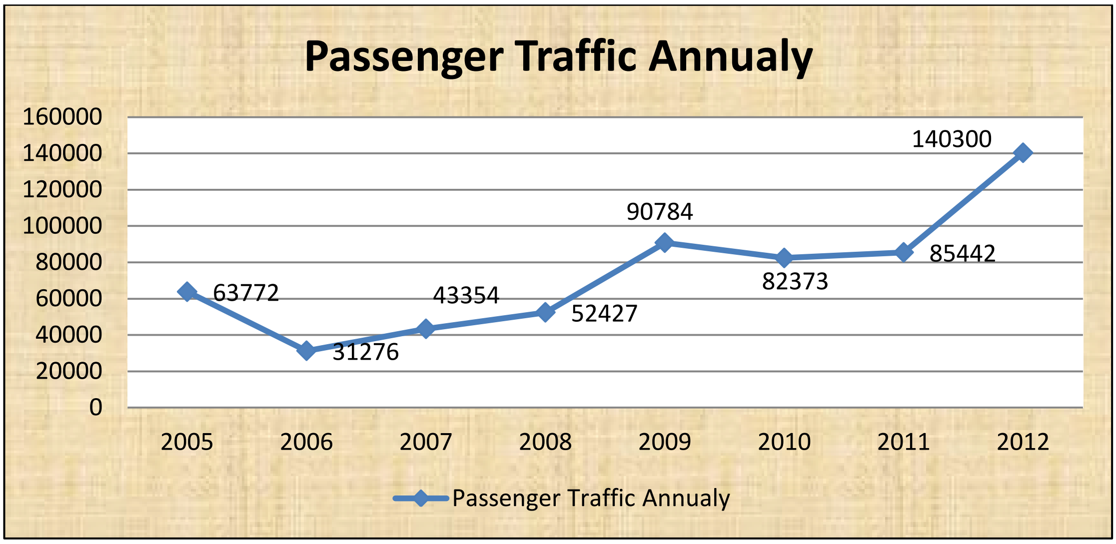
### *5.2 Cruise and Passenger Traffic in the port of Argostoli diachronically*

Cephalonia and more particularly its port Argostoli, is a relatively new cruise destination as it was only seven years back, in 2005, when cruise ships started sailing at its port (Pathekas, 2012). The echo from the success of the book and the film “Captain Corelli’s Mandolin” which was filmed in the island was still vivid and acted as a magnet for the attraction of millions of tourists around the world. For this reason, many cruise lines, observing the emergence of the destination decided to include it in their itineraries despite the fact that it lacked the sufficient infrastructure to host the increasing size of their cruise ships. In such a way, Cephalonia was introduced to the cruise world in 2005, attracting at once 53 cruise ships and more than 63,000 passengers (M.P.F.K, 2005). However, the difficulties and the deficiencies cruise lines faced during their port stay, discouraged them to keep the island steadily in their itineraries .So, in the following three years the island recorded a major decrease in the cruise ship arrivals and consequently in the passengers it hosted (Pathekas, 2012). Occasionally, other cruise operators included it however, not for long as conditions were restricting.

Only after 2008, when the local authorities finally decided to take measures to tackle to some extent the problems faced, with the creation of a jetty able to host almost any kind of cruise ship, cruise operators showed their willingness to come back to the island. So, in 2009 for the first time cruise ship arrivals surpassed the 2005’s performance, reaching 62 in number and 90,784 passengers (M.P.F.K, 2009). For the next two years the performance was stabilized in 2009 levels with small variations in the number of calls and in the passenger traffic. However, the growth presented in 2012 is noteworthy as the estimations talk about a 41.3% increase in cruiseship arrivals and a 39.1% increase in the number of cruisers respectively arriving at the island. (Pathekas, 2012) With more than a hundred scheduled calls and approximately 140,300 passengers expected the port of Argostoli marks the highest percentage increase in the Greek cruise market for 2012 (M.P.F.K, 2012 a).
The percentage increase in the cruise traffic since 2005 is 49% while the one in the passenger arrivals for the same period is 54.5%. As we observe the latter has a higher increase which can be attributed to the ever-growing trend of cruise ships. Characteristically, the vessels arriving at Argostoli in 2005 carried on average 1,012 passengers whereas in 2011 ships carried on average 1,349 cruise passengers, recording an increase of almost 25% (M.P.F.K, 2012 b). The surprising fact is that other cruise destinations around the Mediterranean with more sufficient infrastructure to host cruise ships, endeavor for many more years to reach that number of calls Cephalonia has without achieving it. From that perspective the achievement is of great importance for the island, however, only time can tell if the latter can correspond efficiently to the expectations of the cruise lines and their passengers. Besides that, the small history the island has on cruising has shown that it does not have a steady growth course, on the contrary, a rather instable one, achieving its growth with great leaps rather than with gradual steps. The two following graphs present the cruise ship arrivals and the passenger traffic diachronically for the port of Argostoli for the period 2005 – 2012.

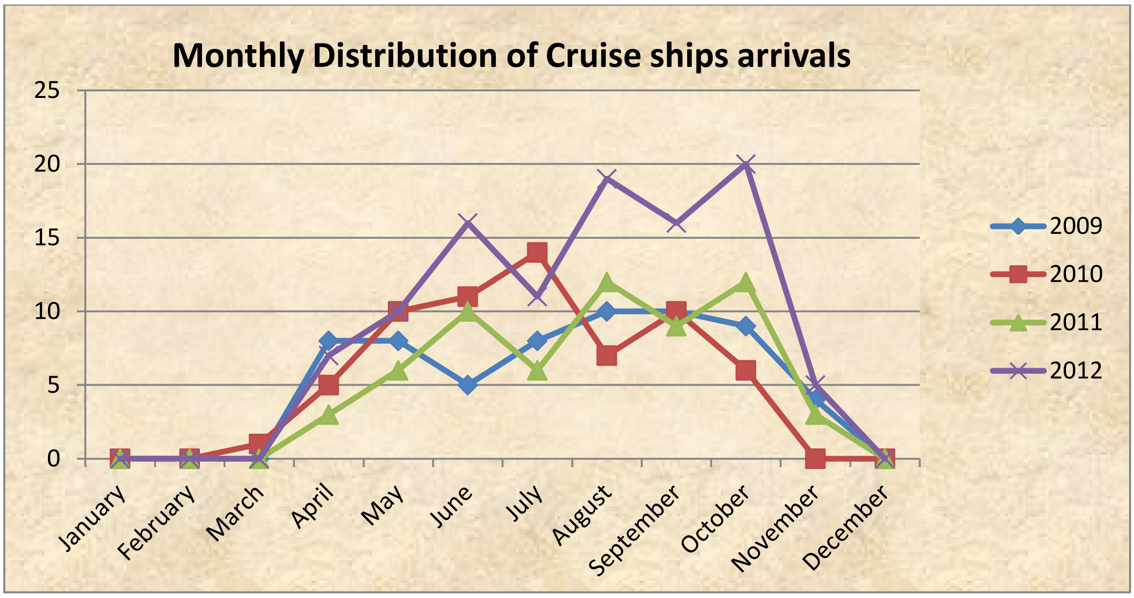



**Graph 21:** Cruise ship arrivals annually in Argostoli (M.P.F.K, 2012 b)




**Graph 22:** Cruise passenger traffic for the period 2005-2012 in Argostoli (M.P.F.K, 2012 b)

As far as the monthly distribution of cruise ship arrivals is concerned (there were not any data about the monthly distribution of passengers in the port of Argostoli), high variations are observed along the years. The cruise ship traffic does not follow a predetermined path, however, the cruise season in Cephalonia starts usually in April in a rather hypotonic way, with only a few calls and lasts until the end of October or the first week of November. Similarly to Corfu, the peak season lasts from May to October as during that period a gradual increase in the cruise traffic is observed. The latter reaches it's peak typically in October however, other months have occasionally been the peak months for Cephalonia (in 2010 was July while in 2009 was August and September with the same arrivals). The following graph presents the monthly distribution of cruiseship arrivals along the years.



**Graphs 23:** Monthly distribution of the cruise ship arrivals in Argostoli (M.P.F.K, 2012 b)

### *5.3 Argostoli's residents' perception towards cruise tourism and its impacts*

Following the same procedures as in the city of Corfu, we distributed the same questionnaire with the exact same questions (only adjusted to the island's particularities with regard to the local products and attractions) to the residents of Cephalonia, to investigate their perception towards cruise tourism and its generated economic, social and environmental impacts. The research was conducted in Argostoli the capital city of Cephalonia during August of 2012. In total 301 questionnaires were obtained fully responded, representing the 3.16% of the city's population (9.522) (EL.STAT, 2011).

With regard to the socio-demographic characteristics of the respondents the results showed:

**Table 29**: Respondents Gender

| Gender: | Male | Female |
|---|---|---|
| | 47.8% | 52.2% |

**Table 30:** Age distribution of respondents

| Age: | 18-25 | 26-35 | 36-45 | 46-55 | 56 or more |
|---|---|---|---|---|---|
| | 10.3% | 28.2% | 34.2 | 20.9% | 6.3% |

**Table 31**: Educational Level of respondents

| Educational level: | Gymnasium or lower | Lyceum Degree | University Degree | Masters Degree | Doctoral Degree |
|---|---|---|---|---|---|
| | 9% | 29.6% | 44.8% | 15.3% | 1.3% |

**Table 32**: Employment Status of respondents

| Employment Status | Employed | Retired | Students | Housewives | Unemployed |
|---|---|---|---|---|---|
| | 82.7% | 3% | 7.6% | 4.3% | 2.3% |

**Table 33**: Employment Position of respondents[5]

| Employment Position: | Private employees | Public Employees | Free Lancers | Bank Employees | Other |
|---|---|---|---|---|---|
| | 23.3% | 31.5% | 34.3% | 6.6% | 4.3% |

**Table 34**: Financial dependency on cruise of respondents

| Financially Dependent: | Yes | No |
|---|---|---|
| | 29.2% | 70.8% |

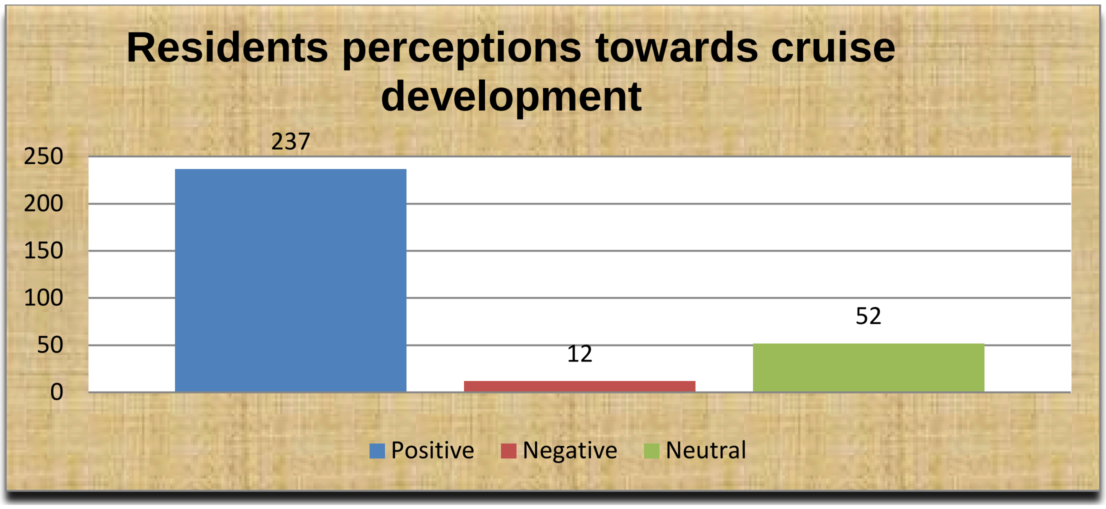
**Table 35:** Respondents households' distance from the port

| Distance from the port: | 0.0-0.5 km | 0.5-2.9 km | 3.0-9.9 km | 10 or more km |
|---|---|---|---|---|
| | 22.9% | 32.9% | 21.9% | 22.3% |

In the second section of our survey respondents in their vast majority representing the 78.7% of the sample reported being in favor of the cruise development in their region, whereas only a 4% stated to be against it and another 17.3% expressed its neutrality. Again as in the case of Corfu we observe a very high percent of the local community looking positively such a development and the reasons to attribute it are more or less similar to those of Corfu. The economic crisis concurrence, the reductions in the terrestrial tourism are phenomena that affect severely the total of the Greek territory and especially islands whose economies rely heavily on tourism activities. For these reasons local societies seek alternative sources of revenues in order to support their businesses as well as their households and the development of cruise tourism is one of them. However, especially for Cephalonia which is considered an emerging cruise destination, citizens and shopkeepers are now waiting to be exposed to a larger extent to the positive effects exerted by cruise tourism, as only recently an effort for the more systematic promotion of the island as a cruise destination has commenced. Conversely, to Corfu which has a long history and a strong relationship with cruise tourism that dates back to the 70's, the island of Cephalonia has only a small experience with its effects not being yet properly diffused to the local economy. Actually, this fact is reflected also to our sample as a considerably larger percent of the respondents, in comparison to Corfu was more cautious, expressing its disapproval or its neutrality towards the development of cruise tourism just because he/she was ignorant of the impacts generated or because he/she was not still impacted in a direct way. Respectively, in the question regarding the further development of cruising in the island the 79.1% stated to be supportive with the remaining 5.3% replying negatively and the 15.6% replying neutrally. Characteristically, some of those in favor of the cruise development noted "cruise ships revitalize the local market of Cephalonia, tone up its cultural heritage and definitely are the quintessence of summer tourism; it's a major revenue source and undoubtedly it should be developed" and "the further development of cruising in our island will give a financial breath that is desperately needed especially in the crisis concurrence". Others more skeptical reported "the further development of cruise tourism is an ambiguous matter; it can strongly benefit the island if only all local authorities cooperate efficiently and harmonically for the emergence of its characteristics and their simultaneous preservation" and "only if the benefits of cruising are defused to the whole local economy the development of such a type of

[5] Again six students participating in the survey did their internship in local organizations and firms whereas another two reported to be occasionally occupied in the family businesses.

tourism will be desirable". Finally, those against the development of cruise tourism said "in the altar of profit we should not sacrifice the beauty of our island" and "the only thing cruise ships leave behind is their waste".




**Graph 24:** Cephalonia's residents' perception towards cruise development

Moreover, the local community seems highly dissatisfied with the tourism policy implemented by the local authorities as more than 70% of the respondents characterized it bad (26.2%) or poor (48.5%), stating that "the competent bodies are so far incapable in developing an overall, successful and long lasting tourism strategic plan for the island". However, a 22.3% rated it good and another 3% very good. Argostoli, is a small town, whose residents highly depend on tourism and therefore in a bigger or lesser extent they are either involved in policy making themselves or aware of the tourism policies implemented by the local authorities. Tourism policy refers to the synergies, local authorities commence (or should have commenced) among the interested parties (promoting the collective interests and by establishing cooperation between the municipal authorities and the Chamber of Commerce); to the scheduled and future plans for the infrastructural development to facilitate the needs of cruise operators and their passengers as well as to the appropriate actions undertaken to promote the characteristics of the island abroad. In this respect, municipal authorities have not managed yet to establish cooperation among the local businesses neither seem to have the experience to manage or to promote appropriately the destination abroad. Despite the fact, that Cephalonia became recently a member of MEDCRUISE and participated with municipality representatives in the cruise conference of Miami, considerable deficiencies in the marketing of the destination are observed. In the year 2012, one cannot base Cephalonia's recognition still in a movie released ten years ago (Captain Corelli's Mandolin) neither should it consist of the frontispiece of the promotional campaign. Besides that the island itself has numerous advantages to promote. Cephalonia is supposed to be an emerging cruise destination who wants to attract a growing number of cruise lines, however not a single brochure promoting exclusively cruise tourism abroad has been structured. Not a single campaign for the promotion of the unique characteristics (natural beauty, local products) the island has commenced. Cruise lines are not expected to come on their own if someone does not inform them what the island has to offer. In this respect it is the responsibility of the local authorities to initiate a much more organized, contemporized and focused effort that will present on the one hand to cruise operators the advantages of the island while on the other hand it will attract cruisers from all around the world.

Furthermore, we asked the local community to rate the facilities and services provided to the cruisers during their stay at the port of Argostoli. More particularly, we wanted their opinion with regard to the port facilities, the bars and restaurants of the island, the organized guide tours, the shopping facilities, the public transport as well as other facilities and services that the island might offer to its visitors. The results of their responses are depicted in the following table:

**Table 36:** Residents' Evaluation of the services provided to cruise passengers

| Services | Bad | Poor | Fair | Good | Very Good |
|---|---|---|---|---|---|
| 1. Port facilities | 14.6% | 43.5% | 28.6% | 12.0% | 1.3% |
| 2. Bars-Restaurants | 6% | 31.9% | 36.5% | 22.9% | 2.7% |
| 3. Guide Tours | 4.0% | 29.2% | 44.5% | 19.6% | 2.7% |
| 4. Shopping Facilities | 3.3% | 19.3% | 35.9% | 35.2% | 6.3% |
| 5. Public Transport | 30.2% | 41.9% | 20.9% | 5.3% | 1.7% |
| 6. Other Services | 9.0% | 40.5% | 36.5% | 12.6% | 1.3% |

As it can be observed from the table above, the majority of respondents indicated that most of the facilities and services in the island are average while few others are poor, denoting in such a way that there is plenty of room for improvement. More particularly, with regard to the port facilities one thing must be clear from the start. Despite the considerable investment that took place in the port of Argostoli for the creation of an adequate mooring dock, the deficiencies in the port infrastructure are still numerous and should be faced directly if Cephalonia aims in becoming a major port of call. Basically, we are not referring to other big infrastructure investments that are indeed needed (one mooring dock is not enough to host the increased cruise traffic, the creation of a cruise terminal) however, it is understandable that the funds required to finance them are scarce especially nowadays; we are referring to small enhancements (passenger station, local products stores, additional parking space, garbage bins) that will help in upgrading the overall image of the port. In such a way by prioritizing the aims of the port it will be possible to enhance the services provided step by step. Cruise operators demand a lot more nowadays than a sufficient dock to moor, so the Municipal Harbor Fund which is in charge of the operations should understand that a contemporary cruise port should serve numerous functions in order to gain theirs but also their passengers satisfaction and should commence the appropriate procedures that will allow port of Argostoli to sustain a competitive position in the international cruise market.

Further on, as far as the bars and restaurants are concerned the majority of the respondents rated them from fair to poor. The local community understands that the visitor coming to the island wants to taste something traditional, something that he/she will not have the chance to taste anywhere else; however, the phenomenon of the fast food logic exists in an even greater extent than in Corfu. The lack of options in the center of Argostoli is evident with the majority of the restaurants located there serving sandwiches or Italian food.

The guide tours is the sector affected the most by the development of cruise tourism in the island as a large percent of cruisers choose to participate in an on shore excursion. In that respect the tourist agents have managed to develop services that are of good quality. Offering various excursion options they provide the diversity cruisers seek from a destination letting them choose according to their tastes. In such a way among the various excursions offered there is the tour of the island which allows visitors to get a small taste of everything around Cephalonia visiting a large number of its major attractions, there is the Corelli tour which travels the visitors to the landscapes where the film was shot, there is a tour for nature lovers which includes also a visit to the colorful villages of Cephalonia as well as others addressed to more specialized audiences which include a tour to the wineries of Cephalonia or to the monasteries and churches of the Byzantine period. However, a major omission of the tour agents which dissatisfies a large part of the local community of Argostoli is the fact that most if not all of the organized excursions do not include a visit the historical city center. Apart from the fact that the latter features beautiful neoclassical buildings and has a long historic and cultural tradition it is also the commercial center of Cephalonia. In such a way, cruisers taking an excursion, rarely have the time to visit Argostoli and spend some time for shopping or for any other activity available around the city (museums, restaurants, art galleries). This has a serious economic effect on the businesses and the stores of the city which do not benefit as much as they would believe from the increased passenger traffic in their island, as there are even occasions as characteristically their managers say where they do not see any cruiser around. In that way, the economic benefits of the cruise tourism are concentrated to a large extent only to the tour guide sector and are not diffused to the whole of the local economy as they should have.

As we already said Argostoli is the commercial and administrative center of Cephalonia. In this respect it is the place where the majority of the shopping facilities of the island are situated. As the respondents also indicated with their answers there is a wide range in the quality and in the quantity of the stores in Argostoli and one can choose from low quality Chinese products to luxurious and custom made jewelry. In general, the city provides multiple options for shopping depending on the budget and the taste of the consumer.

As far as the public transportation of the island is concerned, the local community justifiably considers it in its vast majority as inadequate. Not only it does not cover a sufficient network around the island, but it also has extremely low service frequencies. More particularly, the public transportation may service to some extent the needs of the local community however; it is in no way sufficient for the tourist and especially for the cruiser who has a limited time in the island and wants to visit a beach or a site in the suburbs of the city. This lack of adequate transportation infrastructure deprives from the visitor the chance to see some of the beauties of the island (which is also the reason of his visit) forcing him in a way either to take a taxi and consequently pay a much more expensive tariff or to stroll along the city.

Finally, with regard to the other facilities and services provided to the cruise passengers during their stay at the island, respondents indicated with their answers that there is enough room for development in this field too. Apart from the telecommunication services which nowadays consist of a necessity and in all major places of the city are available and the health care center which is in a close range and able to deal with any case of emergency, all the other services are poorly developed. Starting from the tourist signs whose absence is evident around the city, as there is not a single one to inform the visitors and provide instructions for the attraction sites and the museums, to continue with the lack of sufficient parking lots and the scarcity of garbage and recycle bins especially in the coastal road which goes to the new port facilities, having a direct impact on the cleanliness and on the image of the city, the major conclusion is that considerable improvements are needed. In the last question of this session when the surveyed were asked if Cephalonia features the characteristics to attract cruise passengers with high incomes, a cumulative 52.5% indicated that the island has little potential (45.5%) or even not at all (7.0%) the capabilities to attract such kind of visitors. From the rest of the respondents a 24.3% said that the island can fairly attract high budget cruisers whereas a cumulative 23.3% said that is much or very much likely.

Moreover, we present the following table which illustrates the 10 listed factors used to evaluate the perception of the local community of Argostoli towards cruise tourism. As in the case of Corfu the factors are listed according to their order of importance accompanied by their mean and standard deviation.

**Table 37**: Descriptive Statistics, mean and standard deviation of the listed factors

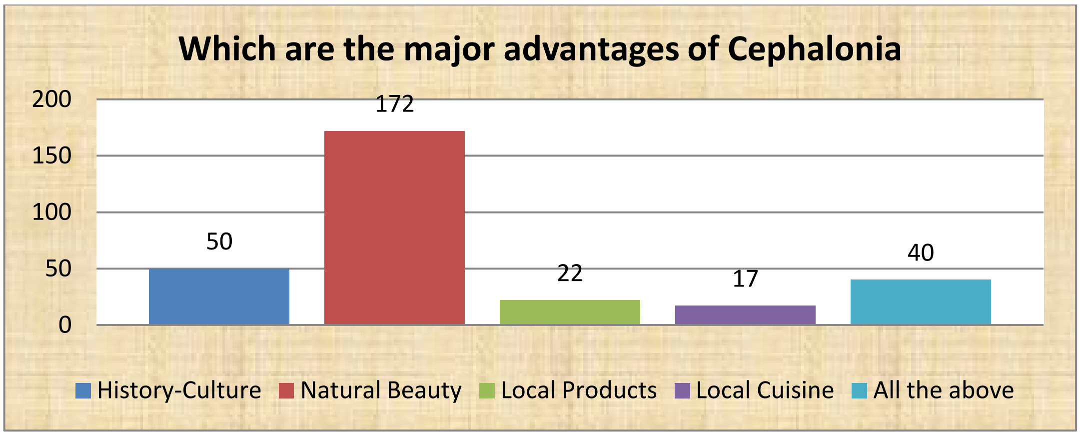
| Factors | Mean | St. Deviation |
|---|---|---|
| 1. Increase in infrastructure investments | 3.6246 | 1.0529 |
| 2. Pollution Measures | 2.9934 | 1.0519 |
| 3. Upgrade- Promote Cultural Heritage | 2.9568 | 1.0526 |
| 4. Contribution in employment | 2.9003 | 0.9439 |
| 5. Increase in the income of the residents | 2.8306 | 1.0479 |
| 6. Increase in the amount of urban waste | 2.7708 | 1.0249 |
| 7. Deterioration of fauna and flora | 2.6811 | 1.0526 |
| 8. Enhance quality of life | 2.6113 | 0.9009 |
| 9. Increase in the prices of the products and services | 2.5449 | 1.0077 |
| 10. Upgrades Cultural events | 2.4186 | 0.9987 |

As it can be observed from the above-listed table the residents of the island community of Cephalonia, are focusing equally on the positive and negative effects that cruise tourism exerts. Unlike Corfu which has already developed cruise tourism for over a decade and its local community is more aware of the effects it exerts, the local community of Cephalonia is currently experiencing the development of this kind of tourism and therefore it is somehow logical to be more skeptical with regard to its consequences. In other words, the results of cruise tourism are not still tangible to a large extent and for this reason the local community holds a more cautious stance.

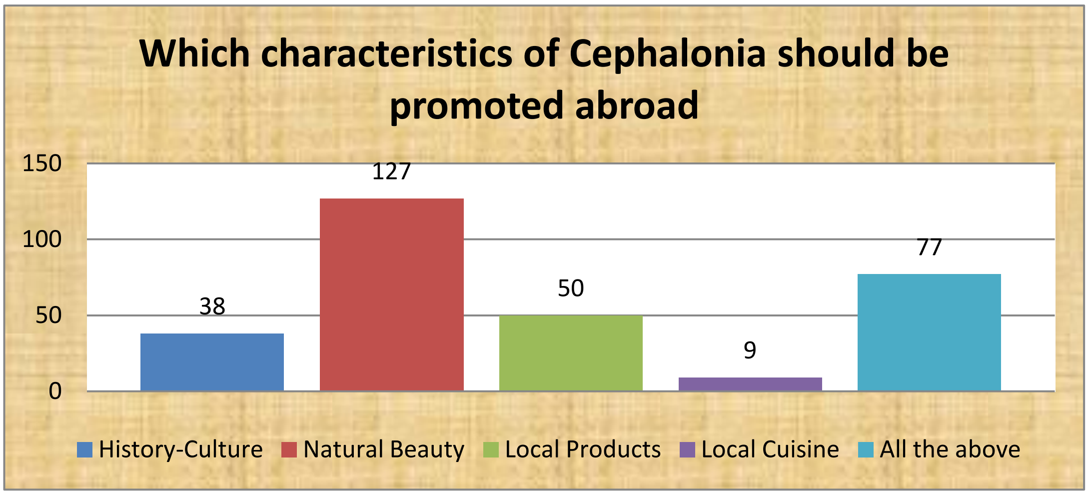
More particularly, as far as the factors are concerned, the residents of Cephalonia just like those of Corfu perceive as the predominant factor impacting their local community the increase in infrastructural investments (port infrastructure and superstructure, road infrastructure, shopping facilities) that will result from the development of cruise tourism in their island. As we denoted earlier, the infrastructure deficiencies in the island are considerable, so in that way respondents believe that such a development will leverage investments not only in the port area but also in urban tissue of the city, for the enhancement of the facilities and services provided. Second in the list, is a factor related to the negative externalities cruise tourism exerts and more particularly, to the increase in the environmental pollution. The local community is highly skeptical with regard to the consequences cruise development will have to the pristine nature of the island. For this reason residents are very preventive as to the measures that should be taken to avert an ecological catastrophe in their island. The third ranked factor in the perception of the residents contains attributes associated with the upgrading and the promotion of the historical and cultural heritage of the island. The increase in the passenger traffic will motivate the local community to reveal and exploit its rich routes in a way that will allow on the one hand visitors to appreciate the heritage and the influence that the past civilizations left behind while on the other hand will help the island gain a worldwide recognition. The contribution in employment as a direct effect of the development of cruise tourism and the creation of additional jobs is ranked in the fourth place of the perception of the local community. Residents anticipate that the increased passenger traffic will help the domestic labour market especially in an economic crisis concurrence to create new employment supporting economically in such a way a larger share of the local community. The fifth listed factor is in close relation to the fourth one and has to do with the perception of the residents towards the economic benefits occurring from the development of cruise tourism in the form of additional income. The passengers' activities and expenditures on the island will yield additional revenues for the local businesses and households, benefiting in such a way the whole local economy through the direct, indirect and induce effects generated from cruise tourism. The sixth factor in the perception of the residents of Cephalonia is again one related to the negative externalities of cruise tourism related to the increase in the urban waste as a result of the increased passenger traffic and the increased consumption that the former will generate. Factor seven has to do with the deterioration of the flora and fauna in the local area and especially in the lagoon of Koutavos where the cruise ships dock. The biodiversity of the waters of Cephalonia, raises in a lesser extent however the concerns of the local community about their future condition as a result of the burdening of the marine environment. In the last three places factors that according to the residents are not going to impact them in a large extent are concerned with the socio- cultural and economical aspects from the development of cruising in their island. More particularly, these factors are related to the impact of cruise tourism on the enhancement of their quality of life, the increase in prices of the services and products as a result of their increased demand and finally, the impact cruise traffic will have in the upgrading of the cultural events that take place in the island.

Finally, in the last section of the survey conducted in the local community of Argostoli we asked the residents just like in Corfu to express their opinion in a series of questions with regard to the promotion of the destination abroad. In such a way we asked them to distinguish the major advantages of Cephalonia, to suggest according their opinion which of these could be used as a trademark for the destination and which of the numerous local products should be promoted more appropriately abroad.

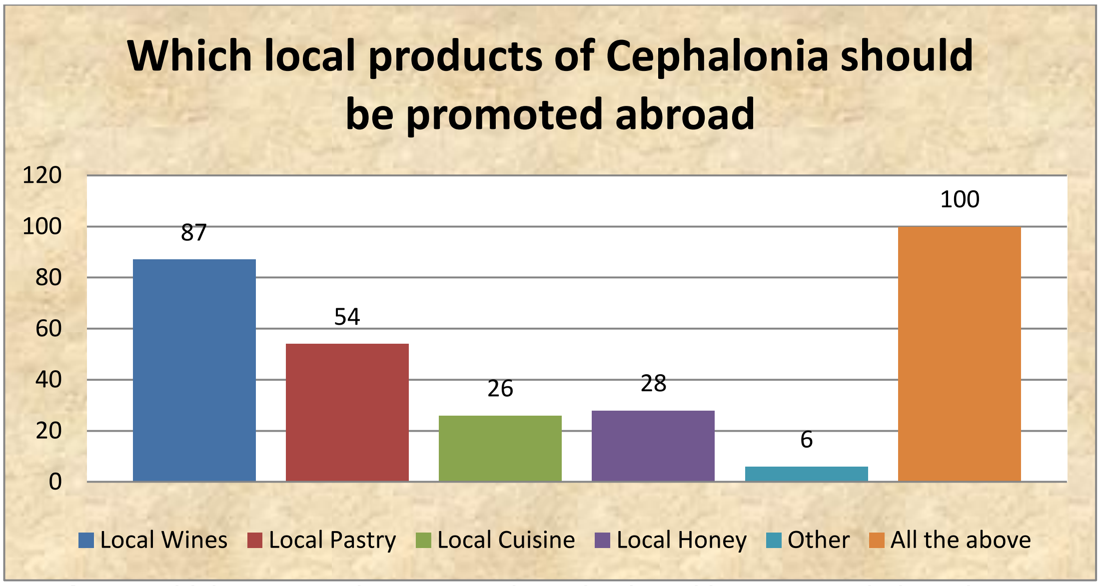
According to the responses of the interviewed the results that occurred are the following: as far as the advantages of Cephalonia that impart its recognition as a tourism destination are concerned, the 16.6% answered that it is the history and culture, the 57.1% indicated that it is the natural beauty of the island, the 7.3% stated that are the local products, a 5.6% that is the local cuisine while another 13.3% indicated that it is a combination of all the above. Moreover, the 12.6% of the respondents said that a proper promotion campaign should be based on the the historical and cultural characteristics of the island, whereas a 42.2% denoted that the natural beauty is the most effective way to gain worldwide recognition, a 16.6% supported the promotion of local product, a 3% the promotion of the local cuisine and the remaining 25.6% supported the promotion of all the above characteristics in a right combination. Finally, from all the local products the island produces the 28.9% of the residents believe that wines (Robola) should be promoted abroad, the 17.9% supports the promotion of local pastry (mandoles), the 8.6% the promotion of the local dishes, the 9.3% the promotion of the local honey whereas a 2% supported the promotion of other local products (dairy products, olive oil,) and another 32.2% the promotion of all the above mentioned local products. The results are also depicted in the following three graphs.




**Graph 25**: Which are the major advantages of Cephalonia?




**Graph 26:** Which characteristics of Cephalonia should be promoted abroad?



**Graph 27:** Which local products of Cephalonia should be promoted abroad?

### *5.4 Cruise Passengers Satisfaction Survey in Port of Argostoli*

“As you set out for Ithaka
hope your road is a long one,
full of adventure, full of discovery.
(“Ithaka”, Constantine P. Cavafy)

The cruise passengers’ survey took place in the port of Argostoli in Cephalonia during August 2012. Following the same procedures as in the port of Corfu we distributed to the cruise passengers visiting Cephalonia the same questionnaire with the exact same questions to investigate their satisfaction levels and their expenditure behavior at this port of call. Overall, 161 fully responded questionnaires were acquired.

The first section of the survey focused in the socio-demographic characteristics of the cruisers. The results showed:

**Table 38**: Gender of Cruisers

| Gender: | Male | Female |
|---|---|---|
| | 54.4% | 46.6% |

**Table 39**: Age distribution of cruisers

| Age: | 18-25 | 26-35 | 36-45 | 46-55 | 56 or more |
|---|---|---|---|---|---|
| | 5.6% | 16.8% | 21.7%. | 29.8%, | 26.1% |

Similarly to Corfu, we observe also in Cephalonia’s case that the age of the cruisers is spread out to the whole range of age groups denoting that cruising is not anymore only an exclusive option of the older ages.

**Table 40**: Educational Level of respondents

| Educational level: | Lower than High-School | High-School Diploma | Bachelor Degree | Master’s Degree | Doctoral Degree |
|---|---|---|---|---|---|
| | 3.8% | 9.9% | 52.4% | 32.0% | 1.9% |

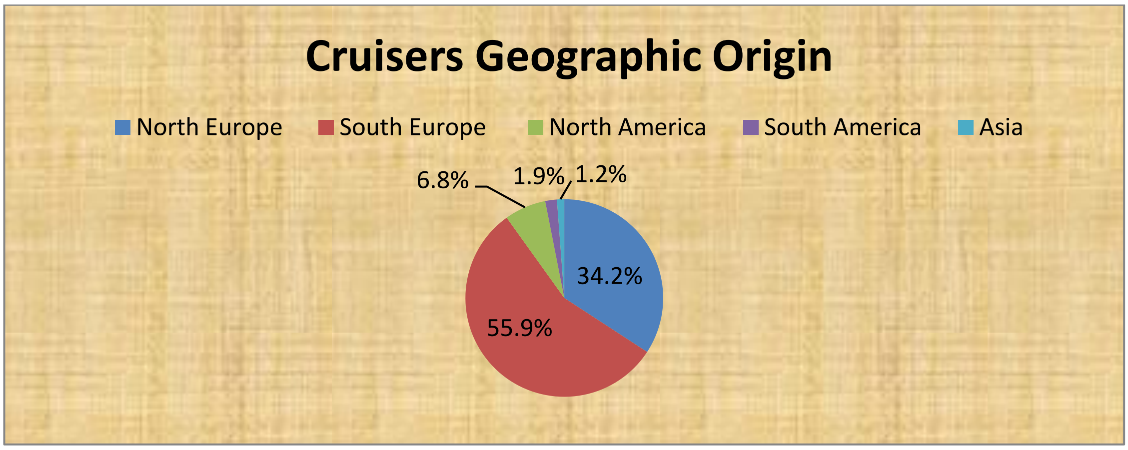
**Table 41**: Employment Status of respondents

| Employment Status | Fully Employed | Retired | Part-Time Employed | Unemployed |
|---|---|---|---|---|
| | 76.8% | 16.6% | 4.6% | 2.0% |

**Table 42**: Annual income of cruisers

| Annual Income: | 0-25,000€ | 25,001-50,000€ | 50,001-75,000€ | 75,001€ or more |
|---|---|---|---|---|
| | 29.2% | 46.0% | 18.6% | 6.2% |

These results combined with the ones from Corfu, reinforce our belief that cruise tourism is not anymore exclusively for the elite, evolving rapidly to become a mass tourism option for all economic backgrounds. However, some things do not change so rapidly, as cruising is still a preferred couple's destination with more than 50% of the respondents reporting to cruise along with their partner, whereas the rest of the sample consisted of those travelling with their families (33.5%) or as individuals (15.5%). Furthermore, with regard to the geographic origin of cruisers visiting Cephalonia, the latter came from:



**Graph 28:** Geographic Origin of Cruisers

Once again, the largest group of cruisers is Europeans, representing a cumulative 90.1% of the visitors participating in the survey. It seems that the latter prefer to discover the beauty of their continent rather than cruising in exotic places like Caribbean. More particularly, the largest ethnic group is the Italians with a 35.4%, followed by the English who represent the 24.3% of the sample and the Spanish who capture a 12.4% respectively. Among the other ethnicities participating in the survey are the Cyprians with 9.9%, the Americans with 5.0%, the Germans with 4.3%, and the French with 3.7% while the remaining 5% is consisted of cruisers from all around the world (Denmark, Mexico, Canada, Equator, Russia and India among others).

In the second session of the cruisers survey, we investigate the activities undertaken by the participants and their expenditure behavior during their stay at the island of Cephalonia. With regard to the motives that led the surveyed to take the particular cruise package:

**Table 43:** Motivation to take the particular cruise package

| Motivation to cruise | Natural Beauty-Climate | History-Culture | Itinerary | Fun-Relaxation |
|---|---|---|---|---|
| | 27.3% | 31.1% | 28.6% | 13.0% |

The vast majority of the respondents representing the 93.2% of the sample came for the first time to the island of Cephalonia with only a 6.8% having visited it again. From those 11, that had already visited Cephalonia in the past only two had come with another cruise while all the rest came for terrestrial vacation. Moreover, the 58.4% of the surveyed took part in an organized excursion around the island whereas the rest 41.7% explored Cephalonia by themselves. From those taking part on the excursions the majority visited the picturesque villages of Assos and Fiskardo, the caves of Melissani and Drogorati, the Acqui Division Memorial[6], Saint Gerasimo monastery and the Robola winery. The rest who did not participate in an excursion, either visited some of the afore listed attractions on their own, either explored the city of Argostoli and its museums (Archeological museum, Earthquake museum) either went to the beaches of Lassi and Myrtos. On average every cruiser participating in the survey visited on average three sites of the island.

The next question of the survey was related to the repartition of the cruisers expenditures during their stay at the port of Argostoli. Their average expenditures in a series of categories are depicted in the following table:

**Table 44**: Average expenditures of cruise passengers in Cephalonia

| Categories | Average Expenditure |
|---|---|
| 1. Food and Beverages | 9.0€ |
| 2. Attractions | 2.5€ |
| 3. Transportation | 1.1€ |
| 4. Shopping (souvenirs-clothes-jewelry etc.) | 14.3€ |
| 5. Tours not sponsored by cruise lines | 0.6€ |
| 6. Miscellaneous | 1.4€ |
| **Total average expenditures** | **29.236€** |

Therefore, as we can see from the above table the average expenditures per cruiser visiting the port of Cephalonia is estimated at 29.2 €. In comparison to Corfu (66.6€) cruisers seem to make considerably less expenditures. Again however, the biggest part of their expenditures goes for shopping where on average they spend 14.38€, then for food and beverages where they spend 9.06€ and for the attractions around the island where they spend 2.55€ on average. The rest of their expenditures which are considerably less are distributed among the other categories; on transportation where they spent on average 1.17€, on tours not sponsored by the by the cruise lines where they spend 0.66€ and finally in miscellaneous expenses where they spend about 1.4€.

[6] Monument in memorial of the 9,250 Italian soldiers who died in Cephalonia, during battles or were executed by Germans in 1943, during the second W.W. This event also inspired Louis de Bernieres to write the novel “Captain Corelli’s Mandolin”.

The last question of this section asked cruisers visiting Cephalonia if in any way they had been harassed somewhere during their stay at the island. Only a 2.5% (or 4 passengers) reported to have been harassed, 2 in the shopping area and the other 2 in the streets while the rest of the participants indicated that they did not feel any threat anywhere during their visit.

In the following section we asked from respondents to rate in a five point scale a series of categories with regard to the services and facilities that were provided to them during their stay at Cephalonia such as the port facilities, the bars and restaurants of the island, the guide tours, the shopping facilities, the transportation services, the friendliness of local people and finally the “other” services (Wi-Fi services, medical care services, cleanliness of the city, tourist signs etc.).Their answers are depicted in the following table.

**Table 45**: Cruise passengers’ evaluation of the services and facilities provided at Cephalonia.

| Services | Bad | Poor | Fair | Good | Very Good |
|---|---|---|---|---|---|
| 1. Port Facilities | 3.7% | 12.4% | 52.2% | 28.6% | 3.1% |
| 2. Bars-Restaurants | 0.0% | 6.8% | 53.4% | 38.5% | 1.2% |
| 3. Guide Tours | 0.0% | 5.0% | 23.6% | 61.5% | 9.9% |
| 4. Shopping Facilities | 0.6% | 11.8% | 41.0% | 44.1% | 2.5% |
| 5. Transportation Services | 11.2% | 21.7% | 46.6% | 18.6% | 1.9% |
| 6. Friendliness of locals | 0.0% | 1.2% | 14.9% | 64.6% | 19.3% |
| 7. Other Services | 0.0% | 13.0% | 46.6% | 36.6% | 3.7% |

As far as the port facilities of Argostoli are concerned, a cumulative 31.7% of the cruisers stated to be satisfied with the provided services. However, most respondents rated them as average with some stating “Argostoli’s cruise port offers the basic services; nothing more nothing less” and “the port facilities in Argostoli were not something extraordinary, however we did not face any problem during our stay”. From those dissatisfied or poorly satisfied (16.1%) some negative remarks were made with regard to the port facilities, mainly concerning the lack of docks to accommodate the increased number of vessels calling Argostoli. As there is only one dock able to accommodate large cruise ships, it is a very common phenomenon for vessels to stay on anchorage, transferring passengers on shore with smaller boats. In comparison to Corfu port, which has 4 more docks and such an incident rarely occurs as well as other supplementary facilities (passenger station, shuttle buses for the cruisers service among others) which make cruisers trip more pleasant and convenient than in Argostoli, cruisers were significantly more satisfied with the port facilities. The existence of sufficient port infrastructure and superstructure upgrades the experience cruisers have while impacts positively their perception about the destination. Corfu’s effort to develop contemporary port facilities should act as a paradigm for Cephalonia and for other Greek ports who want to emerge also as cruise destinations.

However, in the remainder categories the ratings of cruisers in Cephalonia converged highly to those cruisers gave in Corfu. Bars and restaurants were a bit better in Corfu with the majority of the interviewed in Cephalonia rating them as average. On the contrary, shopping facilities were considered better in Argostoli rather in Corfu. Guided tours satisfied in both occasions more than 70% of the respondents while also in both case studies cruisers found locals very hospitable and friendly. Transportation services are the weakest point of the two islands as a cumulative 32.9% in the case of Cephalonia and 17.2% in Corfu respectively remained dissatisfied with the bus network and its frequencies. With regard to their overall experience in Cephalonia cruisers responded:

**Table 46**: Cruise Passengers' experience in Cephalonia

| Cruisers' Experience | Bad | Poor | Fair | Enjoyable | Most Enjoyable |
|---|---|---|---|---|---|
| | 0.0% | 6.8% | 20.5% | 55.9% | 16.8% |

Despite some deficiencies in the facilities and the services provided to the cruisers, the latter in their majority reported to have an enjoyable (55.9%) or even the most enjoyable experience (16.8%) during their stay at the island of Cephalonia. According to their remarks "Cephalonia is a magical island where the natural elements are combined harmonically with the picturesque villages, offering a unique experience to its visitor" and "Cephalonia was one of the most exciting destinations in this cruise trip". Moreover, in the question if they would return for terrestrial vacations in Cephalonia, the results showed:

**Table 47:** Cruise Passengers' likelihood to return in Cephalonia for terrestrial vacations

| Likelihood to return | Not at all likely | Not too likely | Somewhat likely | Very likely | Extremely likely |
|---|---|---|---|---|---|
| | 6.4% | 25.9% | 44.7% | 16.8% | 6.2% |

A cumulative 67.7% of the respondents stated that it is somewhat likely to extremely likely to return in Cephalonia for on shore vacations. A cruiser characteristically stated "in the few hours we stayed at Cephalonia we had the pleasure to see some of the major attractions of the island; however the island has to offer much more than that and for this reason we will definitely return someday" while another said "Cephalonia is a big island with many hidden treasures, that require many days if not weeks to discover; my next trip to the island will last much longer".

Independently of their response to the previous question, 96 of the cruisers interviewed stated that it is very likely or even extremely likely to recommend the destination to their friends and relatives whereas 54 stated that it is somewhat likely to do so and the rest 11 said that is not too likely to recommend Cephalonia. "The pictures, the sounds, the vivid colors of the deep blue sea and of the nature in Cephalonia are images that everybody should see". These images and these experiences Cephalonia offers to its visitors is a unique opportunity to brand for free the destination across the world. Therefore, apart from the economic benefits that many local businesses foresee, cruises are an excellent chance for the island of Cephalonia to gain a worldwide recognition.

**Table 48**: Cruise Passengers' likelihood to recommend Cephalonia

| Recommend Cephalonia | Not at all likely | Not too likely | Somewhat likely | Very likely | Extremely likely |
|---|---|---|---|---|---|
| | 0.0% | 6.8% | 33.5% | 41.6% | 18.1% |

Finally, when we asked them to rate the port of Argostoli in comparison to the other ports they had been to, cruiser responded:

**Table 49**: Cruisers' rating for the Port of Argostoli in comparison to others

| Rate Port of Cephalonia in comparison to others | Worse | About the Same | Better | Much Better |
|---|---|---|---|---|
| | 18.0% | 67.7% | 11.2% | 3.1% |

In the final section of the passengers' satisfaction survey, we asked from them to answer some question regarding their cruise experiences. The results illustrated that the average duration of their voyage lasted about 8 days. As far as the port of their embarkation is concerned, 51.55% of cruise passengers started their voyage from the port of Venice, 28% from the port of Trieste, 10.55% from the port of Piraeus and another 9.9% from the port of Limassol. Other destinations that cruisers had already visited or they would visit next in their cruise trip were Corfu, Dubrovnik, Kotor, Mykonos, Santorin, Canakkale and Istanbul. The 24.8% of the passengers participating in the survey were repeaters having cruised on average 1.6 times in the past while the rest 75.2% were first timers. Further on, 45 passengers of our sample cruised with Costa's Classica, 41 with MSC's Armonia, 59 with Seaborn's Odyssey and 16 with Salamis Philoxenia.

Moreover, we asked participants to rate the facilities and services provided on board such as the food variety provided, the entertainment, the cabins offered, the shopping facilities of the cruise ship, the special events organized, the friendliness of the crew and the other provided amenities. The results from their responses are depicted in the following table.

**Table 50**: Cruise Passengers satisfaction on board

| On board Services | Bad | Poor | Fair | Good | Very Good |
|---|---|---|---|---|---|
| 1. Food | 0% | 6.8% | 18.0% | 58.4% | 16.8% |
| 2. Entertainment | 0% | 0.6% | 3.7% | 70.8% | 24.8% |
| 3. Cabins | 0% | 0.6% | 14.9% | 65.8% | 18.6% |
| 4. Shopping Facilities | 0% | 4.3% | 21.1% | 62.1% | 12.4% |
| 5. Special Events | 0% | 1.2% | 12.4% | 59.0% | 27.3% |
| 6. Friendliness of crew | 0% | 0% | 4.3% | 39.8% | 55.9% |
| 7. Other Amenities | 0% | 1.2% | 16.8% | 67.1% | 14.9% |

For one more time, after the conduction of the same survey in Corfu, it is confirmed also from passengers visiting Cephalonia that the facilities and services provided on board satisfy in a high level the vast majority of them. Compared to the cruisers that were interviewed in Corfu, passengers participating in the survey during their stay in Cephalonia seem even more satisfied with their cruise lines as they indicated with their answers. Overall in all categories rated, the vast majority of the respondents indicated that the services and facilities on board are above average even very good in some cases.

The high levels of satisfaction that cruise passengers gain on board, as we observed in the above-listed table, justifies why more than half characterized their experience as enjoyable (57.8%) while another 30.4% said to be even more satisfied having the most enjoyable experience. From the rest cruise passengers 17 were fairly satisfied with their on board experience while only one found it poor.

## *5.5 SWOT Analysis for the island of Cephalonia*

After the investigation of the current situation in the cruise port of Argostoli and the analysis of the two conducted surveys, we are in a position to distinguish the strengths and weaknesses of the island, the opportunities and threats that need to be taken account. In such a way the SWOT analysis can be the guide to understand more efficiently the internal environment in order to implement a series of improvements in the services and facilities offered to the cruise visitors while with regard to the external and very complex environment it will allow the prompt identification of the trends and alterations that take place, allowing to adjust properly to the constantly changing and very antagonistic cruise market.

**Strengths of Cephalonia**

1. Geographical position
   Cephalonia's relation with the cruise industry is very short counting only seven years of existence. However, the island has already succeeded in attracting a considerable number of cruise ships surpassing the 100 arrivals for 2012 and achieving a 41.3% increase in comparison to 2011. This phenomenon is highly attributed to the island's strategic position which is very close to the main trunk of cruise ships starting from ports in the Adriatic. In combination with the exclusion of the North African destinations from the itineraries of cruise operators, Cephalonia had the chance to emerge as new destination. Being in the crossroad between the Eastern and Western Mediterranean the island suits to be included in the itineraries of cruise lines who have decided that the Cephalonia is a place they want to see. A further exploitation of the island's position is awaited to benefit even more the development of the cruise sector, establishing Cephalonia as a major port of call in the Easter Mediterranean.

2. Historical- cultural heritage
   The results of the two surveys illustrated on the one hand that the 16.6% of the residents consider their history and culture as the main advantage of the island of Cephalonia while the 31.1% of the cruisers indicated that this was the reason to take the particular cruise package. Historical events amongst which, especially the Venetian and French occupation and British rule until 1864, deeply affected the character and culture of Cephalonia which combines the Hellenic and European cultural identity. Cephalonia constituted for many years an important naval force which contributed to the flourishing of the local economy. Despite the fact that it was hit by an earthquake in 1953, the island still features some of its past charm having numerous attractions (museums, archeological sites, Venetian castles) to please the cruiser's eye.

3. Natural Beauty – Climate
   The "emerald isle" as Cephalonia is alternatively called is famous for its rich natural environment and mild climate. One can find there geological phenomena (Katavothres), important natural caves (Mellisani, Drogorati) as

well as an imposing mountain Ainos (the Black Mountain), protected species (turtle Caretta- Caretta and seal Monachous –Monachous) and sandy beaches. The natural beauty constitutes of a major advantage as none of the rest Ionian Islands features such a rich fauna and flora. Besides that, the unspoiled nature of Cephalonia attracted the interest of the 27.3% of cruisers which came to the island while respectively the 42.2% of the residents perceive it as the means for the island to gain worldwide recognition. The emergence of these characteristics in combination with the mild climate which permits to prolong the cruise season until December are promising factors for the further development of the cruise industry on the island.

4. Local Community's Perception towards cruise tourism
   According to our research in the local community of Cephalonia, the 78.8% of the residents participating in the survey are supportive to the current development of cruise tourism in their island. As we also highlighted in the case of Corfu, the perception of the local society is decisive for the success and durability of such a development.

5. Friendliness of local people
   The primary research conducted among the cruise passengers visiting Cephalonia demonstrated that the latter consider local residents as very friendly and hospitable. Almost 84% of the cruisers were highly satisfied with the attitude of the local community towards them. In general, Greek hospitality consists of a characteristic which should be more intensively disseminated and more appropriately promoted in the international cruise market.

6. Guided Tours
   According to the findings of our research more than 58% of the cruisers took part in one of the organized excursions on the island and 72% of them indicated that it was highly satisfied with the services provided. Cephalonia's touristic agents provide a wide range of excursions fitting the taste of every kind of cruiser. A further exploitation of the characteristics the island features, could lead to further broadening of the touristic product offered, increasing the diversity and helping in the emergence of the untapped potential the island has.

7. The plethora of local products
   Cephalonia is long noted to be a major producer; its fertile soils favor the production of a variety of unique local products which have given a distinctive characteristic to the region and have made the island internationally recognized. The high quality wines that spring from its fertile soils are widely known with Robola being the most acknowledged (recently included in the 100 best wine varieties around the world). Local honey, pastry, dairy products and agricultural ones are only some of the rich production the island has. A promotion of Cephalonia in the international cruise market through its variety of local products could benefit both the cruise tourism in the island, but also the local producers.

8. Overall satisfaction of cruisers
   Among the strengths of the island that should be included in the list, are the overall high levels of satisfaction it offered to cruisers coming to the island. According to our survey a cumulative 73.7% stated to have an enjoyable or even the most enjoyable experience on the island. Added to that, of all cruisers interviewed the 67.7% expressed its desire to come back sometime for land vacations while over 80% of the respondents said to suggest Cephalonia to others as a cruise destination. The fact the Cephalonia can already meet the high expectations of a large share of cruisers despite its pre mature development in the cruise industry is a good element that indicates the potential it has if further infrastructure, facilities and services take place.
   .

**Weaknesses of Cephalonia**

1. The lack of a Port Authority as a regulatory body
   The lack of a governing body such as a Port Authority, for the efficient administration, proper organization and the elaboration of a strategic plan for the port of Argostoli is evident. None of the competent authorities (municipality, Hellenic Coastguard) are capable of supporting and developing the necessary management tools that are needed in a very competitive and highly complex international cruise market. So far, we have seen how Corfu has benefited from the creation of C.P.A and how efficiently the latter handles both the development of the port facilities as well as the attraction of an ever growing number of cruise lines each year. Therefore, if Cephalonia and more particularly Argostoli want to become a major port of call, it should follow the successful paradigm of Corfu and form a separate body exclusively responsible for the operations, management and development of the port. The ports should fulfill multiple functions nowadays in order to meet the expectations of the cruise lines and of their passengers. Only with day to day operations, participation in international cruise conferences, close communication with the cruise operator, and with the development of a strategic plan which will prioritize the needs and the steps that need to be taken for the enhancement of infrastructure and superstructure, Argostoli will be established in the international cruise market.

2. Lack of cooperation among the different sectors
   The main sectors directly affected by the development of cruise tourism in the island are the tourism and the travel agencies sector. These two sectors which under normal circumstances would be in very close cooperation, maximizing their benefits from the increased passengers' traffic, in Cephalonia do not communicate at all. Due to this omission an overall plan as to what the island can offer to the cruise passenger has not taken place yet. As a result travel agents tend to exclude Argostoli from their tour guides leaving in many occasions, no time to cruisers who participate in an excursion to stroll along the city and its shopping facilities. Taking also into account that more than half of the cruisers take part in the excursions organized, it is clear that economic loss for the local economy is considerable. .

3. <u>The average economic benefit to the local community</u>

The estimated average expenditure of cruise passengers visiting the island of Cephalonia is 29.2€. This amount is less than half of the expenditures cruise passengers make on the island of Corfu and therefore the economic impact will be analogously reduced. However, this estimation will allow us to approximately estimate the economic impact generated to the local economy. Taking also into account that the passenger traffic for 2012 is estimated at 140.300 cruisers while the port dues from the cruise lines amount to 120.000€ the total economic impact is:

**Table 51:** Revenues for Cephalonia from cruise passengers and cruise lines expenditures for 2012

A. Revenues from cruise passengers = Number of passengers awaited* Average Cruiser's Expenditure = 140,300 * 29.23€ = 4,100,969 million €
B. Revenues from cruise lines expenditures = 120,000 €
C. **Total direct impact** = A + B = 4,220,969 million €

These 4,220,969 million € consist of the direct impact generated to the local economy of Cephalonia by the cruise operators and their passengers expenditures. If we also consider the income multiplier which has been estimated by Tsartas to have a value of 2.18 for the Greek Islands (Tsartas, et al., 2010), the Cephalonia's revenues will be:

**Table 52:** Total revenues for Corfu estimated with the income multiplier for 2012.

**Total Impact** = Revenues from cruisers* Income Multiplier + Revenues from cruise lines* Income Multiplier = 8,940,112.42 + 261600= 9,201,712.42 million €

Although the above estimated amount is not of negligence importance for the local community, the economic impact generated by cruise tourism could be considerably larger.

4. <u>Port Facilities</u>

Although the mooring dock is only recently established in the port of Argostoli, the remaining improvements in the infrastructure provided that need to be initiated are plenty. Besides that, a considerable 18% of the cruisers participating in the survey indicated that the port facilities were worse in comparison to the other ports they had been to. This alarm bell should awaken the local authorities who need to initiate an effort for the enhancement of the port facilities. As far as the infrastructure is concerned, the increased cruise ship arrivals cannot be appropriately serviced by a single dock (the second dock cannot accommodate large cruise ships) neither the increased passenger traffic can be appropriately managed without the existence of a passenger terminal. However, these investments involve considerable investments which are impossible to be funded in the current economic situation of Greece. So, other more feasible enhancements could include:

- Creation of an outdoor passenger station (as the weather permits it) for the more convenient service of cruisers.
- Creation of additional space for parking facilities (for coaches, cars and taxis)
- Creation of special infrastructure for the proper movement of disabled cruisers (ramps, provision of wheelchairs)
- The creation of a first aid station in the port premises
- Establishment of stores with local products in the port facilities

5. Argostoli's infrastructural deficiencies
   Along with the port facilities, the city of Argostoli should also proceed in some rectifications in the urban area which will improve the experience of the cruise passengers and will enhance the image of the city. According to our experience in the city and based on the remarks we gathered from the two conducted surveys the following infrastructural deficiencies were observed.

- Lack of proper demonstration of the city's attractions (neoclassical buildings, museums, shopping facilities)
- Lack of touristic guide signs in central places of the city (featuring information about the attractions as well as directions to the commercial center of the city)
- Lack of a sufficient public transportation network that will allow cruisers to diffuse in different places of the island according to their likenesses.
- Lack of touristic buses that will have as a starting point the port, to facilitate the transportation of cruisers to the city
- Lack of parking slots around the premises of the city that will allow the decongestion of the city center
- Lack of proper development along the coastal area (gradual limitation of the car traffic, partial pedestrianization of the coastal road along with the expansion of the park that is in the premises of the city)
- Absence of city bikes which will allow visitors to ride around the city in an ecological and entertaining way
- Lack of a sufficient number of garbage and recycle bins around the city and especially in the coastal road to absorb the increased urban waste

**Opportunities for Cephalonia**

1. Increase of the economic benefit generated to the local economy

**Table 53:** Potential Revenues for Cephalonia; case scenario

Revenues from cruise passengers (current) = 4,100,969 million € Revenues from cruise passenger*income multiplier (current) =8,940,112.42 million€ (.1.)

Case scenario: If average cruise expenditures were 66.95 as in Corfu Revenues from cruise passengers (estimation) = 9,393,085 million € Revenues from cruise passenger*income multiplier (estimation) = 20,476,925.3 million € (.2.)

**Difference in the revenues generated: Estimated Revenues – Current Revenues = 20,476,925.3** - **8,940,112.42** = 11,429,763.98 million €

Considering only the passengers' expenditures, if the latter spent the 66.95€, cruisers spent in Corfu, the direct economic impact for the island of Cephalonia would be more than doubled, estimated at 9,343,980 million € while with the income multiplier the revenues would reach the 20,369,876.4 million €. The difference which is 11,429,763.98 million € denotes in the brightest way why immediate efforts should initiate for the enhancement of the touristic product offered, of the facilities and services provided.

2. Incentives for cruisers to visit the commercial center of the city

   Cruise passengers have a limited time at their disposal for shopping. As we have seen so far, the limited expenditures cruisers make at the island minimize the economic effects, cruise tourism generates in the local economy. In an effort to enhance their expenditure behavior the municipality or the traders association could provide a discounting card upon their arrival for the shopping facilities of the city. In such a way cruisers will have an added motive to visit the commercial center of the city and purchase goods from the local market.

3. An emerging destination

   Although the neighboring island of Corfu, which has managed to establish itself as a cruise destination, steals much of its thunder, the last two years Cephalonia is a progressively an emerging cruise destination. Following the island's worldwide recognition through the well-known Hollywood production "Captain Corelli's Mandolin" in 2001, which was shot on the island, Cephalonia managed to attract the tourist interest at international level, so it is logical and justified that it would not take long before it attracted also the interest of agents and cruise operators. Although nowadays Cephalonia is out of the limelight, with its privileged position, the central Ionian island has again the chance to take advantage of its numerous features and become a central cruise node in the Ionian. The different elements that it combines, its unique natural beauty, its history and the development of infrastructure, make it a tempting destination for cruise operators who seek to find new destinations for their itineraries. This is further supported by the fact that more and more companies choose to include it as a port of call in their itineraries in the eastern Mediterranean. As a matter of fact, Royal Caribbean, the second largest cruising group in the world, has already planned for 2013, a Greek islands itinerary which among others includes Argostoli as one of the ports of call with its sophisticated newsbuidling vessel, Splendour of the Seas. (Royal Caribbean International, 2012). Cephalonia has a strong momentum, strengthening its position in the international cruise market each year and gaining the loyalty of the operators who increasingly acknowledge its unique characteristics. Finally, the further progress of Cephalonia is strongly related to that one of Corfu; if the latter manages to evolve in a major homeport in the Easter Mediterranean it is very likely that the cruise ships with Greek itineraries will grow in number benefiting in such a way other Greek ports of call, such as Cephalonia.

4. Archeological excavations
   According to recent archeological research, Cephalonia may be the Homeric Ithaki where the palaces of Odysseys have existed. If such a claim is officially proven, Cephalonia will transform into one of the most recognizable destinations around the world. As Odyssey is in a worldwide scale, the second most widely read book after the Bible, the impact from such a discovery would attract the interest of millions of people who would be willing to visit the place from where Odysseys initiated his expedition to Troy.

5. Marketing to specific cruise markets
   The analysis of the results from the survey conducted among the cruise passengers visiting Cephalonia indicated that the 90.1% of them originates from Europe. Therefore, marketing strategies for the promotion of the island as a cruise destination could be directed specifically to the European market which constitutes of the largest cruise passenger supplier. Exclusive cruise promotional material should be designed and should be channeled through social media and advertisements to the European cruise market.

**Threats for Cephalonia**

1. Concerns of the local community
   Cephalonians are equally concerned with the positive and negative externalities cruise tourism exerts, holding a more cautious stance mostly because they are unaware of its consequences. Being a relatively newly established cruise destination, Cephalonia's residents are not exposed in a large extend to the effects generated by cruise tourism. Hence, the lack of proper information in combination with an inefficient stakeholder management could lead to the alteration of the perception of the local community towards cruise tourism. Such a development could have a serious impact in the further expansion of cruise tourism in the island. Therefore, local authorities ought to inform the local community appropriately both for the positive and the possible negative effects that

cruise tourism exert to their local society. Providing a strategic plan for the overall development of cruising which will include adequate measures for the protection of the environment as well as for the economic enhancement of the local society, the local authorities can ensure the support of the residents in this venture.

2. The financial economic crisis
   The overall negative climate that dominates the Greek economy may have a serious effect in the business and investment development of Cephalonia. As the latter is a relatively new cruise port many deficiencies need to be faced in a port as well in a city level in order to upgrade the services offered to the cruise operators and their passengers. The shortage of funds, required to fulfill the necessary improvements may set back the cruise development in the island as the latter may no longer be capable of handling the increased cruise ship and passenger traffic efficiently.

3. International and domestic competition
   The penetration of the cruise industry in the Eastern Mediterranean has definitely helped in the emergence of Cephalonia as a cruise port of call. However, cruise operators seek to develop constantly new itineraries in the region for their passengers. As a result Cephalonia may face an increasing competition from other Greek and international destinations who want to be established as cruise ports.

## Chapter 6: Comparative Analysis of the two Ionian Islands

### *6.1 Introduction*

The history of the Ionian Islands from ancient times until the present day, presents great interest for its unbroken continuity. As a region of significant geo-political importance favored by nature it became a cultural melting pot, an area facilitating the circulation of thoughts and ideas (Beriatos, 2002). In the Ionian Islands have lived some of the most widely known figures that have deeply affected the character and culture of Modern Greek society like Solomos (poet of the Greek National anthem), Kapodistrias (politician, first governor of Greece), Samaras (composer of the Olympic hymn), Mantzaros (composer of the Greek National anthem).

From the 18th century until the present day archaeological research was focused on the discovery of the Homeric Ithaka and Scheria (usually identified with Corfu) where the palaces of Odysseus and King Alkinoos respectively were thought to have existed (Periphery of Ionian Islands, 2007). The position of the Ionian Islands along the maritime route connecting Greece to Italy was of outmost significance for its development in all fields of human activity. Since the archaic period Corfu had a prosperous maritime activity and Cephalonia constituted an important naval force.

Successive visitors and conquerors, such as the ancient Euboeans, Corinthians and Athenians and later the Romans, the Byzantines followed by the Venetian occupation, the French occupation and finally the British rule (1815-1864) have left their marks material as well as intellectual. Especially the British administrators supported cultural development by establishing the Ionian Academy in Corfu, the very first university of modern Greek world (Potts, 2010). The Ionians absorbed cultural influences and liberal ideas such as freedom and independence. Ionian Islands have common historic development which served as a connecting bond between the Ionian populations and founded a shared cultural identity.

Many important European personalities have shown interest in the Ionian Islands attracted initialy by the Ionian natural environment's beauty. "Eptanisos", the Greek name for the seven Ionian Islands, are present in the novels of noteworthy writers such as Lawrence Durrell (Corfu in "Prospero's Cell"), Louis de Bernieres (Cephalonia in "Captain Corelli's Mandolin") and Francis King (Corfu in "The Dark Glasses"). The English painter Edward Lear has also created many paintings of Corfu. Other exceptional intellectuals such as the English poet Lord Byron and the English writer Oscar Wilde and important personalities such as Casanova and Empress Elizabeth of Austria (Sissi) have visited and sea journed in the Ionian Islands (Periphery of Ionian Islands, 2007).

Finally, the nature in the Ionian Islands is characterized by strong contrasts and multiformity. Contrasts between the idyllic and the wild, the fertile and the barren, the green and the rocky compose an insular mosaic of great interest (Potts, 2010). Unspoiled nature and rare fauna and flora represent a real treasure. Apart from nature architectural monuments deserve our admiration. Corfu's Old Town, the only Venetian town outside Venice, has been inscribed in UNESCO's World Heritage list with its Venitian fortress and its old port complex. Another exceptional architectural element, are the Ionian churches with high bell towers and interiors lavishly decorated by means of murals and painted icons (Periphery of Ionian Islands, 2007). Unfortunately, due to the destructive earthquakes of 1953 very little of the architectural monuments of the past times remain in Cephalonia, Ithaca and Zante.

### *6.2 Comparative analysis of the services and facilities of the two Ionian Islands*

In the previous two case studies we discussed the characteristics of the two Ionian Islands (Corfu and Cephalonia) based on our own experiences as well as the answers local communities and cruisers gave to the questionnaires we distributed. After their separate analysis we believe that it would be useful to compare the responses of each group investigated in order to determine whether a statistically significant difference between the values of their means exists. An independent t-test process will be used to check the hypotheses of the two independent samples, using a 5% significance level. Also a Levene's test for the equality of the variances hypotheses will be included. If the latter shows that variables have unequal variances (ex. p <0.05) then a independent t-test with unequal variances will be assumed; or else if p> 0.05 a t test with equal variances assumed will be run.

Both local communities of Corfu and Cephalonia were asked to rate with their responses the facilities and the services, the island offers to cruisers in a five point scale where 5 = maximum grade and 1= minimum grade. Comparing the answers given by the residents of Corfu with the ones given by Cephalonians will allow us to infer whether there is a significant difference between the residents' of the two islands perception, towards the level of the existing facilities and services provided to cruisers.

With regard to the port facilities of the two islands, the results of the analysis are presented in the following tables.

**Table 54:** Group Statistics: Port Facilities of Corfu and Cephalonia

| Group Statistics | | N | Mean | Std. Deviation |
|---|---|---|---|---|
| Port Facilities | Corfu | 303 | 3.0759 | 0.8575 |
| | Cephalonia | 301 | 2.4186 | 0.7723 |

**Table 55:** Independent Samples t-test for the port facilities

| | Levene's Test for Equality of Variances | | t-test for equality of means | | | |
|---|---|---|---|---|---|---|
| Port Facilities | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Equal Variances assumed | 1.1102 | 0.1823 | -8.9480 | 602 | 4.45206E-18 | 0.657303 |

The first table is named Group Statistics and illustrates the N, Mean and Standard Deviation. Residents' of Corfu mean value for the port facilities is 3.0759 while in the case of Cephalonia the mean is 2.4186, based on the 1-5 scale. As we can observe the difference in the independent sample's means is considerable, however we must also check if it is statistically significant. In the second table the results of the independent samples t test are presented. The Levene's test results indicate that equal variances between the two samples will be assumed as F is 1.1102 and p > 0.05 (p = 0.182). The value of test statistic is t= 8.94 and its p-value is 4.45206E-18.

Therefore, as p is much smaller than p< 0.05, there is enough evidence to infer that statistically significant differences between residents of Corfu (M= 3.0759) and Cephalonia (M= 2.4186) exist, with regard to their perception towards the port facilities of their island. In other words it is proven from the results, that Corfu has better port facilities than Cephalonia.

As we also denoted in our prior analysis, Corfu's port features more characteristics not only in terms of facilities (docks, passenger station, supply provisions) but also in terms of services to cruise operators and their passengers (shuttle buses, car rental, services for the disabled) than port of Argostoli. The investments in port infrastructure and superstructure that have taken place in port of Corfu aim in offering cruisers a much more convenient and upgraded experience facilitating their port stay. The adequate infrastructure and the high level of services are two reasons that have established Corfu as the fourth busiest cruise port in Greece and the second among the two hybrid ports Greece currently has.

On the antipode Cephalonia is an emerging port of call which has seen its popularity rise rapidly. Therefore, despite the construction of a mooring dock for mega- cruise ships in 2010, the steep increase in the cruise traffic has rendered it as insufficient and inadequate for servicing the increased number of disembarking passengers. As Mr. Pathekas informed "2 out of 3 vessels stay on anchorage and their passengers are transferred with smaller boats on shore". As a result, the lack of port infrastructure to accommodate and service appropriately the vessels and their passengers undermines or reduces the satisfaction levels of cruisers. If Cephalonia pursuits to become a major cruise port, then its local authorities should consider, investing in the construction of adequate infrastructure to host the increased demand. In such a case Corfu's Port paradigm is a good example to follow; it illustrates how investments in relevant infrastructure facilitated the increase in demand for cruises at the island.

Further on, the results of the comparative analysis with regard to the public transportation services are depicted in the two following tables:

**Table 56:** Group Statistics: Public Transportation Services of Corfu and Cephalonia

| Group Statistics | | N | Mean | Std. Deviation |
|---|---|---|---|---|
| Public Transportation Services | Corfu | 303 | 2.9768 | 1.0027 |
| | Cephalonia | 301 | 2.0631 | 0.8726 |

**Table 57**: Independent Samples t-test for public Transportation Services

| | Levene's Test for Equality of Variances | | t-test for equality of means | | | |
|---|---|---|---|---|---|---|
| Public Transportation | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Equal Variances assumed | 0.8702 | 0.1143 | 11.594 | 602 | 3.39779E-18 | 0.9137 |

As we can observe in the first listed table, the difference of the means of the two groups is again substantial; however, in contrast to the case of port facilities the means of the residents' responses are much lower. More particularly the mean for Corfu is M=2.97 and for Cephalonia M=2.06. This fact in a first level of review tells us that despite the difference between the means of the two islands, residents of Corfu and Cephalonia evaluated public transportation services worse than the port facilities.

In the second table, the results of the independent samples t test indicate that since the level of statistical significance of the variance is $p > 0.05$ ($p = 0.1143$), then we can assume equal variances. The value of t statistic is $t = 11.594$ while its p-value is $p = 3.3979E-18$. Once again there enough evidence to infer that the difference observed in the means of the two islands is statistically significant as $p<0.05$. The results are in favor of Corfu which seems to have better transportation services than Cephalonia.

Corfu features a public transportation network, much more extensive than Cephalonia, which in some extent serves the needs of cruisers. However, concerns with regard to the frequency levels and the capacity of the buses were highlighted. The situation in Cephalonia is less satisfying with the existing bus network barely serving the needs of the residents themselves, let alone those of cruisers. In both occasions however, there is plenty of room for enhancement. Islands can upgrade their bus services (especially during summer months) by increasing the service frequencies, adding new service lines and deploying larger buses to fit the increased passenger traffic. In such a way a sufficient bus network will facilitate tourists and their excursions, enabling them to visit various places on the island according to their likenesses and tastes.

Finally, the comparative analysis for the two islands in the remaining categories is presented:

**Table 58:** Group Statistics: Rest Facilities and Services of Corfu and Cephalonia

| Group Statistics | | N | Mean | Std. Deviation |
|---|---|---|---|---|
| Shopping Facilities | Corfu | 303 | 2.9768 | 1.002 |
| | Cephalonia | 301 | 3.1192 | 0.8850 |
| Bars and Restaurants | Corfu | 303 | 2.8438 | 0.8722 |
| | Cephalonia | 301 | 2.8052 | 1.0646 |
| Guided Tours | Corfu | 303 | 2.9887 | 0.6454 |
| | Cephalonia | 301 | 3.0825 | 0.7415 |
| Other Services | Corfu | 303 | 2.4323 | 1.0210 |
| | Cephalonia | 301 | 2.5681 | 0.7595 |

**Table 59**: Independent Samples t-tests for the rest categories

| Equal Variances assumed | Levene's Test for Equality of Variances | | t-test for equality of means | | | |
|---|---|---|---|---|---|---|
| | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Shopping Facilities | 0.8826 | 0.1397 | 1.0651 | 602 | 0.0651 | 0.1424 |
| Bars & Restaurants | 1.2205 | 0.04217 | 0.4815 | 602 | 0.6302 | 0.0386 |
| Guided Tours | 1.1148 | 0.1147 | 1.0316 | 602 | 0.0525 | 0.0948 |
| Equal Variances not assumed | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Other Services | 1.3443 | 0.0052 | 1.7685 | 602 | 0.0774 | 0.1358 |

As the results indicate, in all the afore-listed cases the differences between the means of Corfu and Cephalonia are not statistically significant as p>0.05. Therefore there is not enough evidence to infer that either of the island's facilities is better. In these categories the two islands present smaller mean differences denoting in this way that the services provided to cruisers are more or less of similar quality and caliber. Indeed, even the deficiencies presented are similar in both islands. Shopping facilities should establish a closer cooperation with the Chamber of Commerce, promoting the local market and the local products, giving incentives to visitors to increase their expenditure behavior and adjusting their timetables to fit those of cruisers. Cleanliness of the city as well as the placement of tourist signs around the city are also two major issues that both islands need to face directly. Bars and restaurants should encompass their menus with traditional dishes, local products and beverages in order to get cruisers acquainted with the local flavors and tastes. Finally, guided tours in both islands offer, overall, good quality services. However, the promotion of the same on shore excursions for many years may saturate destinations, by concentrating visitors to certain island's areas while others, equally significant remain unexplored and unexploited. Besides that, the cruise clientele is highly diversified nowadays seeking alternative and imaginative excursions to fit their taste. For this reason tour operators should constantly develop new concepts and new ideas to entertain cruisers during their stay. As it can be seen from the abovementioned remarks there is enough room for development in these categories in both islands. Therefore, efforts towards that direction should commence in order to upgrade the provided services, enhance the cruiser's satisfaction levels and his/her experience.

### 6.3 Comparative analysis of residents' perception towards cruises

The ten factors investigating the perception of local communities towards cruise tourism are depicted in the following table according to their order of importance for each island.

**Table 60**: Residents perception towards the effects of cruising

| Factors -Corfu | Factors - Cephalonia |
|---|---|
| 1. Increase in infrastructure investments | Increase in infrastructure investments |
| 2. Upgrade- Promote Cultural Heritage | Pollution Measures |
| 3. Increase income of residents | Upgrade- Promote Cultural Heritage |
| 4. Contribution to employment | Contribution in employment |
| 5. Enhance quality of life | Increase in the income of the residents |
| 6. Pollution Measures | Increase in the amount of urban waste |
| 7. Upgrade Cultural events | Deterioration of fauna and flora |
| 8. Increase in the prices of the products and services | Enhance quality of life |
| 9. Deterioration of fauna and flora | Increase in the prices of the products and services |
| 10. Increase in the amount of urban waste | Upgrades Cultural events |

The above-listed table demonstrates that the results for each island differ considerably. This fact lies in the different aspects of cruise tourism each local society focuses on. Residents of Corfu seem to focus more on the positive effects cruise tourism exerts while on the contrary local community of Cephalonia is equally concerned both with the positive and negative effects. Cruise tourism is more mature in Corfu (since the 70's) and as a result, residents have been largely exposed to its effects. Conversely, Cephalonia's local community anticipates these effects, as it currently emerges as a cruise destination. Therefore, since its residents do not have an analogous experience to Corfu, it is logical to be more cautious with the potential negative externalities cruises have. "Cephalonia's pristine nature and biodiversity should be preserved; that is why we want to be preventive and take all the appropriate environmental protection measures in advance" (Kekatos, 2012). This is not only the vice mayor's belief though; as Cephalonians, as a whole reported also to be concerned with the long term and short term environmental impacts ,cruises have on the island. Characteristically, all factors related, were ranked higher in the list, in comparison to Corfu. However, the economic factors related to the development of cruising, are in both occasions the most important ones. Residents of both islands highly depend on tourism activities and that is why they believe that "the development of cruise tourism will boost the local economy". Indeed, earlier in our study we estimated that the total revenues (coming from cruise passengers' expenditure) each island earns, are significant and capable to support financially many local businesses. Finally, social and cultural factors concern less the Cephalonians than residents of Corfu. Cephalonia is still in an early development stage, focusing and awaiting more the economic benefits cruise tourism exerts. Since Corfu has long been through this stage, its residents are concerned with other aspects of cruise tourism too, such as the enhancement and promotion of the island's cultural heritage.

**Table 61:** Group Statistics: Factors influencing residents' perception towards cruises

| Group Statistics | | N | Mean | Std. Deviation |
|---|---|---|---|---|
| Increase in infrastructure investments | Corfu | 303 | 3.9108 | 0.7304 |
| | Cephalonia | 301 | 3.6245 | 1.0529 |
| Upgrade- Promote Cultural Heritage | Corfu | 303 | 3.5643 | 0.9577 |
| | Cephalonia | 301 | 2.9568 | 1.0526 |
| Increase income of residents | Corfu | 303 | 3.5247 | 0.8448 |
| | Cephalonia | 301 | 2.7308 | 1.0479 |
| Contribution to employment | Corfu | 303 | 3.3399 | 1.0210 |
| | Cephalonia | 301 | 2.9003 | 0.9439 |
| Enhance quality of life | | | | |
| Upgrade Cultural Events | Corfu | 303 | 3.2211 | 0.9388 |
| | Cephalonia | 301 | 2.6112 | 0.9009 |
| Increase in urban waste | Corfu | 303 | 2.8481 | 0.9577 |
| | Cephalonia | 301 | 2.4186 | 0.9987 |
| | Corfu | 303 | 2.5577 | 0.8510 |
| | Cephalonia | 301 | 2.7707 | 1.0249 |

**Table 62**: Independent Samples t-test for the factors influencing residents' perception towards cruises

| | Levene's Test for Equality of Variances | | t-test for equality of means | | | |
|---|---|---|---|---|---|---|
| Equal Variances assumed | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Contribution to employment | 0.9739 | 0.4094 | 5.6880 | 602 | 2.00625E-08 | 0.4396 |
| Upgrade- Promote Cultural Heritage | 1.1055 | 0.1922 | 4.8290 | 602 | 3.31349E-13 | 0.6075 |
| Increase income of residents | 1.0516 | 0.3311 | 11.4004 | 602 | 2.14E-27 | 0.7939 |
| Enhance quality of life | 0.9209 | 0.2377 | 8.1438 | 602 | 2.21E-15 | 0.6099 |
| Upgrade Cultural Events | 1.0874 | 0.2336 | 5.3952 | 602 | 9.85E08 | 0.4295 |
| Equal Variances not assumed | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Increase in infrastructure investments | 1.5176 | 0.0001 | 3.6701 | 602 | 0.0002 | 0.2863 |
| Increase in Urban Waste | 1.4505 | 0.0006 | 2.7776 | 602 | 0.0056 | 0.213 |

The first table illustrates seven out of the ten related to the cruise tourism development factors, residents of the two Ionian Islands were asked to assess. A first remark that comes to mind is that among the two islands are observed considerable differences in the means of the factors under study. For example, even though the "increase in infrastructure investments" factor is in both islands perceived as the predominant factor that will impact the local communities, the mean difference of the residents' responses is 0.28. For this reason we will investigate whether these divergences observed are statistically significant and if they are why.

In the case of the top listed factor, the Levene test showed that the variances of the two groups are significantly unequal ($F = 1.5176$, $p<0.05$) and therefore a t-test with equal variances not assumed should be run. In the latter we observe that the t statistic is $t= 3.6701$ while it's the p-value is $p= 0.0002$. As the p-value is smaller than $p<0.05$ we can conclude that there is a statistically significant difference between the means of the factor. As a result, both communities may anticipate to be benefited by the potential investments that will take place due to the development of cruising however, residents of Corfu are more convinced and optimistic. This result can be highly attributed to the fact that the latter are more experienced and well aware of the effects cruise tourism exerts to their island. The stable growth of the cruise ship and passenger traffic in Corfu over the last decade has let residents (and especially the ones related to the tourism activities) to understand how cruises impact the local society. A series of investments have already taken place (in the port the construction of two additional docks and in the city the restoration of neoclassical buildings for business purposes) predisposing locals for an analogous continuity. On the contrary although in Cephalonia the mooring dock was constructed especially to host cruise ships, other investments have not initiated yet. So residents await these investments and due to this fact are more cautious and restrained with their responses.

With regard to the second listed factor, concerning the enhancement and the promotion of the islands cultural heritage, the Levene test showed that the variances of the two groups are not statistically significant ($F = 1.1055$, $p = 0.1922$) and therefore a t-test with equal variances should be assumed. Respectively, the t-test showed that also in this case the difference in the means of the factors is statistically significant as $t = 4.8290$ and $p= 2.00625E-08$. We observe that the p-value is too small and as a result there enough evidence to infer that the mean changes differ. Both islands feature a significant cultural and natural heritage, however, residents of Corfu consider it quite more important.

The third factor under study is the "increase in the residents' income". The above table demonstrates that in this case too there is enough evidence to conclude that the group variances do not differ significantly as $F = 1.0516$ and $p = 0.3311$. Therefore, the appropriate technique to follow is the equal variances t-test. The results show that t statistic is $t = 11.4004$ and its p-value is $p = 2.14E-27$. Accordingly, we can infer that there is sufficient evidence to infer that mean change in the increase in the residents' income differs significantly among the two islands. The significant difference observed, can be highly attributed to the divergence of cruisers' average expenditures in the two islands. Earlier in our study we estimated that cruisers in Corfu spend on average 66.6 euro while in Cephalonia the amount spent is less than half. Therefore, the economic benefit from cruise tourism for

Cephalonia's local economy is much less than in Corfu and that is why its residents have a lower appreciation of its contribution to their incomes. If the average expenditures of cruisers rise to Corfu's levels then it is highly probable that the perception of Cephalonians will alter too.

Contribution in employment is a significant factor for both islands as their residents place it in the same position. However, similarly to the previous factors, the difference between the mean values of each island is considerable (0.4396). Residents generally, acknowledge highly that cruise tourism development can influence directly the local society by creating new employment however, their perception differs as to the extent this impact will have. According also to the results of the t-test, for equal variances (F= 0.9739, p =0.4094), the difference observed is statistically significant as t =5.6880 and p = 2.00625E-08. The p-value is so small that there is enough evidence to conclude that residents of Corfu believe that cruises will contribute to the creation of new employment more than Cephalonians. Corfu hosts annually more than a half million cruisers in comparison to Cephalonia which hosts a fifth of them. In order to cover the customers' needs, more services and businesses are needed and therefore additional employment is also created. In Cephalonia cruise tourism is still a young industry with its effects in creating new employment, not being observable yet. However, as Cephalonia's cruise tourism grows so will the contribution in employment too. More people will get involved with the tourism business, more needs, will have to be covered and therefore more employment will be demanded.

The perception of the two local communities varies also in the level cruise tourism enhances the quality of their lives. According to the residents' responses the mean for Corfu is M = 3.22 while for Cephalonia is much lower to M=2.61. Levene's test showed that the variances of the two groups do not differ significantly (F= 0.9209, p = 0.2377) so equal variances are assumed. The t statistic is t = 8.1438 and the p-value is p = 2.21E-15 ($p<0.05$). As it was expected, the results of the t-test indicate that there is enough evidence to support that residents of Corfu perceive that cruise tourism will upgrade the quality of their lives more than residents of Cephalonia. Quality of life is a factor concerned with the long term effects of cruising, so residents of Corfu, being more experienced seem to be more highly concerned with that factor.

Furthermore, a factor related to the socio-cultural effects of cruising is analyzed. However, residents of both islands do not perceive the enhancement of cultural events as one of major effects cruises will have on the islands. Corfu's mean is M = 2.8481 while Cephalonia's is again lower M= 2.4186. The difference between the means of the groups is according to the t-test (equal variances assumed) statistically significant as the t statistic is t = 5.3952 and the p-value p = 9.85E-08 ($p<0.05$). The results show that there is enough evidence to conclude that residents of Corfu are concerned more with the effects cruise tourism will have in the enhancement of cultural events on the island than Cephalonians. Generally, on the occasion of cruise ship arrivals cultural events could be organized around the island, offering to cruisers an alternative and original experience. Residents of Corfu believe that "such events will also help to emerge the history and culture of the island along with its importance". On the contrary Cephalonians, seem currently to surpass the cultural factors and their impact to the local community, focusing more on the economic and environmental ones.

Finally, the last factor is concerned with the increase in urban waste due to the increase in passenger traffic on the island. The difference between the variances of the two group means is not statistically significant according to Levene's test, so a t-test with unequal variances was conducted. The value of t statistic is t = 2.7776 while its p-value is p = 0.0056. The p-value of the test is small ($p<0.05$), so there is enough evidence to infer that Cephalonians are more concerned with the increase in urban waste than residents of Corfu. The increase in urban waste is a typical problem for many island destinations during summer months, due to the tourists' arrivals. As a result preventive measures for its efficient management should be implemented to ensure the cleanliness and the hygiene of the island. Both Corfu and Cephalonia need to face these short-term effects of cruise tourism, as the image of the city highly depends on their proper management. Particularly in Cephalonia the situation is still manageable; however, if the passenger traffic continues to rise, it is very likely that there will be a problem soon. Therefore residents seem to be preventive, acting in advance to preserve a clean urban environment.

**Table 63:** Group Statistics: Factors influencing residents' perception towards cruises

| Group Statistics | | N | Mean | Std. Deviation |
|---|---|---|---|---|
| Pollution Measures | Corfu | 303 | 3.0825 | 0.8894 |
| | Cephalonia | 301 | 2.9933 | 1.0519 |
| Deterioration of fauna and flora | Corfu | 303 | 2.6303 | 0.6973 |
| | Cephalonia | 301 | 2.6810 | 1.0579 |
| Increase in price of products and services | Corfu | 303 | 2.7689 | 1.0391 |
| | Cephalonia | 301 | 2.6565 | 1.0154 |

**Table 64**: Independent Samples t-test for the factors influencing residents' perception towards cruises

| | Levene's Test for Equality of Variances | | t-test for equality of means | | | |
|---|---|---|---|---|---|---|
| Equal Variances not assumed | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Pollution Measures | 1.3986 | 0.0018 | 1.1249 | 602 | 0.2610 | 0.0891 |
| Deterioration of fauna and flora | 1.5170 | 0.0001 | 0.6647 | 576 | 0.5064 | 0.0507 |
| Equal Variances assumed | F | Sig. | t | df | Sig. (2-tailed) | Mean diff. |
| Increase in price of products and services | 0.9772 | 0.8269 | 2.7171 | 602 | 0.0677 | 0.1124 |

In the tables above, the last three factors concerned with the impacts of cruise tourism development on the two Ionian Islands, are depicted. However, in these particular cases, the mean difference of the two groups is quite smaller. This fact suggests that the answers of the respondents from both islands converged in these questions. That is actually why none of these differences in the means of the variables are statistically significant.

The abovementioned claim is also certified by the results of the independents samples t-tests we conducted. More analytically, the factor concerned with the residents perception towards pollution measures has a t statistic value $t = 1.1249$ and its p-value is $p = 0.2610$. As a result, there is not enough evidence to infer that either island's residents are more concerned with the pollution of the environment resulting from cruise ships. Similarly, the other environmental factor in our list, has a t statistic value $t= 0.6647$ and its p-value is $p= 0.5064$. Once again, as p value is way higher than $p= 0.05$, there is not enough evidence to conclude that either of the islands is more concerned with the deterioration of flora and fauna due to the development of cruise tourism. Finally, the last factor is related to the negative economic externalities cruises exert; the increase in the prices of services and products. We estimate that the value of t statistic is $t = 2.7171$ while its p-value is $p = 0.0677$. As a matter of fact ($p>0.05$) neither in this case there is enough evidence to infer that an island's local community is more worried than the other, on the particular aspect.

## 6.4 Conclusion

Overall, based on the results of our analysis we can conclude that significant differences both in some facilities-services offered as well as in the perception of residents' towards cruise tourism impacts, are observed between the two islands. Corfu as a cruise destination has a clear competitive edge over Cephalonia, which can be highly attributed to the experiences gathered all those years, in servicing, facilitating and managing cruise operators' and their passengers' needs. On the contrary Cephalonia is an emerging cruise destination which currently experiences in a larger extent the impacts cruise tourism exerts. Despite that fact, the results of the comparative analysis have shown that Cephalonia, with the exception of port facilities and the public transportation services, offers equivalent services to those of Corfu. The critical difference among the two islands, therefore, lies in the organization, management and cooperation levels achieved among the tourist services, means of transport, archeological sites and local authorities in order to deliver a higher level of service and a better handling of passengers during their on shore excursions. Furthermore, regarding the perception of local communities towards cruise tourism impacts we can infer that differences in the means of the factors and the divergences in their responses observed, are again a result of the level of experience each island and its residents have on cruise tourism. Hence, residents of Cephalonia are more skeptical and more cautious as to how and in which extent cruises will impact the local community. For this reason, residents of Corfu, as more experienced and better aware of the impacts cruises exert, believe that the latter will be more significant than Cephalonians anticipate.

## Chapter 7 Conclusions – Recommendations

### *7.1 Cruise Industry*

The cruise industry is the fastest growing sector in the tourism industry with an average annual growth of 7.6% over the last two decades (C.L.I.A, 2010). Although it is considered a relatively new industry with low penetration levels in the international markets, since the beginning of the 80's more than 100 million people have realized a cruise, of which the 61% cruised in the last decade while another 37% cruised the last five years (Diakomichalis, 2007). The rapid increase in popularization of cruising can be highly attributed to the fact that the customer profile has changed over the years. Cruising is not addressed nowadays only to the elite, on the contrary, it attracts a very diversified clientele from a wider economic and social status. The transformation of cruise tourism into a mass tourism option coincided with a series of developments and trends in the cruise shipbuilding sector which allowed cruise operators to change profoundly their strategies and implement new pricing policies.

- The advent of the economies of scale has enabled operators to build ever-larger cruise ships, increasing the passenger capacity while reducing the average costs (by achieving a high utilization marginal costs are rising and cruise is a decreasing returns to scale industry), allowing a much more competitive pricing and making cruise vacations more accessible to a largest share of the touristic market.
- The cruise product has become highly diversified, with cruise firms developing constantly new concepts, new itineraries and special purposed vessels offering a cruise option for all kind of tastes.
- By maintaining the overwhelming quality of services offered and adding new amenities onboard, cruise lines aim in delivering high satisfaction levels and gaining in such a way the loyalty of their customers, in an effort to increase the percent of the cruise repeaters.

The exploitation of these elements in combination with the low penetration levels in the global population and the sufficient number of markets that have yet to be explored and exploited, give the cruise industry a strong momentum and a high potential for further growth. This expansion process which has already initiated is also the reason why so far the cruise industry is highly resilient to the recent global economic crisis.

### *7.2 Cruise Markets*

Cruise industry is one of the most characteristic paradigms of globalization as its operations are spread across the four corners of the earth; from Alaska and South America to China and Australia. However, since the inception of contemporary cruises the Caribbean is still the dominant cruise market capturing 41.3 the % of the cruise passenger flow, despite the signs of saturation that have been observed. European and more particularly the Mediterranean cruise market is the countervailing force of the Caribbean market as it develops steadily with an average annual increase of 10% over the last decade, currently holding approximately the 21% of the cruise market (Mulonas, 2012). The rest 28% is split among the other cruise destinations such as Alaska, South America, Australia and Hawaii.

The Mediterranean cruise market which is the most emerging cruise destination in Europe with about 75% of its itineraries can be divided into two sub-markets

(Tsimplakis, 2012); the eastern and the western Mediterranean. The latter was the first to be exploited by the major cruise firms in the beginning of 00's while the eastern is only currently emerging. The overexploitation of western Mediterranean along with the geopolitical events that took place in the countries of North Africa urged operators to seek new destinations across the Mediterranean market. Besides that, the wider area of the eastern Mediterranean consists of a strategic region for the development of cruise tourism as it provides a wide range of destinations amongst which many are in a close proximity with each other.

Under such circumstances, Greece has a chance to emerge as dominant cruise destination in the eastern Mediterranean basin increasing its cruise and passenger traffic. This tendency is already becoming more evident as Greece was ranked 3rd among all the European cruise destinations for 2011 after Spain and Italy, with more than 4.8 million cruisers and a market share of 17% (G.P Wild (Intenational) Ltd., 2012). However, the stepping stones the Greek cruise market has to face are considerable. Although, the number of calls in the Greek ports increases gradually (a large share of this increase is absorbed mainly by only 6 destinations which present a cruise traffic over 500,000 passengers), the increases in the number of cruisers initiating their cruise trip from a Greek homeport as well as in the revenues generated from the industry are not proportional. Characteristically, only a 16% of those cruised in Greece for 2011, started their voyage from a Greek port while the revenues generated represent the 4% (600 million euro) of the total direct revenues generated in the whole European cruise market (Mulonas, 2012). In order to understand the scale of divergence on a national level, in Italy and Spain the 75% of the cruisers start their cruise from domestic homeports while respectively their revenues represent the 30% and the 9% of the Europe's market revenues (G.P Wild (Intenational) Ltd., 2012).

This lags in the Greek cruise industry stem from the lack of competitiveness and of the inappropriate infrastructure of its ports. With regard to the first, the recent definite lift of cabotage which was a thorn in the establishment of Greek ports as homeports is expected to increase competitiveness and stimulate to some extent the homeporting and the revenues generated. However, the lift of cabotage as a policy can not alter drastically by itself the Greek cruise market. Considerable attention and effort should be given on a national level to the infrastructural enhancements that almost every Greek cruise port needs. Cruise ports nowadays must feature multiple functions to accommodate the needs and the expectations of the cruise lines and of their passengers otherwise; Greek ports can easily be bypassed by operators who will turn to other eastern Mediterranean destinations. Therefore, Greece should be committed to a national strategy for the enhancement of its port facilities and services which will convince and will reassure cruise lines that the former is capable of managing efficiently and securely an increased number of vessels and passengers.

In general, Greece as a cruise destination combines many features and comparative advantages which can allow the development of large cruise market; history and culture, the natural beauty, the mild climate as well as the unique in the Mediterranean basin island complex, are only some them. An efficient exploitation of these characteristics can render cruise tourism as possible pillar for development and economic growth. Especially in an economic crisis concurrence the cruise industry can in a large extent revitalize the Greek economy, which is in the verge of collapse, by supporting economically both the national and the peripheral economy.

### *7.3 Case Studies in Corfu and Cephalonia*

The significant economic benefits exerted by cruise tourism have led many ports around the globe to turn their antennas to the development of this alternative type of tourism, to support their local economies. In this thesis we develop a framework that analyzes the economic impacts and the benefits for the host communities that stem mainly from the cruise passengers expenditures. This framework is applied to the Greek cruise market and more particularly to the two Ionian Islands, Corfu and Cephalonia whose ports have already managed to emerge as cruise destinations (Corfu to a larger extent however) in the eastern Mediterranean market. Their unique geographical position between the Adriatic, which is the main cruise ship trunk in the eastern Mediterranean, and the Greek market has benefited them considerably as a substantial number of cruise ships which passes nearby their waters, chooses to call their ports.

On the one hand, Corfu has a longer history in cruises, as for more than a decade its port's strategy is closely connected with the development of cruise tourism in the island, attracting nowadays almost all the major cruise lines operating in the area and being established as the second homeport in Greece. With more than 630,000 passengers expected for 2012 Corfu is one of the six major Greek cruise ports with passenger traffic above the 500,000. On the other hand Cephalonia has a significantly less cruise and passenger traffic however it is considered an emerging cruising destination. Only in a seven year period (that long is the cruise history of Cephalonia) it has managed successfully to attract in 2012 more than 100 cruise ships and 140,000 passengers in its port Argostoli. Both ports however, are in need of further investments in port infrastructure and superstructure in order to accommodate and service efficiently the increased sizes and numbers of cruise ships.

The omens for the further development of both cruise ports are positive however, the latter along with their cities should establish the conditions to enhance the product offered to their customers. Important allies to this effort are the local communities of the islands whose residents are in their vast majority supportive, to the development of cruise tourism. Besides that, the economic impacts along with the benefits generated for the local communities are highly correlated to the extend cruisers expectations are met.

As far as the economic impact on both islands is concerned, based on the survey conducted among cruise passengers, we estimated that cruisers spent on average 66.95 euro in Corfu generating a direct economic impact of 41,958,000 million € while in Cephalonia cruisers spent on average 29.23€ generating a direct economic impact of 4,100,969 million €. By adding to these amounts the port revenues and multiplying all of them with the income multiplier (2.18 for the Greek islands) the total revenues for each island reach the 270,228,440 million € for Corfu and the 9,201,712.42 million € for Cephalonia. As it can seen from the afore-mentioned amounts the difference in the economic impact generated to these two cruise destinations is enormous. Despite the fact that port of Corfu attracts five times more cruise ships and passengers as well as earns significant revenues (82 million) from the provided services to the cruise lines, still cruisers average expenditures in

Cephalonia are less than half in comparison to Corfu. If in a hypothetical scenario cruisers in Cephalonia the same amounts as in Corfu the economic impact would be more than doubled.

Both destinations can enhance the generated economic impact to even greater levels, if each focuses according to its aims in developing, sustaining and offering high quality services. Port of Corfu aims to be established as a homeport in the eastern Mediterranean and in a satisfactory degree it has managed to develop the facilities and services (in the port as well as in the city) to respond to the expectations of its customers; however, there is still plenty of room for improvement. Conversely, port of Argostoli which aims to be established as a major port of call in the Ionian Islands, presents considerable deficiencies both in the development of the facilities and services needed as well as in the management of the increased cruise and passenger traffic. Hence, an effort in all levels for the alteration of this situation must initiate urgently.

One thing must be clear; the higher the economic impact is the larger the benefits (economical, social, cultural) will be for the host communities. Therefore, by spotting the strengths and weaknesses of each destination an appropriate environment for undertaking proper measures can be designed. That is why we addressed both to residents and cruise visitors of the islands to indicate with their responses on a series of questions which are the measures to be taken to enhance the overall services provided. Based therefore, on the satisfaction levels delivered to cruisers as well as to the responses of the residents who know better than anyone the problems that need to be faced and the advantages that should be emerged we can conclude our thesis with a set of recommendations for both Ionian Islands.

### *7.4 Recommendations*

**Table 65**: Recommendations

| Category | Recommendations |
|---|---|
| Branding the destination (General) | 1. Both islands should develop a marketing program which will focus exclusively in the promotion of the destinations to cruise lines, emerging the unique characteristics of each island<br>2. This effort should be jointly undertaken by the Port Authorities (who should promote the destination in all major cruise conferences) and the Municipal Authorities (who also should promote the destination in all tourism conferences)<br>3. Appointments with major cruise lines should be organized regularly and a constant communication should be established (built strong relationships)<br>4. A separate promotional material should be designed for passengers arriving to the destinations. The material will be addressed directly to cruisers informing |

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|---|---|
| | them adequately in advance of their arrival about the available facilities and attractions of the island.<br>5. A production of a short film illustrating the characteristics of the island would be also a helpful action to inform cruisers. |
| Reception and Welcoming (General) | 1. Welcome passengers during their disembarkation by offering a local delicacy<br>2. Provide them with a map which will feature all the major attractions, sites and information about the city's services<br>3. Employ a multilingual personnel for informing and servicing cruisers<br>4. Create a pleasant environment for the passenger enhancing the overall image of the port and the surrounding area |
| Port Facilities (General) | 1. Each port should initiate further infrastructure investments for the appropriate accommodation and service of cruise ships<br>2. An added terminal facility should be created in Corfu while a temporary outdoor one could be created in Cephalonia<br>3. Ports should feature a first aid station in case of emergency<br>4. Appropriate signing in the port premises should be arranged illustrating information for the port's and city's services<br>5. Creation of a store with local product in the premises of the port<br>6. Establishment of a hall featuring historical and cultural exhibitions in the port area<br>7. Creation of a tourist bus line which will transfer cruisers to the center of the city<br>8. Establish a table with the tariffs to all destinations by taxi and by bus to avoid profiteering phenomena |
| Port Facilities in Corfu | 1. Promote more intensively home porting<br>2. Create excursions before and after the initiation of the cruise trip<br>3. Cooperate with local hotels and offer discounts to passengers<br>4. Creation of shelter in the berths of the port, for a safer and more convenient disembarkation / embarkation of the passengers during the rainy days<br>5. Attract premium and luxury cruises |
| Port facilities of Argostoli | 1. Establish a Port Authority<br>2. Create an internet page<br>3. Establish a berth allocation system<br>4. Creation of additional space for parking |

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| | facilities (for coaches, cars and taxis)<br>5. Creation of special infrastructure for the proper movement of disabled cruisers (ramps, provision of wheelchairs) |
| City's Facilities<br>(General) | 1. Enhance the image of the city by restoring the neo-classical buildings and the monuments<br>2. Enhance the cleanliness of the city by adding more garbage and recycle bins to absorb the increase in urban waste<br>3. Maintain the road infrastructure and the pavements of the city<br>4. Create additional parking spaces in the premises of the city to decongest the city center<br>5. Arrange appropriate signing in various places around the city with maps and information for tourists |
| City Facilities in Corfu | 1. Emerge to a larger extend the history and the importance of the historical center of the city<br>2. Create additional parking places in the touristic sites<br>3. Create public toilets around the busiest places of the island |
| City Facilities of Argostoli | 1. Redevelopment of the coastal area with pedestrianization of a large part of the road<br>2. Provide bike rental services to the visitors |
| Transportation Services<br>(General) | 1. Increase the network services by buses<br>2. Increase the frequency especially during the summer months<br>3. Have a cheap bus ticket |
| Shopping Facilities- Bars & restaurants<br>(General) | 1. The Chamber of Commerce should be the coordinator of an effort to enhance the products offered to the visitors<br>2. Motives to cruisers should be given to enhance their purchasing activities (discount cards for shops and restaurants)<br>3. The schedule of the shops should be coordinated with the timetable of cruises<br>4. Promotion of the local products<br>5. Offer high quality products and food |
| Guided Tours<br>(General) | 1. Take advantage of all the island's characteristics<br>2. Cooperate with cruise lines to include more and diversified excursions to the program<br>3. Visit the places where the local products are produced<br>4. Add to the excursions dining experiences |

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| | in local taverns and food trials to allow cruisers to taste the local products |
| Cultural Events (General) | 1. Organize cultural events during the stay of the cruisers in the port area or in the center of the city (musical events- theater- bazaars)<br>2. Promote the multicultural influences of the islands<br>3. Motivate cruisers to visit the museums by introducing a cruisers ticket at a reduced price |

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## Appendices

**Questionnaire for cruise passengers**

To: All cruise passengers visiting port of call: Corfu

From: Theodore Styliadis - MSc student in Maritime Economics & Logistics, Erasmus University of Rotterdam – mail: th.styliadis@gmail.com, phone number: 6972282722

Subject: Cruise Ship passenger Satisfaction and Expenditure Survey

**Please fill out the form or mark with an X your selected answer:**

**Section 1 – Respondent's Profile**

1. **Age:**
   **18- 25 ☐ 26- 35 ☐ 36- 45 ☐ 46- 55 ☐ 56 or more ☐**

2. **Gender:**
   **Male ☐ Female ☐**

3. **Employment Status:**
   **Full time employed ☐ Part-time employed ☐ Retired ☐ Unemployed ☐**

4. **Educational Level :**
   **Less than High- school ☐ High-school ☐ Bachelor Degree ☐**
   **Master Degree ☐ Doctoral Degree ☐**

5. **Annual Income:**
   **Up to 25.000$/€ ☐ Up to 50.000$/€ ☐ Up to 75.000$/€ ☐ 75.001$/€ or more ☐**

6. **Geographic Origin:**
   **North Europe ☐ If so, please specify:**
   **South Europe ☐ If so, please specify:**

   **North America ☐ If so, please specify:**

   **South America ☐ If so, please specify:**
   **Asia ☐ If so, please specify:**
   **Africa ☐ If so, please specify:**
   **Australia – New Zealand ☐**

**Section 2 – Activities undertaken & expenditure behavior of cruise ship passengers**

7. **What was your motivation to take the particular cruise package?**
   **Itinerary ☐ Historical- Cultural Heritage ☐ Nature- Climate ☐**
   **Fun-Relaxation ☐ Other ☐ if so, please specify:**

8. **Is this your first trip to Corfu?**
   **Yes ☐ No ☐**

9. **Is this your first cruise trip to Corfu?**
   **Yes ☐ No ☐**

10. **During your stay in port of Corfu did you visit any of the island's attractions? (Beaches, Museums, Mon Repos Palace, Archaeological sites, Religious sites, Winery etc)**
    **Yes** ☐ **No** ☐
    **If yes, please specify:**

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11. **Repartition of your expenditures during your stay in the port of Corfu:**

| | |
|---|---|
| **Food & Beverages** | **$/€** |
| **Attractions** | **$/€** |
| **Transportation (taxis-buses)** | **$/€** |
| **Shopping (souvenirs- clothes- jewelry etc.)** | **$/€** |
| **Tours not sponsored by cruise lines** | **$/€** |
| **Miscellaneous** | **$/€** |

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12. **Would you say that you were harassed in any way during your visit here?**
    **Yes** ☐ **No** ☐

    **If yes, where were you harassed?**

| | |
|---|---|
| **In the shopping area** | |
| **On the streets** | |
| **At the attractions** | |
| **On the beach** | |
| **At the pier** | |
| **Other** | |

**If other, please specify:**

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**Section 3 - Satisfaction with the city and port services**

13. **How would you rate your experience in Corfu on this trip?**
    **Bad** ☐ **Poor** ☐ **Fair** ☐ **Enjoyable** ☐ **Most enjoyable** ☐

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14. **How would you rate the facilities & services at this port of call in Corfu?**

| **Services** | **1.Bad** | **2.Poor** | **3.Fair** | **4.Good** | **5.Very Good** |
|---|---|---|---|---|---|
| **Port Facilities** | | | | | |
| **Quality of Restaurants-Bars** | | | | | |
| **Guided Tours** | | | | | |
| **Shopping Facilities** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Transportation Services** | | | | | |
| **Friendliness of local residents** | | | | | |
| **High Quality Services (Medicine, Internet etc.)** | | | | | |

15. **How likely would you be to return to Corfu for land vacations?**
    **Not at all likely** ☐ **Not too Likely** ☐ **Somewhat likely** ☐ **Very likely** ☐
    **Extremely likely** ☐

16. **Would you recommend the destination to your friends and relatives?**
    **Not at all likely** ☐ **Not too Likely** ☐ **Somewhat likely** ☐ **Very likely** ☐
    **Extremely likely** ☐

**Section 4- General information**

17. **Have you ever been on a cruise vacation before?**
    **Yes** ☐ **No** ☐
    **If Yes how many times:**

18. **With which Cruise Line are you travelling?**

19. **How long is your trip (in days)?**

20. **How would you rate your on board experience:**
    **Bad** ☐ **Poor** ☐ **Fair** ☐ **Enjoyable** ☐ **Most enjoyable** ☐

21. **How would you rate the services and facilities on board?**

| **Services** | **1. Bad** | **2. Poor** | **3. Fair** | **4. Good** | **5. Very Good** |
|---|---|---|---|---|---|
| **Food** | | | | | |
| **Entertainment** | | | | | |
| **Cabins** | | | | | |
| **Shopping Facilities** | | | | | |
| **Special Events** | | | | | |
| **Friendliness of the crew** | | | | | |
| **Other** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **amenities** | | | | | |

22. **Are you travelling as:**
    **a) An Individual ☐ b) A Couple ☐ c) A Family ☐**

    **If c) how many people are travelling with you:**

23. **Which was the port of your embarkation? ( City – Country)**

24. **Which other ports have you visited/ will you visit on this trip?**

25. **How do you rate this port of call in comparison to the other ports you visited on this trip?**
    **Worse ☐ About the same ☐ Better ☐ Much Better ☐**

26. **Your comments (if any, positive or negative):**

**Thank you very much for your time and cooperation. Have a nice trip and enjoy your vacations in Greece.**

**<u>Ερωτηματολόγιο για την τοπική κοινωνία και τους κατοίκους της Κέρκυρας</u>**

Προς: Όλους τους κατοίκους της πόλης της Κέρκυρας.
Από: Theodore Styliadis - MSc student in Maritime Economics & Logistics, Erasmus University of Rotterdam – mail: th.styliadis@gmail.com, phone number: 6972282722
Θέμα: Η αντίληψη της τοπικής κοινωνίας της Κέρκυρας για την Κρουαζιέρα και την περαιτέρω ανάπτυξή της.
Παρακαλώ συμπληρώστε το ερωτηματολόγιο ή μαρκάρετε με Χ την επιλεγμένη απάντησή σας .

**<u>Μέρος 1 - Δημογραφικά χαρακτηριστικά ερωτηθέντων.</u>**

1. **Ηλικία:**

   **18- 25** ☐ **26- 35** ☐ **36- 45** ☐ **46- 55** ☐ **56 και πάνω** ☐

2. **Φύλο:**

   **Άνδρας** ☐ **Γυναίκα** ☐

3. **Οικογενειακή Κατάσταση:**

   **Παντρεμένος/η** ☐ **Ανύπαντρος/η** ☐ **Διαζευγμένος/η- Χήρος/α** ☐

4. **Μορφωτικό Επίπεδο:**

   **Κατώτερο Γυμνασίου** ☐ **Γυμνάσιο** ☐ **Λύκειο** ☐ **Πανεπιστήμιο** ☐
   **Μεταπτυχιακό** ☐ **Διδακτορικό** ☐

5. **Επαγγελματική Κατάσταση:** ☐

   **Απασχολούμενος/η** ☐ **Συνταξιούχος** ☐ **Νοικοκυρά** ☐ **Φοιτητής/τρια** ☐
   **Άνεργος/η** ☐

6. **Αν είστε απασχολούμενος σε ποια κατηγορία ανήκετε:**

   **Δημόσιος Υπάλληλος** ☐ **Ιδιωτικός Υπάλληλος** ☐ **Ελεύθερος επαγγελματίας** ☐
   **Υπάλληλος ΔΕΚΟ/ Τράπεζες** ☐ **Άλλο** ☐
   **Σε κάθε περίπτωση, παρακαλώ δώστε περαιτέρω διευκρινίσεις :**

7. **Εσείς ή κάποιο μέλος της οικογένειάς σας εξαρτάται επαγγελματικά και οικονομικά από την κρουαζιέρα;**
   **Ναι** ☐ **Όχι** ☐

8. **Σε τι απόσταση (χλμ.) από το λιμάνι της Κέρκυρας κατοικείτε;**

   **< ½ χλμ** ☐ **> ½ χλμ- <3 χλμ** ☐ **> 3 χλμ- < 10 χλμ** ☐ **> 10 χλμ** ☐

**Μέρος 2 – Η αντίληψη της τοπικής κοινωνίας για την Κρουαζιέρα και την ανάπτυξή της.**

9. **Κατά την άποψή σας, ο αντίκτυπος της κρουαζιέρας είναι:**

   **Θετικός** ☐ **Αρνητικός** ☐ **Ουδέτερος** ☐

10. **Η περαιτέρω ανάπτυξη της Κρουαζιέρας στην Κέρκυρα θα σας έβρισκε:**

    **Σύμφωνους** ☐ **Αντίθετους** ☐ **Ουδέτερους** ☐

11. **Πόσο θεωρείτε ότι θα είναι το όφελος για την τοπική κοινωνία, αν επιπλέον επενδύσεις σε λιμενικές υποδομές λάβουν χώρα;**

    **Μηδενικό** ☐ **Ελάχιστο** ☐ **Ικανοποιητικό** ☐ **Πολύ** ☐ **Πάρα Πολύ** ☐

12. **Σε τι βαθμό θεωρείτε ότι η κρουαζιέρα συμβάλλει στην δημιουργία θέσεων εργασίας στην τοπική κοινωνία ;**

    **Καθόλου** ☐ **Ελάχιστα** ☐ **Ικανοποιητικά** ☐ **Πολύ** ☐ **Πάρα Πολύ** ☐

13. **Είναι η τοπική τουριστική υποδομή ικανή στο να προσελκύσει επιβάτες υψηλού εισοδηματικού επιπέδου;**

    **Καθόλου** ☐ **Ελάχιστα** ☐ **Ικανοποιητικά** **Πολύ** ☐ **Πάρα Πολύ** ☐

14. **Σε τι βαθμό θεωρείτε ότι η Κρουαζιέρα συμβάλλει στην αύξηση του εισοδήματος των κατοίκων του νησιού;**

    **Καθόλου** ☐ **Ελάχιστα** ☐ **Ικανοποιητικά** ☐ **Πολύ** ☐ **Πάρα Πολύ** ☐

15. **Σε τι βαθμό θεωρείτε ότι η Κρουαζιέρα βελτιώνει το επίπεδο ζωής της τοπικής κοινωνίας;**

    **Καθόλου** ☐ **Ελάχιστα** ☐ **Ικανοποιητικά** ☐ **Πολύ** ☐ **Πάρα Πολύ** ☐

16. **Θεωρείτε ότι ο τουρισμός και η Κρουαζιέρα ειδικότερα συνεισφέρει στην αναβάθμιση των πολιτιστικών και ψυχαγωγικών δραστηριοτήτων του νησιού:**

    **Καθόλου** ☐ **Ελάχιστα** ☐ **Ικανοποιητικά** ☐ **Πολύ** ☐ **Πάρα Πολύ** ☐

17. **Πώς αξιολογείτε την αποτελεσματικότητα της γενικότερης τουριστικής πολιτικής του νησιού;**

    **Κακή** ☐ **Μέτρια** ☐ **Ικανοποιητική** ☐ **Πολύ Καλή** ☐ **Εξαιρετική** ☐

18. **Πώς αξιολογείτε την ποσότητα και ποιότητα των προσφερόμενων τουριστικών υπηρεσιών;**

| **Services** | **1.Κακές** | **2.Μέτριες** | **3.Ικανοποιητικές** | **4.Καλές** | **5.Πολύ καλές** |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Λιμενικές Υποδομές | | | | | |
| Εστιατόρια- Bars | | | | | |
| Ξεναγήσεις | | | | | |
| Καταστήματα | | | | | |
| Συγκοινωνίες | | | | | |
| Άλλες υπηρεσίες (Ιατρεία – Ιντερνέτ κ.α.) | | | | | |

19. **Για τί, κατά τη γνώμη σας, είναι γνωστή η Κέρκυρα στους επισκέπτες;**
**Ιστορία- Πολιτισμός ☐ Φυσική Ομορφιά ☐ Τοπικά Προϊόντα ☐**
**Τοπική Κουζίνα ☐ Άλλο ☐ (διευκρινίστε):**

20. **Ποια χαρακτηριστικά της Κέρκυρας θα έπρεπε κατά τη γνώμη σας να προβληθούν καλύτερα στο εξωτερικό;**
**Ιστορία- Πολιτισμός ☐ Φυσική Ομορφιά ☐ Τοπικά Προϊόντα ☐**
**Τοπική Κουζίνα ☐ Άλλο ☐ (διευκρινίστε):**

21. **Ποια τοπικά προϊόντα θα έπρεπε να προβληθούν καλύτερα στους επισκέπτες;**
**Κρασιά- Λικέρ (π.χ. Κουμ Κουάτ) ☐ Τοπικά Γλυκά (π.χ. Μάντολες) ☐**
**Τοπικά Εδέσματα ☐ Λάδι☐ Άλλο ☐ (διευκρινίστε):**

22. **Πιστεύετε ότι η ανάπτυξη του τουρισμού και της κρουαζιέρας συμβάλλει στην προβολή και αξιοποίηση της πολιτιστικής κληρονομιάς του νησιού:**

**Καθόλου ☐ Ελάχιστα ☐ Ικανοποιητικά ☐ Πολύ ☐ Πάρα Πολύ ☐**

23. **Κατά την γνώμη σας ο τουρισμός και η Κρουαζιέρα ευθύνονται για την αύξηση των τιμών των προϊόντων και των παρεχόμενων υπηρεσιών:**

**Καθόλου☐ Ελάχιστα ☐ Αρκετά ☐ Πολύ ☐ Πάρα Πολύ ☐**

24. **Σε τι βαθμό θεωρείτε ότι η κρουαζιέρα συμβάλλει στη μόλυνση του περιβάλλοντος και τη διατάραξη του οικοσυστήματος (χλωρίδα- πανίδα);**

**Μηδαμινό ☐ Ελάχιστο ☐ Υπολογίσιμο ☐ Σημαντικό ☐ Πολύ ☐**
**Σημαντικό**

25. **Πιστεύετε ότι η Κρουαζιέρα συμβάλλει στην αύξηση των αστικών απορριμμάτων:**

**Καθόλου ☐ Ελάχιστα ☐ Αρκετά ☐ Σημαντικά ☐ Πολύ Σημαντικά☐**

**26. Λόγω της ανάπτυξης της Κρουαζιέρας θεωρείτε ότι θα πρέπει να ληφθούν πρόσθετα μέτρα για την προστασία του περιβάλλοντος;**

**Κανένα** ☐ **Λίγα** ☐ **Αρκετά** ☐ **Πολλά** ☐ **Πάρα Πολλά** ☐

**27. Σκοπεύετε να αγοράσετε μια τοπική κρουαζιέρα στο μέλλον;**
**Ναι** ☐ **Όχι** ☐

- **Αν η απάντησή σας στην παραπάνω ερώτηση είναι θετική, ποιοι προορισμοί θα είχαν το ενδιαφέρον σας;**

**28. Τα σχόλιά σας (εφόσον έχετε):**