

Spain challenges Italy

for the lead in turnaround calls



Photo credit: Port of Barcelona

News that Royal Caribbean International (RCI) is to use the Spanish port of Malaga as a homeport is a classic example – writes **TONY PEISLEY** – of the age-old truism about the need in business to speculate to accumulate.

Malaga's redevelopment has been a long, drawn-out business, but this year's €11.2 million completion of two megaship berths (following the opening of the €15.7 million first phase of a new terminal) clearly influenced RCI's decision to deploy two ships from the port. These will be the 137,300 gross ton, 3,114-passenger ms Navigator of the Seas on six cruises in autumn 2009, and then the 90,090 gross ton, 2,114-passenger gt/ms Brilliance of the Seas from January to April in 2010.

The port has long been an ideal locale for homeporting with good rail, flight and road links, as well as being an attractive destination for passengers with Torremolinos and Granada's historic Alhambra within easy touring range. But a lack of suitable cruise-related infrastructure

(especially for the larger ships now in the Mediterranean) had previously limited its appeal to the cruise lines and therefore its growth.

In 2007, there were 240 cruise calls bringing 293,000 passengers. This was a 31% increase over 2006, but mainly because the average number of passengers per-ship rose 26% to 1,219. There were almost double the number of ships homeported, but – at 24 compared with 14 – this was still relatively modest.

It is only now – with RCI likely to be the first of a series of lines to start homeporting here – that Malaga's growth in cruise traffic can be expected to accelerate to reach its full potential. In 2008, it is forecasting 335,000 passengers from 270 calls. This would firmly establish it as the number two Spanish mainland cruise port

and – even before the RCI move – Malaga was targeting 500,000 by 2012 based on infrastructure improvements and the general upturn in Mediterranean cruising – and not just in the summer.

Using Malaga as a turnaround port brings clear benefits, especially during the winter. In the case of Brilliance of the Seas, Royal Caribbean can offer alternating weekly departures from Malaga, thus providing a choice of Western Mediterranean and Canary Islands & Madeira itineraries. These can be combined for a 14-night sailing. From Malaga, cruise lines can easily create a 7-night itinerary with four full-day port calls in the Atlantic islands; a similar itinerary from Barcelona would require a 10-night cruise.

Barcelona busiest cruise port in Spain

Helped by growth in winter business, Spain's busiest cruise port, Barcelona, is also number one in the Mediterranean with its throughput increasing 26% to 1.77 million in 2007. Barcelona is attracting the larger megaships, hence its plan to

link the new terminal A with terminal B if and when Oasis-sized ships call there. Another terminal was doubled in size in time for the current summer season, while Costa, which already operates one new (2007) terminal, has an option to build a second by 2010 at the Adossat Quay. By this stage, Barcelona expects to be handling more than 2 million cruise passengers a year.

Another leading Spanish homeport, Palma, topped 1 million cruise visitors for the first time in 2007. About half were homeported, now using two revamped terminals. The Majorcan port is also spending €23 million on two new mega-ship berths and is separating cargo and passenger traffic so that the Moll de Paraires will be reserved exclusively for cruise ships.

Three new berths and a new terminal will also open at an emerging homeport – Valencia – in 2009. This follows a doubling of its cruise visitors in 2007 and projections for a further increase of nearly 40% to 250,000 passengers during 2008. A proposed plan for a cruise line to operate a winter programme from the port in 2008/2009 would add another 50,000 passengers, but this remains unconfirmed. There is also a strategic plan to create a cruise dock on the northern extension to the harbor, which would effectively double its cruise ship-handling capacity and also make the port accessible to the largest cruise vessels.

Overall, Spanish ports are investing more than €360 million in cruise-related projects between 2008 and 2011 as they attempt to close the gap on Italian ports, which lead the way not just in overall cruise visitor numbers but also in homeporting. Spanish ports enjoyed a 9% increase in calls during 2007 and a 23% increase in visits to nearly 5 million. This compared, though, with 5.9 million cruise visitors on 4,350 calls at Italian ports, and the Cemar agency forecasts a 1% increase to 4,415 Italian cruise calls and a 10% increase to more than 6.4 million visits this year.

Italy second only to Mexico

According to the European Cruise Council (ECC), Italian ports attract 21% of all European cruise passengers compared with 16% for Spanish ports. In fact, Italy remains second only to Mexico in cruise visitor numbers. At the same time, about a third of European cruise passengers embark in an Italian port with both Costa and MSC Cruises increasing their range of homeports and also the opportunities for passengers to join in different ports on the same cruise.

MSC Cruises UK Chairman Peter Pate said: “MSC and Costa have always offered a range of homeports for our Italian passengers, but as they become more experienced, our clients are demanding even more local departures so we have definitely upped the number of options – and not just for Italians. The Spanish market has become increasingly important, so as well as Barcelona and Palma, we now

embark at places like Valencia, too. There is no real problem operationally, but this policy does put pressure on the sales and marketing side to fill the berths we allocate for different legs of the cruise. Being able to judge how many berths to allocate for different legs of the cruise is the key, and this comes from past experience, so this is why the multi-embarkation ports policy can only work on a series of departures and not on one-off or positioning cruises.”

Three of the top five Mediterranean cruise homeports in 2006 were Italian with Genoa competing with Piraeus for sixth place. This Italian dominance remained unchanged in 2007 when the leading Italian homeport, Venice, handled a total of more than 1 million passengers (1,003,000) for the first time.

Although Venice is also a popular port-of-call, homeporting represents about 80% of its cruise traffic, which is why it has been continuously expanding and enhancing its facilities in recent years. It completed a fifth terminal earlier this year, and is planning to combine an €11 million two-tier cruise terminal opening next spring at Isonzo Quay with a 2,300-car parking garage (also connected to a hotel and retail complex) and a monorail into Venice within four years. It has also dredged the quay facing Tronchetto so that it can handle ships up to 300 meters and will be expanding the turning basin for the same reason.

With inaugural calls by Cunard Line's ms Queen Victoria and Azamara Cruises, Venice expects a 23% increase in passengers for a 2008 total of 1.24 million and, although the same operator (Venezia Terminal Passaggeri) also has an interest in the terminal at Trieste, it is still looking for more calls within Venice rather than offloading any to that nearby Italian port. This will further disappoint Trieste, the homeport ambitions of which already suffered a significant setback when its major client, Costa, decided to stop homeporting from 2009 after a three-year trial. It cited a lack of transport links preventing it from increasing its capacity through the port. This means that 2009 may not repeat what are expected to be record cruise traffic figures for 2008 of 50 calls and about 100,000 passengers. The public/private company operating the port still plans to lengthen and widen the existing terminal to allow for expanded disembarkation facilities and also the berthing of two 3,000-passenger ships simultaneously, but the original completion date of 2010 now looks ambitious.

Politics at play in Civitavecchia

Local politics appear to have stalled plans to separate cruise from other marine operations at Civitavecchia. This is unfortunate, as this project would give a much-needed boost to the cruise line and passenger experience at this large, sprawling facility which has long been a key port-of-call because of its proximity to Rome, but

has recently developed rapidly as a homeport, too. As a percentage, homeporting in Civitavecchia grew from 43% in 2006 to 50% of the total in 2007. Passengers reached 1.5 million in 2007, a 50% increase over 2005 with 1.6 million expected in 2008. RCI, Costa and MSC have already combined to develop and operate (from 2009) a new €17 million terminal. This followed a previous terminal development by Costa.

Livorno, which handled 660,000 cruise passengers in 2007, is progressing with its own plans for a 500-meter quay, which will guarantee berthing for the largest ships away from the cargo port area currently used.

It was Genoa's slowness to respond to the needs of the fast-growing cruise sector which led to the development of a rival – almost exclusively homeporting – cruise port, Savona, and a subsequent drop in its own cruise traffic. From a peak of more than 600,000 passengers handled in 2003, Genoa's cruise traffic has been halved. It has begun to grow again, although not at the expense of Savona, which handled 678,000 passengers in 2007 compared with Genoa's 430,000. This, though, is still below the number it was attracting in 2001, and the necessary expansion and enhancements to its cruise infrastructure are still coming much more slowly than the lines would like.

Bari is – with Savona – one of the fastest-growing Mediterranean homeports, with a 26% rise in embarking passengers mirroring the overall 26% increase in passenger-handling in 2007. The 131,000 homeporting passengers (out of the 350,000 total) was also a 73% increase on 2005, and the port expects 2008 to show a similar 20%-plus annual growth with scheduled calls up from 120 to 137 between March and December. About 13,000 of the 131,000 were Spanish passengers, flown in to join MSC ships, and extra flights from Valencia have been added in 2008.

The port is working hard to keep pace with the growth. It has recently invested in improved check-in and baggage-handling facilities and an extended berth at the current terminal (also being upgraded), but will not have two new 280-meter berths (combined cost €20 million) in operation until next year. There are also plans for a small additional terminal, but an ongoing dispute between the port and the terminal operator has called those long-term plans into question.

At Naples, visiting cruise traffic far outweighs homeporting, but combined, the total passed 1 million annual passengers for the first time in 2007. Royal Caribbean, Costa and MSC are among a consortium now operating the main terminal. This is being upgraded in stages, and there are also plans to lengthen the berths.

The neighbouring port of Castellammare is being promoted as an alternative cruise call now that a 150-meter berth has been built and – as another measure to ameliorate some of the congestion issues

around the Naples port – ferries allowed to use the Beverello Quay next to the cruise terminal are now limited to those carrying passengers only.

CDF boosts French homeporting

About a quarter of the 440,000 cruise passengers passing through Marseille in 2007 were homeporting, and this share is likely to increase this year with Royal Caribbean's new French brand CDF basing its first ship there for the summer. Overall, the port expects more than 520,000 passengers, rising to 800,000 by 2010 and 1 million by 2011. It has also reached agreements with Costa, MSC and Louis Cruise Lines for them to have 25 years preferential use of its main cruise berths and new terminal in return for guaranteeing up to 1 million passengers and 450 calls a year across their brands.

The three main French Riviera ports of Cannes, Nice and Villefranche handled 650,000 cruise passengers in 2007 – a 4% increase over 2006. Most were visiting rather than homeporting but, as part of the French island's positioning of itself as a potential homeport, Corsica's Ajaccio opens a new pier later this year, and dredging is planned for Portovecchio, where three quays were upgraded last year to allow larger ships to dock from 2009.

Having seen its cruise visitor business double to more than 200,000 since the completion of a new dock in 2003, Monaco's Monte Carlo opened a €300,000 cruise terminal in 2007 and began offering cruise lines a VIP service which includes red carpet and flowers on arrival and the ability to pre-book berths three years ahead at fixed prices.

Malta's Valletta enjoyed strong growth in 2007 as it continued to recover lost ground after losing the duty-free status that was one of its major attractions to cruise lines before it joined the European Union. At 20%, cruise tourism growth was double that achieved in the island's overall incoming tourism industry and the 480,000 passengers on 371 calls represented 235% growth over ten years. The total is expected to top 500,000 in 2008 as the port continues to develop the waterfront with a new terminal to be opened at Lower St Elmo, Boiler Wharf. Although Star Cruises cancelled its homeporting experiment after just one summer, the port is still confident of attracting more lines to base ships in Valletta.

Turkish ports emerge

The proposed development by a consortium including Royal Caribbean of a new cruise port in Istanbul has stalled, but another privately-financed plan has been put forward. At a cost of about \$1 billion, the Zeyhatayin cruise port for the city would be capable of handling six cruise ships at a time. Other Turkish ports are also emerging. These include Akdeniz (Antalya), which is having a new terminal

built by 2010 to make it more suitable for homeporting.

Meanwhile, the long-awaited development of Larnaca should be underway soon. The \$1.5 billion cruise port and related marina/hotel/retail/leisure development should be completed by 2013 and will be part of a \$3 billion project to overhaul the whole port complex. Larnaca should become a major homeport for Eastern Mediterranean, Greek Island and Black Sea cruises, while the current main Cyprus cruise port of Limassol will also be opening a new terminal in 2011.

The Black Sea port of Sochi plans a new 2-kilometer quay and a cruise terminal in time for its staging of the 2014 Winter Olympics. Dubrovnik has also expanded its facilities to handle three megaships simultaneously and plans to start work on a €100 million terminal and leisure complex in 2010. The port of Split has completed the 146-meter extension of its cruise pier to allow it to handle megaships. Koper opens a new €11 million terminal this year and will then add a new pier while Croatia's Zadar and Rijeka are also building terminals.

Just as the cruise lines have found that, if they build more ships the passengers

will come, so ports in the Mediterranean are learning that – if they want ships to come to stay – they also have to invest substantial sums in the right infrastructure. There are other factors, of course. For tour operator/cruise lines like the UK's Thomson Cruises and Island Cruises, the homeport is dictated by the flying and package holiday programmes of their sister companies – hence the use of Palma. Besides the operational benefits, this enables them to offer fly/cruise-and-stay packages, which have historically proven effective in encouraging first-time cruisers.

AIDA Cruises continues the same policy, although it has long been owned by cruise companies rather than tour operators and Carnival-owned sister-brand Ocean Village has also bought into that concept in order to entice first-timers. But, as both have expanded, they have also had to seek out new homeports as well. Ocean Village's Marketing Manager Gill Haynes said: "We knew there was a pent-up demand for new itineraries. Just by adding cruises out of Heraklion (Crete) as well as Palma, our repeat business increased from 17% to 28% in 2007." ■

LEADING MEDITERRANEAN CRUISE HOMEPORTS 2006

Port	Embarking	Disembarking	Port-of-call	Passengers Total
Barcelona	389,000	393,000	625,000	1,407,000
Venice	362,000	363,000	161,000	886,000
Savona	299,000	299,000	1,000	599,000
Civitavecchia	258,000	258,000	684,000	1,200,000
Palma, Majorca	240,000	240,000	525,000	1,005,000

SOURCE: ECC (BREA AND G.P.WILD INTERNATIONAL)

CRUISE PASSENGERS BY COUNTRY OF EMBARKATION 2006

Country	Passengers	% share
Italy	1,351,000	37.4
Spain	716,500	19.8
United Kingdom	576,000	16.0
Greece	236,200	6.5
Germany	201,000	5.6
Denmark	150,000	4.1
Cyprus	139,500	3.9
France	102,300	2.8
Netherlands	45,500	1.3
Sweden	25,500	0.7
Portugal	22,500	0.6
Malta	7,600	0.2
Other EU+3	26,900	0.8
EU+3	3,600,000	99.7
Other Europe	12,000	0.3
Total	3,612,000	100.0

SOURCE: ECC (BREA AND G.P.WILD INTERNATIONAL)



MADEIRA & CANARY ISLANDS



PROMOTIONAL & MARKETING ASSOCIATION

- PORTO SANTO
- LANZAROTE
- MADEIRA
- FUERTEVENTURA
- LA PALMA
- GRAN CANARIA
- TENERIFE
- LA GOMERA
- EL HIERRO

