

CRUISE PORT POSITIONING - THE CASE OF KORČULA

Pozicioniranje luka na tržištu pomorskih krstarenja - primjer Korčule

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Review

Pregledni članak

Abstract

This paper attempts to outline the state of the cruise industry in the Mediterranean. Mediterranean ports should examine their potential role as cruise ports. In addition to concentrating on achieving a homeport or destination port status, ports must adapt their facilities for ever bigger ships or become a niche player.

Elaborating the case of Korčula in this context and emphasizing advantages and disadvantages of this island, it is well noted that Korčula will continue to grow in popularity and importance. To this purpose, more diversified organized tours opportunities along with considerable efforts in promoting will be of great importance. In order to be successful and with regard to its limiting port structures, Korčula should primarily concentrate on attracting and accommodating smaller ships creating family and friendly atmosphere around cruise passengers.

Key words: cruise market, port positioning, SWOT analysis, Korčula

Sažetak

U radu se nastoji izložiti stanje krstarenja na Sredozemlju. Sredozemne luke trebaju ispitati svoje uloge luka za krstarenja. Osim težnje za postizanjem statusa bazne luke ili luke ticanja, luke moraju prilagoditi svoje kapacitete sve većim brodovima ili se orijentirati na tržišne niše.

Obrađujući Korčulu u ovom kontekstu i ističući prednosti i nedostatke ovog otoka, zamjetno je da će popularnost i važnost Korčule i dalje rasti. U ovu svrhu, od velike će važnosti biti raznolikija ponuda organiziranih izleta te izraženiji promotivni naporci.

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S obzirom na ograničavajuće lučke kapacitete, Korčula bi se prije svega trebala usredotočiti na privlačenje i prihvatanje manjih brodova te stvaranje obiteljskog i prijateljskog okružja ovim putnicima.

Ključne riječi: tržište krstarenja, pozicioniranje luka, SWOT analiza, Korčula.

1. Introduction

Uvod

After Caribbean, the world's major cruising destination, the Mediterranean region is the second largest cruise market in the world. For the cruise industry the Mediterranean offers a long pleasant season with temperate weather along with the diversity of countries and cultures that enable the cruise lines to promote itineraries with a more varied content than is possible in any of the other major destinations. Looking closer at the figures, the importance of the Mediterranean is clearly noted. The number of cruise calls in the major Mediterranean ports rose from 5,100 in 1992 to 11,500 in 2002 (+125%), the number of passengers embarking / disembarking in the main homeports increased from 2,2 million in 1992 to 3,4 million in 2002 (+55%), while the number of passengers transiting in the major destination ports grew from 1,3 million in 1992 to 6 million in 2001 (+350%). The challenges for the Mediterranean ports will focus on what plans they make to ensure their facilities to accommodate the growing fleet of larger ships and to cope with the new requirements of a fast-growing market. Ports have been moving differently with individual strategies. The most important thing for a port is to be aware of tremendous opportunities for growth in cruise market, but also to be realistic and ready to respond to the various demands placed upon them by different vessels and operators.

2. Mediterranean ports positioning

Pozicioniranje sredozemnih luka

Ports should examine whether they should be oriented towards serving as a port of call or a homeport in the cruise market. A homeport is the place where the embarkation and/or disembarkation takes place at the start and/or end of a cruise. It is also called base port, head port or main port. Furthermore, a port of call (also called secondary port or destination port) is the place where passengers disembark and then re-embark to continue with the cruise.

More often the typical port serves as a destination port. The most important factors taken into consideration for a homeport are: international airport vicinity, significant hotel structures, specialized cruise terminal capable of accommodating large volumes of passengers and tourist attractions. On the contrary, variety of tourist attractions, possibility to organize tours and easy access to berths are the major qualities associated with ports of call. The mentioned elements, particularly regarding homeport, are not present in many ports in the Mediterranean. Many of the Mediterranean ports do not have suitable handling facilities for large number of cruise passengers.

Considerable investments in infrastructure have been made in some areas (for example, Italy and Spain) in order to improve the existing facilities. Therefore, it is essential to recognize the importance of sophisticated port services in serving this industry. There is still some hope left for the smaller ports as well. Being largely determined by technical capacities of the ports and unable to make substantial investments to receive megaships, these ports should carefully consider their role in accomodating smaller ships and adapting to meet the future challenges.

Co-operation among the Mediterranean cruise ports is becoming increasingly important. That was the reason why ports joined together in Rome in June 1996 to form an association called "MedCruise" - the Association of Mediterranean Cruise Ports. As well as promoting the region to the cruise industry in general and trying to encourage year-round programmes, its aims are to move towards more uniformity in the services offered by Mediterranean ports to cruise lines and their passengers and also for a co-ordinated approach to the important issue of security.

There are currently over 70 member ports in the association and some of their main objectives are: developing and fostering good relations and collaboration among all cruise ports of the world, exchanging information relative to cruise passenger traffic, improving the image of the member ports, fostering the progress of ports in the interest of cruises and passenger transportation, promoting the development of port facility security plans.¹

3. A SWOT analysis of the Port of Korčula

SWOT analiza Luke Korčula

The leading tool for determining advantages as well as limiting factors of a certain phenomenon is SWOT analysis. Elaborating the port of Korčula status with regard to four categories - strengths, weaknesses, opportunities and threats, makes it possible to highlight the course of future development in order to achieve steady and lasting role in the cruise market (Table 1).

Table 1. A SWOT analysis of the Port of Korčula

Tablica 1. SWOT analiza luke Korčula

Strengths	<ul style="list-style-type: none"> - well-known tourist destination with long tourism tradition - privileged geographical position - warm and pleasant climate - cultural and historical heritage - close to main tourist attractions - the proximity to other ports of call
Weaknesses	<ul style="list-style-type: none"> - the technical conditions of the infrastructure's facilities (depth of water, dock length) - the problem of seasonality - lack of shore excursions
Opportunities	<ul style="list-style-type: none"> - promotion of Korčula and other Croatian ports by Croatian MedCruise members (Dubrovnik, Split, Pula) - port of interest for the niche companies - port of interest for smaller ships - destination port for megayachts - extension of the cruise season
Threats	<ul style="list-style-type: none"> - political and economical safety and security - losing the competitiveness in view of port tariffs - ship congestion and berthing space - lack of co-operation at local level

3.1. Strengths

Prednosti

It is worth mentioning that, in the context of Croatia, Korčula is, just after Dubrovnik as an established cruise destination, the second major cruise destination and this is certainly not accidental.

When analyzing its privileged geographical position, the emphasis must be placed on the fact that Korčula is certainly lucky to be strategically located between major established cruise destination ports.

¹ www.medcruise.com/OBJECT.HTM (12.06.2001)

Sometimes these ports take the advantage of being in the right place at the right time and make a beginning as stopovers in cruise itineraries, but over time they become established and recognizable in their own way.

In case of Mediterranean cruises and owing to its strategic location, Korčula forms part of many cruise itineraries, particularly those involving east-west Mediterranean cruises as well as cruises routed out of Venice via the Adriatic into the Aegean and vice versa. Port statistics reveal the importance of this island (Table 2.).

Table 2. Korčula port figures
Tablica 2. Promet luke Korčula

Year	Cruise calls	Pax throughput
1989.	50	9,884
1990.	36	7,836
1991.	9	1,236
1992.	0	0
1993.	1	402
1994.	4	789
1995.	4	2,292
1996.	6	4,177
1997.	34	19,750
1998.	66	27,743
1999.	1	891
2000.	20	3,573
2001.	65	10,387
2002.	102	34,203
2003.	104	27,697

Source: Data gained from Korčula port authorities

Looking at the six-year period data (1991-1996) and remembering a range of crises in the area (war in Croatia, the Gulf crisis) it is not surprising that significant decrease in cruise calls during the period mentioned was noted.

The years 1997 and 1998 were two promising seasons for Korčula as far as cruise ship calls were concerned, but the war in Kosovo in 1999 resulted in keeping the cruise ships away from this island again. On the other hand, it should be noted that Korčula's geographical position could be seen as a disadvantage in consideration of Dubrovnik as a more established destination port at a very short distance.

An exceptional advantage to be mentioned in the case of Korčula is the tourist attractions vicinity. The town offers variety of tourist attractions that are within walking distance from the pier and can easily be visited on foot.

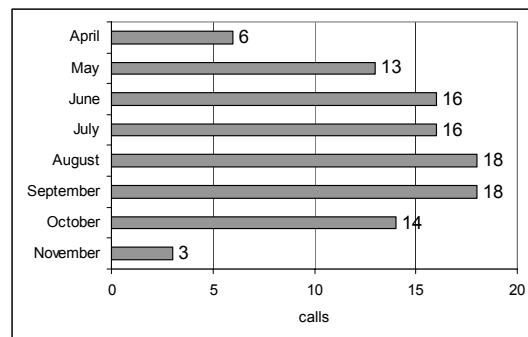
These primarily include the City Museum, the Bishop's Treasury, Cathedral of St. Marcus, art galleries and old churches. It is an interesting thing to mention that to this day Korčula has maintained the tradition of performing knightly games such as the chivalrous dance called Moreška which has been in existence for more than four hundred years.

3.2. Weaknesses

Nedostaci

It should be noted that in the case of Korčula the restrictions imposed by port facilities limit considerably the dimension of vessels with regard to her length and draft. Korčula's berthing facilities consist of two berths. The western berth is 165 meters long and 6.60 meters deep, while the eastern one is 105 meters long and 5.30 meters deep. Cruisers usually stay at anchorage or berth at western berth. Another characteristic which applies to the Mediterranean is seasonality. It is well recognized that the Mediterranean is traditionally and almost exclusively a summer market, but over the years this concept of summer has been extending to include spring and fall so that now full months involved go from March to November.² Regarding Korčula, the total cruise traffic realized is concentrated on the period from April to November (Figure 1). It clearly brings to light the problem of seasonality Korčula is facing as well as other Mediterranean ports.

Figure 1. Calling at Korčula by months, 2003
Slika 1. Ticanja Korčule po mjesecima, 2003



Source: Data gained from Korčula port authorities

Examining closer the present shore excursions, one finds only two possible excursions offered. The first one is "Korčula Walking Tour" and another one is "Korčula Island Highlights". It must be outlined that shore excursion is one of the most important revenues on board and that it constitutes a very essential part in the cruising making an itinerary more attractive. Consequently, port planners, agents and local tourism officials will need to expand the quality and diversity of shore excursions allowing cruise passengers to learn more about this beautiful island.

3.3. Opportunities

Mogućnosti

Italian and Croatian ports in the Adriatic have recently started promoting cruise itineraries within Adriatic region itself.

² Ferrarini, R. (2002), ibidem

These activities may result in the emerging of new ports of interest concerning the cruise market, especially ports on major Croatian islands (Hvar, Rab, Mali Lošinj, Mljet) and seaside resorts (Zadar, Šibenik, Trogir, Rijeka), but also establishing well-known secondary ports (Dubrovnik, Korčula, Split, Pula).

Intensified marketing efforts in promoting these ports will contribute to the distribution of cruise traffic on the entire Adriatic area. A port association, such as MedCruise, is permanently helping and supporting, by continued actions, the progress of ports in the potential interest of cruises. Croatian member ports in the MedCruise association (Pula, Split, Dubrovnik) play an important role with this aim in view and should be aggressive in promoting potential destination ports in the Adriatic region. Adding new ports in cruise itineraries would contribute to enriching and enhancing the cruise experience.

Some cruise lines target narrow segments of consumers who have something in common. In marketing, these categories of customer types are called niches. A niche is defined as a group of people who have specialized set of needs and wants. A niche company provides products and services that suit the ways their niche clients buy. For example, a kind of specialized market is education. For some cruise lines, learning is at the core of the cruise experience and the people who take their cruises care very little about anything but learning.³

Having a niche player status in the cruise market if the port disposes of limited facilities can still be highly profitable. Ports should try to understand what the cruise lines want and meet their particular needs. Along with its established destination port role in serving the cruise industry, Korčula has its best opportunity to become a niche player. In spite of growing fleet of megaships, there will also be plenty of smaller ships that will take care of the special needs of the passengers who are fed up with the larger megaships congestion. These smaller, often more exclusive cruise vessels, are willing to operate from anchorage with a minimum of infrastructure. Therefore, ports which will recognize and understand these differences and aim at forming relationships with the cruise lines are the ones that will benefit from such a co-operation with the least amount of investment in new facilities to support these ships.

Perhaps what makes Korčula an ideal cruise destination is the intimacy, the human dimension and family atmosphere allowing cruise passengers to feel the emotional fulfilment. That is one of the reasons why Korčula should concentrate its efforts on attracting smaller ships.

In order to succeed and to confirm its present port of call status Korčula also needs to turn towards the luxury cruise market including megayachts. These yachts visit destinations that even the finest cruise ships cannot

reach and are therefore particularly suitable for further development and establishment of small ports on the islands.

The diversification of cruise supply in terms of variety of cruise types could help extend the cruise season and offer year-round operations in Mediterranean. The Mediterranean region can offer practically all types of cruises and in case of Korčula, themes such as history, culture, art, folklore and education may be a part of powerful promotion tools. Theme cruises provide passengers with unique insights into subjects in which they have special interest. Reaching this aim should go along with reducing the rates of winter cruises in the Mediterranean as a whole.

3.4. Threats

Ograničenja

Since the hijack of the Achille Lauro and the murder of a passenger in October 1985, security has become a major concern of the shipping industry.⁴ Regarding the safety aspects of cruise passengers one has to take into consideration all negative impacts as a consequence of the threat of external forces such as political instability, hijacking or other forms of terrorist attacks.

All previous crises (above-mentioned hijacking of the Achille Lauro in 1985, the Gulf War in 1991, the war in Kosovo in 1999) strongly affected the Mediterranean region. The consequences of these events in surrounding conflict areas were evidently reflected in the Eastern Mediterranean more than Western Mediterranean. An example of the efforts being made to maximize security actions with regard to crew and passenger safety is highlighted in a recent project by MedCruise. In January 2002 MedCruise launched a jointly funded project with the EU called "Improved security measures in Mediterranean ports"⁵.

One of key factors when talking about possible threats are certainly port charges and focusing on keeping them competitive. These charges include taxes and fees assessed by government, port authorities or other subjects involved in port-related actions. It refers to costs incident to entering / leaving port (such as pilotage and tendering), costs incurred while in port (mooring, berthing, water supply, garbage disposal) as well as other expenses associated with port activities.

In order to succeed one must bear in mind that keeping the rates at reasonable levels and competitive with alternatives in the region is of utmost importance. Ship congestion is another relevant issue to be discussed. This appears when the number of ships calling a port exceeds the port mooring capacity.⁶ This

⁴ Cartwright, R., Baird, C. (1999), *The Development and Growth of the Cruise Industry*, Butterworth-Heinemann, Oxford, UK

⁵ Worldwide Cruise Ship Activity (2003), World Tourism Organization, Madrid, p. 170

⁶ Capocaccia, F. (2000), Congestion in the Mediterranean, Seatriade Mediterranean Cruise and Ferry Convention, Conference papers, 12-14 September, Genoa, Italy

³ Mancini, M. (2000), *Cruising: A Guide To The Cruise Line Industry*, Delmar Thomson Learning, New York, p. 120

usually results in inefficiency and the final customer is suffering. A complete solution of this problem is difficult to find. Apart from searching new destinations this can be overcome by differentiation of the sailing days. Adequate alongside berthing facilities are a huge advantage for a destination port, but a problem which cruise lines encounter at present is competing for prime berthing space at desired ports. In some cases, on the smaller islands, ferries compete with passenger cruise ships for berthing space and appropriate facilities.

Bearing in mind the limiting factors concerning the technical conditions of the infrastructure's facilities and the fact that in the case of Korčula ferries and local liners obtain preference in view of berthing, a guaranteed berthing remains current as well as the need for better organized berth policies. Co-operation shouldn't be missing. A joint effort by all public and private entities locally involved in the reception of cruise passengers and ships is vital to a port of call. Local authorities, tourist boards, port agents, tour and ground agents, public and private transports, shopping and catering operators should join forces in offering a variety of programmes, excursions and entertainment and creating a positive experience that the passengers could pass on to their friends and relatives.

Certainly there is no future for ports which treat cruise line customers and crew as if they were only a secondary source of business. The local community must be aware of the opportunities and challenges presented by cruise market. The key word is satisfying cruise tourist needs that will consequently result in bringing growing success and prosperity.

4. Conclusion

Zaključak

In conclusion, that existing port facilities of some ports in the Mediterranean could to a large extent determine their development and growth. In response to the growing appeal of Mediterranean cruising, comprehensive infrastructure development must become a crucial concern for regional port authorities, governments as well

as cruise lines. Despite the existing limiting factors, primarily regarding port facilities, the future expansion of Korčula in the cruise market is not disputable. The port of Korčula will certainly not handle megaships, but it must be stressed that Korčula's long-term success in the cruise market should be primarily founded on accommodating smaller ships with the possibility of creating a friendly atmosphere and an extraordinary cruise experience. The tourists will leave Korčula with pleasant memories and beautiful impressions. With this aim in view and being aware of the opportunities presented by this market, Korčula should direct its efforts to an aggressive promotion. There is every reason to believe that Korčula will get its fair share in that market segment. Since shore excursions are one of the most important items on choosing ports of call and on itinerary planning, variety of shore excursions will be among key factors in increasing the number of cruise vessels visiting Korčula.

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