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## Planning cruises

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### ABSTRACT

Cruising represents a multifunctional tourism offer with respect to providing both tourist and transport services. Nautical tourism has generally experienced high development rates in the past period which has created the opportunity for further development and improvement of cruises and for a quality of package tours offered on the market. In this paper, an analysis of the phases of planning cruises is carried out and the obtained results are synthesized with the objective of detecting its advantages and disadvantages. In particular, the analysis focuses on the organizational, economic, legal and social elements as components of creating the content of the package tour that directly affect the quality and appeal of the final product. The methodology of work includes data collection in the phases of creating cruising package tours and their analysis and synthesis. The purpose of this paper is to implement the synthesis of the phases in creating tourist cruising arrangements in order to elicit the opportunities to improve business activities of travel agencies. The study results indicate that travel agencies devote a long time to detailed planning and execution of cruising tours and at the same time stay alert to rapid changes on the market as well as changes in the preferences and needs of their clients.

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## 1. Introduction

Cruising is a particularly attractive and economically feasible form of maritime transport and tourism. Cruising is, as opposed to the differentiated classic tourist and transport services, a unique travel and transport service that offers their customers a variety of services and facilities such as catering services, merchant services, entertainment, leisure, recreation, sightseeing while travelling on board the ship. All mentioned activities and services are conducted in almost around-the-clock voyage, starting from the home ports of embarkation, through brief ports of call on its sailing itineraries to disembarkation ports. Cruise ships are actually a primary tourist destination, where all the tourist services are provided, while destinations where ships dock are considered secondary. For this reason, travel agencies are facing a challenging task to design a suitable program for cruises that will be interesting not only during visits to new destinations but also during the voyage. In the extension of this paper there is a detailed explanation of the planning and realization steps of cruises that lead to creating a travel package that meets, in the best way, the needs and desires of customers.

## 2. Basic features of nautical tourism

According to the type, cruising is classified in the nautical tourism due to the connection to vessels and voyages. Nautical tourism is a phenomenon that in the past three decades has recorded one of the highest developing rates in the world economy. Economic prognostics in tourism development agree that nautical tourism is in its initial development period and great results are yet to be expected. Cruising is attractive because of its specificity. In that sense, the authors Davidoff and Davidoff (1994) listed five reasons why cruises attract travelers:

1. Passengers have the opportunity to visit a number of places in a short time without the problems associated with the various means of transport,
2. Ships are independent,
3. Ships have a crew whose sole responsibility is to ensure the travelers a comfortable stay,
4. High-quality food is served in an elegant style,
5. Everyone usually begins and finishes his vacation on the same day.

World cruising can be defined as a combination of tourism and shipping, sharing their basic characteristics of travelling and skills of navigation and shipping. The

dynamic development of cruise attracted large capital investments and the development of a fleet of cruising ships with the task of satisfying tourists and ensuring high profit to corporations. Being developed in such conditions, many theorists have remained in dilemma in terms of classifying and considered, after analyzing, cruising as an independent tourist phenomenon, although it belongs to nautical tourism. Its economic and financial power is dominant, as can be recognized in the fact that cruising is never secondary, but the main activity which allows developing other, complementary activities (Luković, 2008:234). Furthermore, when talking about cruising, it is necessary to know its classification (cf. scheme 1).

### 3. The structure and organizational elements of the cruising operability

Cruising tours are organized by shipping companies or tourist enterprises and are often called action arrangements since the main characteristic is the motion of tourists following the itinerary which must contain destinations or visiting spots interesting to potential clientele, steady movement, short duration of trips, and rich, carefully selected content. This kind of arrangement is an attraction per se, but it is also important to properly understand the attractiveness of each of the itinerary included in the travel content to address the most interesting details, which are ultimately selling motifs for travel.

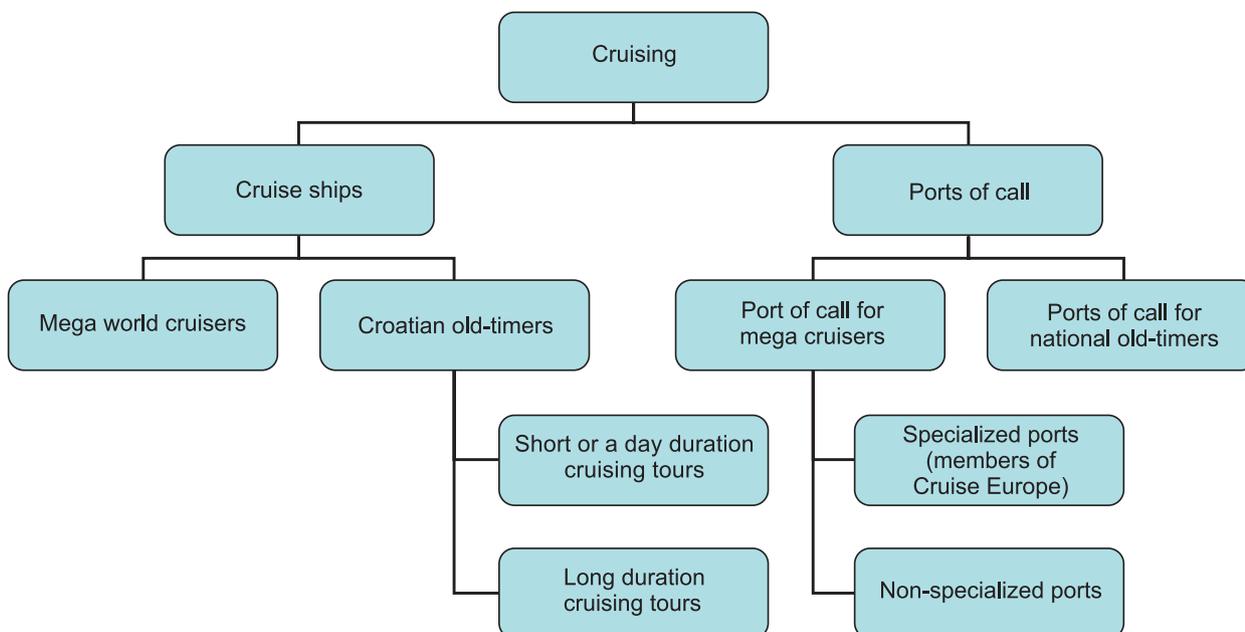
Each agency has its own model for producing the packages to apply in practice. The production of the package is approached rigorously while assigning it a great deal of attention since the final product is a well-shaped and de-

signed cruising package that will be sold on the market and generate revenue. The first phase in forming cruising arrangements is a precise and detailed market research of sales and procurement in order to identify the needs and desires existing on the market and in order to make a plan to meet those requirements. Then, a careful competition and media analyses take place in order to complement the results and resolve any doubts. Furthermore, the data are thoroughly analyzed in order to determine the optimal content of the future cruising package. The process of creating a proper package for a cruise ship can be summarized in the following phases (Vukonić, 2003:196):

- Market research,
- Selection of the service providers,
- Adjustment of the calculation and settling the selling price of the arrangement,
- Placement and sales organization,
- Booking (registration),
- Implementation of arrangements,
- Calculation of the arrangement.

Creating packages is a complex process that requires connecting the various segments into an organized unit. The package combines organizational, economic, legal and social segments whose components are listed in detail in Table 1.

The organizational elements bring together the largest number of major components such as booking, transfer to the cruise ship, vessel transportation, accommodation of passengers on board, cost of destinations where they stay, length of stay, insurance and similar. The package price and the cost of booking are the economic components of



Scheme 1 Classification of cruising

**Table 1** The content of the arrangement as the product

Organisational elements	Economic elements	Legal elements	Social elements
Booking	Price	Payment terms	Advice
The course of the arrangement	The ratio of price – services	The provisions of the change in bookings	The image of the tour operators
Price of destination	Booking costs	Terms of cancellation	The image of tourist agencies
Transport	Service Cards	Waiver of tour operators of the arrangements	The image of the service provider
Transfer	Benefits for customers	Warranty	The image of a tourist destination
Accommodation	Incidental expenses	Guarantees	Group size
Catering			The homogeneity of the group
Length of stay			
Additional Services			
Promotional gifts			
Insurance			

**Source:** Čavlek, N.: *Touroperators and world tourism, Golden marketing, Zagreb, 1998, p. 70.*

forming the package. The legal elements are also important in the forming of content packages since they provide additional services to clients such as payment terms, warranties, guarantees and conditions for travel cancellations, thus contributing to a better offer in its entirety. Social elements, at first glance, may seem less important, but the social aspect is important to create a package because, at the same time, it creates a good publicity and an image of the total contents of the package.

#### 4. Planning and phases of cruising

In this chapter, the phases of planning and execution will be explained in more detail and will clarify how to explore the market in order to reach the target group of clients and their optimum satisfaction of needs, how the selection of suppliers is made and what specific characteristics of the suppliers are required to the agencies that produce packages for cruising. Furthermore, settling of the calculation and determining the amount of the selling price will be discussed along with publishing the programs on the market, sales organization as well as the sales package. Booking arrangements is also one of the constituent phases of the package sale as well as the implementation itself, which is the ultimate point of the business activity.

The initial phase of the planning and execution of cruises is the market research. Its specificity is the production of the double research covering the research of the market supply and market demand in order to create an optimal program to meet the requirements of all potential customers. In this sense, a special attention should be given to the type of market segmentation strategy because it is precisely this very strategy that adapts products to the needs and demands of consumers. Market segments can be generally grouped into two major groups, i.e. groups of sociological criteria such as age, sex, education, occupation and similar, and a group of criteria related to travel

habits, actual reason for travelling, preferred destination, travel duration and more. When setting arrangements for the cruises, it is essential to explore and obtain results of the most interested groups of market segments in order to form the offer accordingly.

After the market research, the selection of service providers is approached at the point where the travel agency decides for specific suppliers to do business with the agency during the implementation of future arrangements. The selection of suppliers depends on many elements such as the characteristics of the clients, specific desires and needs, purchasing power, the expectations of the packages and similar. In the selection of tenderers, travel agency will follow the economic principles, without neglecting the quality of future services in the travel package in order to meet the desires and needs of the tourism demand. However, when selecting suppliers, it is also very important to take care of selecting a reliable business partner who will be able to spend the time to provide the contracted services. It should be noted that clients find travel agency responsible rather than vendor in the execution of package arrangements.

The next phase in the planning and execution of the packages includes settling the calculations and determining the selling price for the package, which means getting the individual price from the business partners for each service which should produce the final package price. Travel agencies have at their disposal three approaches to calculations. The first approach is oriented towards the cost, meaning that the individual prices of products and services are determined at a travel agency which serves as the basis for producing the final price of the package arrangement and cost of additional services. The orientation of the calculation towards the target group is the second approach dealing with the calculation of travel packages whereby the package price is determined by the wishes, needs and habits of certain tourist customers. The final

type of calculation is the orientation towards competition where a travel agency by observing its competition adjusts the price of their package price competition. The final price of the product must incorporate all the costs that are generated during the creation of these arrangements and must recognize accruals and desired profit that a travel agency plans to accomplish. A travel agency, during the formation of the final price, must take into account the costs charged by providers of the products and services deployed by the agency, the fixed costs of operating agencies and remuneration for work.

In the phase of the placement and sales organization, a travel agency needs to determine how it will meet the market designed package and sell it as their ultimate goal for business. There are several types of promotional activities that may spark interest among customers such as economic promotion representing the paid form of communication of the provider with customers via the media, sales promotion where various marketing activities aim to simulate the sales, personal selling which creates a direct contact with sellers and buyers and public relations ie unpaid form of promotion through mass media. Travel agencies mostly use a combination of the above promotional funds to create the optimal placement of their products on the market. Each has its own travel agency business policy based on their activities in the tourism market and has the plan and secured funding to promote, but should be guided by the general rules of promotion to ensure the efficiency of the quality and quantity of advertising with the bottom line of the profitability of investments into the promotion of tourism below which it does not pay to invest. This phase of implementation is very important and is often decisive for the outcomes of the marketing of a particular package.

After the launching of products on the market, a travel agency must determine the distribution channels for the sale of its packages. Agencies with a wide network of branches will surely reach for the selection of its own sales network while some tour operators employ certain agencies to complete the sale for them. Outlets must furnish publicity material: catalogues with the program and travel arrangements, travel brochures which can be printed as additional, special or specific packages, advertisements with information transmitted through one or more media and travel posters bearing a small text or slogan materials created to draw attention to business agencies.

The booking of packages is the next phase and includes a thorough record of the flow of booking and sales arrangements. The register of passengers is performed on the appropriate form or report for the trip, and by signing the application, a traveler signs the contract of travel. In the booking records, various data are used: name and surname of the client or the company name, type of transport capacity, type of accommodation, departure date and the return from the trip, the duration of the package, other types of services that the customer ordered and booked, manner and terms of payment arrangements, other comments related to the client (VIP, disabled, special requests,

etc.). Payment of the travel arrangement act is being accessed when the customer has accepted the purchase of a particular travel arrangement and performs advance deposit payments in installments or in full payment. The agency also creates its own business policy and establishes the means of payment for payment arrangements.

Travel agencies must approach very thoroughly to the phase of implementation of travel packages if they intend to implement a quality travel package and provide the promised services. The implementation of a tour package includes two phases: a preparatory phase and the implementation phase of the tourist package. The preparatory phase is the phase that occurs after the completion of the booking and includes the determination of the contractor i.e. travel guide or escort of travel, compiling a list of passengers, ensuring travel documents and making the final information to passengers. Furthermore, the implementation phase of the tour package means that the traveler may begin to use the arrangement. It is believed that the performance tour package begins with the embarkation of passengers on board a ship in the home port, and ends with the disembarkation of passengers. Commitments of the travel agents and passengers are defined in the travel program and the main obligation of the agency is the implementation of itineraries presented in the travel program. If, for some objective reasons, there is a need for changes in the itinerary, the agency must obtain the approval of all the passengers in the package; without their consent only minor changes can be carried out, those that do not reflect the quality of services and affect the schedule time in the travel program.

After the completion of the cruising tour, the final stage or the settlement of the tourist package starts. At the time when the travelers return to the starting point, the agency needs to fulfill a series of tasks related to the package analysis. On the basis of the services provided to the guests, vendors submit to the shipping agency an invoice with the original vouchers and this process is often referred to as the "Notice of Executed Package", which proves that the service provider has provided all the contracted services to the guests. Furthermore, the completion of the received documentation follows, which serve as the basis for the final showdown of the spent packages which determines the actual results obtained from the invoices comparable to the planned results. It is followed by the success analysis of the package that is determined by the extent of effectiveness of the package and the impact on the profitability for the entire agency. The resulting data are used as the basis for the formulation and implementation of the future packages. Travel agencies often carry out a survey of business partners' and customers' packages to get information about failures in order to avoid them in the future. Poll can also be carried over to passengers in order to determine the level of satisfaction with the overall service. The final phase of implementation of the travel package occurs when the agency settles obligations for performers of the service based on the submitted invoices.

## 5. Conclusion

In the context of cruising, nautical tourism experienced one of the highest rates of development in the world economy in the last few decades. Therefore, travel agencies must keep pace with the rapid changes in the market and in the demand as well. Shipping companies and tourist companies organize cruises which are getting attractive due to their specific connection of tourism and transport services offered to the growing number of tourists. It is a demanding task for the organizers to adjust to a growing number of customers with different needs and desires. Each agency has its own way of forming cruise arrangements and it pays great attention to its planning since it is a well-designed and detailed arrangement of the final product, marketed with a view to achieving maximal revenue.

The first phase in the planning and execution of the cruise is a detailed and thorough market research in order to obtain information about current needs and wishes of the clients. The decision is then made on the engagement of the suppliers of services as an integral part of the cruise package and the bidders are selected according to the quality, price and fast delivery suitable to meet the needs of travel agencies.

At the phase of the preparation of calculations and determining the selling price, all costs that occur in the time of creating and implementing the package and forming a selling price of services are defined. The next phase of the planning and implementation of packages includes the placement of formed products on the market and their sales organization where promotional activities are selected to target the interest among potential buyers and ultimately win the customers to opt for a formed cruise package. The next phases include determining the distribution channels to sell the formed packages in total and the executed bookings with the records of all the bookings of customers and sold packages. The execution of the tourist package offers the next phase where the travel agency must make an effort to get all the planned activities on track to meet the expectations of customers and gain their trust. The closing phases of planning and implementation of cruises is the calculation of the travel package following

the completion of the cruise. The agency faces then a series of tasks related to the settlement of liabilities and the package analysis.

The increase of the attractiveness of cruises and sudden changes in the economy has set challenges in front of travel agencies which must quickly and effectively adapt themselves in order to operate with profit while satisfying the customers as the main participants.

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