



Supporting economic sustainability of cruise destinations in Greece and Cyprus

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Overview of presentation

- The cruise sector: key trends and status in Europe
- Sector characteristics and network mapping in Greece and Cyprus
- The cruise supply chain
- A new digital platform for integrating local products into the cruise supply chain: development process
- Next steps and conclusions



The cruise sector: key trends

- Highly experience-oriented product (i.e. going beyond sightseeing) with great diversity now in terms of destinations and services provided
- Expansion of cruise seasonality and changing average profile of passengers (gen Z, working nomads, solo travelers, etc.)
- Heavy investments on on-board and off-board digital services (e.g. smartphone applications providing added-value, personalized services, etc.)



For off-board services, the cooperation with local authorities and business communities is important so that local landmarks, historical monuments, products, activities, etc. are better promoted



The cruise sector: status in Europe

- It is one of the cornerstones of the **EU Blue Economy**: in 2019, the sector's total economic output amounted to **\$64.5 million** supporting approximately **413,900 jobs**
- The upward trend that the sector has been experiencing (till 2020 when Covid-19 heavily disrupted operations) is supported by three key factors:
 - The Mediterranean is the 2nd most attractive cruise destination in the world
 - European citizens account for the 2nd largest source of cruise passengers
 - Europe is the largest cruise shipbuilding industry in the world



Sector characteristics in Greece

- Greece accounts for the **3rd most attractive** cruise destination within the MED region
- It holds however only the **9th position** in terms of economic output due to:
 - Limited home-porting activities
 - Limited expenditures of cruise passengers at ports of call
- It accommodates about **5 million cruise passengers** and **3,900 calls** of cruise vessels (average numbers of 2015-2019)
- In 2018, **56 ports** hosted cruise vessels (concentrated mainly in the South Aegean)
- **95%** of cruise passengers and **80%** of calls are concentrated in 10 major ports





The cruise network in Greece

- In 2019 (April – December), **277 itinerary legs** were served by **829 cruise vessels**, operated by **28 cruise companies**
- In 2020, the scheduled itinerary legs were 333, to be operated by 891 cruise vessels. **COVID-19 pandemic** led however to multiple cancellations and disruption of services. In order to safely restart cruise operations, new health protocols both onboard and at the ports of call have now been introduced.
- The network consists of:
 - 1% of national itineraries
 - 95% of international ones (within the Mediterranean region)
 - The Adriatic Sea (North Italy, Albania, Croatia, Montenegro, and Slovenia)
 - The Western and Eastern Mediterranean Sea (Spain, West Italy, and Malta - Cyprus and Israel respectively)
 - The Red Sea (Egypt, United Arab Emirates, Jordan, and Israel)
 - The Black Sea (the North coastline of Turkey and Bulgaria)
 - Multiple connections also with the western coastline of Turkey and South Italy and Sicily in particular.
 - 4% of global ones (connection with North and South America, South Africa, South Asia, and Australia)



Sector characteristics and network in Cyprus

- Three main cruise ports (Limassol, Larnaca, Paphos)
- In 2018, they accommodated **90,393 cruise passengers** and **110 cruise vessels**.
- Overall cruise activities are still limited but are increasing year by year
- The network consists of:
 - International itineraries providing the following connections:
 - The Eastern and Western Mediterranean (Jordan, Lebanon, Israel, Egypt, and Greece - Italy and Malta respectively)
 - The Black Sea (Turkey)
 - The Red Sea, reaching the Indian and Pacific Ocean and the southern coastline of Africa (United Arab Emirates and the Republic of Campos Verde)



The cruise supply chain (1/2)



Increase of complexity and service requirements

Itinerary changes on a seasonal basis

Efficient and well-coordinated supply chains

Decision making factors

Cruise product

Geographical area of operation

Costs

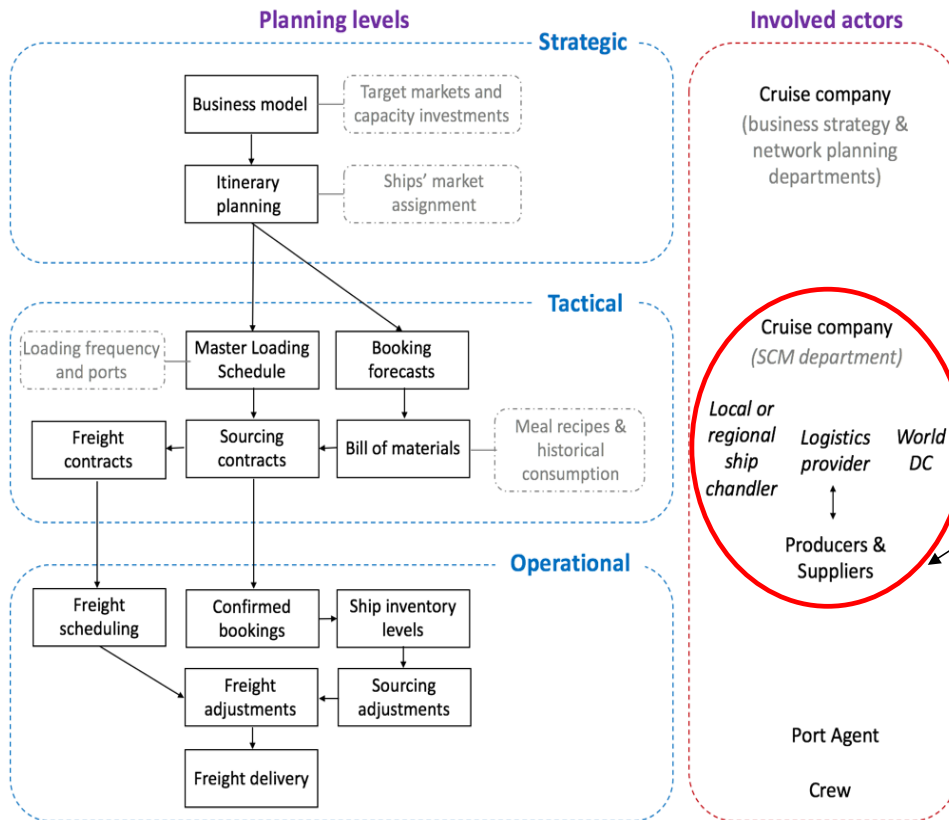
Characteristics of the cruise company

Passengers' profile and preferences

Other factors



The cruise supply chain (2/2)



An emerging opportunity for cruise destinations in Greece and Cyprus



Add a 'tasting' experience integrating local products which are unique and of incomparable quality



A new digital tool for integrating local products into cruise supply chains



The tool:

A new digital platform – the **NAUS** platform where:

1. A detailed list of local ‘traditional’ products at cruise destinations are provided
2. Cruise companies but also passengers can place their orders on products they are interested in
3. Products are delivered to the cruise vessel upon its arrival at the respective port

Focus:

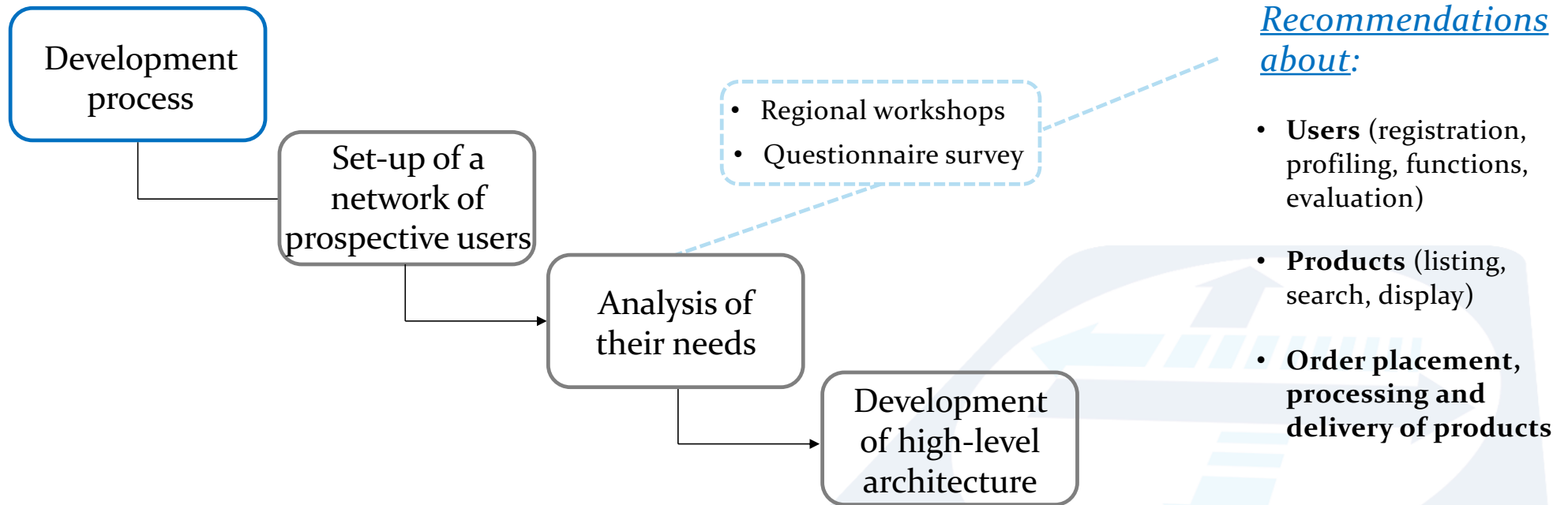
Local ‘traditional’ products → particularly food and beverages

Objective:

Add a new ‘tasting’ experience at each cruise destination, providing benefits to both cruise companies (more attractive product) and the local economy (greater profits of local producers / suppliers and enhanced visibility of their products)



Development process





Development recommendations

Users

- Groups of stakeholders:
 - **Local producers / suppliers**
 - **Cruise companies**
 - Cruise passengers
 - Companies managing speciality restaurants and other shops onboard the cruise vessels
 - Logistics providers
- Set-up of a central user profile manually integrating all requested information into the platform
- Structured evaluation after every order delivery (rating system and open comments). Negative performance to be flagged and penalized.

Products

- Food and beverages to be mainly addressed
- Appropriate online forms to be in place for the listing of available products (indicating all their characteristics as well as attaching any necessary documentation e.g. certificates of quality, etc.)
- Differentiation of products for retail and wholesale selling and grouping per (a) type and (b) port that can be made available
- Search of products by name, group and port (guided search and free-text)
- Information available in both Greek and English



Development recommendations

Order placement, processing and delivery of products

- Cruise companies (or passengers, cruise restaurant managers and managers of other shops onboard) can either (a) place their order selecting available products and determining respective quantities, or (b) post their needs, to which producers / suppliers, if interested, can then respond
- Indicative ranges of prices will be provided, with the exact price being specified once the order is placed or when needs are determined (e.g. discount rates may apply to large orders)
- Considering the arrival time of cruise vessels, specific time windows will be set for order placement so that there is adequate time for their processing
- Once supply and demand is matched, contact details of the respective customer and supplier will be shared, so that communication is established and any additional request can be met
- Payment was suggested not to be processed via the platform. Each customer – supplier pair can select optimal method of payment
- Orders will be delivered outside the vessel in specific time windows, and will be bundled when possible



Next steps and conclusions

Pilot-testing

- Registration of real users and testing of platform's (i) interface and user-friendliness, (ii) functionalities and services
- Structured feedback collection and processing of comments received for delivering the platform's final version
- Collection of insights for its governance model and commercial exploitation strategy to be prepared as a final step of the NAUS project

Conclusions

- Considering the high touristic attractiveness of both Greece & Cyprus, actions to increase expenditures at cruise ports of call are needed for better supporting local economies
- The NAUS platform is in line with digitalization trends and can benefit many different groups of stakeholders
- Its development framework ensures that the final product will be tailored to users' needs
- The governance model and exploitation strategy to be devised are of high importance for ensuring the platform's sustainability and generating benefits for the stakeholders involved



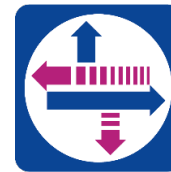
Thank you very much for your attention !!

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Visit <https://naus-project.eu/>

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