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RESEARCH NOTE

Tourism managers' view of the economic impact of cruise traffic: the case of southern Spain

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This article focuses on analysing the perception that the tourism sector itself has of its impact in cities at which cruises call. We use a sample of 371 managers of tourism establishments in the hinterlands of two Spanish cruise ports. The conclusions confirm the good public image that cruise traffic has traditionally enjoyed. However, the vision that the managers have is not uniform but depends on the characteristics of the tourist establishment and its own experience. Managers also advocate the direct intervention of the public administrations, even with economic aid, to favour the implementation of cruise tourism in their cities.

Keywords: cruise tourism; low-cost carriers; tourism managers; economic impact

1. Introduction

The interest of cities and authorities in attracting cruise liners is justified by the supposed impact that cruise ships and passengers have on the port cities and their hinterlands. The economic benefits that cruise port cities gain from the cruise industry are mainly determined by the amount that cruise passengers and crews spend in the cities that receive this kind of tourism. However, an increasing number of studies (Bresson & Logossah, 2011; Pratt & Blake, 2009) are questioning the suitability of promoting cruise tourism without any type of pre- and personalised evaluation as its positive impacts could have been overestimated (see also Hall & Lew, 2009 on the need to examine jointly the benefits and the undesirable impacts of tourism in general).

Debate on the role of cruise ships in the receiving cities involves shipping companies, authorities and passengers, even the host communities (Del Chiappa & Abbate, 2013), but the opinion of the fifth player: the tourism industry in the cities that welcome cruise ships should also be known. The aim of this study is, therefore, to show the perspectives of the tourist sector in two cities, namely Malaga and Seville, which receive cruise shipping.

An analysis of the type proposed in this research note is, therefore, especially useful for regional and local tourism promotion policy especially in the current economic context where public resources for tourism promotion are few and far between. This is even truer when the debate has already been triggered by the aid given to the Low-Cost Carriers (LCCs) that has aroused criticism from some cruise companies that demand equal treatment.

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2. Data, methodology and results

Two surveys have been conducted in the tourist sector of the Spanish cities of Malaga and Seville to achieve this aim. Malaga is an established major cruise base, whilst Seville has only recently entered this market despite limited access. The questionnaire comprised 11 questions, with a total of 371 responses being collected from managers, specifically 170 in Malaga and 201 in Seville, from October 2012 to February 2013.

Table 1 shows the percentages of responses to the main questions in the surveys by category of establishment, including the factors that define the cruise company's quality (factors consistent with prior studies, such as Zhang, Ye, Song, & Liu, 2013, and references therein).

We have used a multinomial logit regression to analyse the factors that define managers' view of the contribution of cruises and LCCs to economic development (with scores of 1, if the manager considers that cruises contribute to a greater extent; −1, if s/he considers that LCCs do so; 0, if s/he considers that both do so).

The explanatory variables in the model are split into two groups:

(1) Characteristics of tourist establishment (base category = hotel) including its type of activity (restaurant, rent-a-car, travel agency, leisure establishment or souvenir shop); whether the establishment is part of a chain (1 = yes/0 = no); and the number of establishment employees (1 < 10; 2 = 10–30; 3 > 30).

(2) The manager's view of related aspects, including whether the manager considers that there has been an increase in his/her economic activity as a result of the development of cruise traffic (1 = yes/0 = no); the spending of the tourism (with scores of 1 if the manager considers that a cruise tourist spends less than an LCC tourist; 2 if s/he considers that s/he spends the same as an LCC tourist; 3, if s/he considers that s/he spends more than an LCC tourist); the manager's score of the port's role as an instrument of economic development (from 1 to 5); and the manager's view on Public Administrations getting involved in the development of cruise tourism in their cities (with scores from 4 to 1, in the same order as the responses to question 3 in Table 1).

Table 2 shows the marginal effects of the multinomial logit model.

3. Conclusions

Table 1 illustrates that there are no major differences in the perceptions that the tourism business network has of cruise tourism and low-cost tourism, although the contribution made by low-cost tourism to economic growth is considered slightly more useful. According to Table 2, once a number of explanatory variables have been corrected for, two categories of establishments (travel agency and souvenir shop) present a vision that is significantly different to the base category, which is hotel. The vision that hotels have of cruises is different as it is one of the least favourable (Table 1). This is probably due to the little impact that cruise tourism has on hotels because of the lack of overnight stays, except on the day of embarkation. The vision of travel agencies stands out as being more favourable towards cruise tourism. This must be motivated by the fact that cruise companies have still continued to allow the intermediation of their products in recent years, especially through the specialised online travel agencies. Also, the vision of the souvenir shops stands out as clearly coming down on the side of cruise tourism, which is not

Table 1. Responses by category of establishment to the main questions in the interview campaign.

1. What type of tourism is more useful for the economic growth and development of the city?

Urban tourism sector	Cruises (%)	Both types of tourism (%)	LCCs (%)
Hotel	16.67	45.45	37.88
Restaurant	27.45	43.14	29.41
Rent-a-car	16.00	52.00	32.00
Travel agency	31.37	33.33	35.29
Leisure establishment	13.33	63.33	23.33
Souvenirs shop	32.61	54.35	13.04
Total	**24.80**	**45.82**	**29.38**

2. What type of tourism is more beneficial for the establishment's own activity?

Urban tourism sector	Cruises (%)	Both types of tourism (%)	LCCs (%)
Hotel	13.64	33.33	53.03
Restaurant	27.45	41.83	30.72
Rent-a-car	12.00	16.00	72.00
Travel agency	29.41	39.22	31.37
Leisure establishment	33.33	40.00	26.67
Souvenir shop	34.78	52.18	13.04
Total	**25.61**	**39.35**	**35.04**

3. Does the urban tourism sector believe that the local public administrations should favor the development of cruise tourism in their cities?

Urban tourism sector	Yes, with all the means (%)	Yes, but not with subsidies (%)	No Preference (%)	No, the development of cruise tourism should be a natural process with no interference from public administrations (%)
Hotel	61.54	29.23	3.08	6.15
Restaurant	64.71	24.84	7.19	3.27
Rent-a-car	68.00	16.00	8.00	8.00
Travel agency	80.39	13.73	3.92	1.96
Leisure establishment	56.67	30.00	10.00	3.33
Souvenir shop	71.74	15.22	4.35	8.70
Total	**66.76**	**22.70**	**5.95**	**4.59**

4. Factors that define a cruise company's quality according to the managers (from 1 'lowest score' to 5 'highest score')

Average score (standard deviation in brackets)	Price	Itinerary	Cuisine	Activities	Size	Experience	Excursions	Drinks	Website
	3.962 (1.014)	3.995 (1.000)	3.683 (0.981)	3.601 (1.060)	3.879 (1.090)	3.872 (1.099)	3.203 (1.250)	3.661 (1.285)	3.562 (1.244)

Table 2. Marginal effects of the vision that tourism establishment managers have of cruise traffic.

	Marginal effects (std. err.)		
	Economic development		
Variables	Cruises	Both types of tourism	LCCs
(a) Tourist establishment characteristics. Base category: hotel			
Restaurant	Δ11.819* (6.601)	∇7.574*** (0.510)	∇4.244 (6.571)
Rent-a-car	∇1.862(1.902)	Δ6.865 (6.070)	∇5.002 (4.168)
Travel agency	Δ13.517** (5.581)	∇18.742*** (5.833)	Δ6.225*** (0.252)
Leisure establishment	∇7.719(8.902)	Δ11.369 (11.981)	∇3.650 (3.080)
Souvenir shop	Δ12.279*** (1.248)	Δ3.515* (2.072)	∇15.794*** (3.321)
Chain of establishments	∇6.870* (3.538)	Δ0.120 (5.477)	Δ6.750*** (1.940)
Employment	Δ0.316 (1.531)	∇0.528 (3.614)	Δ0.212 (2.083)
(b) Aspects related to manager's vision			
Increase in activity	Δ8.541 (5.489)	Δ2.991 (8.669)	∇11.532*** (3.181)
Spending	Δ12.797*** (3.789)	∇2.302 (6.332)	∇10.495*** (2.543)
Port	Δ7.022*** (0.323)	Δ6.537* (3.347)	∇13.559*** (3.670)
Public sector	Δ10.298*** (2.020)	Δ1.829 (6.409)	∇12.128*** (4.389)

Note: Standard errors robust to heteroscedasticity and clustered by city of origin are presented in brackets.
*Coefficient significance at 10% level.
**Coefficient significance at 5% level.
***Coefficient significance at the 1% level.

surprising as souvenir purchase is one of the most important items in the cruise passengers' budgets (Brida, Bukstein, Garrido, & Tealde, 2012).

The vision of the managers depends on one's own experience, i.e. if the establishment considers that its economic activity has been improved by cruise passengers it will have a negative opinion of how LCCs influence economic development. The high statistical significance of the *Spending* variable also tells us that the vision as to which market niche is better, LCCs vs. Cruises, is principally an economistic vision linked to the spending component. In other words, a type of tourism is good if the tourist spends a lot, and vice-versa. It can also be observed that the vision of cruise traffic is clearly linked to the vision that it had of the port as an instrument of economic development.

As for the assessment of the factors that determine a cruise company's quality, it should be noted that all the factors considered scored over 3 on a scale of 1–5, although none gets a score of over 4 (see question 4, Table 1). This would support the hypothesis that cruise tourism is one of the more complex tourism products.

If we go into finer detail, it is strange that the experience and knowledge of a company only receives a 3.87 as the cruise line's reputation has a great influence on cruise passengers' perceptions (Petrick, 2011). It is logical to assume, a priori, that cruise passengers' experiences with cruise lines such as Iberocruceros and Pullmantur, local cruise lines with 'second hand' vessels, would be different from those of luxury cruise lines, such as Cunard or Princess.

The price of the cruise and its itinerary are the most important factors for managers, whereas the cost of shore excursions is the least important factor. The growing importance of the price, together with the increased supply of new vessels and the slowdown in the growth of demand due to the economic crisis are a dangerous mix that could be leading the sector towards a price war with an uncertain future. The high score given to the itinerary or destination in our study could be considered as more evidence for the hypothesis supported by Gui and Russo (2011) that the appeal of the itinerary is an even more important variable in the Mediterranean area than in the Caribbean.

Meanwhile, the lower score given to the price of shore excursions might be capturing empirical evidence of a new trend in the cruise industry, which replaces the official shore excursions with excursions on foot, by taxi or by pre-booking through a local travel agency at a lower cost. Obviously, the first two methods (on foot or by taxi) will greatly limit how far the passengers go inland, thus limiting their possible favourable economic effects in the city.

Finally, the data suggest that cruise companies can count on major natural allies in tourism company associations in negotiations with public administrations and port authorities (which in Spain are also public). In fact, the managers make a widespread call for cruise tourism to be given much greater support (see question 3, Table 1) than is demanded for any intervention on behalf of LLCs (see Castillo-Manzano, López-Valpuesta, & González-Laxe, 2011). This call for intervention on behalf of cruise tourism is strongly linked to the favourable vision that managers have of this kind of tourism as a dynamising element in the area (Table 2).

This demand is especially interesting in the new scenario marked out by the new Spanish Port Act, passed in 2010, which grants great freedom to all of the port authorities for defining their tariffs and discounts on these. Furthermore, this pro-intervention consensus is worth noting because most of these associations, especially the hotel, hospitality industry and travel agency associations are major lobbies in Spanish tourism policy.

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