

# Issues Raised at Cruise Baltic Conference

Cruise Baltic's member network gathered in Copenhagen in October to talk with select industry representatives and discuss issues facing the organization and ports in the region.

Traffic is on the growth curve, with Copenhagen, Rostock and Oslo all reporting surges for 2011. Including some 50 more calls for Rostock, according to port officials.

Annual passenger growth for the 27 members of the association has been 11.6 percent since 2000.

"Europe, look out, this is the focus of our entire industry right now," said Terry Dale, then CEO and president of CLIA.

Neil Palomba, chief operating officer at MSC Cruises, talked about the line's growth, going from 127,000 passengers in 2003 to a projected 1.4 million in 2013. The line will homeport 35 cruises in the Baltic with three ships in 2011.

MSC will bring a 30 million euro economic impact to the region in 2011.

Palomba also urged the ports to rethink their fee structure.

"We just came out of a recession and have been continuing to deliver passengers," he commented. "The only variable for us is yield, the ships always sail full, and while we have lost revenue, port costs are only going up."

MSC carries more Germans onboard than any other nationality on Baltic sailings.

Cruise Baltic members suggested a port fee decrease for extending the season, which both AIDA Cruises and MSC said they were considering. However, the ports seem to realize that yields for the cruise lines are very good in the Baltic.

And while AIDA's Captain Burkhard Mueller, director of fleet services and operating line compliance, called the Mediterranean the cruise line's "bread and butter," 22.8 percent of capacity is in Northern Europe – compared to 33.3 percent in the Med.

"New capacity is getting deployed to Northern Europe," he added, as AIDA has



Robert Ashdown, technical director of the European Cruise Council

delivered and is continuing to introduce a new ship every spring from 2007 to 2013.

"We achieve some of our highest yields on the Baltic cruises," Mueller continued. AIDA will add another four 10-day cruises, 15 in total, in 2011, and seven more seven-day cruises, going from 10 to 17.

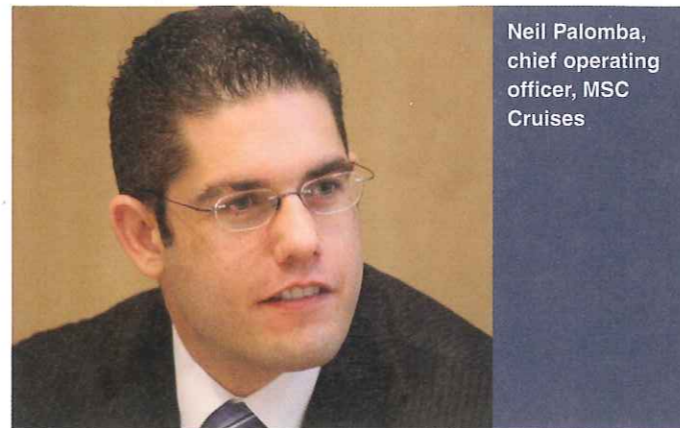
## Green

Robert Ashdown, technical director of the European Cruise Council, talked about the environmental issues facing the Baltic.

Strict new rules are coming, including very tight sewage legislation in 2015, and more emissions laws.

New PM regulations may force cruise lines to use only distillate fuel in the region, and while no one can predict oil prices, Ashdown said that by looking at historical data, distillate fuel is 83 percent more expensive than traditional heavy fuel oil.

"New environmental regulations tend to be extremely expensive, and tend to have a much higher cost impact than originally anticipated, but we have to be responsible to the environment and the passengers," he said.



Neil Palomba, chief operating officer, MSC Cruises

Port representatives all had LNG on their minds, with some ferries in the high-traffic region starting to explore the fuel option.

Issues were raised regarding Norway, with one port official saying that Norway "passes rules without thinking about them, even considering a head tax for the fjords."

Dale commented that as an industry, "we have not done a good job selling ourselves" (from an environmental point of view). Ports in the Baltic are continuing to battle negative press by local journalists that think cruise ships are destroying the environment.

Port officials told *Cruise Industry News* that they had tried to encourage local journalists to take environmental tours of ships in port, and were willing to arrange them, but no one seemed interested.

## Agents

Palomba said that a big threat was online travel agencies and tour operators, who could operate at a much lower margin. And that there was not much MSC could do about "50 percent discounts on the internet."

However, Dale urged that agents were "leaving money on the table by not selling pre- and post-cruise stay packages in the region."

And while none of the cruise lines at the conference specifically surveyed passengers about ports, they all took negative comments into consideration.

AIDA had also just rolled out a new post-cruise survey, according to Mueller, that is available online.

"Before, passengers filled out a survey towards the end of the cruise, before the last day and disembarkation. It wasn't totally accurate."

## Issues Aside

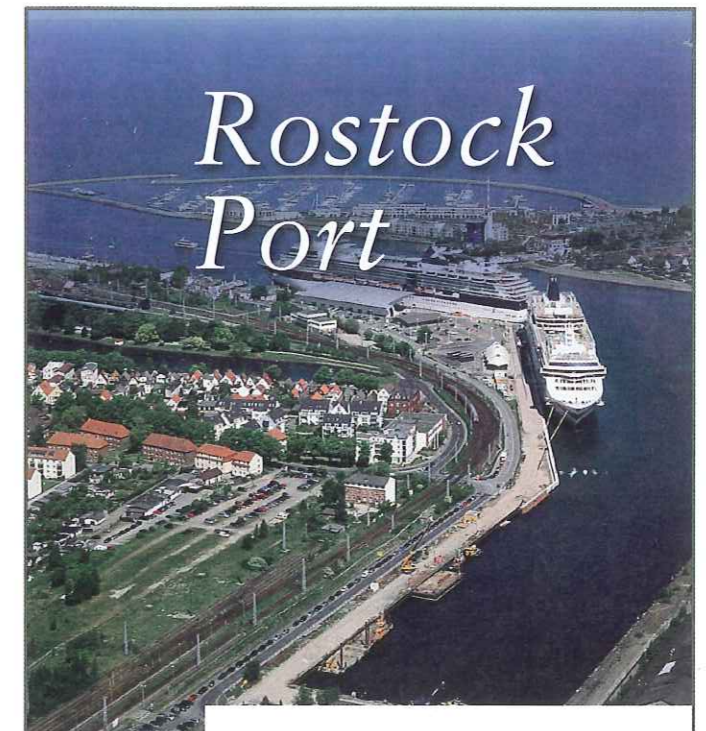
Ports in the Baltic are expanding to compensate for more traffic. Oslo is looking into more berth space, according to port officials. At Copenhagen, a new pier is on schedule for 2013. And plans continue to roll in St. Petersburg on a new terminal.

MSC and AIDA both openly talked about extending the Baltic season, which is a positive sign.

SeaDream Yacht Club is sailing in the region for the first time in 2011 and was actively looking for ports for 2012 at the conference, according to Graeme Adams, voyage planner for SeaDream, and member ports were willing to discuss early and late season port-fee discounting. – *Monty Mathisen*



From left: Robert Ashdown, technical director, European Cruise Council; Neil Palomba, chief operating officer, MSC Cruises; Graeme Adams, voyage planner, SeaDream Yacht Club; and Captain Burkhard Mueller, director of fleet services and operating line compliance, AIDA Cruises; prepare for their presentations at the Cruise Baltic conference.



# Rostock Port

## Warnemünde Cruise Center – Gateway to Berlin

Discover the beautiful south of the Baltic. The modern Warnemünde Cruise Center is your gateway to Germany's capital Berlin.

Warnemünde - the lovely seaside resort of Rostock - welcomes 113 cruiseliners with more than 200,000 passengers from all over the world in this year. The nearly 800 years old Hanseatic City of Rostock is well-known for its churches and brick Gothic. Many castles and manor houses nearby are worth a visit too.

Hafen-Entwicklungsgesellschaft Rostock mbH  
[www.rostock-port.de](http://www.rostock-port.de)



Opening new horizons

## Cruise Baltic Moves to Association Status

Bo Larsen



**C**ruise Baltic was moving toward an association status, as of January 1, according to Bo Larsen, director.

"We are strengthening the organization to make it less vulnerable – an association means that everyone is a member until they decide to terminate, instead of having to start from scratch as we have done."

Cruise Baltic started as a project, financed in part by the EU for three years, before continuing on project status with private financing, according to Larsen.

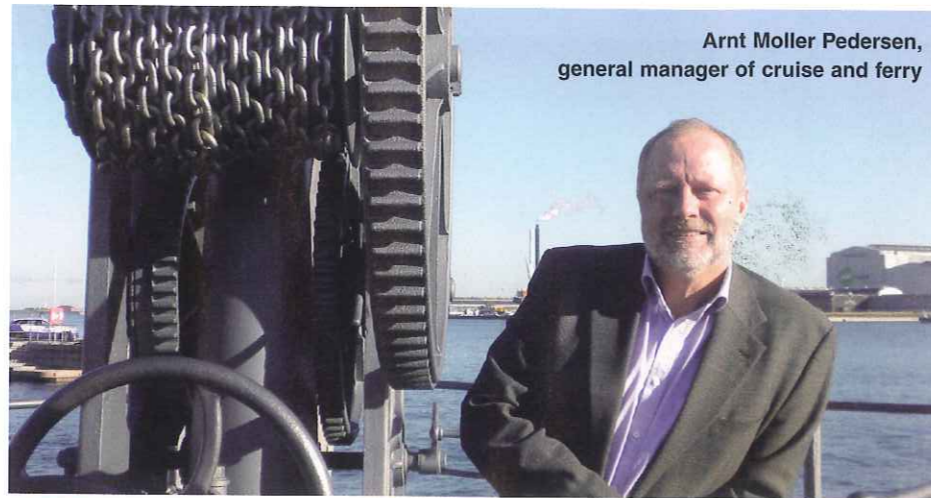
Strategic partnerships for Cruise Baltic include SAS and Scandic Hotels, "which allows for cross-selling between the organizations and the members."

Four membership levels are available, at varying prices, to potential members based on their involvement and status in the region.

The network allows members to work with the cruise industry, spending six to seven days a year "actually sitting down and discussing challenges and strategy," Larsen explained.

"It is really a competitive collaboration environment," he added. "All the experiences are being shared and we have realized we need to work together to grow the business. That means discussing best practices and sharing available knowledge."

"By being together and joining forces we also make it easier for the cruise lines to operate in our region," Larsen continued. "Cruise lines know there is an association where they can ask questions and get answers from 27 destinations, which is extremely efficient from their perspective."



Arnt Moller Pedersen,  
general manager of cruise and ferry

## Copenhagen Malmo Port More Traffic, More Infrastructure

**C**openhagen Malmo Port is on pace to break its own traffic record in 2011, according to Arnt Moller Pedersen, general manager of cruise and ferry at the port.

Pedersen told *Cruise Industry News*, in an exclusive interview, that 360 calls are scheduled for 2011, including 160 turnarounds, accounting for some 750,000 passengers. Norwegian Cruise Line adds another 18 calls, as they move a ship into the Danish port and out of England for the 2011 Baltic season.

Copenhagen has the space to accommodate up to nine ships on a busy summer day, using a variety of piers, including Langelinie, just a few feet away from Copenhagen's iconic Little Mermaid. Most berths utilize temporary structures for the summer months.

The port takes requests up to three years in advance, and placed ships in berths in December of 2010 for the 2011 season.

"The lines have their wish lists and we place ships in places so we can utilize our piers most efficiently," added Pedersen. "We guarantee berths two years out."

For 2012, some 270 calls are already scheduled. The port can turn around up to four ships on a single day, accounting for

20,000 passengers out and then in, said Pedersen.

Meanwhile, Pedersen also oversees the cruise business in Malmo. "It's a smaller, cozy place," he said. "And we've seen some demand there lately. There is an international airport and flights are considerably cheaper, especially for charters."

### Infrastructure Upgrades

A major new pier for cruise ships is coming on schedule as planned for 2013. The pier will allow space for three more large cruise ships along an 1,100 meter-long quay, according to Pedersen, at a cost of 400 million Danish Kroner.

A bold plan is on tap for the year 2020, which includes moving the entire cargo operation of the port and major changes to the cruise product.

Recent changes include a simple yet effective free internet network for crew members onboard ships. Pedersen said the cost was minimal compared to the effect it had on the port's reputation among crew members.

The port has also come up with an alert system, available per subscription on its website, aimed towards taxi drivers. Upon signing up, a subscriber will get a SMS alert the night before a ship comes in, and when the arrival is.

"In 2010 we added that for the taxi companies, and we communicated when the peak hours were," Pedersen continued. "For a 3,000-passenger ship, we may need 500 or 600 taxis."

The port also added greeters this past season that pass out maps and answer questions. On top of that are blue lines painted on the ground, leading to town and transportation hubs, making a clear way out of the port, and were adapted from the lines in hospitals, Pedersen said, noting that about 50 percent of passengers on transit calls do not participate in shore excursions.

### Keeping Up

With new infrastructure and growing numbers, Pedersen faces the task of continuing the success.

"We won the Princess Cruises award for best turnaround port in the world in 2009," Pedersen commented. "We're very proud of that because those ships go everywhere."

"After each call we do a survey with the ship and the agent to see how we performed and how we can perform better."

"After each season we bring in the main people on our team and come up with a report on what we are going to do better next year." – *Monty Mathisen*

## Rostock Warnemunde Sets Passenger Record

**T**he Port of Rostock has reported a record 2010 cruise season in Warnemunde with 114 calls by 33 ships from 26 different cruise operators. The season started May 5 with the AIDAuna and closed Oct. 7 with the Marco Polo. Passengers amounted to 177,000 (or 350,000 passenger movements).

During the 2010 cruise season, the Warnemunde Cruise Terminal had 75 port calls and 39 full and partial turnarounds by AIDA, Costa, Norwegian Cruise Line and Sea Cloud.

Warnemunde also reported that 132,000 passengers went on day excursions and 45,000 passengers started or finished their cruise there.

Eight ships called for the first time: in addition to the AIDAblu, the Celebrity Eclipse – the largest ship ever to call in Rostock – the Norwegian Sun, MSC Opera, Costa Atlantica, Grand Mistral,

## Cruise Copenhagen Network: New Vision

**C**ruise Copenhagen Network, a group of businesses working together to service the cruise market, has unveiled a new strategy for the future.

The mission: "initiate access to more business opportunities" while "creating long lasting friendships" and undoubtedly, increasing passenger spending in the city along with pre- and post-cruise stay packages.

Passenger traffic at the port has grown from 166,000 in 2000 to 662,000 this past season.

Members include local merchants, hotels and the famous Tivoli park – which now has a dedicated cruise staff member and has worked closely with Disney Cruise Line.

The network, which has been around since 1992, is hoping to increase the number of partners it has, from 47 at press time to 75 in 2012, while increasing membership fees. It also plans to boost the number of returning passengers to Copenhagen from 50 percent to 60 percent, according to a document from the association.

"The cruise destination experience is normally intense and often short," the new strategy reads. "But, we have a major advantage: We know exactly where and when our guests arrive."

The network also plans to become more proactive in educating both travel agents and tour operators about Copenhagen.



Disney Magic, and Seabourn Soujourn. The most frequent visitors were the Costa Atlantica (15 times), AIDAblu (13 times), and Norwegian Sun (11 times). There were two days with four ships in port and five days with three.

The Hafen-Entwicklungsgesellschaft and its partners hosted five "Rostock Port Parties" in which cruise ships, their passengers and crew were bid farewell with maritime entertainment, a tug ballet, and fireworks.