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BUSINESS RESEARCH &
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ECONOMIC CONTRIBUTION OF CRUISE TOURISM TO THE DESTINATION ECONOMIES

*A Survey-based Analysis of the Impacts of
Passenger, Crew and Cruise Line Spending*

Progreso DESTINATION REPORT

October 2018

Progreso

At the core of the analysis of the economic contribution of cruise tourism were a set of passenger and crew surveys that were conducted onboard ships of the FCCA member cruise lines.¹ The surveys were undertaken during the eight-month period beginning in October 2017 and ending in May 2018. The survey schedule was designed so that surveys were conducted by FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination.

The passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, friendliness of residents, prices, shopping, etc.;
- likelihood of returning for a land-based vacation (passengers only); and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services, payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, and other provisions purchased locally by the cruise lines, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from a combination of local, regional and international sources. Utilizing all of these data, a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. A more detailed description of these models is provided in the **Data and Methods** section of Volume I.

¹ Surveys were conducted on the ships of the following cruise lines: Aida, Carnival Cruise Lines, Celebrity Cruises, Costa Cruises, Disney Cruise Line, Holland America Line, Norwegian Cruise Line, Princess Cruises, P&O Cruises, Royal Caribbean International and TUI Cruises.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which tend to be concentrated in shore excursions and retail purchases of clothing, jewelry and local crafts and souvenirs;
- onshore expenditures by crew which are generally concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and electronics;
- expenditures by cruise lines for port services, such as dockage fees and linesmen, utilities, such as water and power and navigation services; and
- purchases of supplies, such as food and other supplies, by the cruise lines from local businesses.

Based on data collected from the API de Progreso, 452,994 cruise passengers arrived aboard cruise ships during the 2017/2018 cruise year.² Of these, an estimated 407,695 passengers (90%) disembarked and visited Progreso. Utilizing additional data provided by the port administration and visiting cruise lines, 199,100 crew were aboard the cruise ships and 34 percent, or 67,000 crew, disembarked and visited the destination.

These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$32.7** million (\$US) in cruise tourism expenditures in Progreso during the 2017/2018 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Per passenger spending estimates were derived from 600 surveys completed by passengers during the survey period. As shown in **Progreso Chart 1**, each passenger cruise party spent an average of \$115.76. The average spend per cruise party is the sum of the weighted spending in each of the twelve categories. For example, 47 percent of the survey respondents reported spending an average of \$21.90 for food and beverages. Spread over the cruise parties that visited Progreso, this represented an average of \$10.24 per party. On a per passenger basis, the average total expenditure was \$57.31. This represents the sum of per party expenditures, \$115.76, divided by the average size of a cruise party in Progreso, 2.02 passengers.

Cruise passenger expenditures in Progreso were concentrated in four categories which accounted for 77 percent of their onshore expenditures: shore excursions, food and beverages, clothing and local crafts. About 40 percent or more of the passengers that went ashore made purchases in the following categories: shore excursions, clothing, food and beverages and local crafts.

Just over half (56%) of the passengers reported that their cruise party purchased a shore excursion. The effective local price of the shore excursion was \$87.50 per party but when the

² The 2017/2018 cruise year includes the twelve months beginning in May, 2017 and ending in April, 2018.

full price of the purchase from cruise lines and travel agents is included passengers spent an average of \$113 per party for their tours.

Progreso Chart 1 – Estimated Passenger Spending (\$US), 2017/2018 cruise year³

Purchase Categories	Average Spend per Party	Share of All Onshore Visits	Weighted Average Spend per Party
Shore Excursions	\$87.50	55.6%	\$48.65
F&B at Restaurants & Bars	\$21.90	46.8%	\$10.24
Taxis/Ground Transportation	\$19.10	5.4%	\$1.03
Watches & Jewelry	\$73.00	11.6%	\$8.48
Clothing	\$32.10	37.8%	\$12.16
Entertainment/Night Clubs/Casinos	\$37.90	1.1%	\$0.41
Other Purchases	\$49.90	22.4%	\$11.19
Perfumes & Cosmetics	\$35.20	1.1%	\$0.38
Local Crafts & Souvenirs	\$32.40	56.8%	\$18.38
Retail Purchases of Liquor	\$57.20	8.1%	\$4.64
Electronics	-	0.0%	-
Telephone & Internet	\$14.80	1.4%	\$0.20
Total Spend per Cruise Party			\$115.76
Average Size of a Cruise Party			2.0
Total Spend per Cruise Passenger			\$57.31
Cruise Passenger Onshore Visits			407,695
Total Cruise Passenger Expenditures			\$23,364,354

For the entire 2017/2018 cruise year, the estimated 407,695 cruise passengers who visited Progreso spent a total of **\$23.4 million** (\$US) in Progreso.

Per crew spending estimates were derived from 845 surveys completed by crew members during the survey period. As shown in **Progreso Chart 2**, each crew member spent an average of \$42.19 in Progreso. The average spend per crew member is the sum of the weighted spending in each of the twelve categories. For example, 80 percent of the survey respondents reported spending an average of \$26.00 for food and beverages. Spread over all the crew members that reported that they visited Progreso; this represents an average of \$20.77 per crew member.

Expenditures by crew in Progreso were concentrated in four categories which accounted for 79 percent of their onshore expenditures: food and beverages, clothing, local crafts, and other (unspecified) purchases. Combined, crew spent an average of \$33.41 for goods in these four categories. Purchases of food and beverages were the most popular expenditure item with 80 percent of the crew reporting the purchase of food and beverages.

For the entire 2017/2018 cruise year, the estimated 66,962 crew who visited Progreso spent an estimated total of **\$2.8 million** (\$US).

³ The average shore excursion expenditure is a weighted average of the onshore and travel agent/other purchases and the portion of the onboard purchases paid to local tour operators.

Progreso Chart 2 – Estimated Crew Spending (\$US), 2017/2018 cruise year

Purchase Categories	Average Spend per Crew	Share of All Onshore Crew Visits	Weighted Average Spend per Crew
F&B at Restaurants & Bars	\$26.00	79.8%	\$20.77
Taxis/Ground Transportation	\$11.90	25.1%	\$2.99
Watches & Jewelry	\$57.90	3.5%	\$2.01
Clothing	\$33.00	10.4%	\$3.44
Entertainment/Night Clubs/Casinos	\$34.00	1.3%	\$0.45
Other Purchases	\$63.30	8.6%	\$5.44
Shore Excursions	\$26.90	4.5%	\$1.20
Perfumes & Cosmetics	\$22.80	4.3%	\$0.98
Local Crafts & Souvenirs	\$21.50	17.5%	\$3.76
Retail Purchases of Liquor	\$32.00	1.2%	\$0.37
Electronics	\$48.40	0.8%	\$0.40
Telephone & Internet	\$14.40	2.6%	\$0.38
Total Spend per Crew			\$42.19
Crew Visits			66,962
Total Crew Expenditures			\$2,825,127

Cruise lines made payments to local businesses for a variety of goods and services. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other local expenditures, including payments for port fees and taxes, navigation services, utilities and other supplies. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$6.5 million** (\$US) in Progreso during the 2017/2018 cruise year. The majority of these expenditures were payments for port fees and taxes and navigation services.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from a broad range of local, regional and international sources. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of Gross Domestic Product (GDP), the wage share of GDP by industry and average employee wages by industry.

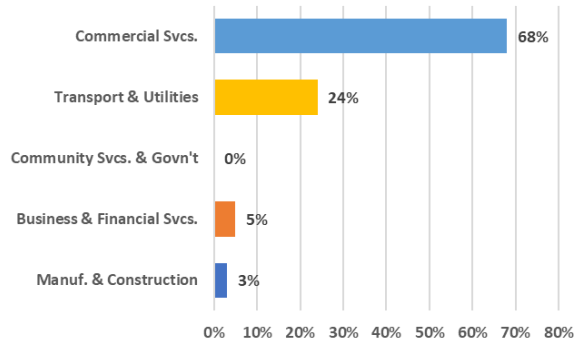
As shown in **Progreso Chart 3**, the \$32.7 million in total cruise tourism expenditures in Progreso generated direct employment of 584 residents of Progreso paying \$3.6 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 807 jobs and \$5.0 million in wage income in Progreso during the 2017/2018 cruise year.

Progreso Chart 3 – Total Economic Contribution of Cruise Tourism, 2017/2018 cruise year

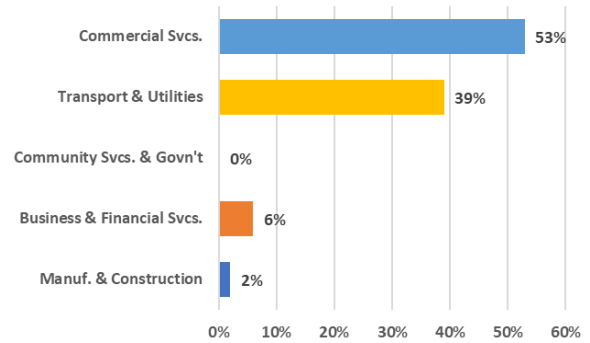
	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	584	\$3.63
Total Economic Contribution	807	\$5.02

As shown in **Progreso Charts 4 and 5**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for about 92 percent of the total impacts. This is not surprising since the direct impacts account for over 70 percent of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 39 percent of the wage impacts but only 24 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Progreso Chart 4 – Total Employment Impacts by Sector



Progreso Chart 5 – Total Wage Impacts by Sector



Passenger Surveys

A total of 600 passenger surveys were completed and returned for tabulation. **Progreso Chart 6** shows the major attributes of passenger visits to Progreso as derived from the passenger surveys.

- Of the 600 cruise parties that completed the surveys three-quarters (73%) stated that this had been their first visit to Progreso.
- Ninety-two percent of the cruise parties that completed the surveys disembarked their cruise ship to visit Progreso.
- Of the cruise parties that went ashore, 2 in 3 (67%) made at least one onshore purchase. The typical cruise party consisted of two passengers (Average: 2.0) and spent an average of 4.0 hours ashore.
- Excluding shore excursions, the responding cruise parties reported spending an average of \$67.11 while ashore.

Progreso Chart 6 – Major Attributes of Passenger Surveys

	Number	Percent
Total Respondents	600	
Number Making First Visit	438	73%
Number Ashore	554	92%
Number Making Onshore Purchases:①	370	67%
Average Hours Ashore	4.0	
Average Size of Expenditure Party (Persons)	2.02	
Average Onshore Expenditure per Party①	\$67.11	
Purchased a Shore Excursion (Tour)	308	56%
Purchased Onshore Tour from:		
Cruise Line	198	64%
Onshore from Tour Operator	92	30%
Travel Agent	18	6%
Tour Type:		
Historical/Cultural	204	66%
Beach Day	69	23%
Soft-Water	8	3%
Shopping	19	6%
Soft Land	2	1%
Other	29	9%
Average Cost of Shore Excursion per Party②	\$112.64	
Toured On Own/Did not Tour	246	44%
Reason for No Tour/Tour on Own		
Prefer to Tour on Own	80	33%
Didn't Like Any	50	20%
Nothing New	16	7%
Poor Value	18	7%
Too Similar to Other Destinations	17	7%
Other	77	31%

① Excludes shore excursion expenditures

② Unadjusted average per party purchase cost of a shore excursion by passengers who purchased a shore excursion.

- More than half (56%) of the passengers that went ashore purchased a shore excursion. Sixty-four percent of passengers who purchased a tour did so through their cruise line, 30 percent purchased their tour onshore and 6 percent purchased their tour through their travel agent.
- The majority (66%) of the tours purchased were visits to “historical or cultural sites”, while 23 percent were “beach day activities”.
- The typical cruise party that purchased a shore excursion spent \$113 for their tour.

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Progreso Chart 7**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied.

- Cruise passengers were satisfied with their overall visit to Progreso (6.9) and in terms of the visit “meeting expectations” (6.2).
- “Guided Tours” (or Shore Excursions) received a ‘very satisfied’ mean score of 8.7; Additionally, the high ratings in “knowledge of guide” (9.1), “professionalism of guide” (9.0), and “value of tours” (8.3) indicates visitors to Progreso were very satisfied with their onshore excursions.

Progreso Chart 7 – Passenger Visit Satisfaction*

Visit Attributes	2018 Mean Score
Overall Visit	6.9
Visit Met Expectations	6.2
Likelihood of a Return Visit	4.3
Likelihood of Recommending	4.5
Initial Shoreside Welcome	7.5
Guided Tour	8.7
Knowledge of guide	9.1
Professionalism of guide	9.0
Value of tour	8.3
Historic Sites/Museums	8.3
Variety of Things to See and Do	6.3
Friendliness of Residents	7.5
Overall Shopping Experience	6.5
Courtesy of Employees	7.2
Variety of Shops	6.6
Quality of Goods	6.7
Overall Prices	6.9
Taxis/Local Transportation	7.7
Professionalism of Driver	8.2
Cleanliness of Transport	8.0

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows:
 Extremely Satisfied: 10-9; Very Satisfied: 8-7; Somewhat Satisfied: 6-5; Not Too Satisfied: 4-3;
 Not At All Satisfied: 2-1.

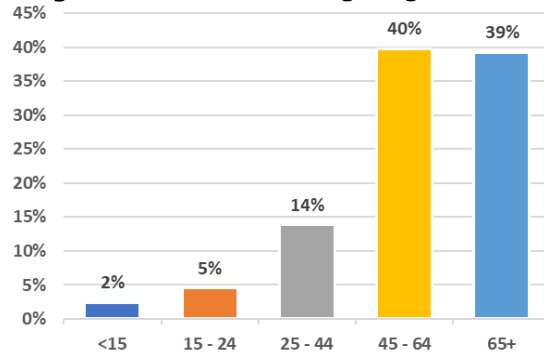
Among other key conclusions concerning visit satisfaction were the following:

- Passenger interactions with residents and store employees were very positive as the mean scores for “friendliness of residents” (7.5) and “courtesy of employees” (7.2) were among the highest of all attribute ratings.
- Despite the high ratings for the employees, passengers were only somewhat satisfied with their “overall shopping experience” (6.5). It is likely this score was influenced by the ratings of “variety of shops” (6.6), “quality of goods” (6.7) and satisfaction with the “overall prices” (6.9).
- Progreso received the lowest scores on “likely to return for a land-based visit” (4.3), and their “likelihood of recommending to a friend” (4.5).

Passenger Demographics

Residents of the United States, UK and Canada accounted for 98 percent of the responding passengers to Progreso. The average age of the respondents was 56 years with 39 percent being 65 years of age or older. Progreso passengers had an average household income of \$101,200 with 40 percent having over \$100,000 in household income.

Progreso Chart 8 – Passenger Age Cohorts



Progreso Chart 9 – Passenger Household Income

