

**REPORT OF SCRUTINY PANEL C**

**CRUISE INDUSTRY INQUIRY –  
HOW CAN CRUISE SHIP PASSENGER SPEND IN SOUTHAMPTON BE  
INCREASED?**

**JANUARY 2011 – MAY 2011**



**PANEL MEMBERSHIP**

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## **Cruise Industry Inquiry - How can Cruise Ship Passenger Spend in Southampton be Increased?**

### **Introduction**

1. The Port of Southampton is the dominant UK cruise port and the largest home port for cruise ships in Northern Europe. The world's two largest cruise line companies, Carnival, the company whose brands include Cunard and P&O, and Royal Caribbean, both have ships based in the Port. Approximately 360 ships calls are expected in 2011 with more than 1.4 million cruise passengers expecting to pass through the Port.<sup>1</sup>
2. There is a perception that Southampton does not benefit as much as it could from the passage of cruise passengers through the Port. A study of the Cruise Industry in Southampton undertaken in 2005, and advised by a steering group comprising the City Council, ABP, Carnival and others connected to the industry locally estimated that cruise passengers contributed £10.5m to the Southampton economy with the crew making a contribution of £4.8 million per annum. Apart from hotel expenditure spend per head on other goods and services was low.
3. Recognising the potential impact that increasing spend in Southampton by the growing number of cruise passengers visiting the Port could have on the local economy, the Overview and Scrutiny Management Committee (OSMC), at its meeting on 20<sup>th</sup> January 2011, requested that Scrutiny Panel C undertake an Inquiry into the cruise industry and report back their findings to the OSMC.
4. The agreed purpose of the Inquiry was to understand the scope for increasing cruise ship passenger expenditure, with a focus on the role of the Council and others, and identifying priorities for action.
5. The set objectives of the Inquiry were:
  - a. To understand what measures are required to maintain and grow the number of cruise passengers using Southampton
  - b. To understand the way in which the cruise industry operates and the influence that this has upon customer behaviour and expenditure
  - c. To understand the different motivations of the main stakeholders
  - d. To examine the key factors in improving passenger experience in spend and issues for maintaining the City's roads and pavements
  - e. To identify priorities for action in addressing the issues raised and associated roles and responsibilities.

The full terms of reference for the Inquiry, agreed by the OSMC, are shown in Appendix 1.

### **Consultation**

6. Scrutiny Panel C undertook the Inquiry over 3 evidence gathering meetings and received information from a wide variety of organisations to meet the agreed objectives. A list of witnesses that provided evidence to the Inquiry is detailed in Appendix 2. Members of the Scrutiny Panel would like to thank all those who have assisted with the development of this review.

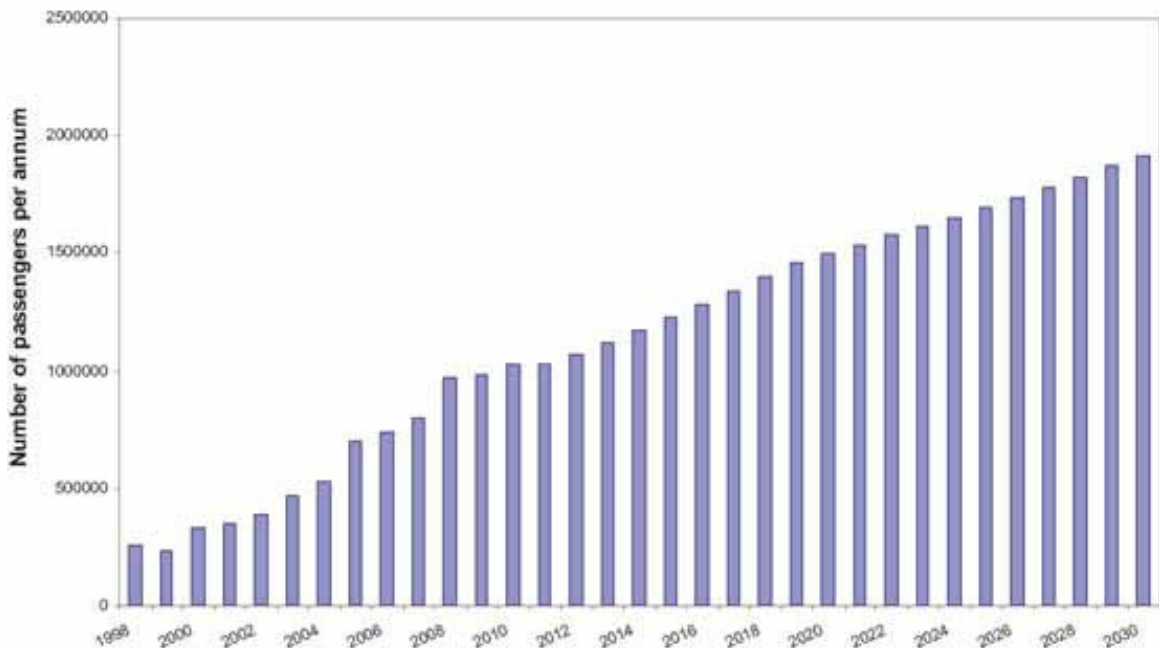
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<sup>1</sup> ABP Southampton count, in the figure of 1.4 million passengers, embarking and disembarking passengers separately, even if it is the same individual departing the Port of Southampton on a cruise and returning to Southampton at the end of the cruise.

## **Background**

7. The overall size of the UK cruise market in 2009 was 1,533,000 passengers<sup>2</sup>. The industry saw double digit growth from 2006-2008, and 3.6% growth in 2009.
8. The Port of Southampton is the dominant UK cruise port with over 50% of the market. Southampton is the home-port for Carnival's Cunard and P&O Cruises; other operators from the Port include Princess Cruises (Carnival), Royal Caribbean, Celebrity Cruises, Fred Olsen, MSC and Seabourne. Carnival own 60% of the cruise vessels calling at Southampton.
9. Figure 1 below illustrates the rapid growth in the number of cruise passengers travelling through the Port of Southampton, and the forecast future growth. From 500,000 passengers in 2004, the ABP Port of Southampton Masterplan 2009-2030 forecasts that there will be approximately 2 million cruise passengers travelling through the Port by 2030. To accommodate future demand ABP has recently announced plans to build a 5<sup>th</sup> cruise terminal at the Port.

**Figure 1** - Southampton cruise passenger numbers 1998-2030.



Source – ABP Port of Southampton Masterplan 2009-2030

10. Southampton is the UK's principal Home Port of cruise ships but receives few Port of Call vessels. Home Port cruise business is based on the port being the base for cruises to start and finish while Port of Call business is based on a ship calling at a port and the passengers spending a day in the port city or local area.
11. Whilst the Port receives fewer Port of Call vessels the number of cruise ships scheduled to visit Southampton is to increase significantly from fewer than 10 in recent years to about 30 in 2011, mainly due to the decision of MSC to operate in Southampton. This is out of an estimated total of 360 ship calls in 2011.

<sup>2</sup> Source - European Cruise Council: This figure is the total number of passengers, it does not count embarking and disembarking passengers separately.

## Cruise Passenger Spend in Southampton

12. In 2005 a study of the economic impact of cruise tourism in the City and surrounding area by TTC International, in association with Roger Tym & Partners, estimated that the cruise industry contributed over £202m to the Southampton, Hampshire and the Isle of Wight economy.
13. The report estimated that the financial contribution made to the economy through cruise passenger spend was £10.5m, supporting 153 jobs in Southampton. The financial contribution included 57,000 hotel stays. A summary of passenger spend is shown in Table 1.

**Table 1** – Passenger spend by economic sector

	<b>Total Passenger Spend p.a</b>	<b>Jobs Supported in Southampton</b>
<b>Retail</b>	£453,939	5
<b>Food,drink etc</b>	£4,759,861	50
<b>Leisure</b>	-	0
<b>Transport</b>	£1,303,834	14
<b>Hotel</b>	£3,867,643	82
<b>Other</b>	£135,721	1
<b>Total</b>	<b>£10,521,298</b>	<b>153</b>

Source: Southampton Cruise Tourism Report, TTC International & Roger Tym & Partners,2005

14. The report identified that cruise ship crew contributed a further £4.8 million per annum.
15. The estimates were based on the Port of Southampton welcoming 500,000 cruise passengers and approximately 200 ship calls. As this report has already highlighted the cruise industry has grown rapidly in Southampton since this study was undertaken, and with the increase in passengers, ship calls and the size of cruise ships ABP Southampton estimates that each ship call is now worth £1.5m to the local economy.
16. Marine South East has been commissioned by the Port of Southampton to conduct a study aimed at providing an assessment of the economic impact of Southampton Port, including its cruise functions, which will update the Southampton Cruise Study published in April 2005. An Executive Summary of the report should be available by the end of May this year.

## **Findings, Conclusions and Recommendations**

17. A summary of the key evidence and findings presented at each of the Cruise Inquiry meetings is attached as Appendix 4. Conclusions were drawn from each meeting and disseminated to the Panel.

### **Conclusions**

18. The Scrutiny Panel recognise that the cruise industry is a significant, and growing contributor to the local economy, and that collectively Southampton needs to do what it can to maintain and grow the City's prominent position within the UK cruise market at a time when other ports are seeking to develop their cruise operations.
19. Whilst stakeholders within the cruise industry may have differing motivations the Scrutiny Panel recognise that increasing passenger spend in the City can benefit all key stakeholders, including passengers.
20. The Panel recognise that due to Southampton being predominantly a Home Port a sizeable percentage of passengers will continue to travel directly to the Port of Southampton on the day of departure, without spending money in the City. However, evidence presented to the Panel outlined that Southampton has enough to offer cruise passengers to keep them in the City for a period prior to a cruise.
21. The Panel therefore concluded that there is scope to increase cruise passenger spend in Southampton.
22. During the Inquiry the following 4 key areas where opportunities exist to increase cruise passenger spend in Southampton were identified:
- **Increase the overall number of cruise passengers passing through the Port of Southampton** – This may not increase spend per passenger but will result in an overall increase in value to the economy.
  - **Increase the number of passengers staying in the City / Region prior to going on a cruise** (the post cruise market is limited according to information presented to the Panel) - This would increase spend in Southampton's hotels, restaurants, bars and cafes, shops and entertainment outlets.
  - **Promote the City's offering to cruise passengers during the slack period in embarkation** (see Appendix 3) – This would be welcomed by Carnival to help avoid possible congestion, and would increase spend in Southampton's restaurants, bars and cafes, shops and entertainment outlets.
  - **Encouraging port of call passengers to visit Southampton** – 30 visiting cruise ships scheduled for the Port of Southampton in 2011. Currently visiting passengers are being coached to various destinations including London and Winchester.
23. In addition the following opportunities to increase cruise related spend in Southampton were identified during the Inquiry:

- **Increase expenditure in Southampton by cruise ship crew**
  - **Develop the financial potential of cruise related events** – A number of people are attracted to Southampton to view the cruise ships arriving in the Port, especially the occasions where new ships are launched or for special occasions.
24. During the Inquiry the Scrutiny Panel sought to identify what was preventing Southampton from taking full advantage of the opportunities identified previously to increase spend in the City.
25. The Scrutiny Panel have also been made aware, throughout the evidence gathering process, of developments that would help to mitigate the limitations identified.
26. Table 2 on the following page provides, from the information presented to the Panel during the Inquiry, a summary of:
- The factors limiting Southampton’s ability to maximise the available opportunities to increase cruise spend in the City
  - The developments in train that will help to overcome the limitations
  - Recommendations of the Panel that, if implemented, will help to address the limitations and increase the economic benefits to Southampton generated by the cruise industry.
27. Members of the Panel recognise that the City Council has a role to play in enabling and facilitating cruise related initiatives, however, in many areas the private sector needs to take the initiative and grasp the financial opportunities available. This is reflected within the recommendations identified in Table 2.

**Table 2 – Findings and Recommendations**

What is limiting Southampton from maximising the opportunities to increase spend in Southampton?	Positive Developments	Recommendations
<p><b>Transport Infrastructure</b> – Traffic congestion, both current and forecast is limiting the competitiveness of the City and poses a significant threat to the expansion of the cruise industry.</p>	<ul style="list-style-type: none"> <li>○ Modelling has been undertaken for the Transport Assessment of the Port. The development of Platform Road is recognised as being key to reducing congestion in the short and long term.</li> <li>○ Operators are looking at increasing options available to travel to cruise terminals by train.</li> </ul>	<ol style="list-style-type: none"> <li>1. Following the unsuccessful bid to the Regional Growth Fund to finance developments in Platform Road, the City Council is recommended to work with the business community to identify alternative sources of funding that will fund the required works.</li> </ol>
<p><b>Signage</b> - A review has been undertaken of signage in the City, despite this the Panel were informed of the need to improve signage to, and outside the port, to enable passengers to get to the Port and, importantly, from the Port to the City Centre.</p>	<ul style="list-style-type: none"> <li>○ For pedestrians Legible Cities – New signs will be located in key locations in the City Centre.</li> </ul>	<ol style="list-style-type: none"> <li>2. To enable passengers to get to the Port and from the Port to the City Centre, Southampton City Council works with ABP to improve signage inside and outside the Port, including locating Legible Cities signs at cruise terminals.</li> <li>3. The City Council and key stakeholders design new signage for the City and meet with the Department for Transport to propose adoption of the signs on the principal highway network.</li> </ol>
<p><b>Detachment of the Port from Southampton City Centre</b> - ‘Out of site out of mind’. The appearance of the Port and the physical detachment of the Port from Southampton City Centre inhibits passengers from venturing into the city centre from the terminals, and limits people in the</p>	<ul style="list-style-type: none"> <li>○ The planned Watermark West Quay and the Royal Pier developments will link the city centre to the waterfront.</li> <li>○ City Centre Masterplan and Action Plan – A key element of this is to improve the connection between the existing retail core with the waterfront.</li> </ul>	<ol style="list-style-type: none"> <li>4. To improve access from the cruise terminals (particularly the Mayflower Terminal and QE2 terminals that are more distant) to the city centre, it is recommended that the City Council facilitates discussion with the private sector about establishing a coach service</li> </ol>



<b>What is limiting Southampton from maximising the opportunities to increase spend in Southampton?</b>	<b>Positive Developments</b>	<b>Recommendations</b>
<p>city centre from considering potential cruise passenger related business opportunities.</p>	<ul style="list-style-type: none"> <li>○ QE 2 Mile - Providing new public spaces and pedestrian thoroughfares.</li> <li>○ Local Transport Plan 3 – Improving the pedestrian environment and pedestrian crossings is included in this plan.</li> <li>○ The renaissance of Southampton Old Town.</li> <li>○ The City offer is improving with the opening of Tudor House Museum, the construction of Sea City and the new arts centre.</li> </ul>	<p>for cruise passengers and crew from the terminals to the city centre. The potential for extending existing bus services to the terminals should also be explored.</p> <p>5. To project a better image of Southampton the City Council encourages ABP Southampton to consider options to enhance the appearance of the routes within the Port used by cruise passengers, and that SCC takes this into account when planning highway improvements at the docks gates used by cruise passengers. Consideration should be given to allowing access via Dock Gate 8 to achieve this aim.</p>
<p><b>Promotion and Branding of Southampton</b> - The identity of the City is not clear. Southampton is not perceived to be a destination. There is little awareness of what the City has to offer visitors.</p>	<ul style="list-style-type: none"> <li>○ The existence of Marketing Southampton to provide leadership and co-ordination of marketing activity.</li> <li>○ The Cultural Ambassadors awareness sessions run for taxi drivers, hotel staff and coach companies to inform them about Tudor House Museum. This will enable them to promote the museum to their customers.</li> <li>○ Welcome Host customer care training undertaken by a number of transport operators in Southampton, and planned for hotel and retail sectors to coincide with 2012 Olympics.</li> </ul>	<p>6. That Southampton Connect, the successor to the Southampton Partnership, gets behind Marketing Southampton to help achieve its objectives.</p> <p>7. That the Cultural Ambassadors initiative is developed to encompass crew from cruise liners, and its focus is expanded to include the promotion of the wider offering available within the City. The objective is to have key people who interact with visitors to Southampton acting as advocates for the City.</p>

<b>What is limiting Southampton from maximising the opportunities to increase spend in Southampton?</b>	<b>Positive Developments</b>	<b>Recommendations</b>
	<ul style="list-style-type: none"> <li>○ A loyalty card for crew.</li> <li>○ Reviewing merchandise offer for Sea City and Tudor House Museum.</li> </ul>	8. The City Council reviews the Southampton related merchandising offer in City Council venues to meet and stimulate demand from visitors.
<p><b>Provision of Information to cruise passengers at the right place, and at the right time</b></p> <p>- The Panel were informed that information about Southampton, and what it has to offer visitors was not being promoted to the cruise passenger at the time when they want it. Notably at the terminals, and when they are booking their cruise.</p>	<ul style="list-style-type: none"> <li>○ CruiseSouthampton.com – The development of this website and accompanying leaflets is being targeted specifically at cruise passengers and crew. It will provide them with relevant information about Southampton when they need it, both via the internet, at the cruise terminals, on board ship, and through travel agents. This development has the potential to increase cruise passenger spend in Southampton.</li> </ul>	None
<p><b>The development of packages and tours</b></p> <p>- Over 80% of cruise bookings are done through travel agents. Travel agents are good at selling packages and add-ons to holidays at the time of booking. Southampton has enough to offer to keep visitors entertained. To increase pre-cruise hotel and excursion bookings by travel agents and visiting cruise liners, there is a need to develop packages, and promote them to the organisations that supply products to the leading travel agents, and cruise companies. This has been done in other destinations. Nobody has yet done this in Southampton.</p>	<ul style="list-style-type: none"> <li>○ The developing Cultural Quarter, the opening of Tudor House Museum, the renewal of Walk the Wall information boards, and the open top bus tour of the City that is set to commence in May all increase the offering available to cruise passengers and the potential for cross-marketing of attractions.</li> <li>○ The hotel stock in the City is increasing</li> <li>○ Stay and cruise packages are available for most hotels in the City</li> <li>○ Destination Southampton, the City's official conference bureau, promotes, amongst other things, cruise and stay</li> </ul>	<p>9. Building on what is currently available, and learning from good practice in port of call cities, Southampton City Council works with private sector partners to facilitate the development of cruise packages, tours and the cross marketing of attractions to promote to:</p> <ul style="list-style-type: none"> <li>○ Cruise companies whose ships visit Southampton;</li> <li>○ The operators who the travel agents book hotel packages and attraction through.</li> </ul> <p>Recognising the potential to extend this offer to other visitor markets.</p>

<b>What is limiting Southampton from maximising the opportunities to increase spend in Southampton?</b>	<b>Positive Developments</b>	<b>Recommendations</b>
As a result visiting cruise passengers are coached to Salisbury for lunch, and staying in other towns and cities prior to their cruise.	deals.	10. To help travel agents promote the City it is recommended that, to coincide with cruise events at the Port, Southampton City Council works with private sector partners to invite travel agents from across the country to visit the City and experience what Southampton has to offer visitors.
<p><b>Leadership</b></p> <p>- The 2005 Southampton Cruise Industry study identified key factors which appear to be absent in the Southampton equation. Amongst them were the lack of an agreed cruise development strategy and marketing framework and the absence of a cruise-related tourism support infrastructure. Evidence presented to the Panel has identified that the lack of strategic leadership is still missing, and that the City Council needs to recognise the economic value and potential of the visitor economy in Southampton. The Council has to play a greater role supporting and enabling the development of the visitor economy, and outlining a vision for the visitor economy in Southampton.</p>	<ul style="list-style-type: none"> <li>○ The alignment of the leisure, culture and tourism functions within the Economic Development Directorate in the City Council.</li> </ul>	11. Southampton City Council reviews its approach to the visitor economy, in line with sub-regional developments, to reflect the potential role visitors can play in the development and diversification of the City economy. A Senior officer should be identified to co-ordinate the City Council's approach.

## **Appendices**

Appendix 1 – Cruise Industry Inquiry Terms of Reference

Appendix 2 – Project Plan

Appendix 3 – Passenger Flow (Carnival UK)

Appendix 4 – Summary of Key Evidence

## Appendix 1 – Cruise Industry Inquiry Terms of Reference

### Cruise Industry Inquiry – How can the cruise ship passenger spend in Southampton be increased?

#### Terms of Reference and Inquiry Plan

#### 1. Scrutiny Inquiry Panel: Scrutiny Panel C

##### Membership:

- Cllr Ball - Chair
- Cllr Fitzhenry
- Cllr Jones
- Cllr Odgers
- Cllr Bogle
- Cllr Furnell
- Cllr Thomas

#### 2. Purpose: To understand the scope for increasing cruise ship passenger expenditure with a focus on the role of the council and others, and identifying priorities for action.

#### 3. Background:

- a. The Port of Southampton is the dominant UK cruise port and the largest home port for cruise ships in Northern Europe. The world's two largest cruise line companies, Carnival and Royal Caribbean, both have ships based in the port. Approximately 360 ships calls are expected in 2011 with more than 1 million cruise passengers passing through the port. ABP has recently announced plans for a 5<sup>th</sup> cruise terminal providing further capacity in a market that is expecting further growth.
- b. The number of vessels making 'port of call' visits (where Southampton is part of a longer itinerary) is small and in recent years has generally accounted for fewer than 10 ship visits per year. The distinction between ships home porting and those making port of call visits is important as in each case the needs and wants of the passengers will vary. It is also worth noting that because the major lines are already using Southampton as a home port the scope for developing port of call visits is reduced.
- c. There is a perception that Southampton does not benefit as much as it could from the passage of cruise passengers through the port. A Study of the Cruise Industry in Southampton undertaken in 2005 and advised by a steering group comprising the City Council, ABP, Carnival and others connected to the industry locally estimated that cruise passenger contributed £10.5m to the Southampton economy with the crew making a contribution of £4.8 million per annum. Apart from hotel expenditure (estimated at £67 per head) spend per head on other goods and services was low.
- d. In reality Southampton has to consider:
  1. Maintaining and growing the overall number of cruise passengers using Southampton as a means of increasing total overall spend
  2. Increasing spend per head from passengers.

The factors that are likely to influence (1) above are:

- The rate at which the market grows
- Southampton's competitive position as a cruise port, and;

- Choices made by cruise companies as to positioning of ships and itineraries.

Factors likely to influence 2 above are:

- The type of cruise ship visits
- The timing of arrivals and departures
- The way that passengers arrive in Southampton and at the port
- Passenger origins
- Information, promotions and packages that encourage visitors to stay (or not)
- Southampton's attractiveness as a destination in comparison to other locations
- Transport and physical links between the cruise terminals and the city centre.

#### 4. Objectives:

- To understand what measures are required to maintain and grow the number of cruise passengers using Southampton
- To understand the way in which the cruise industry operates and the influence that this has upon customer behaviour and expenditure
- To understand the different motivations of the main stakeholders
- To examine the key factors in improving passenger experience in spend and issues for maintaining the city's roads and pavements
- To identify priorities for action in addressing the issues raised and associated roles and responsibilities.

#### 5. Methodology and Consultation:

- Undertake desktop research
- Seek stakeholder views

#### 6. Inquiry Plan: (subject to the availability of speakers)

##### **Meeting 1: 27<sup>th</sup> January 2011, 6pm**

Introduction, Context and Background

- Agree Terms of Reference

##### **Meeting 2: 24<sup>th</sup> February 2011, 6pm**

- Background to the Cruise Industry and the Role of Southampton

Presented by:

Doug Morrison ABP

Passenger Shipping Association

David Dingle or David Pickett Carnival UK

Representative from Royal Caribbean Cruise Liners

##### **Meeting 3: 31<sup>st</sup> March 2011, 6pm**

Improving the Passenger Experience

- Transport
- Information and Awareness

Presented by:

Jan Halliday

Sarah Davies

Jamie Brown

Damian Gevertz

Frank Baxter

South West Trains

BAA Southampton Airport

Tourism SE

Princess Coaches

D & G Media

Southampton City Council – Travel and Transport

Taxi Driver Associations  
Representative from organisations who handle the liners

**Meeting 4: TBA**

Increasing Passenger Spend in Southampton

Presented by:

Ian Welland	Streets Ahead Southampton Ltd
PJ Kenny	Southampton Hoteliers Association
Mike Harris	Southampton City Council - Leisure
Tourist Guides Association	

**Meeting 5: 28<sup>th</sup> April 2011, 6pm**

- To receive any outstanding information/issues
- Agree Recommendations

## Appendix 2 – Project Plan

DATE	MEETING THEME	TOPIC DETAIL	EVIDENCE PROVIDED BY
27/01/11	Agree Terms of Reference		
24/02/11	Background to the Cruise Industry and the Role of Southampton	Size and growth of industry Limitations to growth Opportunities to increase passenger spend	<ul style="list-style-type: none"> <li>• Doug Morrison – Port Director, ABP Southampton</li> <li>• David Pickett – Head of Fleet Shore Operations, Carnival UK</li> </ul>
31/03/11	Improving the Passenger Experience	Transport Information and Awareness	<ul style="list-style-type: none"> <li>• Frank Baxter – Travel and Transport Manager, Southampton City Council</li> <li>• Jamie Brown – General Manager, Princess Coaches</li> <li>• Anna Hales - Project Manager, Business Southampton</li> <li>• Damian Gevertz – Managing Director, D &amp; G Media</li> <li>• Sarah Davis – Formerly of Tourism South East and Co-ordinator of Southampton Cruise Partnership</li> <li>• Written information from: <ul style="list-style-type: none"> <li>○ Jan Halliday – BAA Southampton Airport</li> <li>○ Phil Berry – South West Trains</li> <li>○ Ian Hall – Southampton Hackney Association</li> <li>○ Steve Fricker – Southampton UNITE Cab Section</li> <li>○ Graham Wilkins – Radio Taxis (Southampton) Ltd</li> </ul> </li> </ul>
07/04/11	Increasing Passenger Spend	Promoting offer to cruise passengers Pre-cruise booking through travel agents City Council developments	<ul style="list-style-type: none"> <li>• Laura Robinson – Southampton Branch Manager, Bath Travel</li> <li>• Ian Welland – City Centre Manager, Streets Ahead Southampton Ltd</li> </ul>



DATE	MEETING THEME	TOPIC DETAIL	EVIDENCE PROVIDED BY
			<ul style="list-style-type: none"> <li>• Mike Harris – Head of Leisure and Culture, Southampton City Council</li> <li>• Written information from: <ul style="list-style-type: none"> <li>○ PJ Kenny – Chair, Southampton and Region Hoteliers Association</li> </ul> </li> </ul>
28/04/11	Agree final report	Approve report for submission to Overview and Scrutiny Management Committee	

The minutes for each meeting and the evidence submitted to the Scrutiny Panel is available at:

<http://www.southampton.gov.uk/modernGov/ieListMeetings.aspx?CId=425&Year=2011>

### Appendix 3 – Passenger Flow (Carnival UK)

<b>Time</b>	<b>Activity</b>	<b>Traffic / Queues</b>
06:00	Ship arrival	Low
08:00	Passenger disembarkation starts	Low
09:30	Disembarkation peak	High
10:30	Disembarkation finishes	Med
12:00	Start of embarkation	High
13:00	Embarkation peak	High
14:00 – 16:00	- Slack period	Low
16:00	End of embarkation	Low
16:45	Ship sails	

## Appendix 4 - Summary of Key Evidence

### Cruise Inquiry Meeting – 24<sup>th</sup> February 2011

#### Summary of Evidence:

Doug Morrison – Port Director, ABP Southampton

- **Growth of Industry in Southampton** - The Cruise Industry continues to grow rapidly in Southampton from 500,000 passengers in 2004 to an estimated 1.4m – 1.5m in 2011. Expecting 360 ship calls in 2011 and 370 in 2012. Each ship call worth approximately £1.5m to local economy. Growth forecast to continue to about 2m passengers by 2030 . To accommodate future demand ABP to build 5<sup>th</sup> Cruise Terminal. Marine South East has commissioned economic impact assessment of contribution port of Southampton makes to the local economy – published May 2011.
- **Increase in port of call visits** – MSC Cruises relocating to Southampton from Dover. 30 visiting ships scheduled in 2011, (part visiting, part turnaround). This represents a significant increase on previous years. These passengers will be expecting excursions from the ship. Other ports of call offer free busses into city centre to encourage passengers to spend money in locality. High % do not go on the organised excursions but visit city centre.
- **Opportunities to increase passenger spend** –Southampton undersells itself. Has a lot to offer and with developments planned such as Royal Pier and Cultural Quarter it will be even more attractive
  - Innovative local excursion packages for MSC passengers (rather than them going to Stonehenge or London)
  - Do not market post cruise excursions as passengers want to get home
  - Encouraging more passengers to arrive early for cruise – overnight stay, packages
  - Events – Make more of cruise related events ( ABP keen to enhance viewing of events, difficulties relate to security in port and finding suitable viewing site given size of port).
- **Relationships with other cruise related businesses** – ABP work closely with Taxi industry and hoteliers, including representation at cruise convention in Miami.
- **Challenges**
  - Signage – Within port, and outside port needs improving
  - Transport Infrastructure – Despite investment in train freight and more train patronage by passengers, congestion on roads is a big issue, especially Eastern Docks, and likely to increase as cruise industry grows, new developments planned for city are built, increase in container traffic. Traffic may limit growth of cruise industry in City.
  - Bid by Solent LEP to Regional Growth Fund for funding to improve Platform Rd at Dock Gate 4 (supported by Southampton City Council, ABP et al)

- **Carnival UK operations from Southampton –**
  - UK represents 12% of Carnivals birth capacity
  - Carnival UK Market Share 40%
  - 10 ships operate from Southampton (3 Cunard, 7 P&O) and biggest operator from Southampton, 225 turnaround and 497,362 passengers embarking planned in 2011 representing about 60% of passengers.
  - Each turnaround provides work for about 130 sub-contractors, excluding transport providers, suppliers of ships stores etc
  - Ocean Terminal is terminal of choice for Carnival
  - Busiest months April – November
  - Saturday busiest day for turnaround. But retired people are largest clientele (and families during school holidays) so more flexible about day of departure
  - Carnival's core business is not hotel bookings it is peripheral. 80% of Carnival's cruise bookings are through travel agents. They organise packages for passengers to include hotel stay and entertainment etc
  
- **Travelling to Southampton – Carnival's passengers:**
  - In port parking (28% - probably higher)
  - Coach (25% - probably higher)
  - Drop off and other – Train , air etc (remainder)
  
- **Luggage –** Transporting luggage is a reason for car usage being high and linked to desire to get on ship early to ensure security of luggage. Carnival working from 2011 with baggage handler to collect luggage from home for set fee. This may encourage more train/plane use and a more leisurely journey to port (shopping / restaurants / amenities etc).
  
- **Opportunities to increase passenger spend –**
  - Promote city attractions to passengers during slack period of embarkation (between 2pm-4pm). Marketing info on City is available at terminals but more effective if market the City to passengers before cruise through travel agents/Carnival website
  - Promote city offering to travel agents who set packages
  - Shore offering – Not applicable for Carnival (turnaround not port of call), develop innovate tours of City and attractions (titanic / shopping / walk walls etc) for MSC to market to passengers
  - Crews – Target offers and promotions at crews
  
- **Challenges**
  - Transport Infrastructure – Access to port from Western and Northern approaches. Concerns about traffic growth limiting Southampton's appeal as a cruise hub. Need a solution for long term growth in area if value cruise industry and contribution to local economy. Working closely with City Council, and Carnival with ABP would potentially contribute financially to a solution alongside broader range of organisations who would benefit from improved transport infrastructure.

### **Conclusions from meeting**

- The Cruise industry is a significant contributor to the local economy
- Opportunities exist to increase passenger spend, and with increasing port of call traffic for 2011 this opportunity is becoming more valuable
- The opportunities are limited by Southampton being predominantly a turnaround port (luggage, keen to get on board), limited demand for extending stay after a cruise
- Transport infrastructure issues present a challenge for the city and growth of the industry
- Areas where improvements can be made: (potential recommendations)
  - Signage (Cllr Dean indicated that Southampton City Council are in a position to work with ABP to improve signage outside port)
  - Events marketing
  - Excursions within city to port of call passengers
  - Transport from port to city centre
  - Promoting city to passengers before cruise (travel agents etc)
  - Offering to crews
  - Luggage – Southampton Central Station (Cllr Deans insight into potential for improved baggage handling and experience for cruise passengers at station)
  - Transport infrastructure – opportunity to improve infrastructure as part of development plans for city centre.

### **Cruise Inquiry Meeting – 31<sup>st</sup> March 2011**

#### **Summary of Evidence:**

Frank Baxter – Travel and Transport Manager, Southampton City Council:

#### **Transport Assessment of the Port**

- A Transport Assessment of the Port has been conducted by Southampton City Council and ABP as part of ABP's Port Masterplan. Emerging outcomes identify that it is the growth in cruise passengers that currently causes significant congestion, especially at weekends, by Dock Gate 4, and this is exacerbated when the arrival of 2 or more large cruise ships coincides with a football match or IOW regatta. Modelling based on traffic growth forecasts for 2016 and 2030 indicates that this problem will get worse, if nothing done, as cruise passenger numbers increase.
- The Transport Assessment has concluded that 2 key locations are the cause of most congestion problems:
  - Dock Gate 10 – Solution is to extend right turn filters at junction
  - Dock Gate 4 – Solution is to undertake some simple measures within the Port and to dual Platform Road (bid for £8m Regional Growth Fund monies has been submitted expecting outcome before elections). Modelling indicates that this development could reduce current congestion levels by 2/3rds and by 2030 congestion would still be less

than it is at present. If RGF bid is unsuccessful private funding will be sought to support scheme.

- Modelling has taken planned developments in the City into account.
- Considered option of extending M271 into Port – Scheme would be of benefit but £40m cost is prohibitive.

## **Signage**

- A review of signage has been undertaken, including a survey of 400 cruise passengers. General consensus is that signage in other areas is clearer than Southampton's (eg Dover), red tape preventing movement here. Frank suggested a meeting with the DfT and other stakeholders, with a proposed new signage design to put to them.

Jamie Brown – General Manager, Princess Coaches (In addition to Appendix 1):

## **City Shuttle Bus**

- Princess Coaches, through Cunard, used to run a high quality shuttle service to the City Centre, maps were distributed to passengers, and drivers provided info and promoted the City. Contract has been re-tendered and now being delivered by First Bus who use double decker bus. Provides different impression of City to passengers (Portsmouth City Council funds free bus from cruise terminal to city centre).

## **Train Travel**

- A subsidiary of Bath Travel is trialling chartering trains from Edinburgh, Glasgow, Manchester and Birmingham straight to transport passengers straight into the Cruise Terminals in Southampton. Other operators looking at train travel options.

## **Luggage**

- A large number of Royal Caribbean cruise customers use Southampton Airport. Princess Coaches piloted an initiative with the Airport to transport passengers to city centre and luggage to the ships. The venture was not financially sustainable.

## **Why no Coach Tours of Southampton?**

- Calling cruise passengers coached to destinations including London, Windsor, and Winchester. Southampton is not marketed very well. Image of City needs improving and promotion of available activities.
- Crew expenditure in City could be higher than passengers but the City needs to value crew more.

## **Discussion on Marketing and Promoting the City**

Anna Hales, Marketing Southampton (In addition to Appendix 7);

Damian Gevertz, D&G Media;

Sarah Davis, Formerly of Tourism South-East and coordinator of Cruise Partnership:

## **The Marketing of Southampton as a destination**

- Marketing Southampton was established to provide leadership and co-ordination of marketing activity to raise Southampton's profile. First meeting in June 2010, currently trying to develop a co-ordinated message to promote the City – identifying Southampton's Unique Selling Points.
- Southampton needs to be seen as a destination, it has never taken tourism seriously, and the City does not do enough to encourage cruise passengers to stay in the City. Tourism Office open from 9-5. Cruise ships arrive at 7am. People are not prepared to go to the port to meet the passengers and promote the City. On an occasion when this was done (by Jamie Brown, Damian Gevertz and others) 350 passengers went into the City when encouraged to visit. Issue of no Tourism Manager at City Council mentioned.
- Cruise passengers are travelling to Salisbury for lunch
- The Cruise Partnership was created to help put local packages together for passengers. Had support from restaurants, theatres and hotels etc. With the demise of the Partnership this element is lacking co-ordination. Need somebody to drive this forward. Southampton City Council was not always represented at the meetings of the Cruise Partnership.

## **CruiseSouthampton.Com**

- D&G Media are about to launch a new website and map that could address a number of the concerns raised. CruiseSouthampton.com launching on 11<sup>th</sup> April will provide tailored information to passengers and crew answering the key questions asked by passengers. Specific Information will be available from each terminal, on all ships and it is a single source of information, in one location relevant to passengers. It provides details on parking, travel, restaurants, hotels, entertainment etc specifically for the cruise market.
- Travel agents have signed up to the product and will be promoting this to passengers when they book their cruise from Southampton.
- Significant work being undertaken promoting the site, training ABP employees. Long term plans to include foreign language versions of website, ability to book hotels directly through it, working closely with Destination Southampton.
- Southampton City Council – Worked with some officers at City Council who have assisted D&G Media. Overall impression is that City Council does not listen enough or devote the time to support ventures, not expecting financial support.

## **Southampton City Council**

- View that tourism, and the potential money it could bring to the City, has not, and is not a focus for the City Council. This may be cultural and detachment of Port from City may be a factor in this.
- No single point of contact for tourism in Council.

## Conclusions from meeting

- The road improvement in Platform Road is key to reducing congestion and aiding the growth of the cruise industry in Southampton
- Train travel could help to reduce congestion
- There are enough reasons to keep cruise passengers here before and after a cruise
- Encouraging signs:
  - Marketing Southampton is helping to co-ordinate marketing activity and branding
  - CruiseSouthampton.Com website and guide could help to dramatically increase passenger spend in Southampton, especially if travel agents utilise the site
  - Enthusiasm across private sector to get this right.
- Areas where improvements can be made: (potential recommendations)
  - Need to co-ordinate activity and communicate more effectively with the cruise passenger market
  - Southampton City Council needs to play a fuller part, assisting the private sector, and recognise the economic contribution tourism spend could play in the economy of the City

## Cruise Inquiry Meeting – 7<sup>th</sup> April 2011

### Summary of Evidence:

Laura Robinson– Manager of Southampton Branch - Bath Travel:

- **Increasing pre-cruise spend in Southampton** – Over 80% of cruises are booked through travel agents. An opportunity to increase spend in Southampton is to encourage pre-cruise hotel / package / attraction bookings in the City at the same time they book their cruise. 2 key websites used by travel agents to book these:
  - Superbreaks – Hotel & Parking
  - Attraction World – ActivitiesThere are no entries for Southampton on either of these sites. Southampton needs to approach these organisations with a costed offering to sell through travel agents.
- **Potential Packages – Superbreak**
  - Hotel inc parking
  - Hotel inc Mayflower Theatre
  - Hotel inc private transfer from airport / train station
- **Potential Packages – Attraction World**
  - Walk Walls Tour / Sea City / Tudor House Museum
  - Personal Shopper Experience (Shopping/ tea/ pre-booked dinner)
- **Encouraging informal promotion of City by travel agents** – Consider inviting travel agents to sample for free the City offer when they are visiting new cruise ships.



- **Challenges**
  - Need an organisation / individual to drive this to make it happen

Ian Welland – City Centre Manager, Streets Ahead Southampton Ltd:

- **www.southamptoncitycentre.co.uk** – Important portal to other websites in Southampton. Provides information on city centre and attractions including section on Stay, Show, Sail to increase cruise passenger spend.
- **Attracting cruise passengers into the City Centre –**
  - Welcome the arrival of legible cities signage at key locations in city centre but more signage to the city centre from the waterfront would be helpful
  - Need to make route from terminals to city centre accessible and attractive – Recognise role City Centre Masterplan and Action Plan could play here
  - Royal Pier and Watermark West Quay developments are key to connecting the port to the city centre and making the waterfront a more attractive gateway to Southampton
  - Loyalty cards for crew are being looked into to attract crew to spend money in Southampton
- **Challenge**
  - Need to join up the various parts of the City to make a more complete offering to cruise passengers and visitors to the City in general

Mike Harris – Head of Leisure and Culture, Southampton City Council: (Notes circulated at meeting attached)

- **Targeting offer at cruise passengers** – No specific promotional activity is targeted at cruise passengers. There is no intention to define cruise passengers as specific audience when new attractions, that will significantly enhance offering, open:
  - Tudor House Museum – Opening summer 2011
  - Sea City – Opening April 2012
  - New Arts Complex – Opening early 2015
- **Cultural Ambassadors** – Awareness sessions are being run for taxi companies, coach companies, hoteliers so that they are more informed about Tudor House Museum and are able to promote it to passengers. This initiative could be expanded to include crew from cruise liners and to inform all about the wider offering so that these key people are advocates for the City.
- **City Branding –**
  - Need to support Marketing Southampton to come up with clear identity to promote City under
  - Need to reduce digital footprint (too many websites = confusion)
  - Opportunities exist to develop merchandising offer. Currently procuring products for Sea City and Tudor House Museum but recognition that we could do more and do it better.

- **Tourism** – No Tourist Information Centre presence in cruise terminals and nothing planned. The majority of the tourism budget is spent on the TIC. Resources are scheduled to be reduced over the next 2 years. With limited resources there is a need to enhance understanding of the cruise market so that if resource is targeted at cruise passengers it is aimed at those who are more inclined, and able to spend money in Southampton.
- **Packaging Attractions / Cross Marketing** – Currently joint ticketing arrangements are in place for Southampton City Council offering. Nothing exists for City attractions in entirety (Solent Sky / Mayflower etc). Commercial benefit for all could arise from cross-marketing arrangements. When external operators are procured to run new City Council attractions joint ticketing may be harder to deliver.
- **Challenge**
  - Need contracts for external operator(s) of new City Council cultural offering to include requirement to promote the broader city offer as well as the venue they are operating.

P.J Kenny – Chair of the Southampton and Region Hoteliers Association: (note circulated at the meeting)

- **Cruise Related Hotel Stays** – Hotels in the region have seen year on year growth in cruise related hotel stays over the past 3 years. All major hotel operators offer cruise packages, often including parking and transfers. Other hotels are now offering this as they see the potential for this business.
- **Challenges**
  - Transport links
  - Providing an attractive enough package to keep people in the City.

#### **Conclusions from meeting**

- Passenger spend in the City is increasing as the cruise industry grows.
- To increase pre-cruise bookings by travel agents there is a need to develop packages, and promote them to the organisations that supply products to the leading travel agents. Nobody has yet done this.
- To attract passengers from cruise terminals to the city centre (slack period before embarking) there is a need to make the link between port and city centre better signed from waterfront, more accessible and attractive. Recognise that Legible Cities, City Centre Masterplan, Royal Pier and West Quay developments will help link the terminals with the city centre.
- The City needs to support Marketing Southampton to improve branding and identity of City, and reducing the digital footprint.
- Merchandising and the cross marketing of attractions need to be improved.
- Areas where improvements can be made: (potential recommendations)
  - Southampton City Council's approach to tourism (alongside sub-region)
  - Marketing, merchandising and branding of Southampton
  - The development and promotion of packages that can be booked in advance at travel agents.