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WHICH HOMEPORT IN EUROPE: THE CRUISE INDUSTRY'S SELECTION CRITERIA

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This paper presents the results of an empirical research that aims to (a) identify the criteria on which the cruise companies select a homeport, and (b) conclude on the hierarchy that each of these criteria is prioritised. A broad literature review, along with brainstorming sessions, concluded on a wide list of potential criteria. Based on these findings, a questionnaire was developed and distributed to experts that include cruise companies, agents and cruise ports. The analysis of the collected data determines the criteria on which the cruise industry chooses a homeport and the gravity that each criterion has on their decision. Based on the empirical findings, the paper draws up potential strategies for a cruise terminal in order to become a leading cruise port. As competition between cruise ports intensifies, and the cruise industry is increasingly marked by concentration, the provided responses are of vital importance for the future development of cruise ports and, more general, maritime tourism.

Keywords: *Cruise industry, selection criteria, home-ports, ports of call, ports competition.*

INTRODUCTION: WHICH PORT TO VISIT?

The question 'which ports to visit?' is vital in several aspects for a cruise company and the final choice has serious economic, social and environmental impacts on ports and local communities (European Community, 2009). The purpose of the scheduled and offered itineraries is not the transport service itself, but the provision of pleasure to the cruise passengers (Kendall, 1986). In their efforts to achieve the highest level of customers' (in other words: passengers), satisfaction cruise companies introduce itineraries including attractive destinations. Yet, passengers' satisfaction is only one of the major reasons for a cruise company to select and change itineraries, or change the specific ports visited by its fleet. Issues, for example, like the realisation that the passengers do not have positive experiences by a port play a role (see: Henthome, 2000). The cruise ships must have access to appropriate port infrastructures, superstructures, supplies and services in order to facilitate the ship and the passengers.

According to their use by cruise companies, cruise ports are commonly classified in three categories. The first one is that of *homeports*. These ports are the starting, or ending, point for a cruise, or even both these points. The second category is the *ports of call*, which are the ports visited by a cruise ship during the cruise. The third category are *hybrid* ports, which are a blend of the previous two categories; these ports are the starting and ending point for some cruise itineraries but they also act as intermediate point for other cruise itineraries.

A cruise port is, in principle, interested in being a homeport for one or more cruise companies. This is due to the high economic impact of this development for the port and the port related city which is resulted from three sources of income generator: (a) the cruise companies themselves (cf. BREA, 2005); (b) the cruise passengers (Vina and Ford, 1998); and (c) the vessels crews (Peisley, 2003). It has been recently estimated that when at the homeport a cruise passenger spends six to seven times more money than what he spends at a port-of-call, whereas every one million Euros in expenditures by the cruise industry creates 2,3 € million in business output and 22 jobs (GP Wild and BREA, 2007).

Despite the importance of becoming a homeport, several issues regarding the relations between ports and the cruise sector have not been thoroughly examined in the relevant literature. Most cruise studies remain focused mainly on the market structures of the sector and preoccupied with the economic impact of cruise operations and tourism for the port, the port city, or even the region. To give some examples, Wood (2000) examined the characteristics of cruise as a globalised industry; Marti (2003) identified and reviewed the status of the world and the extended length of cruises for the period 1985-2002; while Jaakson (2004) described the tourist bubbles and their flows in a cruise port of call. As regards the economic impact of the cruise sector, there are several studies from, or on behalf of, the port industry as well as studies by researchers. Numerous studies for the impact of cruise on South American ports, e.g. Port of Portland, Maine, (2002) Seattle (Martin, 2004), or on Australian ports (Dwyer et al., 2004) and the work of Dwyer and Forsyth (1998), who developed a framework for assessing the economic impact of the cruise industry, are illustrative examples of the former and latter case respectively. Recently, Guerrero, et al. (2008) examined the economic impact of Western Mediterranean leisure ports. There are also studies that stand critical to the assessment of the social and environmental impact of cruise (i.e., Klein, 2003; Butt, 2007; Brida and Zapata, 2010).

Also from the port economics, management and policies point of view, the cruise sector has been neglected. A recent review of all relevant port studies published in academic journals the period 1997-2008 (Pallis et al., 2010), identified only four papers (Baird, 1997; McCalla, 1998; Butt, 2007; Guerrero et al., 2008) dealing with cruise terminals.

In this context, a vital question has yet to be answered: What makes a cruise port so attractive that a cruise company might opt to use it as a homeport? There is a lack of comprehensive research on this issue. In one of the few relevant studies, McCalla (1998) examined the factors affecting the attractiveness of a port to the cruise companies from the cruise ports point of view. The findings of this study, to be discussed later in this paper, are particularly important. McCalla's study did not however intend to pay attention to the cruise companies' point of view. With these companies being the key decision makers in the port selection process, this gap needs to be filled. In the literature there are studies referring only sporadically to this issue, i.e. they make only a spatial reference to some factors influencing the attractiveness of a cruise port (cf. Baird, 1997).

This paper attempts to generate knowledge and to respond to the aforementioned question. The first step is the creation of an extensive list of the potential decisive factors. The list is based on literature review, and brainstorming sessions involving a pool of key experts from the industry and the academia. Then, the identified factors are empirically tested via a questionnaire and a field survey involving the principal actors of the cruise industries in Greece. While the participants were assessing the importance of each of the factors identified, the data gathered from the survey unveil the importance of each factor for the selection of a homeport.

The second section of the paper analyses the key features of the global cruise industry and focuses on the Mediterranean region. Section 3 presents the methodological framework of the research and the results of the literature review and the brainstorming sessions. Section 4 analyses the results of the field survey concluding on the importance of each factor. Finally, the paper concludes by discussing the research results and their importance. In the light of this analysis, the concluding section also discusses suggestions for further research as well as their potential use for policy formation, both from the cruise ports and the States or the Regions.

THE CRUISE MARKET

Cruising is a very dynamic tourism as well as shipping sector - since 1990 the cruise industry has grown at an average annual passenger rate of 7.4% (CLIA, 2008). The market is an oligopoly that, following a number of consolidations and takeovers, is dominated by three groups of companies. The major player is the Carnival Group, which controls 10 cruise brands1, 95 cruise ships, and a capacity of 190.471 pax. The second largest is Royal Caribbean International that controls five brands2, 40 cruise ships and a capacity of 90.481 pax, followed by the Norwegian Cruise Lines/Star Cruises (four brands3, 18 cruise ships and 31.350 pax) (data: Cruise Market Watch, 2009). These three groups control 75% of the total cruise ships capacity including the orders for new ships that already have been placed to shipyards (see: Cappato and Canevello, 2008). There are minor differences in the regional market shares, for example between the North American market and the rest of the world (as shown in table 1), with Carnival increasing its market shares steadily.

Market concentration increased in recent times as a result of the withdrawal of many small companies (Coleman et al., 2003) and due to the aggressive horizontal integration strategies of big companies. The current economic crisis reinforces this trend as many remaining small companies withdraw from the market, or concentrate on niche markets where competition is not so fierce.

The main cruise market is the Caribbean, which serves the 44% of the total cruise passengers, followed by the Mediterranean region (12.7%), and Alaska (7.9%) (UNEP, 2002). The dynamism of the sector the period before the financial crisis sustained despite the obstacles posed by exogenous factors (i.e. fuel prices, H1N1 flu, housing crisis), though the industry continued to growth at a smaller pace than in the past. Definite conclusions on the implications of the economic crisis are still pending.

USA is the source market of the 66% of the world cruise passengers. Europe (EU-25 plus Iceland, Norway and Switzerland) follows with 22%. In the European market the major source is UK with 7% of the global demand, followed by Germany and Italy with 4% (GP Wild & BREA, 2007). Figure 1 illustrates the demand for cruise services internationally and for the two major markets since 2000.

Worldwide demand increased by 80% over this seven years period. The European market, experienced a 100% increase within a seven years period, leading to forecasts for a new 'El Dorado' for cruise companies serving 5.2 million cruise passenger by the year 2015 (European Cruise Council, 2007). As in the case of North America (where cruise passengers prefer to cruise in nearby areas such as Caribbean and Alaska), European passengers prefer to cruise in regions within Europe such as the Mediterranean Sea. In 2006 Europe hosted 44 European cruise companies managing 118 cruise ships with a total capacity of 102.000 pax, and 47 cruise ships managed by non-European interests with a total capacity of 51.300 pax (Cappato and Canevello, 2008).

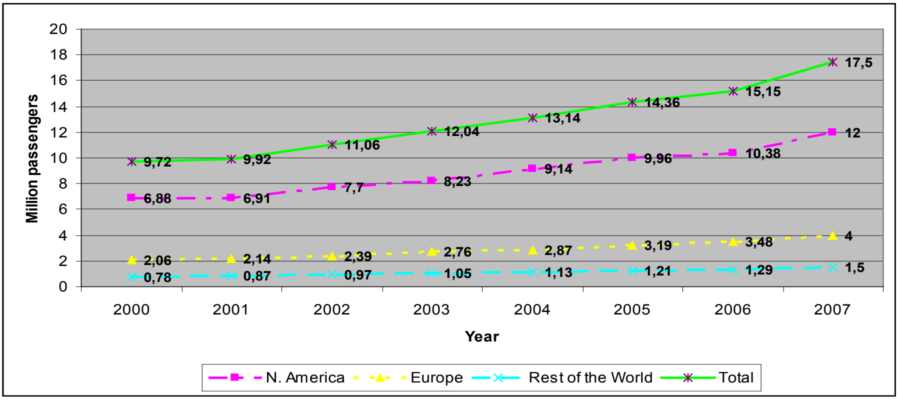
Table 1. Cruise companies market shares 2008

Cruise company	Share in the North America cruise market	Market share in the rest of the world
Carnival	55%	51%
Royal Caribbean	26%	19%
MSC	2%	10%
NCL	10%	
Disney	2%	
Star		5%
Thomson		4%
Louis		4%
Hurtigruten		4%
Others	5%	4%

Source: Cruisemarketwatch.com; assessed February 2010.

Despite the current financial crises, in the long-term the demand is expected to sustain this increasing trend (Lloyd's List, 2008). This is mostly because the 'cruise product' is now more accessible to a wider part of the population (CLIA, 2009). Cruising used to be a luxurious vacation consumed mainly by passengers of middle to high age and of high income. In the last few years this tendency has been reversed. The construction of bigger and more efficient vessels resulted in economies of scale having a major impact (Coleman et al., 2003). Operators achieve the break-even point in lower prices (Papatheodorou, 2006). Costs per passenger were reduced, and cruise companies offered prices reductions. They also started to differentiate the product offered to their customers, in order to target other potential groups of passengers, by meeting the peculiars of demand side and thus creating niche markets. This trend is reflected in the development of cruise companies offering a diversified product, i.e. Easy Cruise that aims at attracting low-income passengers.

Figure 1. Demand for cruise services 2000-2007 (in million passengers)



Source: Authors processing, Data obtained from Cappato and Canevello, 2008.

Today, cruise companies provide (a) a great variety of cruise ships, (b) a variety of potential itineraries (c) choices regarding cruise durations; and (d) a plethora of activities onboard the cruiseship but also many choices in the areas visited by the cruise ship.

Cruising the Mediterranean

The Mediterranean region is one of the major cruise destinations in the world. In 2005, 2.8 million passengers undertook a cruise in the Mediterranean Sea (GP Wild and BREA, 2007). This number increased to 3.8 million in 2008 (Bond, 2008). In 2008, 128 ships with 127.525 lower berths capacity sailed in the region. This figure projected to rise to 139 ships and 162.000 berths in 2012 (Seatrade, 2009). A survey conducted at the end of 2009 by the Cruise Lines International Association (CLIA, 2010), with the participation of its members (cruise lines and travel agents), unveiled that the Mediterranean is among the top "hot" destination for 2010 according to the consumers' interests.

The Mediterranean cruise area can be distinguished into two major submarkets, the Western and the Eastern Mediterranean with the Italian peninsula being the boundary. The Mediterranean region presents some advantages for the cruise companies as it gives the potential for differentiation of cruise services. In contrast to the situation in the Caribbean region, where the cruise product encompasses the triptych “fun-sun-sea”, the Mediterranean region provides many additional alternatives for the potential cruise passengers. It does so by providing, apart from the abovementioned three factors, a variety of cultural and historical sites of major ancient civilizations (e.g., the Greek, the Roman and the Egyptian). Moreover it possesses a significant geographical advantage as it stands in the crossroads of three continents (Europe, Africa and Asia).

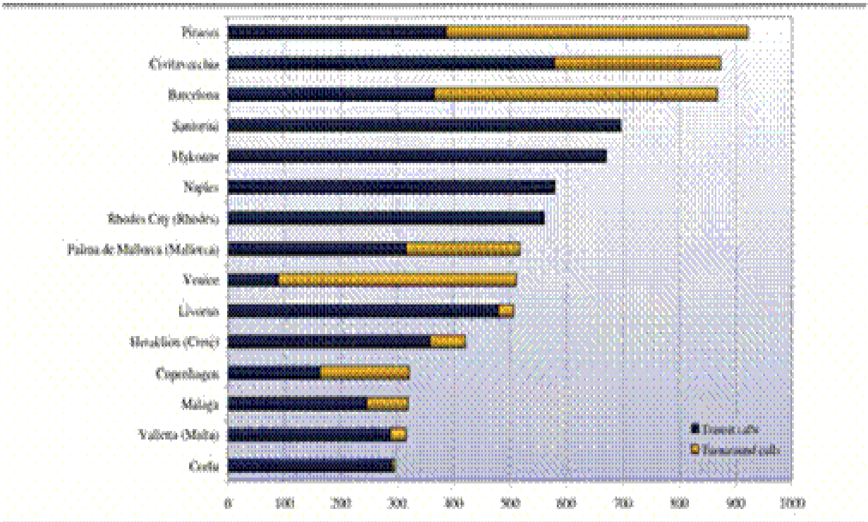
To sum up, cruise expansion in Med, is due to a number of factors. First, cruise development is supported by the diversity of the Mediterranean region and the dense port system, which enables innovative itineraries for cruises to be arranged within a relatively small area. Cruise companies have started looking to the Mediterranean as both a source market and a cruise destination. Second, there have been serious improvements in security standards and port facilities such as passenger terminals. Third, the global cruise market looks for a bigger cruising season, an opportunity offered in the region (McCarthy. 2003).

Figure 2 shows the number of cruise ship calls in the top 15 European Union ports, broken down into turnaround calls at homeports and transit calls. All but one of the biggest cruise ports in terms of cruise ships calls in the European top-15 listing are Mediterranean ports. Piraeus is the largest, with more than 900 calls, followed by Civitavecchia with almost 900 calls. Barcelona is the biggest port in terms of passenger numbers, receiving over 1, 6 million passengers per year. Piraeus is the fourth biggest port, due to the fact that the ships sailing in the Aegean waters around the Greek islands are relatively smaller (European Community, 2009).

At the end of 2008, a number of infrastructure projects (whether new terminals, or upgrade of existing ones) were underway. Some of them are carried out via public private partnerships. For others, the preferred strategy is the concession of the cruise terminal. That strategy, already widely in use in container ports, seems to gain ground in the case of cruise ports. Of the 11 cruise port projects in Europe, five ports were financed by the EU, the port authority and the state, or by a combination of these sources or all of them. For the remaining six projects, private concessionaire’s funds are involved (Reyna, 2009). For these and other cruise ports, knowing the potential of becoming homeports would help to decide which upgrade infrastructure to prioritise and which type of funds and strategy to pursue.

To facilitate (handle) the increasing demand, many ports developed or upgrade their infrastructures in order to host cruise ships. In total, more than 150 ports in the area can facilitate cruise ships but the majority of them are ports of call. The major homeports are located mainly in the West part of the region. These are in Italy (Venice, Genoa, Civitavecchia, and Savona) and Spain (Barcelona, Valencia and Palma Majorca). On the East part, few ports can claim that they are major homeports. Piraeus is one of them as it is the homeport for some regional cruise companies (mainly Louis cruises).

Figure 2. Number of cruise ship calls in the top 15 EU ports



Source: Policy Research Corporation, in EC (2009).

For the Mediterranean cruise ports, the increase of demand creates great opportunities to attract cruise lines, gain revenues for the port but also for the port-cities. At the same time the oligopolistic nature of the cruise sector, and the observed consolidation[4], produces an increasingly intensive competition between the incumbent cruise companies, remarkably higher entry barriers and, ultimately less contestable market (Lekakou and Pallis, 2005). One might assume that the cruise companies rather than ports maintaining cruise terminals would retain the market power. This implies that ports need to fulfil the requirements of cruise companies if they are to be attractive destinations and, if possible, become homeports.

METHODOLOGY OF THE EMPIRICAL RESEARCH

Aiming to identify the crucial factors that influence the decision of cruise companies as regards the selection of a homeport, this study endorsed the methodological framework that is portrayed in Figure 3. The first phase included a literature review that allowed summing up those homeport selection factors that previous studies had already identified. The outcome of this review was an input to the second phase. The latter included brainstorming sessions enabling to decide which of these or any other additional factors could be used as a decisive factor from the cruise company point of view; and (b) avoid double counting of some factors (as sometimes a factor might be referred with a different name or description). The third research phase included a questionnaire development and the field research in Greek cruise sector. The final stage was data elaboration.

The literature review unveiled a lack of studies on homeport selection criteria. In an early approach, Marti (1990) examined the North American cruise market and referred to some factors influencing cruise companies when selecting a cruise port. In particular, Marti concluded that two major categories of factors exist. These are the *site* conditions of the port, which refer to physical factors of outstanding significance (such as port infrastructures and superstructures), and the *situation* conditions, which refer to physical or cultural qualities (such as the proximity to markets of cruise passengers and the attractiveness of the port region for cruising). The former category had been first mentioned by Weigend (1958). McCalla (1998), based, in essence, in the abovementioned works, used also the *site* and *situation* framework. Through content analysis and field research he concluded on some important *site* and *situation* attributes that the cruise ports consider as crucial for their success. McCalla pointed out that it is important to examine the issue of the attributes from the cruise lines point of view as well. This research topic, the present paper tries to study. Beyond these, there are also some sporadic references in factors affecting the cruise ports' attractiveness especially for the cruise companies and the homeport selection (Nolan, 1987; Peisley, 2003).

The literature review concluded on the identification of 34 different potential factors that can be influential for the homeport selection. The following brainstorming sessions with key experts resulted in the deletion of some in order to avoid, any, duplication due to different naming but similar essence. Moreover, participants in these sessions decided to restructure the identified list of factors, as many of them referred to a general port feature that can be considered as a single group of factors instead as a unique element.

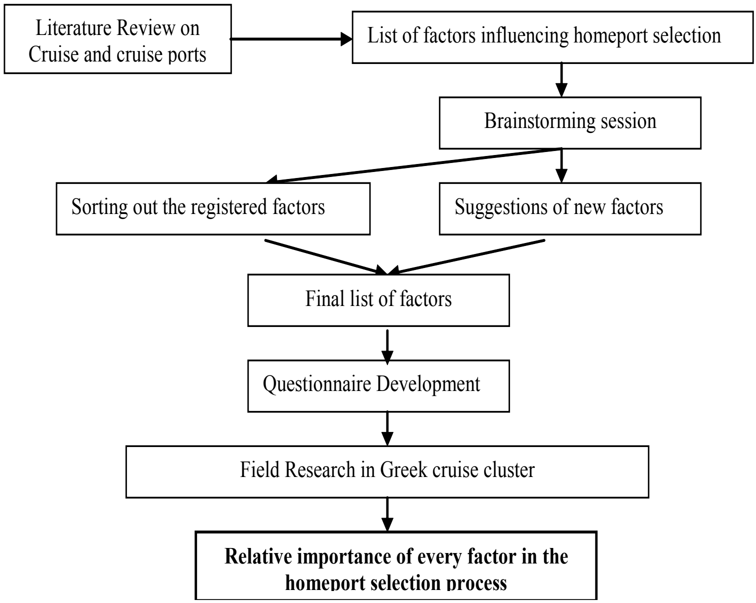
The research team examined the interactions between a cruise port and a cruise ship using a holistic approach. The potential factors that contribute to the attractiveness of a cruise port can not be only related with the port itself (i.e. port infrastructures). In this vein, the empirical part of the study examined the cruise port in a wider perspective. A first issue of interaction between the needs of a cruise company and the port attractiveness is the port competitiveness. Port competitiveness as a factor of attractiveness is not related only with port infrastructures. Rather than this, it also includes a range of port services provision to cruise ships and passengers. A part from the variety of the port services a cruise company is interested in the cost and efficiency of all these services.

Another component of the cruise port attractiveness is the objectives of the port management (i.e. if it is customer oriented etc). Moreover the political conditions and the regulatory framework are always issues that need attention especially in the cruise shipping. Apart from jeopardizing investments an unstable political environment acts as a threat against the passengers' decisions. The regulatory framework must support the start up of homeport operations instead of construct barriers to the cruise companies.

The integration of cruise ports in intermodal transport chains was another field of research for identifying the factors that influence the attractiveness of a cruise port. The interoperability of the transport modes is of crucial importance for the cruise companies as the origin for the majority of the cruise passengers is distant from the cruise homeport.

Finally, the spatial analysis of ports is another field of interest that has also drawn the attention of port economists in the last few years (see: Lee et al, 2008). The spatial analysis of a cruise port in order to evaluate its attractiveness focuses on four axes. The first is the proximity to markets of cruise passengers. The second is the natural characteristics of the cruise port. The amenities that the port-city provides to cruise passengers is the third axis as it is important for cruise passengers to have access to some facilities that will make their stay in the city more pleasant. Finally the attractiveness of the areas nearby the cruise port is also a part of the spatial analysis of a cruise port. The term attractiveness of the neighbouring areas means the existence of places or activities that are attractive to cruise passengers. Figure 4 shows the topics that are of particular importance when trying to identify the factors that formatting the attractiveness of a cruise homeport.

Figure 3. Methodological Framework



The whole process resulted in 12 categories of factors and 81 unique factors. Their hierarchical categorization according to the “site” and “situation” concepts is illustrated in Figure 5.

These factors were included in a questionnaire sent to experts of the Greek cruise sector and aiming to access the importance of every category of factors and of every factor using a five-point Likert scale. The participants accessed any factor, so the crucial categories were extracted as well as the critical factors of each group. The following section presents the results of the field research.

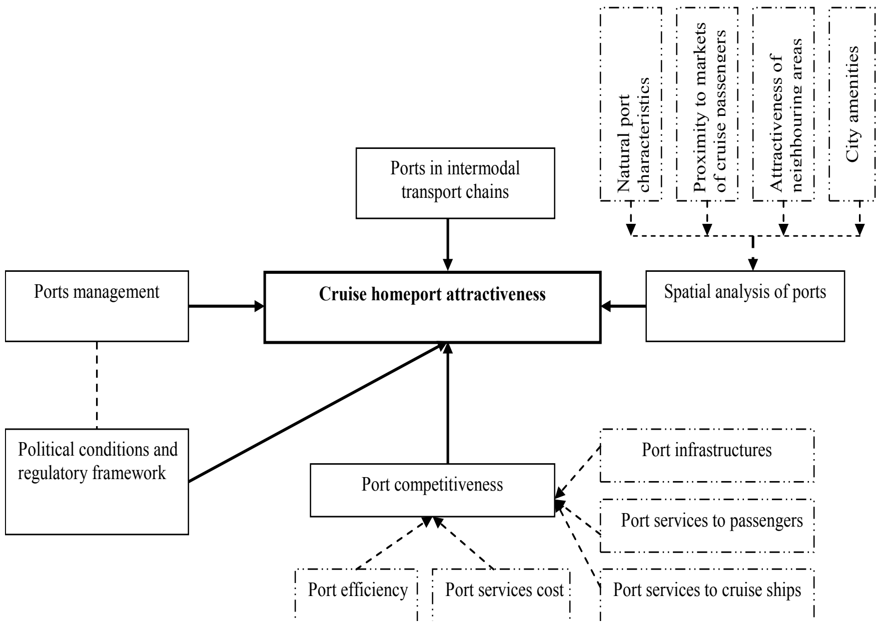
The experts’ pool consisted of 24 persons mainly from cruise companies (Greek companies as well as agents of foreign companies in Greece) and cruise ports. The questionnaire along with a cover letter was sent to them by e-mail followed by a telephone call. The field research conducted between 15 of January and 15 of February of 2009. In total, 22 completed questionnaires have been returned formulating a Response Rate of 91,67%. Table 2 presents the composition of the experts’ pool.

Table 2. Composition of the Experts pool

Sector	**Number of participants (total: n=21)**
Cruise companies	6
Agents	6
Cruise brokers	2
European Community Shipowners Association	1
Port Authorities	2
Port consultants	1
Cruise Consultants	2
Cruise Captains	1
Harbor Master	1

Source: Authors

Figure 4. Framework of Cruise homeport attractiveness



EMPIRICAL FINDINGS

The respondents assessed every factor identified as an element of the homeport selection made by a cruise company. The results were elaborated with the use of statistical software and motivating findings were provided. Table 3 presents the results as regards the main factors, which are the 'site' related ones and the 'situation' related ones.

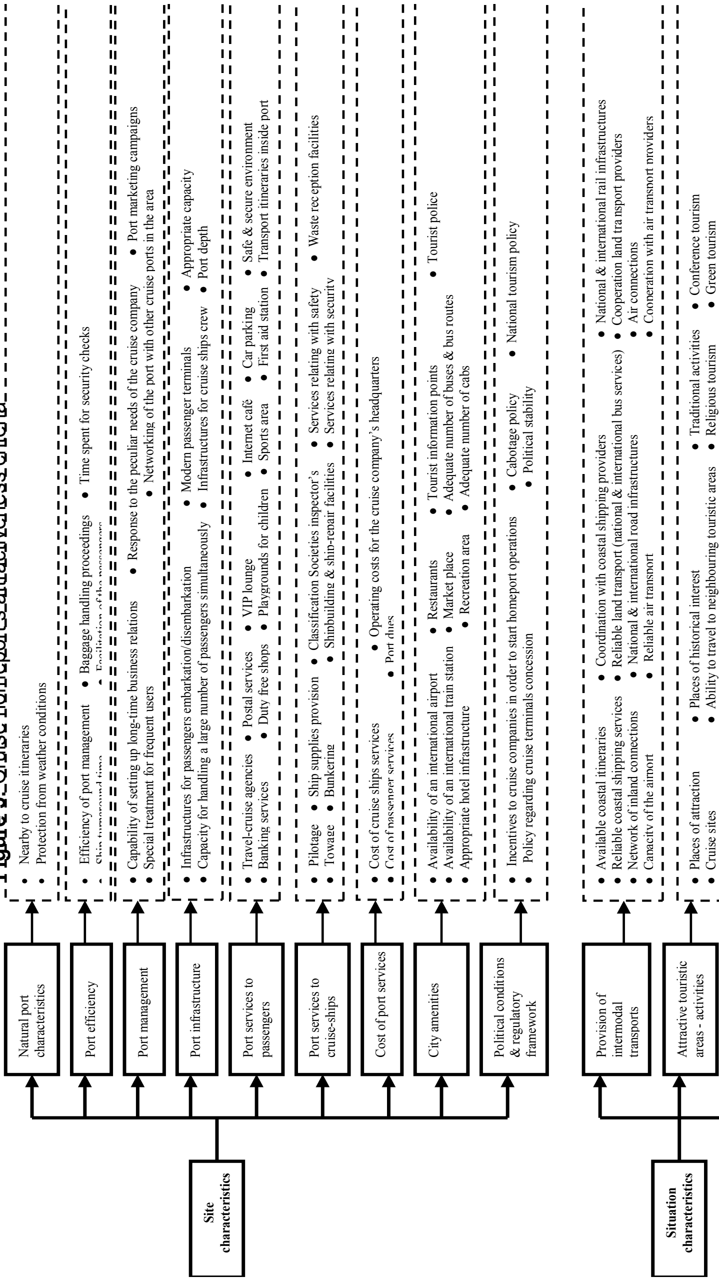
Table 3. Gravity of "site" and "situation" conditions

FACTOR	Average (n=20)	Std Deviation	Variance	Skewness
Situation	4,27	0,702	0,493	-0,442
Site	4,27	1,077	1,160	-1,357

The findings suggest that the "situation" and "site" are of the same importance. The standard deviation for the "site" is higher than that of the "situation" demonstrating stronger cohesion between judgments of the various experts in the latter case. For the "situation" factor 13 out of 22 respondents gave the highest grade possible (5) while in the case of the "site" factor only 9 out of the 22 respondents gave the highest grade. The negative skewness rate suggests that the mass of the expert's judgments distribution is concentrated above the mean score.

Table 4 presents the data analysis for the categories of factors influencing the selection process of a homeport. This table reveals that the leading category is the offering of *port services to cruise ships* with a mean of 4.50. The low standard deviation and the zero skewness observed shows that the majority of the answers were close to the mean. The second most important category is *the natural characteristics of a port* with a mean of 4.41, with the majority of the respondents giving lower grades than the mean. In fact the 50% of the respondents gave the higher grade possible (5). *Port services to passengers* and *Port infrastructure* are the following categories with the same high mean significance score (4.36). *Attractive touristic* areas and activities hold the fifth ranking. This is a rather expected result, as cruises are a function that is well connected with visits in sightseeing areas. In total, seven out of the 12 categories achieve an average significance above 4.0. On the other hand, a point that should be noticed is the relative low importance of the *provision of intermodal transport* (in this case the standard deviation is also low).

Figure 5. Cruise homeport's attractiveness criteria



This is despite the fact that the overall "situation" conditions have scored the same value comparing to "site" ones. This means that the most significant category included in the "situation" parameter is the existence of attractive touristic areas. As regards the category *proximity to cruise passengers markets*, this is associated with a high standard deviation rate, which means that there is no consensus between the respondents insofar the importance of the specific category, at least for reaching the particular decision. The low overall significance of this category (3,55) is also notable.

Table 4. Gravity of Factors Categories

	Factor	Average (n=20)	St. Deviation	Variance	Skewness	Kyrtosis
1	Port Services to cruise ships	4,50	0,512	0,262	0,000	-2,210
2	Natural Port Characteristics (near to cruise itineraries, protection from weather conditions, etc)	4,41	0,667	0,444	-0,699	0,429
3	Port Services to passengers	4,36	0,492	0,242	0,609	-1,802
4	Port infrastructure	4,36	0,581	0,338	-0,200	-0,621
5	Attractive touristic areas – Touristic activities	4,29	1,007	1,014	-0,967	-0,597
6	Port services cost	4,18	0,907	0,823	-0,811	-0,205
7	Port efficiency	4,14	0,560	0,314	0,100	0,459
8	Port Management	3,77	0,685	0,470	0,323	-0,697
9	Provision of intermodal transports	3,68	0,646	0,418	0,404	-0,540
10	Political Conditions & Regulatory Framework	3,64	0,902	0,814	0,000	-0,646

11	City amenities	3,59	0,667	0,444	-0,365	0,273
12	Proximity to markets of cruise passengers	3,55	1,011	1,022	-0,1	-0,955

Table 5 presents the results regarding any criterion that has included in the above-mentioned categories. These criteria are related to almost every aspect of a cruise port (i.e. area attractiveness, port services to ship and to passengers, regulatory framework, costs etc.).

Almost all the factors have scored above the average 2,5 (of the five-point Likert scale). The respondents identified almost all factors as being important for a cruise company when selecting a cruise homeport. In the first place, (with a mean price of 4.77) stands the availability of an international airport. The skewness rate of this factor was -2,394, which means that the majority of the responses rate this factor above the mean. In fact, 18 out of 22 respondents gave the highest rate to this factor. The *availability of an international airport* seems to be of vital importance for every cruise homeport as, in the majority of cruises, it stands as the crucial link and facilitator between the origin of the passenger and the departing point of a cruise ship, especially when the planned cruise is too far (i.e. in another continent) from the passengers' country of residence.

Table 5. Gravity of the homeport selection criteria (n=22)

AA	**Criterion**	**Average**		*AA*	**Criterion**	**Average**
1	Availability of an international airport	**4,77**		*42*	Efficiency of port management	**3,73**
2	Safe and secure environment	**4,59**		*43*	First aids station	**3,73**
3	Air connections	**4,55**		*44*	Pilotage	**3,73**
4	Reliable air transports	**4,50**		*45*	Coastal itineraries	**3,68**
5	Capacity for handling a large number of passengers simultaneously	**4,45**		*46*	Car parking	**3,64**
6	Port depth	**4,41**		*47*	Transport itineraries inside port	**3,64**

7	Infrastructure for passengers embarkation/disembarkation	**4,41**		*48*	Operating costs for the cruise company's headquarters	**3,64**
8	Cabotage policy	**4,36**		*49*	Adequate number of buses and bus routes	**3,64**
9	Services relating with security	**4,36**		*50*	Response to the cruise company's peculiar needs	**3,64**
10	Capacity of the airport	**4,32**		*51*	Reliable land transports	**3,59**
11	Places of historical interest	**4,32**		*52*	Towage	**3,55**
12	Incentives to cruise companies in order to start homeport operations	**4,32**		*53*	Tourist information points	**3,55**
13	Political stability	**4,27**		*54*	Market place	**3,50**
14	Facilitation of the passengers	**4,27**		*55*	Attractive activities	**3,50**
15	Proximity to cruise itineraries	**4,18**		*56*	Reliable sea transports	**3,50**
16	Cost of services to cruise ships	**4,18**		*57*	Capability of setting up long-time business relations	**3,50**
17	Appropriate capacity (length of berths)	**4,18**		*58*	Travel-cruise agencies	**3,50**
18	Ship Turnaround Time	**4,18**		*59*	Tourist police	**3,45**
19	Modern passenger terminals	**4,14**		*60*	Restaurants	**3,45**
20	Areas of touristic attraction	**4,14**		*61*	Religious tourism	**3,32**
21	Cost of services to passenger	**4,14**		*62*	Infrastructures for cruise ships crew	**3,23**
22	Bunkering	**4,14**		*63*	Rail infrastructures	**3,23**
23	Places of cultural interest	**4,14**		*64*	Cooperation with land transport providers	**3,23**
24	Cruise sites	**4,09**		*65*	Recreation areas	**3,23**

25	Ship supplies provision	**4,09**		*66*	Cooperation with sea transport providers	**3,23**
26	Port dues	**4,05**		*67*	“Green” tourism	**3,23**
27	Baggage handling	**4,05**		*68*	Conference tourism	**3,18**
28	Protection from weather conditions	**4,05**		*69*	Banking services	**3,18**
29	Cooperation with air transport providers	**4,05**		*70*	Participation in traditional activities	**3,18**
30	Services relating with safety	**4,05**		*71*	Networking of the port with other cruise ports in the area	**3,18**
31	Special treatment for frequent users	**4,00**		*72*	Classification Societies inspector’s	**3,18**
32	Adequate number of cabs	**3,95**		*73*	Port’s marketing campaign policy	**3,14**
33	Time for security checks	**3,95**		*74*	Shipbuilding and Ship-repair facilities	**3,09**
34	National tourism policy	**3,95**		*75*	Duty free shops	**3,00**
35	Waste reception facilities	**3,95**		*76*	Internet café’s	**2,91**
36	Policy regarding cruise terminals concession	**3,86**		*77*	Athletic tourism	**2,82**
37	Appropriate hotel infrastructure	**3,86**		*78*	Postal services	**2,77**
38	Land Connections	**3,82**		*79*	VIP Lounge	**2,73**
39	Ability to travel to neighbouring touristic areas (i.e. islands)	**3,82**		*80*	Children’s playground	**2,55**
40	Road infrastructures	**3,77**		*81*	Sports area	**2,45**
41	Availability of an international train station	**3,55**				

The research had identified *the provision of a safe and secure environment* (4.59) by *the port and the network of air connections that are* *facilitated by the port-city's airport* (4.55) as second and third more important factors respectively. Regarding the safe and secure environment, the incidents of the last few years (unlawful acts aiming at transport modes and systems) have raised the awareness and concluded on the formation of relevant policies (Pallis and Vaggelas, 2008). As a result security and safety is a major issue in the contemporary transport industry. The significance of *air connections* and *reliability of air transports* (ranked in the fourth place) are expected results, as they related to the leading availability of an international airport criterion.

Factors relating mainly to port infrastructures and regulations ranked in the fifth till the tenth position. *Cabotage policy* granted a high mean score (4,36) and ranked in the eighth place. The findings suggest that this is a quite important factor for any cruise company that might wish to start up homeport operations. The high ranking of this factor is largely based on the fact the majority of cruise ships are registered in open registries. The issue demands however further qualitative research regarding what is actually expected by the industry beyond the profound opening of the market. In the Greek case for instance, the abolishment of cabotage has been approached as a policy measure that would reverse the negative implications of long-term protectionist and implicitly interventionist state policies (cf. Lekakou and Pallis, 2005)[5]. Today, the industry stands in favour of abolishing the remaining flag restrictions in European cabotage, in particular the island cabotage and the existing host-state rules, in order to allow any flag to operate in the market. Within market competition is assessed to be a mean towards a level-playing field, and a generator for incentives for developing competitiveness via either fleet renewal and modernization (product innovation) or via the improvement of the provided services by both shipping companies and ports (process innovation).

The political stability is an additional factor worth to be mentioned, as it ranked in the thirteenth place. It is a factor that has been neglected in the international literature. The choice of a cruise port as a homeport implies large investments from the cruise company, relating to buildings, dedicated superstructures for the ship and the passengers, planning cruise itineraries and of course launching a marketing campaign for attracting passengers. Even more than some others direct foreign investments; a stable political environment is of crucial importance.

Despite the fact that the situation and site characteristics are of equal significance, major factors relating with the former *(e.g. places of historical interest; areas of touristic attractions; cruise sites and places of cultural interest)* are encountered in lower positions although their importance is high. A reason for this might be the fact that the differentiation of the means (i.e. the ship) is easier than the differentiation of the "itinerary". Towards this strategy, the last few years cruise companies aim at building bigger new generation cruise ships which offer a greater variety of services and facilities to the passengers on board (for example the newly build 'Oasis of the Seas' of the Royal Caribbean International). The aim of this strategy is to keep passengers onboard in order to operate further as an income generator for the cruise companies. As a result the visits to places of touristic interest might be increasingly acting (at least for a major part of the passengers) as complements to the cruise and not as the major reason to undertake a cruise but this is not the case for East Mediterranean, where smaller cruise ships stand as the more frequent callers.

CONCLUSIONS

The paper explored the issue of homeport selection by the cruise industry. A field research involving the participation of experts in the cruise industry mainly in Greece and Cyprus unveiled the vital factors that the cruise companies take into account in homeport selection. Using the notion of "site" and "situation" and a literature review, a list of 81 relevant factors has been developed and tested. The ranking of these factors give some insightful conclusions on the factors that a cruise port should pay attention in order to attract homeport operations.

The results suggest that the "situation" factors are of the same significance with the respective "site" factors. The availability of an international airport near the cruise port, the provision of a safe and secure environment for the passengers, and issues relating with political factors and the legislative framework (such as cabotage policy), are among the most important influencing factors.

This study also concludes the absence of any significant regional variation insofar as the criteria used by the cruise industries to pick their home. This is confirmed when comparing the findings with those of the UNCTAD (2001), that examined the reasons behind the success of Miami as a homeport, to conclude that the five key points towards a successful homeport choice include: (1) outstanding port services and an equally appealing city; (2) modern and efficient airport with substantial airlift; (3) attractive tourist destinations and itineraries; (4) large population centre; and (5) drive accessibility to that population. Evidently any variation is minor.

Interestingly, these empirical results illustrate the importance of the sector's peculiarities as regards selection criteria. Contrary to these findings, for example, stand the airport choice factors for low cost carriers.

For them airport selection is based on cost, i.e. demand for low-cost services is the most important factor (Warnock-Smith and Potter, 2005). Differences in the demand structures between this and the sector examined (i.e. derived vs. primary demand) might play a role; the issue however deserves further attention.

The outcome of the research might be a useful tool for those cruise ports aiming to deploy strategies towards their selection as homeport, that go well beyond the increasingly applied measure of terminal concessions[6]. Besides, by acknowledging their potential to be future homeports, relevant port authorities might develop practices to solve problems that might be associated with such selection (i.e. environmental related ones – cf. Butt, 2007). Moreover, the results could be a valuable input for policy measures regarding cruise tourism – particularly for these countries which had not updated their operational environment and their legal framework - as this maritime sector is an important income generator for the visited areas.

Given that the responses were collected mainly from a significant yet local cruise market, i.e. the Greek one, the peculiarities of the particular market are reflected on the findings of the study, and certain local bias (i.e. in the case of cabotage issue) might be present. This is similar to what is observed in other regions, i.e. the US, where regulatory restrictions limit the potential of cruise fleet deployment in specific market niches (Mak et al. 2010), Expanding the research to a European or even to an international level could broaden the scope of the paper by examining the international perspectives regarding the factors that influence the attractiveness of a port as regards its potential as cruise homeport.

Developing a cruise port to a homeport would be beneficial for tourism in the region, while helping port boosting their business. From a ports' perspective, understanding and seeking to satisfy (potential) users homeport criteria is essential. This is possible as the relative level of cruise shipping activity in a port, i.e. the total number of cruise ship calls, compared with calls of other industrial port activities (ferries, container ships, bulk carriers, etc), is ultimately only a minor part of ports total activity. In Piraeus, for instance cruising represents only 3.2% of total shipping activities in ports (European Community, 2009).[7] Competition might intensify further in the foreseen future. The Mediterranean region, particularly its East side, has the highest port density per nautical mile compared to any other cruising region, while a nearby region, the Black Sea, currently stands as the upcoming cruise region. All these place further pressures to Mediterranean ports and their authorities.

The conducted research and further studies over the issue of port selection criteria provide tools for responding satisfactorily to cruise companies and enjoy the positive effects of developing a relatively new competitive tourist industry in Europe, with significant economic impact on port regions, cities and countries. Opportunities exist, as cruise organisations and itinerary planners are under constant pressure not only to source new ports of call but also to careful select the ports of (dis)embarkation, as essential to the overall perspective of the cruise (Barron and Bartolome, 2006). Yet, some negative effects might not a priori excluded (i.e. environmental impact on port regions, capacity issues in specific ports etc), demanding considerations on the extent that the positive effects of cruise tourism are achieved in a sustainable manner.

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ENDNOTES

[1] These brands are: Carnival Cruise Lines, Princess Cruises, Holland America Lines, Seabourn Cruiseline, Costa Cruises, P&O cruises, Cunard Line, Ocean Village, Aida, Ibero cruises.

[2] These brands are: Celebrity Cruises, Celebrity Xpeditions, Island Cruises, Pullmantur and Royal Caribbean.

[3] Namely: NCL America, Norwegian Cruise Line, Orient Lines and Star Cruises.

[4] The takeover of one of the four major players (P&O Princess Cruises) by the largest one (Carnival Corporation) in 2003 is the most remarkable example of this consolidation.

[5] The strong views and the participation of the sector in the interests' advocacy that has been expressed during the relevant lengthy policy making (Pallis, 2002) might have resulted in a bias towards a higher than in reality significance result insofar as the particular factor is concerned.

[6] In Europe, for instance, there are three cruise terminals concessioned to cruise companies in Southampton, UK, the new cruise terminal (Palacruceros) in Barcelona, Spain, has been concessioned to a leading cruise brand (Costa Crociere), and the Cyprus Port Authority is in the process of concessioning the Limassol cruise terminal.

[7] Most ports have significant ferry activities (Barcelona, Civitavecchia, Piraeus) and/or cargo (Barcelona, Civitavecchia, Piraeus), which make up most of the port's activity.

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