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Hupacasath Hospitality Provides Highlight of Conference

One of the highlights of the Cruise BC Conference in Port Alberni was the special treatment received by attendees from the Hupacasath First Nations. On Friday, April 15, 2005, the Hupacasath welcomed delegates to their Gathering House for traditional dancing and an impressive feast of local fare.

"The warmth and generosity of the Hupacasath First Nations was incredible," said Greg Wirtz, Chair of Cruise BC. "It was an honour to share in and experience the rich culture of the Hupacasath. Their hospitality made this event the highlight of our conference."

A special note of gratitude goes out to Chief Councillor Judith Sayers and Executive Director Trevor Jones who organized the evening's activities. Participation from the entire Band – from young, energetic dancers to Elder drummers – gave conference delegates a special glimpse into this First Nations community and the way they work together to welcome guests.



Addressing Cruise BC conference attendees: Mayor of Port Alberni, Ken McRae and MLA Gillian Trumper

Cruise BC Conference Provides Useful Insight

Cruise BC's recent conference in Port Alberni, British Columbia, wrapped up with great optimism being expressed by all for the future of the cruise industry along the west coast. The conference – April 14 and 15, 2005 – provided a forum for discussion as well as presentations from key speakers who gave great insight into current and future trends in the cruise industry.

"Not only did we learn a great deal from the presenters who had obviously done a tremendous amount of preparation for this, but we were extremely pleased at the feedback and insight provided by attendees," said Dave McCormick, Chair of the Cruise BC Conference. "The discussions generated through this forum are of great benefit to ensure all who wish to participate in the developing cruise markets are able to keep abreast of recent activities and efforts to grow the industry. Their participation also means that Cruise BC is able to receive input and new perspectives. We generated some great ideas from the workshop sessions."

The Cruise BC Conference was hosted by the partners of the Association including the six major destinations that are "cruise-ready" – Vancouver, Victoria, Nanaimo, Campbell River, Port Alberni and Prince Rupert – and the provincial Ministry of Small Business and Economic Development and Western Economic Diversification Canada. Each year, Cruise BC visits a different destination in BC to allow conference attendees to experience the local atmosphere.

"The residents and businesses of Port Alberni did a wonderful job," noted Greg Wirtz, Chair of Cruise BC. "The hospitality, friendliness and efficient service that we received from all of the local suppliers bodes well for the cruise industry – they would be pleased to be welcomed to a city in such a manner."

Cruise BC was incorporated as a not-for-profit association in May, 2004 and has, as its mandate, three main goals: to facilitate the further development of a BC-destination cruise theatre; to provide a vehicle for cooperative initiatives with a goal of further developing BC ports and communities as viable cruiseship destinations; and to compliment efforts of existing organizations in marketing and promoting the cruise industry in British Columbia.

All presentations are currently available on-line at www.cruisebc.ca.

Summary of Events

Opening Reception, Thursday evening, Alberni Valley Museum

Cruise BC conference delegates were given the opportunity to network and listen to opening remarks amidst the unique collection of the Alberni Valley Museum. On hand to welcome guests and provide various perspectives on the relevance of the cruise industry to Port Alberni were Mayor Ken McRae and MLA Gillian Trumper. Both were enthusiastic at the potential that the industry holds for Port Alberni. Guests were treated to Vancouver Island wine from sponsors Cherry Point Vineyards and catering by Quality Foods. Special note of thanks to Jean McIntosh and Shelley Harding from the Museum who were instrumental in the success of the reception through their support and assistance.

Overview of Cruise BC Activities, Greg Wirtz, Chair, Cruise BC

As Chair of Cruise BC and one of the founding members of the initiative, Greg Wirtz noted that the recently formed Cruise BC Association is a strategic collaboration of BC's leading market ready cruise ports and destination marketing organizations, working together with support from the Canadian and British Columbian governments. In addition to highlighting the features that make BC an attractive destination for cruise lines, including its exceptional scenery, wide variety of shore excursions, uncrowded and untapped cruising areas for both large and small ships and its proximity to US ports, Wirtz noted that Cruise BC's main purposes were three-fold: product development, marketing and leadership/advocacy.

After describing the development of Cruise BC's governance structure and business plan, Wirtz outlined the Association's major activities to date.

Relating to capacity development:

- Community capacity building handbook;
- Stakeholder workshops in Victoria, Nanaimo, and Campbell River;
- Business case development/competitive analysis; and
- Economic impact/benchmarking and prediction model.

Relating to marketing and creating demand:

- Seatrade, joint customer calls, co-op marketing;
- Collateral pieces including ports profiler, brochure, newsletters and press releases;
- Market research covering consumer, trade and cruise lines; and
- Development of Internet presence: www.cruisebc.ca and the establishment of a toll-free phone line: 877-742-5722.

Greg went on to describe the priority areas for Cruise BC over the next year, including the continuation of marketing our ports and destinations through such venues as Seatrade and Cruise-a-thon; site inspection trips for key cruise line representatives; additional market research; and the further development of the website, newsletters and image banks.

Capacity building activities will include more cruise stakeholder workshops, destination development support and itinerary development. Advocacy for the cruise industry is also planned.



Cruise Activity – The Case for BC Cruises, Captain Jack Cox, Maritime Strategy International

Cruise BC was very honoured to have one of the west coast's leading cruise consultants on hand to deliver the message that potential for development of British Columbia's cruise industry is on the threshold of exploding.

In the first segment of his presentation, Captain Cox provided an overview of current cruise activity, noting that, of the 248 ships worldwide, 134 were currently deployed on routes in North America with passenger capacity at 9.9 million. Forecasts indicate that passenger capacity will reach 11 million by the 2007 cruise season. Relating specifically to the Pacific Northwest/Alaska cruise fleet, Captain Cox reported that there were 27 ships – 16 of which used Vancouver as a home port (eight use Seattle and three use San Francisco).

In reviewing the demographics of the cruise passenger, Captain Cox reported that 80 to 85% of Alaskan passengers were from the US, 10% were from Canada and the remaining 4% were from overseas. Passengers are well educated and affluent with the average age being 55. Seventy-four percent travel with a spouse or partner and 13% travel with children under the age of 18.

Captain Cox's company, Maritime Strategy International, conducted market research on behalf of Cruise BC in the fall of 2003. Results indicated very strong interest in British Columbia - over 70% expressed interest in taking a trip to BC to experience the scenery, nature and wildlife as well as to visit small towns and villages and experience First Nations culture.

Maritime Strategy International also developed a business case for Cruise BC which compared port and operating costs with competitive destinations. The business case also compared shore excursion

opportunities and revenue potential with competing destinations. Research showed that BC was as competitive as east coast markets as well as Alaska routes.

Captain Cox illustrated the economic impact that the cruise industry had on BC, reporting that, in 2003, direct spending was \$660 million; the total impact was \$1.2 billion and 10,400 full or part-time jobs were created. The economic study further showed that one cruise ship port call (with 2000 passengers) could result in approximately \$150,000 to \$200,000 in direct spending from passengers, crew and the cruise line.

In summary, Captain Cox noted that the west coast cruise market is growing and cruising in BC makes good business sense for the lines. He finished his presentation with a strong endorsement of pursuing opportunities within the cruise industry as an important economic component of the BC economy.

COTA's Role in the Cruise Industry, Jim Storie, Council of Tourism Associations

Jim Storie, Chair of the Transportation Committee of COTA, welcomed Cruise BC as a new member of COTA and outlined activities where synergies and opportunities existed for the two organizations to work together. Jim's presentation gave conference delegates insight into the kinds of issues that were not only relevant to the cruise industry but to the tourism industry as a whole. One of Jim's key messages was the importance of presenting a united voice to all levels of government to ensure that the needs of the transportation industry were part of the decision-making process.

Tourism BC Update, Don Foxgord, Vice President, Business Development

Representing Tourism BC, Don Foxgord provided a review of 2004 tourism statistics as well as the forecast for 2005, noting that an additional half million people would visit the province this year, generating an extra half billion dollars. Prior to detailing Tourism BC goals to double provincial tourism revenues by 2015 and maximize the long term benefits of the 2010 Olympic Games, Don gave an overview of the funding sources available and a review of how Tourism BC plans to deal with the increase in budget recently announced by the provincial government.

A look at the strategic priorities of Tourism BC included plans to attract more volume from BC resident and other close-in markets, increase business from high yield markets, enhance the visitor experience and improve tourism business market readiness. Specific Tourism BC plans include:

- assisting communities in creating long term tourism marketing and development plans through key initiatives such as Community Foundations, Experiences BC and Community Business Essentials;
- developing and delivering SuperHost 2010;
- and increasing visitor servicing for the 2010 Winter Games through the Visitor InfoCentre network.

Tourism BC also plans to continue to build on the Super, Natural British Columbia brand and increase interest in different seasons and for different regions.

Prior to wrapping up, Don reported on recent key marketing initiatives in the overseas market and used a promotion in San Francisco as an example of the kinds of projects Tourism BC is undertaking.

Future Trends in Cruise, Stephen Pearce, Vice President, Leisure Travel and Destination Management, Tourism Vancouver

An expert in gauging marketing trends, Stephen Pearce provided an in-depth look at demographic factors that would be affecting demand for the cruise industry over the next decade. Stephen noted that, as the population ages and the over-55 group becomes predominant, new consumers to the cruise market will be looking for more customized travel experiences, will be more in-tune with the importance of health and wellness and will have an increased life expectancy. He also noted that children will have a huge influence in the buying decisions.

This shift in the demographic will lead to new cruising products, including more informal and flexible cruising, low cost cruising and mid-priced sail powered cruising. In addition, new cruise packages, new facilities and new ways to pay (e.g., Cruise Share) will make cruising more accessible.

Stephen also pointed to the development of new ports and destinations as another indicator of a changing market. Destinations in Australia and New Zealand, Africa and the Indian Ocean as well as Dubai in the Middle East and Canada's Pacific Coast illustrate the fact that the cruise market is recognizing the need to offer fresh and unique experiences to consumers.

In terms of marketing to the new cruise customer, Stephen showed great insight into the challenges and opportunities that faced cruise lines as well as Canada's role as a prime cruise destination.

Challenges included:

- struggling economies in key source markets;
- reluctance to fly/cross the border;
- further increase in the price of oil;
- downward pressure on price and yield; and
- the strength of the Euro against the US dollar which may inhibit the placement of new orders at European shipyards.

Despite these challenges however, Stephen saw many reasons for optimism:

- low overall market penetration in comparison to the mainstream vacation market;
- very satisfied customers with a high repeat factor;
- lower unit costs and good cost control;
- improving products and productivity; and
- mobile assets that can be moved to more favourable markets and away from difficulty and perceived or real threats.

Focus Sessions, Creating Demand and Building Supply

In the afternoon, conference attendees broke into two groups: Creating Demand, with Greg Wirtz (Vancouver Port Authority) and Graeme Drew (Cruise BC), and Building Supply, with Lise Steele (Campbell River Port of Call) and Michael Cormier (Greater Victoria Harbour Authority).

In the Building Supply session, Lise and Michael reviewed Cruise BC's Community Capacity Handbook and outlined issues which each destination had to address to ensure their market readiness, such as security, interacting with cruise lines and the need for preparedness as well as knowing the overall market and the lines' need for itinerary planning. Attendees were given first-hand knowledge of Campbell River's experiences in developing their own cruise market – the main message being that it took a holistic approach to attract ships.

In the Creating Demand session, attendees received an overview of Cruise BC's marketing plans, including the concept of co-op marketing, leading to a good discussion about marketing initiatives.

Discussion topics included:

- pre/post opportunities;
- repositioning opportunities;
- propensity for repeat visitors; and
- database marketing and how the use of the databases must be respected, noting that cruise lines favour direct mail campaigns.

A brainstorming session generated ideas for specific potential initiatives, such as:

- BC Escapes (Tourism BC program);
- gaining more business through Rocky Mountaineer Vacations;
- tapping into the RV market
- "Cruise with Connie" (referring to First Nations artist Connie Watts) – an initiative that would recruit artists and local celebrities to join guests on the cruises to share local culture;
- explore the potential of the Asian market; and
- influence recommendations and referrals from staff.



Special thanks to Connie Watts and our supporters...

Cruise BC would like to pass along a special thank you to artist Connie Watts for her donation of art that was framed and presented to each keynote speaker. Break-out session leaders were presented with Cherry Point Vineyards Blackberry Port.

Cruise BC is also very appreciative of the support received from **Batstar Adventure Tours, McLean Mill National Historic Site, Specialty Catering, Quality Foods, The Graphics Factory, Coast Hospitality Inn, City of Port Alberni Parks and Recreation and the Alberni Valley Museum.**

Are you on our mailing list?

We'd like to invite you to be a part of our network! If you are not directly receiving updates from Cruise BC, let us know and we'd be happy to add you to our mailing list. We also invite you to visit our website for more information about Cruise BC and its initiatives.

Cruise BC Association

2000 – 1066 West Hastings Street,
Vancouver, BC V6E 3X2
Telephone: 604-633-9022 / Toll-free: 1-877-724-5722
Facsimile: 604-893-8808
E-mail: info@cruisebc.ca
Website: www.cruisebc.ca