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**Cruise Tourism in Scotland: Review & Sustainable Development Opportunities**

**for**

**VisitScotland**

**Scottish Enterprise**

**Highlands and Islands Enterprise**

**Scottish Government**

**FINAL REPORT**

**October 2020**

**reference** economic consultants

**CONTEXT** ECONOMIC & SOCIAL RESEARCH

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| Date: | 7th October 2020 |

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# Preface

ekosgen, in partnership with Reference Economic Consultants and Context Economics, were commissioned in 2019 to undertake a review of the cruise tourism opportunity in Scotland, and to provide insights and recommendations for future planning.  At this time, and up until early 2020, cruise tourism was a growing industry, and the 2020 cruise tourism season was anticipated to be another significant season in Scotland.  This was prior to the onset of the global pandemic.  As such, while the research, resulting analysis and reporting, and therefore the conclusions and recommendations flowing from the study, are informed by and based on a pre-COVID-19 context, the conclusions and recommendations flowing from the study remain relevant for future planning.

Both the COVID-19 pandemic and the effect it has had on the economy and communities of Scotland is unprecedented.  We are arguably only just beginning to understand the true scale of the impact on all sectors, and the change that has been – and will be – brought about as a result has yet to become clear.

Tourism is one of a number of industries in Scotland that has been hit particularly hard.  We know that for many businesses and sectors, the 2020 season has effectively been wiped out.  For rural areas dependent on tourism for employment and economic prosperity, this has increased the socio-economic fragility.  Nearly all tourism businesses in Scotland have experienced cancellations, a decline in bookings or fewer visitors.  Almost 60% of tourism businesses have had to reduce staff numbers, with further losses expected.  Many of the challenges are compounded by the seasonality of tourism in Scotland.[1]

Whilst there is currently no indication of when restrictions will be lifted and cruise operations in the UK will recommence, the 2020 cruise tourism season in Scotland has effectively been cancelled.  Cruise Lines International Association (CLIA) member operators unilaterally agreed to suspend global operations in mid-March, at the beginning of the Scottish cruise season. The coronavirus pandemic has also led to the closure or scaling back of work at all the major European shipyards, with knock-on delays to refurbishments and new-builds. As of mid-April 2020, those shipyards began re-opening slowly[2]. More recently on the 16th August MSC Cruises' fleet returned to the Mediterranean to implement the Company's new Covid19 health and safety protocol.[3]

However, what is apparent is that for cruise tourism, and tourism more generally in Scotland, new markets and new models of operation will come to the fore in a post-COVID-19 environment.  Though the recommendations of this report were made in a pre-COVID-19 context, they anticipated the need to ensure sustainability across the wider cruise ecosystem in Scotland, and to take a place-based approach to cruise tourism.  As such, the conclusions and recommendations of this report – and therefore the learnings that stakeholders can take from this research to inform future planning and decision-making – hold true in a post-COVID-19 environment.

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[1] VisitScotland (2020) monitoring the effects of COVID-19 on the Scottish Tourism Industry, Wave 2 Results (20-30 March 2020), at: https://www.visitscotland.org/research-insights/about-our-industry/impact-covid19

[2] https://www.cruisecritic.co.uk/articles.cfm?ID=167

[3] https://www.traveldailynews.com/post/msc-cruises-welcomes-back-first-guests-on-msc-grandiosa

# 1    Introduction to the research

## About the review

1.1      This review of cruise tourism in Scotland is a pan-Scotland study led by VisitScotland, Highlands and Islands Enterprise, Scottish Enterprise and Scottish Government. It has been conducted by ekosgen, in partnership with Associates Reference Economic Consultants and Context Economics.

## What it covers

1.2      The objectives of the study are to provide a comprehensive understanding of the Scottish cruise tourism ecosystem and the relative opportunities at individual local port, regional and national level whilst identifying pressure points and impacts on infrastructure, environment and local communities. The study should help inform future planning by providing insights to inform future sustainable development at port, regional and national level and provide the evidence base for local, regional and national cruise development assessments and strategies, aligned to *Scotland Outlook 2030*, the new national tourism strategy for Scotland.[4]  It should also consider how the changing cruise market may affect Scotland's position in the market.

1.3      At a headline level the review has assessed the scale and scope of cruise tourism activity across Scotland. Specifically, the research:

- Provides an overview of the size, shape and composition of Scotland's cruise tourism market, including an assessment of the economic value of the sector to Scotland. The review examines the market by each port and its destination hinterland to provide insights into where cluster activity is prominent and where opportunities for niche development exist or where there is a need to better manage existing levels of activity.

- Reviews the existing and newly gathered information on market demand, and identifies the most significant sustainable growth opportunities for the sector in Scotland and the implications for infrastructure and investment requirements to meet and accelerate these opportunities. The role of the public sector, private sector and landowners in meeting these requirements is also explored.

- Identifies barriers impacting on Scotland's capability to meet the infrastructure and investment requirements, providing recommendations on how these may be addressed.

- Analyses how competitive and innovative the Scottish cruise tourism product offering is against destinations worldwide, identifying where Scotland has the best competitive advantage and how it can improve its position.

## How the research was conducted

1.4      The research has been wide ranging, seeking to achieve breadth of coverage and more in-depth sector insight.  In line with the study objectives, it has sought to establish the shape and composition of the sector, how key players interact with one another and to identify growth opportunities and sector support requirements. This has been achieved through extensive primary research supplemented by desk-based research and an international benchmarking exercise.  Fieldwork was undertaken between September 2019 and March 2020.

1.5      The study tasks have consisted of:

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[4] Scottish Tourism Alliance, Scottish Government, VisitScotland, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Enterprise (2020) *Scotland Outlook 2030: Responsible tourism for a sustainable future*

- **Desk research** on the background of the global and European cruise markets and their current trends and developments.  A specific analysis of cruise line companies operating in Scotland was also undertaken.  This is highlighted at **Appendix 1**.

- A **consultation programme** with a representative sample of all actors in the cruise tourism ecosystem.  The numbers and types of organisations are shown at Table 1.1 below.  A total of **102** in-depth telephone interviews were carried out. Organisations consulted are listed at **Appendix 2**.

*Table 1.1: Consultees by organisation type*

| Organisation type | No. consultees |
|---|---|
| Cruise line companies | 11 |
| Port operators | 22 |
| Port agents and ground handlers | 8 |
| Visitor attractions | 13 |
| Destination groups | 12 |
| Local authorities | 12 |
| Public sector | 18 |
| Membership/trade bodies | 6 |

- A **data collection exercise** which consisted of engagement with each of the 21 Scottish ports in scope for the study. Data on the annual volume of cruise calls and passengers from 2014 to 2019 was gathered as well as forecast numbers of calls for 2020-2022. Data on the breakdown of these calls by size of vessel was also collected. Vessel sizes are defined as follows:

  o Mega vessel – over 3,000 passengers

  o Large vessel – 1,750 to 2,999 passengers

  o Medium vessel – 750 to 1,749 passengers

  o Small vessel – 250 to 749 passengers

  o Boutique vessel – fewer than 250 passengers

- Figure 1.1 below depicts the ports researched and consulted.

*Figure 1.1: Cruise ports in Scotland (2019)*
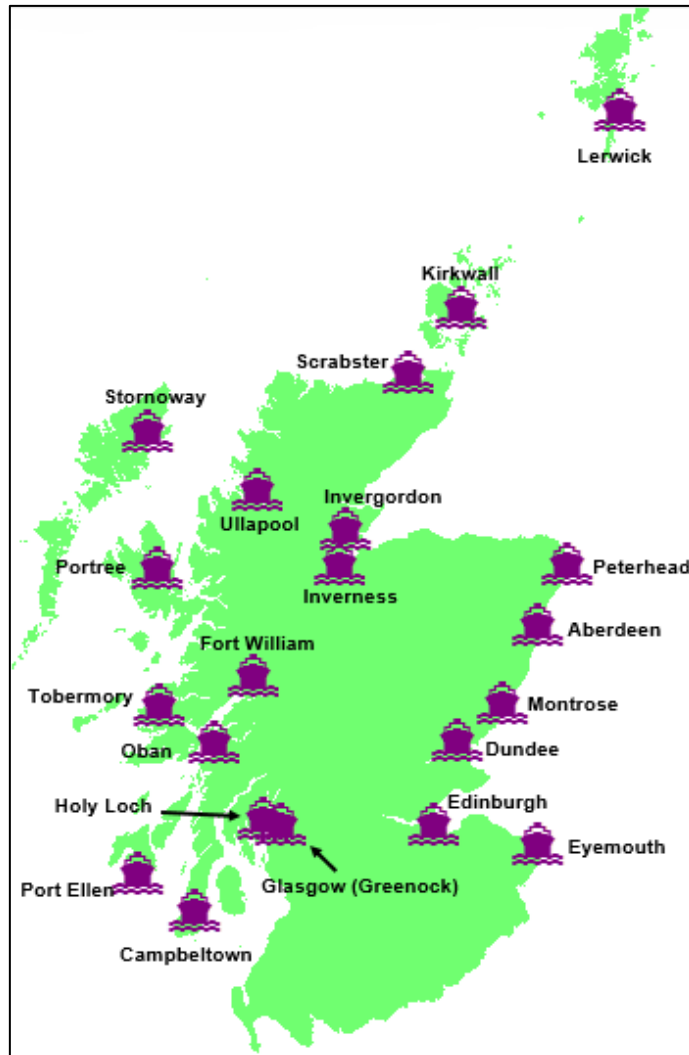


*Source: ekosgen*

- The creation of a **Scottish Cruise Data Matrix** designed to inform planners of the scale and scope of activity at port, local authority, regional and national spatial levels. Its functionality allows users to 'look up' cruise call and passenger information and provides detailed cruise line data and an overview of destination information at the individual port level.

- An **online survey** to gather the views and experiences of local businesses and community representatives across Scotland's key cruise destinations. The survey was distributed via Destination Management Organisations and Community Groups. In total **291** responses were secured, with a completion rate of 49% – **42** from community representatives and **249** from businesses. The following table shows the geographical breakdown of survey respondents. Full survey results are presented in **Technical Annex C.**

*Table 1.2: Survey respondents in communities and businesses*

| Geographical Area | Community Representatives | Businesses |
|---|---|---|
| Aberdeen City | - | 1% |
| Aberdeenshire | 2% | 6% |
| Argyll and Bute | 10% | 9% |
| City of Edinburgh | 5% | 11% |
| Dundee City | - | 1% |
| East Lothian | - | 1% |
| Fife | 2% | 1% |
| Glasgow City | - | 2% |
| Highland | 38% | 15% |
| Inverclyde | 5% | 1% |
| Midlothian | - | 1% |
| Orkney Islands | 10% | 26% |
| Shetland Islands | 10% | 2% |
| West Lothian | - | 1% |
| Western Isles | 19% | 20% |
| Elsewhere in Scotland[5] | - | 2% |

*Source: ekosgen survey of community groups (n=42) and businesses (n=249)*

- Developing a method and approach to **calculating the value** of cruise tourism to Scotland. A full description of the methodology used in this study is provided at **Appendix 3**.

- Preparation of 21 individual **Port Profiles** each of which expands on the port information in the Data Matrix and contains a short SWOT analysis of each port based on desk research and consultation findings. These are contained in **Technical Annex A**.

- The development of four **case studies** demonstrating current practice in sustainable cruise tourism management in Orkney and at three other cruise ports: Bergen, Barcelona and Juneau in Alaska. These are contained in **Technical Annex B**.

## How the report is structured

1.6     The report is structured in the following way:

- **Chapter 2** considers the global, Northern Europe and UK and Scottish cruise markets and their trends. It also describes the environmental and social impacts of cruise tourism and the cruise ecosystem in Scotland;

- **Chapter 3** presents an overview of the volume and value of the Scottish cruise tourism market;

- **Chapter 4** discusses Scottish ports and their infrastructure and engagement with the cruise market;

- **Chapter 5** presents the views of cruise operators and intermediaries;

- **Chapter 6** considers the challenges and opportunities for Scottish destinations and their communities;

- **Chapter 7** discusses the key challenges and inhibitors to the sustainable development of cruise tourism in Scotland;

- **Chapter 8** considers the key development opportunities for cruise tourism in Scotland; and

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[5] This includes business responses from Clackmannanshire, Falkirk, Moray, Perth and Kinross, Scottish Borders, South Lanarkshire.

- **Chapter 9** presents conclusions and recommendations for future planning and investment decisions with respect to cruise tourism in Scotland's ports and their hinterland destinations.

# 2 Cruise tourism in Scotland: what we already know

## Introduction

2.1    The aim of this chapter is to provide the wider context for the research and the rest of this report. It presents a definition of cruise tourism as a specific sector of the tourism industry.  It then discusses the size and trends of the market at a global, European and UK and Scottish level, including emerging market and passenger trends, before describing the cruise tourism ecosystem in Scotland.

## Defining cruise tourism

2.2    Cruise tourism can generally be defined as a luxury, all-inclusive way of travelling, usually for at least 48 hours, following a specific itinerary during which the cruise ship calls on a variety of ports and their connected cities or hinterland.  It is a tourism product that offers and combines attractions, activities, access, accommodation, and amenities.  The nature of cruise ships can make them destinations in their own right, where features and amenities are comparable or even superior to resorts on land.

2.3    For the purposes of this research cruise tourism refers to:

- **Sea cruises** which cover large distances, sailing the world's seas and oceans.  Ships range in size from large to mega-sized vessels which include a wide variety of facilities and services to cater to different target passenger groups.

- **Expedition or boutique cruises** which are speciality in nature, offering visits to more unusual and sometimes less accessible locations.  These cruises are targeted to those interested in wildlife, nature, and adventure.  Ships are often small or medium in size in order to access more remote places.

## The cruise tourism market

2.4    This section presents a brief overview of global, Northern Europe and UK and Scottish markets for cruise tourism.  It focuses on the following aspects of the industry: size and characteristics of each market and emerging trends; the scale of passengers; future forecast trends in terms of passengers and cruise calls; and the progress of the sector towards sustainable tourism.

### The global market

2.5    The worldwide cruise industry has grown steadily and significantly over the last two decades. Worldwide, the number of passengers on cruise trips has increased from 16.3 million in 2008 to 28.5 million in 2018[6], as shown at Figure 2.1.  This is a 75% increase exceeding all previous projections.  The North America region remains the largest source market, accounting for 50% of global cruise passengers.  Europe has also experienced strong growth over the last decade, with passengers sourced from Europe increasing 60% over this timeframe and accounting for a quarter of all passengers, some 7.2 million.  At the time of writing some 32 million passengers globally were expected to cruise in 2020.[7]

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[6] The Contribution of the International Cruise Industry to the Global Economy in 2018, CLIA, 2019
[7] 2020 - State of the Cruise industry Outlook, CLIA, 2019

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*Figure 2.1: Global cruise statistics (2018)*

2.6     This growth is expected to continue in the longer term.  The number of worldwide cruise passengers is expected to grow by a further 30% by 2028, as new ships come into the market[8,9]. In 2019, some 115 new ships were on order, with 19 new ships added to the global fleet and three ships removed[10].  As well as the size of the cruise market fleet, ships are getting bigger, with more than a third (36%) of the new ships coming on stream having capacity to carry over 4,000 passengers.  Conversely, around 30% of these new ships will carry fewer than 1,000 passengers, catering for more specialist expedition and boutique markets.

## Emerging market trends

2.7     Cruise tourism has diversified into specialist areas and expanded its offering in the past decade. They offer more remote destinations, more adventurous excursions and cruises targeted at specific markets.  There is a general trend for cruises of shorter durations and, while heritage and history continue to drive enthusiasm for cruising, operators expect a growing demand for a wider range of onshore activities as well as a positive passenger experience in the port and its immediate environs.

2.8     Whilst mainstream cruising has changed a great deal, with mega-sized ships now offering, for example, go-karting tracks, spas, water-parks, climbing walls, ice rinks, open air cinemas and zip lines – the trend of expedition and boutique cruising is growing, albeit still a niche market.  For example, Cruise Lines International Association (CLIA) data indicates that between 2017 and 2018, passengers on expedition cruises to Antarctica, the Arctic, Galapagos, and Greenland increased by nearly a third, with 148,000 passengers[11].  There is also evidence of expedition elements creeping into the everyday cruising offering.

2.9     Boutique cruises provide a luxury offering with more space and fewer fellow passengers.  The vessels are typically much smaller, accommodating between 30 and 200 people.  Some cruise operators are actively targeting this market with new luxury vessels coming on stream.  Going further, some

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[8] Expedition cruise sector 'to grow by 30% by 2022 – Travel Weekly (March 2019): http://www.travelweekly.co.uk/articles/327946/expedition-cruise-sector-to-grow-by-30-by-2022

[9] No data available on decommissioned vessels

[10] CLIA Environmental Technologies and Practices Report (2019)

[11] https://skift.com/2019/07/30/expedition-cruising-is-still-small-but-going-mainstream-for-travel-advisors/

operators are providing themed cruises or providing cruises for specific markets, e.g. LGBT+, while one operator has introduced all-female crews on some of its cruises.

2.10    There has also been a shift away from passengers on mainstream cruise voyages booking guided tours and itineraries to planning a more independent visit at destinations.  Cruise operators have stated that up to 60% of passengers, on boutique cruises in particular, can organise and book their own itineraries. Allied to this is the demand for a more personalised experience by some passenger types.

2.11    Worldwide, the age profile of cruise passengers has been falling.  Recent figures show that the average age of cruise passengers is 47, although in the UK market it is 55.[12]  This changing demographic reflects that cruise lines have continued to add new on-board features, as well as shore experiences and itineraries which appeal to more diverse and younger markets.

2.12    Cruise tourism is a relatively well-established sector in the North American and European markets and a developing sector in several other emerging markets.  However, industry data indicates that market penetration rates are still low, and that a significant portion of cruise tourists are first-time cruisers.  Recent research also shows that around 80% of cruise passengers are likely to book a cruise as their next holiday[13].  Both of these factors present an opportunity for long-term growth and a potential for increased profitability[14].

## Western and Northern European markets

2.13    Passengers on European cruises increased by 72% from 2007 to 2017, from 4.1 million to 6.9 million[15].  In terms of the Western European market, Germany has the largest market share, at just under a third in 2017 (32%, 2.2 million passengers) and growth of +8.5% from 2016 to 2017 (see Table 2.1).  The UK and Ireland had the second largest market share (28%, 2.0 million passengers), with growth of +0.5% over this period.  After Germany, the country to experience the greatest growth over this period was Spain (+6.4%).  France and Scandinavia both experienced a decline in their share, at -9.2% and -4.6% respectively.  Overall, Western Europe experienced growth of +2.5% during this period.

*Table 2.1: Western European cruise market (2017)*

| Geographic area | Passengers (000s) | % share of European market | % change from 2016 |
|---|---|---|---|
| Germany | 2,189 | 32 | +8.5 |
| UK and Ireland | 1,959 | 28 | +0.5 |
| Italy | 769 | 11 | +2.4 |
| France | 503 | 7 | -9.2 |
| Spain | 510 | 7 | +6.4 |
| Scandinavia | 227 | 3 | -4.6 |
| Benelux | 187 | 3 | +5.1 |
| Switzerland | 151 | 2 | +3.4 |
| Austria | 129 | 2 | +3.2 |
| Other | 317 | 5 | -5.7 |
| Total | 6,941 | 100 | +2.5 |

*Source: CLIA, CLIA Europe, CLIA UK and G. P. Wild (International) Limited. In G. P. Wild (2018) European Cruise Market Source and Destination Report. * Please note Benelux is Belgium, Netherlands and Luxembourg.*

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[12] Why are more under 45s choosing cruise holidays? – BBC News (July 2017)  https://www.bbc.co.uk/news/uk-england-40030147

[13] CLIA Consumer Survey Spring 2019, 8 countries

[14] Marine Tourism Market Size Expected to Reach 92800 million US$ by 2025, with a CAGR of 6.7% - NBC (August 2019) https://www.nbc29.com/story/40888709/marine-tourism-market-size-expected-to-reach-92800-million-us-by-2025-with-a-cagr-of-67

[15] CLIA; CLIA One reSource 2016 & 2017. Cited in CLIA (2018) *The Contribution of the Global Economy in 2017*, p. 5

2.14 Considering the Northern European market in particular, from 2013 to 2018 cruise capacity (available space for passengers on cruise ships and sailings) grew by over 40% (see Table 2.2), from 13.5 million passenger nights in 2013 to 19.4 million in 2018.[16] From 2016 to 2018, there was an increase in the pace of expansion, with growth being strongest in the North-West European and British Isles sectors, rather than the Baltic and Norwegian markets, which have traditionally been stronger markets. This shift is reported to be partly due to changes in environmental regulations, reducing volumes to Baltic and Norwegian markets. This has been a conscious decision on the part of governments in countries such as Norway to limit the number of cruise arrivals, in order to reduce the negative environmental and community impacts of cruise tourism, and ultimately be more sustainable. The popularity of cruises linking different capital cities has also been a factor in growth patterns across Europe (see Table 2.2).[17]

*Table 2.2: Northern European cruise capacity by sub-region (2013-2018)*

| Geographic area | % increase 2013-2018 | |
| --- | --- | --- |
| | Potential passenger throughput | Available passenger nights |
| NW Europe | +108.6 | +112.8 |
| British Isles | +68.6 | +94.0 |
| Arctic | +30.7 | +24.1 |
| Baltic | +18.7 | +20.7 |
| Norwegian Fjords | +16.6 | +36.2 |
| Total | +40.7 | +43.8 |

*Source: G. P. Wild (International) Limited. In G. P. Wild (2018) European Cruise Market Source and Destination Report, p. 18*

2.15 In terms of future trends for Europe as a whole (see Table 2.3), forecasted growth in visiting passengers from 2017 to 2022 suggests that Scandinavia will experience the greatest increase in percentage terms (+85%), followed by France (+56%) and Benelux (+42%). The UK's passenger numbers are expected to grow by 11% from 2017 to 2022, reaching 2.2 million by 2022.

*Table 2.3: Forecast growth in passengers in Europe (2017-2022)*

| Geographic area | 2017 | 2022 | % change 2017-2022 |
| --- | --- | --- | --- |
| Scandinavia | 227,000 | 419,872 | +85.0 |
| France | 503,000 | 782,654 | +55.6 |
| Other Western Europe | 317,000 | 488,768 | +54.2 |
| Benelux | 187,000 | 265,667 | +42.1 |
| Germany | 2,189,000 | 2,860,147 | +30.7 |
| Italy | 769,000 | 950,287 | +23.6 |
| United Kingdom | 1,959,000 | 2,173,962 | +11.0 |
| Iberia | 556,794 | 565,507 | +1.6 |
| Other Europe | 91,541 | 56,548 | -38.2 |
| Total | 6,799,335 | 8,563,411 | +25.9 |

*Source: G. P. Wild (International) Limited. In G. P. Wild (2018) European Cruise Market Source and Destination Report, p. 7*

## The UK and Scotland

2.16 The UK cruise market is rapidly evolving, with the commissioning of a larger number of expedition craft, bringing smaller numbers of passengers who are often seeking a deeper experience. This trend will affect Scotland by creating both opportunities and challenges.

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[16] G. P. Wild (2018) European Cruise Market Source and Destination Report, p.8
[17] G. P. Wild (2018) European Cruise Market Source and Destination Report, p.18

2.17    Research suggests that in 2017, the cruise industry generated approximately €10.4 billion for the UK economy, representing approximately 22% of the industry's total output across Europe.[18]   Of this, €3.9 billion was spent on direct expenditures, an 18% increase from 2015, with the remainder being indirect and induced expenditure.[19]

2.18    The scale of marine and cruise tourism has grown year on year in Scotland.  In 2019, there were 893 cruise ship calls bringing 817,000 passengers to Scotland[20], equating to 5% of all tourism visits. This was an 8% increase in calls from 2018 and a 17% increase from 2017.  Initial forecasts for 2020 predicted passenger numbers to pass the 1 million mark. However, at the time of writing we recognise that this forecast was before the COVID-19 pandemic which will undoubtedly have a negative impact on cruise passenger numbers globally and for the UK and Scotland.

2.19    To illustrate the diversification of destinations and market growth in Scotland, since 2014, the number of passengers to Invergordon has more than doubled (133%), Kirkwall[21] has grown by 109% and Shetland by 74%.[22]  In 2019, the most visited British port was Invergordon, with an estimated 168,000 passengers, followed by Greenock (c.144, 000), Edinburgh[23] (c.139,000) and Kirkwall (c.132,000).[24]

2.20    The Scottish cruise industry supports more than 800 employees, generating around £23 million GVA for the Scottish economy[25].  It also helps to extend the tourism season in some areas, for example in Orkney and Shetland.  Figure 1.1 in Chapter 1 demonstrates the spread of cruise tourism to some of the more remote and rural parts of the country.

2.21    Whilst there are undoubtedly economic benefits of cruise tourism in Scotland, growth must be planned and managed with certain factors considered and risks mitigated.  It is clear that the cruise industry has large growth potential and a great deal to offer Scotland economically , to a lesser degree, socially, for example by providing jobs which will help to retain and attract talent and by supporting local amenities and infrastructure and so contributing to the sustainable development of destinations and their communities

## Cruise tourism and sustainable tourism

2.22    As discussed, cruising is of local, regional and national significance, providing jobs, revenue and supporting sustainable enterprise development.  However, sustainable cruise tourism development must be the overarching requirement.

2.23    Sustainable tourism as defined by the United Nations World Tourism Organisation is:

> *"Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities"*

2.24    In 2018, research estimated that there were 28.5 million cruise passengers, with 1.17 million full-time equivalent employees, $50.24 billion in wages and salaries, and a total output worldwide of $150 billion.[26]  Globally, passenger spending in port was estimated to be $376 before boarding, and

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[18] Business Research & Economic Advisers Research (2017) on behalf of Cruise Lines International Association
[19] Business Research & Economic Advisers Research (2017) on behalf of Cruise Lines International Association
[20] Cruise Scotland, 2020
[21] Please note that throughout this report, 'Kirkwall' refers to Kirkwall port while 'Orkney' refers to Kirkwall and Stromness ports.
[22] ekosgen 2020
[23] Please note that throughout this report, 'Edinburgh port' encompasses Leith, Newhaven, South Queensferry and Rosyth
[24] ekosgen 2020
[25] Scottish Ports: Gateways for Growth (2018)
https://www.britishports.org.uk/system/files/documents/scottish_ports_gateways_for_growth_2018_final.pdf
[26] CLIA (2018) Global Impact Study, cited in CLIA (2020) State of the Cruise Industry Outlook, p. 19

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$101 in port while visiting during a cruise. Economic impacts can be both direct and indirect, with key industries likely to benefit including transportation, tour operators, visitor attractions and retail.

2.25 However, despite these cited economic benefits, some evidence suggests that they do not always benefit the local communities where ports are based. There is variable evidence regarding how far cruise visits benefit local businesses, with some cruisers only spending minimal amounts whilst ashore, or choosing not to get off the ship at all. It is therefore important to consider how the economic impact of cruise tourism can be maximised in local and national economies through passenger and crew spend when they are onshore. Changing consumer habits may represent an opportunity for sustainable cruise tourism growth, most notably in relation to the environment and the perceived contribution to climate change.

2.26 These environmental industry challenges and pressures must be understood and managed in a strategic way, and therefore must also minimise extended negative environmental and social impacts. Environmental impacts include those arising from ship operations and tourist activities, with cruising being one of the highest $CO_2$ contributors in tourism.[27] Cruise vessels are also responsible for other pollutant emissions. Notably, a recent study by European research think tank Transport & Environment concluded that Carnival Corporation alone emitted nearly 10 times more sulphur oxide (SOX) around European coasts in 2017 than the estimated 260 million cars in Europe – with emissions concentrated at major cruise port destinations such as Barcelona, Venice and Southampton.[28] Massive influxes of tourists increase those pressures on small areas with little management infrastructure in place. In terms of the marine environment, the ships are a major source of marine pollution through the dumping of waste and untreated sewage at sea, and the release of other shipping-related pollutants[29]. Every year, the industry consumes millions of tons of fuel and produces almost a billion tons of sewage. It is estimated that 24% of all waste produced by shipping comes from cruising, with the average person producing 2.6 to 3.5kg/person/day and 8 litres of toxic bilge water disposed of per person/day. Pollution from bilge water and fuel release alone can potentially be higher than acute spills and collisions.[30]

2.27 Cruise operators are under increasing pressure to limit or offset their environment impact on the destinations that they visit. They are also under pressure to consider the sustainability of their onshore activities, with large numbers of passengers disembarking at specific destinations or visiting certain attractions at the one time.

2.28 It is important to make the distinction between the environmental and community impact of large and small cruise operators. The impact of boutique and small-sized vessels is minimal when compared to large and mega vessels, as they require less power, have fewer passengers and leave less of a footprint on the ports and communities that they call at. Larger vessels require more supporting infrastructure to help manage passengers and waste streams. As a result, cruise lines operating larger vessels tend to receive the bulk of the negative publicity around the impact of cruising.

2.29 Liquefied natural gas (LNG) is a natural gas that has been cooled to liquid form and is used predominantly as an alternative transportation fuel. LNG is non-toxic and non-corrosive and so more environmentally friendly than many other types of transport fuel. It has negligible sulphur content and approximately 30% less particular matter, whilst Nitrogen Oxide emissions are reduced by up to 85%[31]. Many new build cruise vessels will be powered with LNG, and some existing vessels have been/are being re-fitted to include LNG engines, such as AIDA on their AIDAnova vessel in 2018. It is expected that 44% of new-build capacity will rely on LNG fuel for primary propulsion.[32] Cruise terminals such as Rotterdam, Tenerife and Barcelona currently offer LNG bunkerage, and Southampton is developing this

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[27] Manning, T. (2006) Managing Cruise Ship Impacts: Guidelines for Current Potential Destination Communities,

[28] Transport & Environment (2019) One Corporation to Pollute Them All: Luxury cruise air emissions in Europe, at: https://www.transportenvironment.org/publications/one-corporation-pollute-them-all

[29] http://www.coastalwiki.org/wiki/Impact_of_tourism_in_coastal_areas:_Need_of_sustainable_tourism_strategy

[30] Caric, H. and Mackelworth, P. (2014) Cruise tourism environmental impacts – The perspective from the Adriatic Sea

[31] IMO. (2019) International Convention for the Prevention of Pollution from Ships (MARPOL)

[32] CLIA (2020) State of the Cruise Industry Outlook

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capability.[33]  However, retrofitting existing vessels is not always economically viable, is a lengthy process that requires vessels to be out of commission for some time, and may require vessel modification to achieve.[34]  In some instances, retrofitting is not a feasible option due to the space requirements for LNG fuel tanks.[35]  The lack of a developed LNG supply-chain infrastructure is also a challenge.[36]  Thus whilst cruise operators are pursuing LNG as an solution to reducing emissions, the prospect of a large-scale switch to LNG in the short-term is low, and so the cruise industry is also exploring other solutions and technologies for medium- to long-term deployment, e.g. battery.[37]  Additionally, recent analysis published by the International Council on Clean Transportation indicates that LNG use might not reduce greenhouse gas (GHG) emissions on a life-cycle basis, and does not deliver the emissions reductions required by the International Maritime Organization (IMO)'s initial GHG strategy – rather, its use may actually worsen climate impacts.[38]

2.30    Another approach to reducing emissions is through the use of exhaust gas cleaning systems (EGCS), or 'scrubbers'.  Around two thirds (68%) of existing vessels have these systems fitted and 42% of new build-capacity have committed to doing so[39].  However, there is a concern that scrubber systems, many of which are 'open-loop' and discharge process liquid into the sea, are simply diverting pollutants into the marine environment.[40,41]  As more vessels adopt scrubbers to meet IMO regulations, using closed-loop systems instead would help to eliminate water pollution emissions, but as of yet there is no requirement for vessels or operators to do this.[42]

2.31    Shore power, also known as cold-ironing, is the process of supplying shore-side electrical power to a cruise vessel at berth while its main engines are shut down.  The power can come from the national grid, an external generator or through renewable energy sources.  Shore power reduces the consumption of fuel, and the associated air and noise pollution that would otherwise be used to power the vessel while in port. In 2019, 30% of the global cruise ship fleet were fitted with shore power systems, 18% were planning to retrofit the system and a further 39% were configured to add the system in the future[43].  However, as of late 2019, there were only three ports in Europe offering this service – Oslo, Kristiansand and Hamburg. Countries such as Denmark are leading the way in the integration on their ships on their path to carbon-neutrality[44]. Whilst high investment costs may be a constraint to implementing shore power, options such as the Green Maritime Fund have been proposed to support such projects[45].

2.32    These environmental issues are recognised by the cruise industry.  There is a commitment from members of CLIA of over $22 billion to reduce their environmental impact through new, energy-efficient ships and technologies, with an aim to reduce carbon emissions by 40% by 2030, from a baseline in

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[33] https://www.abports.co.uk/news-and-media/latest-news/2020/cruise-upgrade-reaches-milestone-at-the-port-of-southampton-with-double-air-bridge-delivery/

[34] See for example research conducted through the EU TEN-T *Motorways of the Seas* Maritime Pillar: https://www.onthemosway.eu/wp-content/uploads/2015/06/6-Case-Studies-about-New-building.pdf

[35] https://www.offshore-energy.biz/carnival-corp-retrofitting-to-lng-is-not-an-option/

[36] https://www.cruiseindustrynews.com/cruise-news/22236-msc-spending-billions-on-lng-cruise-ships.html

[37] https://www.reuters.com/article/us-shipping-electric/first-battery-powered-cruise-ship-sails-for-the-arctic-idUSKCN1TW27E

[38] Pvalenko, N. et al. (2020) The climate implications of using LNG as a marine fuel, International Council on Clean Transportation Working Paper 2020-02, at: https://theicct.org/sites/default/files/publications/Climate_implications_LNG_marinefuel_01282020.pdf

[39] CLIA Environmental Technologies and Practices Report (2019)

[40] https://www.theguardian.com/environment/2018/oct/29/thousands-of-ships-could-dump-pollutants-at-sea-to-avoid-dirty-fuel-ban

[41] https://www.independent.co.uk/environment/shipping-pollution-sea-open-loop-scrubber-carbon-dioxide-environment-a9123181.html

[42] Georgeff, E. et al. (2019) A whale of a problem? Heavy fuel oil, exhaust gas cleaning systems, and British Columbia's resident killer whales, ICCT Consulting Report, at: https://theicct.org/sites/default/files/publications/HFO_in_killer_whale_habitat_consulting_20200413.pdf

[43] CLIA Environmental Technologies and Practices Report (2019)

[44] City & Port Development, CMP and the City of Copenahgen (2015) Options for establishing shore power for cruise ships in port in Copenhagen Nordhavn

[45] https://seanews.co.uk/features/green-maritime-fund-critical-to-emissions-reductions/

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2008.[46]   However, research published in 2016, based on analysis of the corporate sustainability strategies of a variety of different cruise operators, found a great *'variation in the extent to which the leading cruise companies publicly report on their sustainability strategies and achievements.'*[47]

2.33    If these socio-environmental impacts are not correctly managed, there is a risk that the visitor experience will be diminished; that there will be negative impacts on the marine and coastal environment, as well as on coastal and wider communities; and that there may be a failure to maximise the yield and value added by the industry.  In areas where visitor numbers continue to increase it is recognised that unmanaged growth may be unsustainable.

2.34    These impacts are as relevant to Scotland as they are to other parts of the world, particularly given the '1,000 calls' target for the Scottish cruise market for 2019.  As a result, the Scottish Government is currently looking at ways in which to ensure that Scotland's cruise destinations do not go over capacity.[48]

## The Scottish cruise tourism ecosystem

2.35    This section presents an overview of the cruise tourism ecosystem in Scotland; it is based on the research carried out as part of this study. Figure 2.2 below depicts the main actors in the sector. It should be noted that there are a significant number of interdependencies and relationships at play and these differ from area to area.  There are also other interactions in the wider tourism ecosystem that have a bearing on cruise, e.g. SE and HIE interacting directly with ports and destinations.

*Figure 2.2: Scottish cruise ecosystem*



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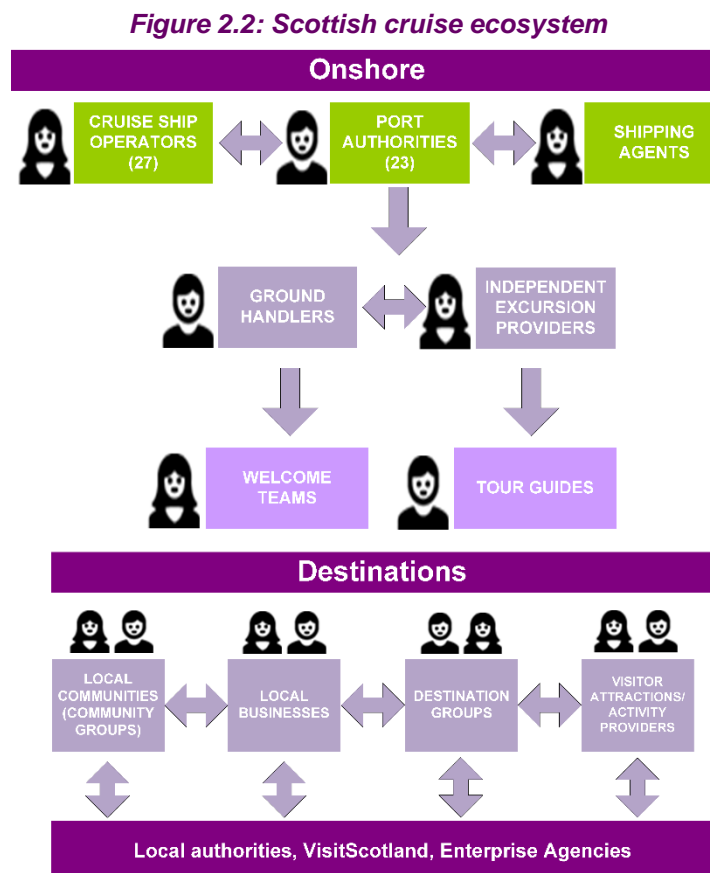
[46] CLIA (2020) *State of the Cruise Industry Outlook*, p. 4

[47] Jones, P., Hillier, D. and Comfort, D. (2016) The Environmental, Social and Economic Impacts of Cruising and Corporate Sustainability Strategies, *Athens Journal of Tourism*, p. 273

[48] https://www.parliament.scot/CrossPartyGroups/Session5CrossPartyGroup/Minutes/20190115_JointMeeting.pdf

2.36     This section goes on to describe the role and activities of each of these actors as recognised within the cruise tourism industry.

## Cruise ship operators

2.37     In 2020 it is estimated that 27 cruise lines operating 67 different vessels will call at Scottish ports as part of a cruise. However, these cruises vary widely in factors such as size of fleet, vessels, target markets, frequency of visit and type/length of cruise.

2.38     Most of the cruise operators are headquartered in USA (primarily Miami and Seattle), Germany or the UK, although they employ staff globally. Some of the largest cruise operators have a number of cruise lines/brands under their overall umbrella. For example, Carnival UK operate P&O and Cunard, while Royal Caribbean operate the Royal Caribbean brand, as well as Silversea, Celebrity X and Azamara. Some cruise lines operate globally, whilst other smaller lines focus on one specific region, e.g. Northern Europe.

2.39     Cruise companies also vary widely in terms of number and frequency of vessels calling at Scottish ports. AIDA, a German cruise operator, has seven vessels in their fleet calling at Scotland in 2020, while Cruise & Maritime Voyages, Phoenix Reisen, Oceania Cruises, Fred Olsen and Holland America Line all have four vessels calling at Scottish ports. In contrast, a number of operators have one vessel that services the Scottish or British destinations, including large lines such as Celebrity X, Disney and Royal Caribbean. Cruise & Maritime Voyages are scheduled to be the most frequent caller to Scottish ports in 2020, with their four vessels calling 71 times throughout the year. Princess Cruises (53), AIDA (47), and Viking Ocean (47) will also be regular callers at Scottish ports in 2020.

2.40     Cruise vessels calling at Scottish ports differ widely in size. MSC operates a fleet of 'mega ships', which carry over 3,000 passengers, while other operators such as Windstar, Hapag-Lloyd Cruises and Regent specialise in smaller, more boutique vessels which carry under 750 passengers and have an ultra-luxury or adventure focus.

2.41     The largest vessel scheduled for 2020 is MSC's *MSC Preziosa* and *MSC Spendida*, which have maximum capacities for 4,345 and 3,900 passengers respectively. *MSC Preziosa* is due to stop at Invergordon and Kirkwall during an 11 night cruise in July 2020 and at Edinburgh, Invergordon and Lerwick on a 12 night cruise in August 2020. These are two of eight 'mega ships' that will call at Scottish ports in 2020. The remainder of the vessels are categorised as 19 'large ships' with between 1,750 to 3,000 passengers, 24 'medium ships' carrying 750 to 1,749 passengers and 16 'small or boutique ships' with fewer than 750 passengers.

2.42     Aside from their vessels and itineraries, cruise lines target a variety of passenger markets. Some target particular nationalities, for example Fred Olsen is almost exclusively British passengers and operates primarily round-Britain cruises, while AIDA, Hapag Lloyd and TUI operate some German-speaking only cruises. The market is also segmented by age, with Saga targeting older guests, the German cruise lines more focused on family groups and Silversea targeting younger, more affluent cruisers. Some cruise lines or cruises are adult only.

2.43     These markets are further segmented by length of cruise, for example shorter cruises of one week or less tend to be targeted at a younger market who are still working and are 'money rich and time poor', while longer cruises of three weeks or more are marketed to retired couples who have no work commitments. Seasonality also plays a factor, with family-targeted cruises predominantly scheduled during the school summer holidays.

2.44     **Itinerary planning** is a key function for every cruise company. Most operators begin the planning process up to three years in advance of cruise dates. They utilise a range of methods and approaches when planning itineraries. Operators most commonly draw upon passenger feedback from

previous cruises to specific destinations; destination research teams keep abreast of emerging holidaying trends for their various target markets engaging with travel bloggers and the like. Itinerary planning also, and importantly, must take into account a number of port related factors, namely, the length of piers and the number of bollards available, security at ports, weather conditions at specific times of the year and the need for tendering passengers ashore at destinations, as well as port onshore facilities.

2.45    Closely aligned to itinerary planning is **shore excursion planning** and this involves the cruise company developing the range of tours, excursions and experiences offered to passengers onshore at various destinations. Traditionally, this involves procuring the services of usually one shore excursion company to design and provide this service, typically as part of a two to three year contract. However, there has been a move more recently to engaging directly with local port agents and activity providers especially at smaller destinations and where a more bespoke and/or specialist tour or experience is required by the cruise operator for a specific cruise line.

2.46    Like cruise itineraries, most cruise operators tend to plan a cruise's shore excursions well in advance of the cruise. This process can begin up to a year before the date of the cruise. Once the range of shore excursions has been agreed, most operators send the brochure to booked passengers between three and six months prior to the cruise for them to browse, select and purchase the excursions they want. This is particularly important given the limited number of spaces on many excursions due to travel or attraction capacity constraints. Many cruise passengers have their entire onshore itineraries fully booked before they even set foot onto the vessel. Operators, however, make sure there are still opportunities for other passengers to book excursions during the cruise or on the day of the port call.

2.47    Full details of all 27 cruise operators and the fleets that visit Scotland are provided in **Appendix 1**.

## Port authorities and agents

2.48    Port authorities are the official organisations that control and manage activities in a port and are primarily responsible for safely handling ship arrivals and departures.  Within the scope of this research there are 19 port authorities and some 21 ports in Scotland currently receiving cruise ship calls.  Ports can be classified as marquee or boutique ports.  A marquee port is a gateway to 'a must see venue or destination' that plays a key role in attracting customers for a cruise; they are Invergordon, Edinburgh, Kirkwall, Lerwick and Greenock.

2.49    Shipping agents are licensed companies who conduct business on behalf of the cruise line operator such as insurance and port documentation.  There are three main agents in Scotland; they engage sub-contractors in some of the more remote areas.  They also arrange for the supply of fuel and ship provisions where required.  Shipping agents are therefore the first line of contact for cruise operators and are frequently called upon to signpost them to onshore service providers and other organisations.

## Ground handlers and other onshore service providers

2.50    Ground handlers or shore excursion companies as they are sometimes known, are contracted by cruise operators and as mentioned above, their role is to develop, organise and sell shore excursion itineraries to cruise ship companies who then sell these on to their passengers.  There are five main ground handlers operating in Scotland, the largest of which is London based with an Edinburgh office, and agents in Aberdeen, Dunfermline and Orkney.

2.51    Shore excursion companies need to have a wide-ranging knowledge of what individual destinations and their attractions and other activities can offer the cruise passenger.  They rely on their staff and in some cases local agents to have local knowledge and established relationships with local tour operators, tour guides and visitor attractions in order to develop tours and experiences which will both appeal to cruise passengers and be commercially viable for cruise operators.

2.52    From a shore excursion perspective there are three broad cruise passenger demographics: those desiring unique experiences; large, no frills groups (e.g. visitor attraction admission only customers), and those wishing for panoramic tours (no visitor attraction admissions).

2.53    There are also independent excursion providers who provide services directly to cruise passengers. A proportion of passengers want to be 'independent' whilst ashore – a growing trend – and wish to discover or experience more unusual places or activities and prefer not to be part of a large tour group. They are likely to have researched activities and tours available at the individual ports of call on their cruise itinerary and booked online in advance of their trip. Independent providers range from local tour guides and taxi services to local attractions providing an offer directly to cruise passengers. Independence, however, is very reliant on the availability of transport links between a port and its destination hinterland.

2.54    Other onshore service providers include the welcome teams (often volunteers from the local community) who work at some ports and/or local cruise groups to co-ordinate cruise activities to ensure an efficient welcome and information service and most of all a positive visitor experience.

## Destination actors

2.55    In each of the destinations in the hinterlands of Scotland's ports there are a number of actors which are part of or are supporting the cruise tourism sector. Some of these are local businesses (including shops, bars, cafes and restaurants), visitor attractions and activity providers; their level of engagement with other actors in the cruise tourism ecosystem varies greatly from destination to destination.

2.56    The most established relationship is between visitor attractions and the shore excursion companies. For example, larger organisations like Historic Environment Scotland and the National Trust for Scotland have travel trade teams who negotiate packages and prices for organised cruise passenger tours to their numerous sites and attractions. They tend not to deal directly with cruise lines themselves, however, with the growth in expedition cruising, there is a growing appetite to deal directly with these smaller cruise lines.

2.57    Local activity providers, in packaging offers for cruise passengers, attempt to engage with shore excursion companies in the first instance in order to become part of a cruise line's shore excursion offering. In some cases, they liaise directly with smaller cruise lines to provide bespoke products, e.g. on-board food and drink tasting events.

2.58    Local businesses in port of call towns may adapt for example, their retail offering to suit the nationality and type of cruise passenger expected on a particular day which may involve having menus or signage in the language of visiting passengers or stocking particular products known to be popular with certain types of passengers.

2.59    An important actor in the ecosystem is the destination management organisation (DMO) or destination group. DMOs have an important role in managing and marketing those destinations to cruise passengers and cruise lines as well as supporting local businesses to take advantage of the market opportunities that cruise tourism can bring. In some areas, destination (cruise) groups have specifically come together to manage, co-ordinate and consolidate the onshore visitor offering and can comprise, for example, the local authority, community council, local tourism association/DMO, harbour master and local businesses, for example Port of Oban Cruise and Cruise Forth. There are some 15-20 DMO/groups serving destinations which welcome cruise tourists.

## Supporting the ecosystem

2.60    Finally, within this complex ecosystem we have public sector organisations whose role it is to foster sustainable economic growth, maximise the potential of high-growth companies and sectors, and ensure a placed-based approach to socio-economic development – especially where tourism

destinations are concerned. As well as this, they provide other support and guidance to local destinations' communities and businesses. This includes local authorities (who are port authorities in some places), and Scotland's enterprise agencies, SE, HIE and the new South of Scotland Enterprise. The enterprise agencies in particular have a remit to direct regionally- and nationally-significant investment to help realise development opportunities. Specific to tourism and cruise tourism, this includes VisitScotland (Scotland's national tourism organisation), the Scottish Tourism Alliance (the representative body for the tourism industry), and Cruise Scotland (a membership-based marketing organisation for ports and other organisations with an interest in the cruise industry in Scotland).

2.61     The interplay between all the actors in the cruise tourism ecosystem is multifaceted and differs from port to port and from island to mainland destination.

## Summary

2.62     Globally the cruise industry has grown steadily over the last decade. This trend is expected to continue, with large numbers of cruise vessels being debuted over the coming years. Cruise tourism has also diversified into specialist areas, with growth in boutique, expedition and themed cruises. Passengers have also moved away from booking tours offered by the cruise line to planning more independent visits while onshore.

2.63     Europe has experienced high growth in cruise passenger numbers in the last decade, and capacity in North-West Europe and the British Isles has outstripped that of other European destinations. The UK cruise market is rapidly evolving with the commission of expedition craft for cruising. Given strong growth in the Scottish cruise market, over 1 million passengers were forecast in Scotland in 2020, although this was prior to the COVID-19 pandemic which will undoubtedly impact on this.

2.64     Cruising is of local, regional and national significance to Scotland, providing jobs and supporting businesses. However, the cruise industry does not automatically benefit the communities where ports are based, and the industry faces pressure relating to its sustainable community and environmental impact. Large vessels, in particular, face – and present - these environmental challenges. New technology such as LNG and shore power are helping to limit environmental impacts.

2.65     The Scottish cruise ecosystem is a complex one, with multiple actors involved. These include the cruise operators, port authorities, port agents and shipping agents. These key players have varying interdependencies with other onshore actors (ground handlers, excursion providers, welcome teams, tour guides) and destination actors (local businesses, groups, attractions and the public sector). These relationships differ from cruise operator to cruise operator and from area to area.

# 3     Cruise tourism: volume and value to Scotland

## Introduction

3.1     This chapter sets out the estimated volume of cruise tourism to Scotland in recent years, and that forecast over the next few years. It also estimates the value of passenger and crew spend from cruises calling at Scottish ports, using a robust methodology, and gives consideration to the spread of this expenditure throughout the country. The methodology is set out in detail in **Appendix 3.**

3.2     Please note that the data in this chapter relate to the 21 ports covered within this research. There are a small number of other, smaller ports in Scotland receiving cruise calls, such as Gairloch, Iona, Kyle of Lochalsh, Raasay and Rum. The number of calls at these ports is very low, and are not considered in this chapter, although it is assumed that they bring localised impacts (e.g. berthing fees, some visitor) that are positive to the remote economy and should not be overlooked.

## Data collection

### Data collection

3.3     The research team consulted with all 21 ports within scope for the research to gather qualitative and quantitative information. This was then followed-up with an emailed proforma which asked for data on cruise calls and passengers by vessel size for the years 2014 to 2019, as well as port information such as quay, berthing and anchorage facilities. This was supplemented by information provided by Cruise Scotland on each port, including port infrastructure, other port users and key attractions.

3.4     A number of cruise operators were also consulted for the research. This covered qualitative and quantitative information on past and future cruise calls to Scottish ports, key onshore attractions for visited ports and any information on passenger and crew expenditure. In addition, this was followed up by an emailed proforma asking for data on the type of cruise ship, cruise calls, passenger and crew numbers by vessel size over the period 2014 to 2019, and any data held on average passenger and crew expenditure and the proportion of passengers and crew disembarking at ports.

3.5     The information gathered from both ports and cruise operators was then supplemented by a review of previous studies on the economic impact of cruise, including average passenger and crew expenditure. It should be noted that there is little by way of robust passenger and crew spend data, particularly at the Scotland and UK level. That is due to the lack of existing passenger surveys and the general reluctance of cruise companies to ask their passengers about onshore expenditure. However, some benchmarks are available through CLIA and GP Wild research. These have informed our development of the expenditure model (see **Appendix 3**).

### Data analysis

3.6     The study team sorted data on cruise calls, passengers and expenditure by the following spatial levels:

- Scotland;
- Scottish Enterprise, Highlands and Islands Enterprise, and South of Scotland Enterprise regions;
- Local authority; and
- Port.

3.7     The data was then input to a data matrix and analysed for trends over time by vessel size and geography.

## Scottish calls and visitor numbers

3.8     The Scottish ports in the research received approximately 862 cruise calls and 773,000 passengers in 2019.  This accounted for c.5% of all overnight tourist visits (and c.1% of total tourist visits) in Scotland in 2019.  The numbers of calls and passengers have grown continuously year-on-year since 2014, as shown in Table 3.1.  Cruise calls have grown strongly by 90% over this period while the number of passengers has grown by 89%.

3.9     This is particularly strong growth, and is higher than overall passenger growth at the Northern European level for 2013 to 2018, as shown in Chapter 2.

*Table 3.1: Cruise calls and passengers to Scotland, by vessel size (2014-2019)*

|  | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | % change (2014-2019) |
|---|---|---|---|---|---|---|---|
| **Cruise calls** | **454** | **463** | **607** | **686** | **747** | **862** | **90%** |
| *Mega ship* | *36* | *50* | *49* | *52* | *54* | *59* | *64%* |
| *Large ship* | *61* | *59* | *79* | *105* | *118* | *119* | *95%* |
| *Medium ship* | *92* | *93* | *124* | *161* | *185* | *188* | *104%* |
| *Small ship* | *129* | *121* | *155* | *149* | *178* | *199* | *54%* |
| *Boutique ship* | *139* | *137* | *201* | *218* | *213* | *306* | *120%* |
| **Passengers** | **409,334** | **455,081** | **519,535** | **626,323** | **727,056** | **772,879** | **89%** |
| *Mega ship* | *128,377* | *172,383* | *168,996* | *189,324* | *211,182* | *195,008* | *52%* |
| *Large ship* | *114,728* | *118,866* | *143,176* | *188,706* | *220,919* | *253,720* | *121%* |
| *Medium ship* | *99,218* | *89,597* | *119,323* | *146,086* | *186,005* | *204,532* | *106%* |
| *Small ship* | *49,447* | *54,374* | *63,204* | *85,734* | *83,093* | *86,125* | *74%* |
| *Boutique ship* | *15,345* | *15,802* | *20,433* | *23,312* | *24,454* | *33,483* | *118%* |

*Source: ekosgen primary research. Please note the column totals may not sum due to incomplete data on breakdown by vessel size. Missing data for some years and ports will impact on the trend shown. The data is for the 21 Scottish ports within scope of the research. The data includes all passengers on cruise vessels, regardless of whether they disembark at each port.*

3.10     The growth in cruise calls and passengers has been driven by growth across all vessel sizes. However, there has been particularly high growth in the boutique and medium-sized vessel cruises. Calls by these vessels at Scottish ports have more than doubled over the period – by 120% and 104%, respectively.  The rise in calls from boutique vessels in particular is linked to the growth in luxury and expedition cruising.

3.11     The percentage growth in calls from large ships is also faster than average (95%), whilst growth from mega and small ships have been slower, at 64% and 54% respectively.  The indexed change in cruise calls by vessel size is shown at Figure 3.1.

*Figure 3.1: Index of cruise calls by vessel size (2014-2019)*
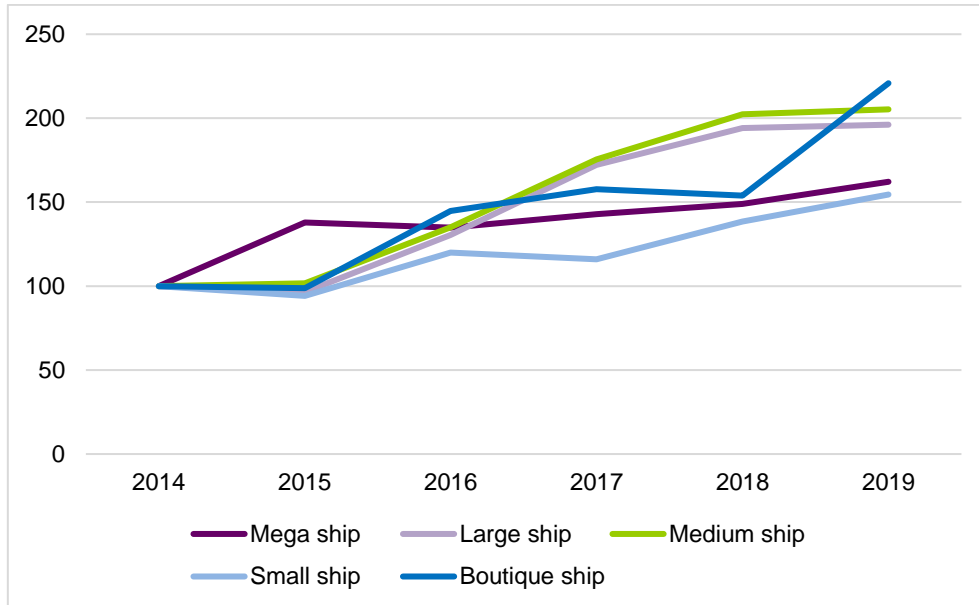


*Source: ekosgen and Reference primary research. Please note the data is for the 21 Scottish ports within scope of the research.*

3.12    The percentage growth in passenger numbers by vessel size broadly follows the trends in calls, as shown in Figure 3.2.  Again, this illustrates the strong growth in boutique cruises and large cruise vessels in particular. Passenger numbers on both types of vessels more than doubled in number between 2014 and 2019.

*Figure 3.2: Index of passengers by vessels size (2014-2019)*
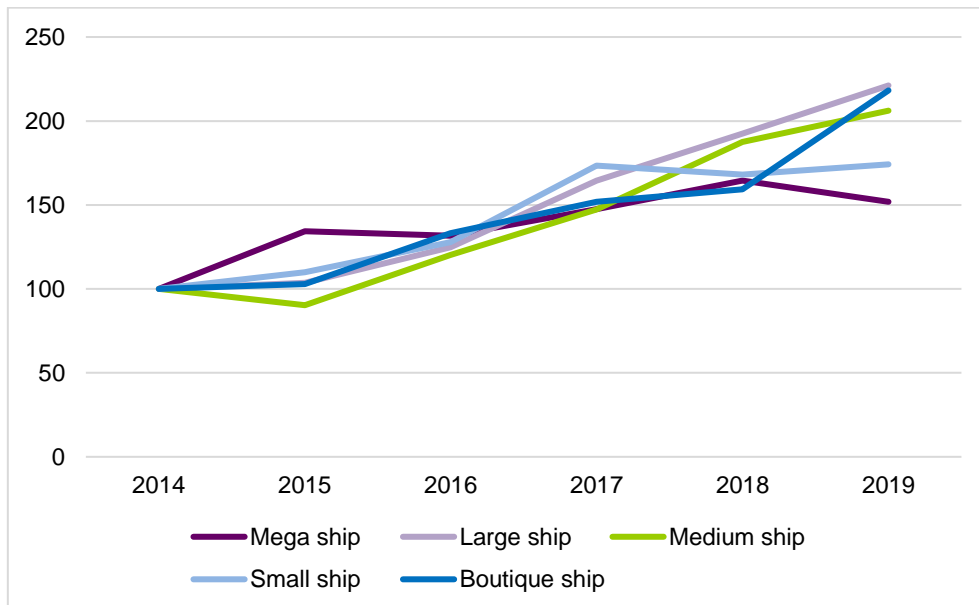


*Source: ekosgen and Reference primary research. Please note the data is for the 21 Scottish ports within scope of the research.*

# Port calls and passenger numbers

3.13    Cruise tourism to Scotland has been strongly concentrated in the Highlands and Islands.  This is illustrated in the following figures which show the spread of cruise calls (Figure 3.3) and passengers

(Figure 3.4) in 2019 by local authority. During this year, the Highlands and Islands had almost three in four (73%) of Scotland's total cruise calls, and welcomed 61% of cruise passengers.

3.14    Within the Highlands and Islands, these are particularly concentrated in Orkney, Shetland and some ports in Highland, due to the high numbers at Kirkwall, Lerwick and Invergordon ports.

*Figure 3.3: Cruise calls by local authority (2019)*
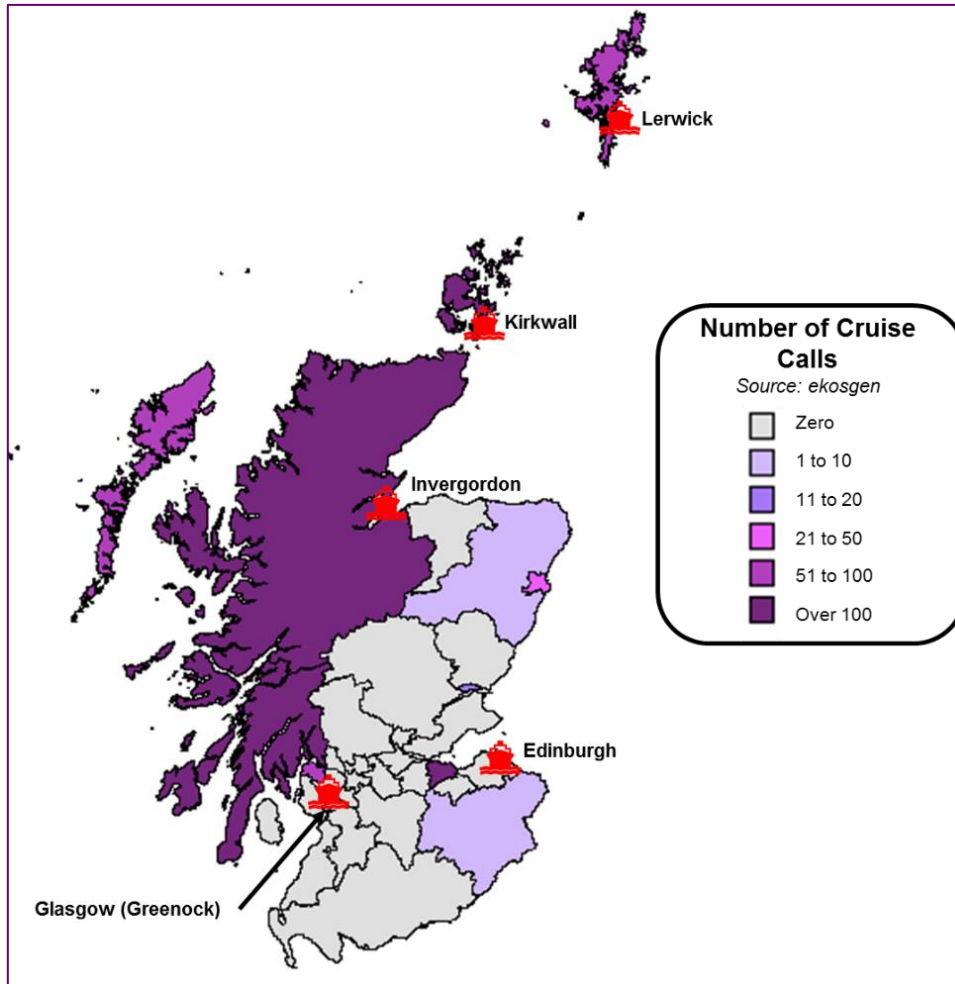


*Source: Analysis based on ekosgen primary research. Please note the data is for the 21 Scottish ports within the scope of the research.*

*Figure 3.4: Passengers by local authority (2019)*
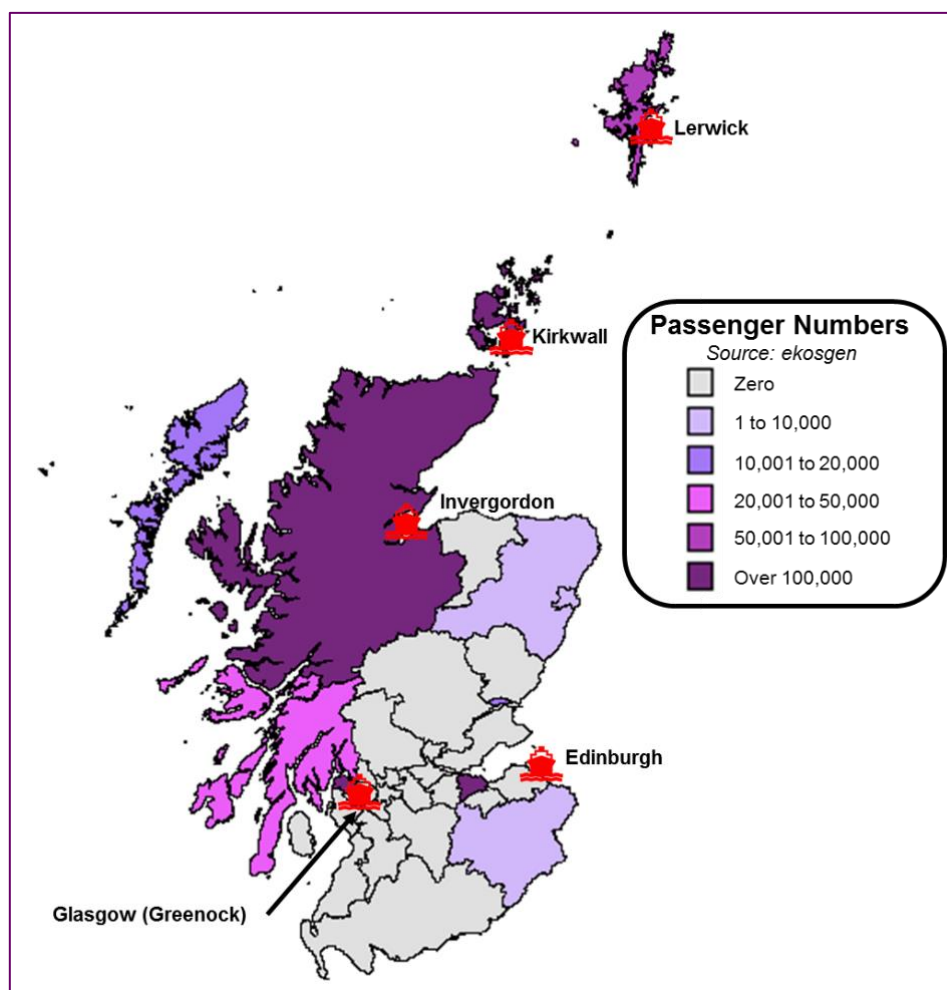


*Source: Analysis based on ekosgen primary research. Please note the data is for the 21 Scottish ports within scope of the research.*

3.15    The 21 Scottish ports within scope for the research can be categorised as marquee and boutique ports. The marquee ports are Invergordon, Edinburgh, Kirkwall, Lerwick and Greenock, and the other 16 are boutique ports.

3.16    As expected, the marquee ports attract larger cruise vessels than smaller, boutique ports. In 2019, the five marquee ports accounted for almost two thirds (63%) of all Scottish cruise calls and a much higher proportion (85%) of the passengers.

3.17    However, growth rates over time have been stronger amongst the boutique ports. From 2014 to 2019, the number of cruise calls at Scottish boutique ports more than doubled (111%, +167 calls) and the passenger numbers almost trebled (182%, +74,000). This was faster growth than the marquee ports, which saw an 80% (+241) rise in calls and 79% (+388,000) rise in passengers.

3.18    Trends in cruise call and passenger numbers for individual ports are given at Table 3.2.

# Visitor spend

## Introduction

3.19    This section sets out our estimates of passenger and crew expenditure from cruise calls to Scottish ports in 2019. The expenditure model goes further than existing estimates of cruise passenger

expenditure by considering: the type of cruise (size of vessel); the port of call (marquee or boutique); the proportion of passengers and crew who disembark at each port; and the proportion of passengers who book an organised tour from the cruise operator. The expenditure methodology is explained in full at **Appendix 3**.

3.20    Please note that expenditure in this section relates to *direct* passenger and crew spend during their time onshore during cruise calls at Scottish ports. It does not include the following:

- Indirect and induced effects

- Additional spend by passengers at turnaround or embarkation ports e.g. on hotels

- Spend by the vessel at Scottish ports e.g. port charges, fuel, supplies etc.

- Spend by passengers on organised tours purchased through the cruise operator.

## Spend across Scotland

3.21    It is estimated that **£40.6 million** was spent directly onshore by the passengers and crew of cruises visiting Scotland in 2019. This represented 0.7% of all tourism expenditure in Scotland in 2019. Estimated spend by passengers and crew arriving at individual ports is given at Table 3.2 below. It shows the dominance of the five marquee ports in terms of cruise calls, passenger numbers and estimated passenger and crew expenditure.

*Table 3.2: Calls, passengers and spend by Scottish port (2019)*

| Port | Calls | | Passengers | | Estimated average passenger spend | Estimated passenger and crew spend |
|---|---|---|---|---|---|---|
| | Number | % change since 2014 | Number | % change since 2014 | | |
| Invergordon | 104 | 89 | 167,702 | 133 | £44 | **£8.9m** |
| Edinburgh | 107 | 45 | 139,055 | n/a | £45 | **£7.6m** |
| Kirkwall | 158 | 108 | 132,388 | 109 | £47 | **£7.6m** |
| Greenock | 76 | 55 | 143,855 | 55 | £41 | **£7.1m** |
| Lerwick | 99 | 102 | 76,233 | 74 | £50 | **£4.7m** |
| Portree | 32 | 33 | 22,690 | - | £32 | **£0.9m** |
| Tobermory | 37 | 68 | 20,300 | 80 | £29 | **£0.7m** |
| Stornoway | 57 | 46 | 16,347 | 39 | £32 | **£0.7m** |
| Ullapool | 31 | 138 | 11,747 | 85 | £33 | **£0.5m** |
| Oban | 51 | 219 | 10,452 | 90 | £33 | **£0.4m** |
| Dundee | 11 | 450 | 11,360 | n/a | £31 | **£0.4m** |
| Fort William | 15 | - | 6,290 | - | £35 | **£0.3m** |
| Holy Loch | 14 | 180 | 4,000 | 627 | £35 | **£0.2m** |
| Aberdeen | 28 | 133 | 3,340 | 67 | £40 | **£0.2m** |
| Scrabster | 10 | 25 | 2,808 | 32 | £36 | **£0.1m** |
| Campbeltown | 8 | 100 | 1,600 | 700 | £36 | **£0.1m** |
| Peterhead | 7 | 600 | 1,253 | 1,593 | £40 | **£0.1m** |
| Inverness | 8 | - | 926 | - | £40 | **£0.1m** |
| Port Ellen | 8 | 60 | 299 | 56 | £40 | **<£0.1m** |
| Eyemouth | 1 | - | 234 | - | £40 | **<£0.1m** |
| Montrose | 0 | - | 0 | - | - | **£0** |
| **Total** | **862** | **90** | **772,879** | **148** | **£43** | **£40.6m** |

*Source: Analysis based on ekosgen primary research. Please note the data is for the 21 Scottish ports within scope of the research.*

3.22    Cruise tourism represents 5% of Scotland's overnight tourist volume and 1% of total (overnight and day) tourist volume; it also comprises less than 1% of both overnight expenditure and all tourism expenditure, as shown at Table 3.3.   However, this masks variations across the country.   The contribution of cruise spend as a proportion of the local tourism economy varies significantly from port to port and their hinterlands.  Cruise tourism is of little importance in some landlocked regions or regions without major (cruise) ports, such as Fife, Perthshire, Dumfries and Galloway, Scottish Borders and Ayrshire and Arran.

3.23    However, analysis of domestic and international tourism volume and spend by VisitScotland region shows that cruise tourism in the Highlands and Islands region[49] accounts for up to 17%[50] of overnight tourism volume and 3% of all tourism volume, and 3% of overnight expenditure and 2% of all tourism expenditure.   There are further significant variations within this region.   For example, it is estimated that cruise tourists make up the vast majority of overnight tourists to Orkney and Shetland each year, although associated expenditure from cruise tourism is much smaller.  In large urban centres, such as Glasgow and Edinburgh, cruise tourism represents a smaller but still sizeable share of overnight tourism, but is negligible when compared to the scale of all tourism in these areas.

*Table 3.3: Cruise tourism as a proportion of all tourism, by region (2018)*

| Region | Overnight tourism only | | Overnight and day tourism | |
|---|---|---|---|---|
| | Pax % | Spend % | Pax % | Spend % |
| L. Lom, Stir, Tross, Argyle | 2% | >1% | >1% | >1% |
| Ayrshire & Arran | 0% | 0% | 0% | 0% |
| Dumfries & Galloway | 0% | 0% | 0% | 0% |
| Dundee & Angus | 3% | >1% | 0% | 0% |
| Fife | 0% | 0% | 0% | 0% |
| Grampian | >1% | >1% | 0% | 0% |
| Gtr Glasgow, Clyde Valley | 5% | 1% | 1% | >1% |
| Highlands & Islands[51] | 17% | 3% | 3% | 2% |
| *Outer Hebrides* | *6%* | *1%* | *n/a* | *>1%* |
| *Orkney* | *84%* | *13%* | *n/a* | *n/a* |
| *Shetland* | *79%* | *17%* | *n/a* | *n/a* |
| *Isle of Skye[52]* | *11%* | *2%* | *n/a* | *n/a* |
| Lothian | 3% | >1% | >1% | >1% |
| Perthshire | 0% | 0% | 0% | 0% |
| Scottish Borders | >1% | 0% | 0% | 0% |
| **Scotland** | **5%** | **1%** | **1%** | **>1%** |

*Source: ekosgen, IPS, GBTS and GBDVS.*

3.24    When compared to other tourism sectors, there are similarities.  For example, the value of cruise tourism and mountain biking tourism to Scotland are comparable, as shown at Table 3.4, although the mountain biking and sailing figures includes accommodation spend, which, of course, is not required for cruise tourism.   It is estimated that cruise tourism generates the same average day spend as day trips in Scotland.  Golf tourism has a higher average day spend than cruise tourism; however, golf tourism is typically associated with a high-spending type of visitor and is a relatively high cost sport.

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[49] Please note that VisitScotland regions have been used here given that data is collected at these spatial levels. Here, the VisitScotland Highlands region includes the Highland, Moray, Orkney Islands, Shetland Islands and Eilean Siar local authorities.

[50] Calculations based on VisitScotland and VisitBritain visitor numbers 2018

[51] Lack of day visitor data available below Highlands and Islands level precludes calculation of proportion of all tourism visits and spend.

[52] Available GBTS data on overnight visitor spend for Skye includes domestic overnight visitors only.

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*Table 3.4: Benchmarking the value of cruise tourism*

| Sub-sector | Average day spend | Total expenditure | Source |
|---|---|---|---|
| Cruise | £43 | £41m | ekosgen, 2019 |
| Mountain biking | £69* | £45m | Frontline, 2014 |
| Golf | £64 | £230m | VisitScotland, 2016 |
| Sailing | £122* | £21m | Ekos, 2016 |
| Live music | £197^ | £183m | UK Music, 2016 |
| Day tourism | £43 | £5,777m | Great Britain Day Visitor Survey, 2019 |

*Please note: * denotes average spend per night and ^ denotes average spend per visit*

3.25    Figure 3.5 shows an estimate of the breakdown of this expenditure by local authority. This takes into account where passengers and crew tend to visit during port calls. For example, many passengers that call at Greenock visit Glasgow or Edinburgh and spend money there.  Again, this shows the concentration of spend in the Highlands and Islands, but also that there are some pockets of high spend in the Central Belt, particularly Edinburgh, Glasgow and Stirling.

*Figure 3.5: Passenger and crew expenditure by local authority of spend (2019)*
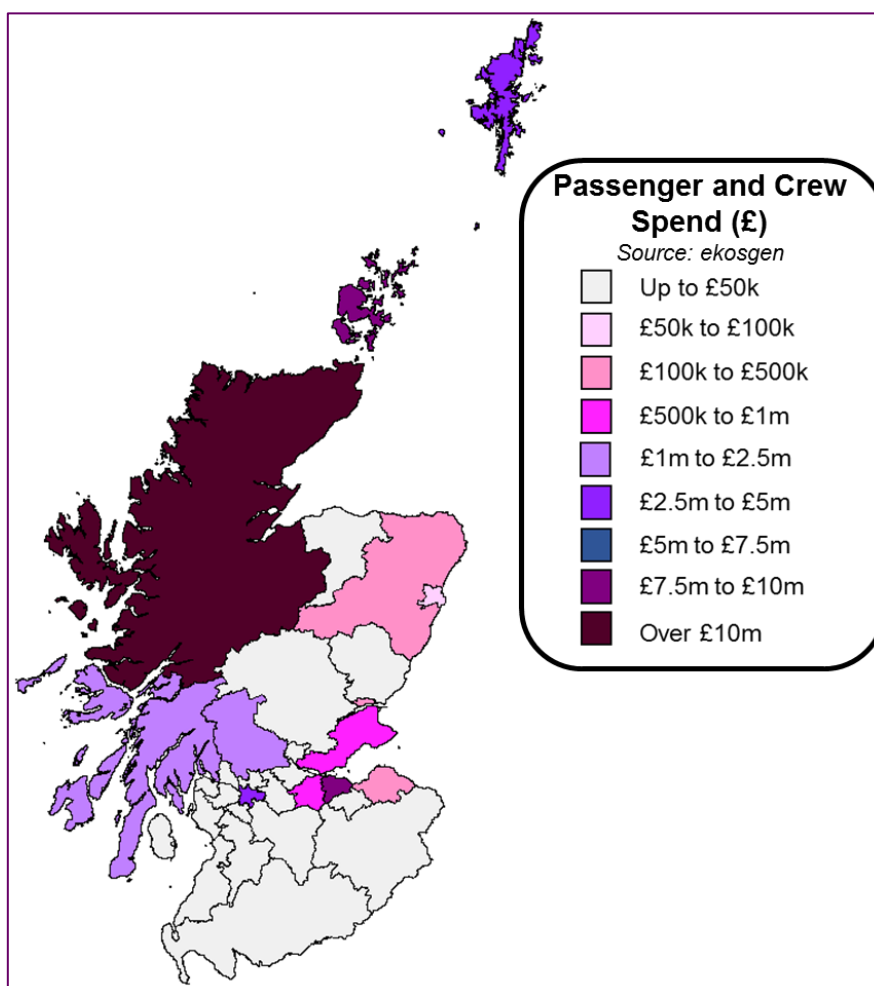


**Passenger and Crew Spend (£)**
*Source: ekosgen*

- Up to £50k
- £50k to £100k
- £100k to £500k
- £500k to £1m
- £1m to £2.5m
- £2.5m to £5m
- £5m to £7.5m
- £7.5m to £10m
- Over £10m

*Source: Analysis based on ekosgen primary research. Please note the data is for the 21 Scottish ports within scope of the research.*

## Spend at marquee ports

3.26    As well as being concentrated geographically, passenger and crew expenditure is strongly concentrated at calls to marquee ports.  Calls to these five ports accounted for an estimated £9 in every

£10 spent by cruise passengers and crew to Scotland in 2019 (88% of the total). This illustrates the scale of cruise tourism impacts that are generated by these five ports.

3.27    The following figures set out the local authority areas where the expenditure by passengers and crew to marquee ports are estimated to be spent. Note that Kirkwall and Lerwick ports have not been included given that spend at these ports is assumed to be self-contained within Orkney and Shetland respectively.

3.28    Figure 3.6 shows the estimated spread of the £7.1 million spend generated through Greenock port. Greenock is highly distinctive, when compared to other Scottish ports, in that very little of the passenger spend is retained within Inverclyde, although anecdotal evidence suggests that a lot of the crew spend is local. Much of the passenger spend is concentrated in Scotland's two main cities – Glasgow and Edinburgh – where the majority of tours go from Greenock, while a smaller proportion is seen in Stirling and Argyll and Bute through trips to Loch Lomond.

*Figure 3.6: Estimated spread of passenger and crew spend from Glasgow (Greenock) (2019)*
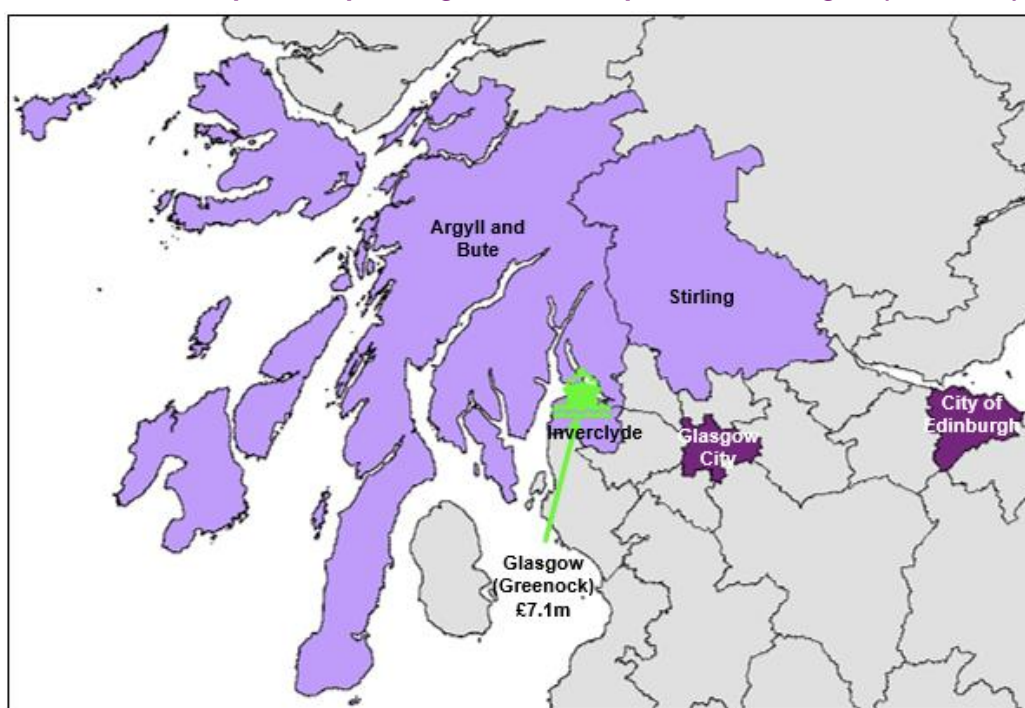


*Source: Analysis based on ekosgen primary research. Please note: the darker the colour, the higher the spend in the local authority.*

3.29    The estimated spread of the £7.6 million generated through Edinburgh port is shown at Figure 3.7. This spend is more focused, covering a smaller geographical area than Greenock, with the majority staying within the City of Edinburgh, and some leaking out to Fife (e.g. for tours to St Andrews), Stirling (e.g. for tours to Stirling Castle), East and West Lothian (for various tours and shopping, such as Linlithgow Palace, Glenkinchie Distillery and Livingston Designer Outlet) and Glasgow.

**Figure 3.7: Estimated spread of passenger and crew spend from Edinburgh (2019)**



*Source: Analysis based on ekosgen primary research. Please note: the darker the colour, the higher the spend in the local authority.*

3.30 Finally, Figure 3.8 illustrates the geographical spread of the estimated £8.9 million passenger and crew expenditure from cruises calling at Invergordon. Given the location of Invergordon port within Highland, all of this spend is retained within Highland and mainly within a 40 mile circumference of Invergordon. This includes trips to Inverness and tours to Loch Ness, Dunrobin Castle and other popular attractions in the surrounding area.
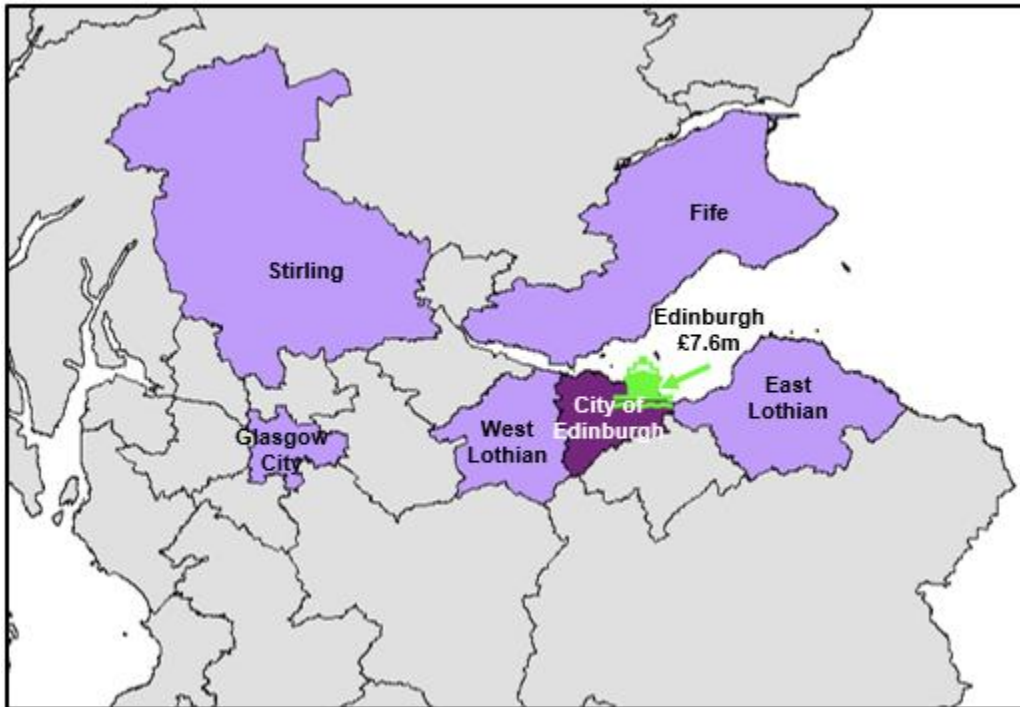
*Figure 3.8: Estimated spread of passenger and crew spend from Invergordon (2019)*
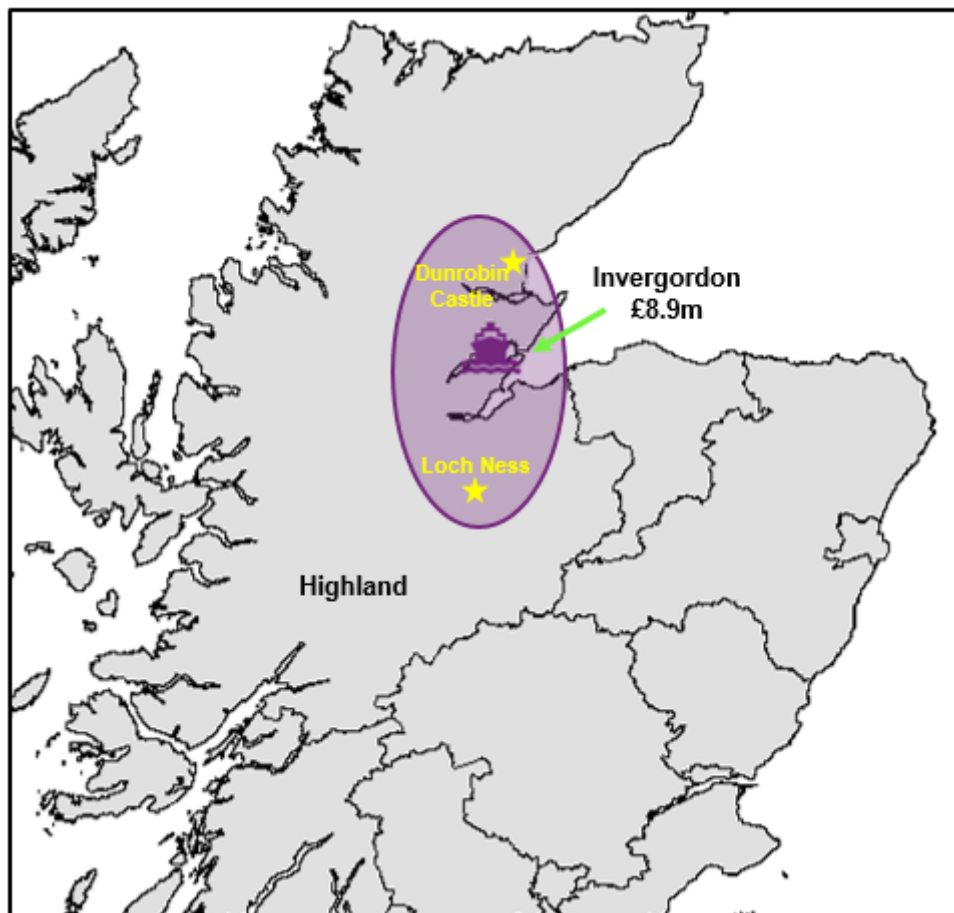


*Source: Analysis based on ekosgen primary research.*

## Spend on tour bookings

3.31    The expenditure model used for the preceding analysis is for the *direct* spend by passengers. In this model, the price of a tour booked through the cruise operators stays with the cruise line, i.e. this spend is excluded as the direct spend leaks out of the Scottish economy. However, we know that a proportion of that spend will go to local agents, for example the tour operator, coach operator, admission to the attraction etc.

3.32    By focusing on spend outwith the cruise vessel and activities organised by or through the cruise operator, this understates the total passenger expenditure onshore in Scotland. Anecdotal evidence gathered through the consultations suggests that up to half of the price of a tour could go to local agents. If we assume that 25-50% of the price of a booked package tour (an average of £45, see **Appendix 3**) be retained locally through these agents, then it is estimated that the total expenditure of cruise passengers and crew in 2019 would **increase from £40.6 million to between £45.5 million and £50.4 million**.

## Forecast volumes

3.33    As of January 2020, there were an estimated 520 cruise calls scheduled for the 21 Scottish ports within the scope of the research, and 410 in 2021. This was a conservative estimate given that forecast calls were not available for a small number of smaller ports e.g. Port Ellen, Peterhead.

3.34    However, given the current COVID-19 pandemic, and in particular the high profile case of the Diamond Princess Cruise left quarantined off the Japanese coast in February 2020, it is highly likely that

there will be a significant negative impact on the number of booked cruise calls and passengers globally in the short to medium term as cruises are cancelled during 2020 or redeployed away from Europe.

3.35    However, early signs are that the pandemic has the potential to be more disruptive to large/mega vessels, given the volume of passengers and crew. If current trends in the type of vessels continue in Scotland, then the country may still be positioned to market to and receive cruise calls from expedition and boutique cruise ships.

## Summary

3.36    Cruise calls and passenger numbers have grown strongly and continuously in Scotland between 2014 and 2019, by 90% and 89% respectively.  This is faster growth in passengers than for Northern Europe over a similar period.

3.37    Growth in the Scottish cruise market has been across all vessel sizes, although calls from boutique and medium-sized vessels more than doubled over this period.  The growth in boutique vessels is linked to the growing trend for luxury and expedition cruising which tend to require small ships.

3.38    The Scottish cruise market is heavily concentrated geographically and by type of port.  Firstly, cruise tourism is focused in the Highlands and Islands region, which accounts for over 7 in 10 cruise calls and over 6 in 10 passengers.  Within this, cruise activity is largely concentrated in the north east areas of the region, largely due to the presence of Kirkwall, Lerwick and Invergordon ports.  Secondly, cruise tourism is also concentrated at the five marquee ports, which account for 85% of all passengers.  Despite this, cruise activity at boutique ports grew faster than marquee ports between 2014 and 2019.

3.39    Although cruise tourism accounts for around 5% of Scottish overnight tourism volume and 1% of overnight and day tourism volume in 2019, it represents less than 1% of spend for both.  It is estimated that £40.6 million was spent directly onshore by cruise passengers and crew in Scotland in 2019.  This is a conservative estimate and does not include indirect and induced effects or some spend on tours booked through the cruise operator that is retained locally.

3.40    The economic benefits of cruise tourism are not evenly spread across Scotland.  Much of the spend is focused in parts of the Highlands and Islands and the Central Belt.  The five marquee ports account for £9 in every £10 spent by cruise passengers and crew in 2019.

3.41    It is currently unknown what impact the COVID-19 pandemic will have on booked cruise calls and passengers to Scottish ports beyond 2020.

# 4 Cruise tourism: Scottish ports

## Introduction

4.1 This chapter considers issues arising from cruise tourism in Scotland with relation to Scotland's ports. The chapter draws on findings arising from consultations with ports and destinations, strategic stakeholders and cruise operators, as well as from the analysis of port data as set out in the port profiles presented in **Technical Annex A**.

4.2 The effect on cruise tourism is considered, along with any impacts for ports and their immediate surroundings. The significance of cruise traffic and its fit with other port uses is examined, along with relationships between ports. The chapter also discusses the factors attracting cruise operators to particular ports, and the evident appetite for cruise tourism activity and development amongst Scotland's ports. The discussion is framed by a suggested typology for Scotland's cruise ports.

## A possible port typology

4.3 Based on discussion with ports, it is possible to establish a Port Typology for Scotland. This is informed by the current level of cruise traffic received, growth aspirations, available infrastructure, and access to finance. The typology is as follows:

- **Leading**: Ports already having significant cruise activity and looking to continue to grow, including through further investment as required. This includes Forth Ports (Edinburgh and Dundee), Greenock, Orkney, Invergordon, Lerwick.

- **Aspirational**: Looking to invest or currently investing in port infrastructure to grow cruise business and move to/towards leading status. This includes Aberdeen, Stornoway, Scrabster.

- **Growth potential but financially constrained**: Notably local authority ports, including Portree, Fort William, Inverness, Oban, Eyemouth, Tobermory, Ullapool.

- **Reactive**: Smaller ports aiming to benefit from overall market growth but with limited marketing effort and investment. Campbeltown, Holy Loch, Montrose, Peterhead, Port Ellen.

4.4 This typology helps to frame the subsequent discussion.

## Significance of cruise traffic income

4.5 For most ports in Scotland, cruise is not a major part of their current or expected future income. This reflects the fact that the number of cruise calls is generally low in absolute terms, and cruise tourism is seasonal. However, many ports are keen to benefit from the growing cruise market.

4.6 It appears that in general, revenue from cruise tourism is at or below 5% of turnover for ports. While not all ports contacted through the research provided the relevant information, only four reported cruise accounting for as high as between 10% and 15% of total turnover (Invergordon, Lerwick, Orkney and Tobermory).

4.7 The first three of these ports have relatively high cruise numbers but also have significant other traffic, such as scheduled ferry services, oil and gas related activity and cargo vessels. Tobermory has lower cruise activity but compared to the other three ports, a smaller amount of non-cruise business.

## Fit with other port uses

4.8     There is a wide range of use of the ports beyond cruise.  The most common ones noted were bulk or container freight vessels; scheduled ferry services; fishing; and marine leisure.  Others included offshore renewables, decommissioning and timber handling.  Also reported but less common were oil and gas related traffic and aquaculture vessels.  Based on the evidence gathered, there is no indication that these other activities are declining. Oil and gas vessels and aquaculture calls were the most likely to be reported as increasing.

4.9     Very few ports reported conflicts between cruise and these other uses.  The only conflict appears to be with freight or container ships for use of larger berths at Greenock.  However, this will be addressed through the port's dedicated cruise berth which is anticipated to be completed in 2020.

## Relationship between Scottish ports

4.10     The main perceived competition is between smaller Scottish ports that are relatively close to one another – for example, between Oban, Tobermory and Portree.  This also includes competition between mainland and island ports. The former tend to see island destinations as having a cachet for cruise lines that makes them more likely to call, for example at Stornoway rather than Ullapool. However, the *extent* to which it is felt there is competition between ports is unclear.

4.11     Other ports framed competition in terms of overlapping drive times to key onshore attractions, destinations and activities.  For example, Invergordon and Ullapool were seen as competing for cruise calls, due to their proximity to Ross-shire and Loch Ness. This is despite the two ports being on different sides of the Scottish mainland.  The same was also stated for Greenock and the Edinburgh ports, with calls at Greenock involving tours to Stirling Castle or Edinburgh.

4.12     A number of ports stated that they did not see Scottish ports as competing against one another. This was for two main reasons.  First, itineraries are multi-port, so a call at one port is reliant on calls at other Scottish ports.  Second, each Scottish port's hinterland has a different range of attractions and activities, though in some instances there is a degree of overlap (e.g. Greenock and Edinburgh ports, as discussed above).

4.13     Where new port facilities are built (e.g. Aberdeen, planned deep water berth at Stornoway) they provide needed additional capacity for specific parts of the cruise market. Thus, they increase overall cruise activity in Scotland.

4.14     There were mixed views regarding international competition for Scotland from Ireland, the Baltic and Scandinavia.  Whilst some cruise lines see these other areas as competing against Scotland, some Scottish ports see the other countries as forming part of some international itineraries and thus the ports are interdependent.

## Scottish port infrastructure

4.15     Scotland's port infrastructure is seen as having a number of **strengths**.  The range of available ports on both the east and west coasts offers variety to the cruise industry, in terms of potential destinations, and also facilities for different types of vessels.  In addition, there are ports with a number of quays (e.g. Invergordon, Orkney, Lerwick, Forth Ports) and anchorages, capable of accommodating a range of vessel sizes.  As well as this, there are a number of anchorages at smaller ports that are a short distance from shore, and well sheltered – e.g. in Campbeltown, Fort William and Portree.

4.16     A further strength is that there is clear segmentation of different users at some ports, such as at Lerwick and Inverness.  This reduces the potential for any negative social or environmental impacts, and can positively impact on the immediate impression of cruise tourism visitors.

4.17    Ports are aware of the need to invest in their infrastructure.  As a result, a range of investments are being made or proposed that will increase capacity *per se* or allow larger vessels to berth alongside where they currently have to use anchorages.

4.18    This points to what is seen as the main **weakness** of Scottish ports infrastructure, given an increasing market for larger vessels – that there is a *limited number of berths for larger vessels to come alongside*.[53]  This is particularly so on the west coast, with a lack of dedicated cruise berths.  This has led to some lines making fewer calls at Scottish ports than would otherwise be the case.

4.19    There are a number of reasons for this:

- The cost of investment relative to financial return on investment from cruise activity is considered too great.  One example given suggested that an acceptable return on investment at a small-medium sized port not currently able to accommodate cruise vessels alongside (and thus only seeing one or two cruise calls per year, with vessels anchoring and tendering passengers) could only be generated by c.100 calls per annum.

- There is a perceived better financial return from investments catering for other port users, because of the scale of activity, and also the potential for additional revenue streams.

- There is limited funding available for local authority ports (in particular) and Trust Ports to undertake port improvement or expansion activity.

- There is considerable financial risk involved in creating a dedicated berth for cruise ships.

4.20    It is arguable that there is a co-ordination failure amongst port user groups, whereby one user group is unwilling to assume the financial risk of port development by itself.  Without agreement and co-ordination amongst users for joint investment (as is the case in Stornoway's development proposals), port development does not happen.

4.21    *Some lines or specific ships will not anchor off*.  That is because of the time it takes to tender passengers, and uncertainty regarding weather conditions.  The latter can mean delays or a poor experience for passengers while tendering, or even a planned call at a port being omitted.  This can be exacerbated when anchorages are quite distant from the shore, e.g. 1½ miles at Stornoway.  Anchoring off also means that a ship cannot take on water or stores, nor can it dispose of waste during the call.

4.22    Thus, *lines that are willing to anchor off generally do not want to do so at two ports in a row, or more than once during the itinerary*.  This limits calls to ports that are well-known or perceived by cruise operators as having the best offer for onshore activities, e.g. Portree, Tobermory.

4.23    An added weakness is that many ports do not offer *shelter* for passengers awaiting tendering. These include ones where large vessels call, e.g. Newhaven, South Queensferry.  Some other ports offer limited facilities such as toilets and space for coaches, e.g. at Portree and Newhaven.  This offers a poor experience for cruise passengers, and therefore can act to deter cruise vessels from calling. Other research has identified that infrastructure in smaller ports in Scotland, in line with smaller ports elsewhere in the UK, is in need of modernisation or refurbishment.[54]

## Infrastructure immediately surrounding ports

4.24    A number of consultees identified weaknesses in onward public transport infrastructure for cruise passengers wishing to travel independently; at marquee ports, it is estimated that up to 40% of cruise passengers can be independent travellers, whilst elsewhere, independent travellers can make up to 60% of cruise visitors in destinations.  There was an identified insufficient capacity on bus services to

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[53] Typically vessels 250m+ in length

[54] ekosgen (2020) Supporting the Economic, Social and Environmental Sustainability of the UK's Marine Sectors: A research report for Marine Scotland

accommodate passenger numbers, such as from Invergordon. The distance from the port to bus stops and railway stations, e.g. at Greenock and South Queensferry also serve to act as a barrier to independent travel, though improvements to wayfinding in Greenock between the cruise terminal and Greenock Central have sought to mitigate this as far as possible, with further investment planned. Additionally, the limited frequency of public transport, e.g. train services from Thurso for Scrabster cruise passengers, is an issue. These issues all serve to constrain the options available to travellers.

## Factors attracting cruise operators to choose particular ports

4.25    There are three key factors that influence cruise operators' decisions in choosing to call at particular ports. The first is logistical. A port's location vis-a-vis other ports in the itinerary is an important consideration, in terms of vessel sailing times (it is understood that this is typically 12 hours between ports). For larger vessels, the ability to berth alongside, or the availability of a sheltered anchorage close to the shore is also important – as discussed elsewhere in this chapter.

4.26    Second, the perceived status of the port and its hinterland is of significance – and in particular, the passenger rating of it on previous calls. Larger lines operate on the basis that including less well-known destinations in an itinerary will lead to lower demand. Edinburgh is therefore seen as a must-visit call for many cruises. This reflects Edinburgh Castle as a major attraction and the city's global profile. Repeat cruise passengers still have a high demand for Edinburgh – although they would not want to visit Edinburgh Castle on two cruises in a row.

4.27    The third factor is the range and quality of attraction and activities for cruise passengers within a reasonable travel distance. These should be different at each port, so individual calls complement one another rather than providing more of the same. They will include iconic themes (e.g. whisky), locations (such as St. Andrews for golf, Loch Lomond) and locally based experiences or activities, e.g. Shetland ponies. Some smaller ports focus on the experience in their village. For example, Ullapool promotes itself as an authentic Highland village, while Tobermory sees its attractive Main Street as a key selling point.

## Appetite for cruise tourism activity and development aspirations

### Marketing and contact with cruise lines

4.28    Ports believe that they have sufficient cruise market information. The main sources of information for ports are online industry publications such as Cruise News and Seatrade, along with industry intelligence (such as from Cruise Lines International Association (CLIA)) and other online information, e.g. on new ships being built, vessel itineraries. Ports also draw on information provided by Cruise Scotland. In general, it does not seem that ports are failing to achieve their cruise potential because of a lack of market information.

4.29    Ports report that they have an appropriate level of contact with the cruise lines. There was very little evidence of ports not having enough contact, or not knowing who to target. That said, the ports do not appear to be targeting specific parts of the market (e.g. nationality of passenger). In most cases, there is only a limited awareness of changes in cruise passenger demographics or nationalities calling at their own port. Rather, they base their marketing activity on what size of vessels they can accommodate and an understanding of what the hinterland will bear in terms of number of passengers on a single day, based on the ports' own knowledge and discussion with stakeholders. They are, however, aware of general trends such as future growth expectations at the small end of the market (expedition vessels) and largest ships (c.4,000+ passengers).

4.30    The majority of ports attend the major cruise trade shows in Miami and Europe on a regular basis. Four ports (each with relatively low numbers of cruise calls) do not do so (Fort William, Montrose, Peterhead, Portree). Their only contact with the sector is via agents making cruise bookings on behalf

of the lines.  It is worth noting that two of these ports are local authority owned with marketing activity undertaken by Economic Development staff.  However, there is evidence that one or two ports may have representation through group companies (e.g. Ayr and Troon, through Associated British Ports).

4.31    Almost all ports are members of Cruise Scotland.  In most cases it is very well regarded as a source of market information, its organisation of stands at major cruise shows, and as a means of members sharing information and advice.

4.32    A small number of ports are also members of one or more of Cruise Britain, Cruise Europe and CLIA. These tend to be the ports with the highest levels of cruise activity, such as Kirkwall.  They are also the ports that visit lines' offices either in the UK or United States.  However, a number of other ports are looking to establish direct relationships with cruise operators in an effort to familiarise lines with their port and to generate calls in the light of planned investment in new port facilities.

4.33    A number of ports' marketing activity includes email contact with lines between trade shows and hosting FAM visits (familiarisation trips).

## Investments in port infrastructure

4.34    The development aspirations of some ports are evident in recent, current and prospective investments.  These provide a useful indication of the relative importance of cruise to port activity.  These are summarised below.

### Recent

- **Invergordon**: Over the last three years additional walkways, secure areas, trip hazard warnings and a new exit around the main road crossing.  They have also built premises at the port for a local volunteer tourist information group. Over £200,000 was invested in berthing additions and a taxi rank in 2018.

- **Tobermory**: £400,000 investment in 2018 on a pontoon for small vessels to come alongside, a landing area for tenders, and a new bridge.

### Current

- **Greenock**: c.£19 million for new cruise berthing and a visitor centre, scheduled for completion in 2020. This will increase the length of time that vessels can stay at the port, including overnight.

- **Invergordon**: Construction of a 218m long quayside and other elements at a total cost of £30 million, due to be completed in 2020. It will be capable of accommodating the largest cruise ships currently being designed while acting as a multi-user facility, e.g. serving the energy market.

- **Aberdeen**: Facility at new Aberdeen South Harbour – accommodating 300m long vessels with a maximum 10.5m draft. Expected to be operational in 2021. This is part of a total investment of £350 million being made at Aberdeen South Harbour.

- **Scrabster**: Redevelopment of an existing pier to increase the length of vessels alongside from 180m to 250m with a deeper draft than at present. For use by cruise ships and offshore vessels. Total estimated cost of c.£17 million.

### Prospective

- **Stornoway**: Development of a multi-user deep water berth. This would be capable of accommodating cruise ships up to 330m compared to the current 156m maximum. This investment is at design stage and public sector funding is being sought, aiming to be operational in either 2022 or 2023.

- **Fort William**: Fort William Marina & Shoreline Company Limited have plans to extend pontoons to allow the smallest cruise ships to berth alongside. Total project cost is estimated at between £850,000 and £1 million and funding is being sought.

- **Portree**: Portree and Braes Community Trust's vision for Portree harbour includes improved roads and access, and development of the port infrastructure to provide a secure location for cruise ship passenger transfer.

- **Forth Ports**: Forth Ports are currently undertaking a strategic analysis to examine the financial case for a dedicated deep water berth at one of their facilities (as yet unidentified).

4.35    It should be noted however, that the information generated on investments shows that they are, in very many cases, currently ongoing (e.g. Invergordon) or prospective (e.g. Stornoway). Thus, it is not possible to evaluate the impacts of the investment in terms of increased cruise activity alone or indeed at this point in time.

4.36    Further, in a number of cases the new or upgraded facilities will be multi-user for example, cruise plus oil and gas and renewables related vessels. Investment may also generate other additional traffic at the port by freeing up space in areas of the port currently used by cruise ships and vessel types. Thus, it would be misleading to compare any changes in cruise activity as analysed earlier in Chapter 3, against the total cost of an investment which will cater for a range of markets.

## Other investments

4.37    In addition to physical infrastructure, ports also make other investments to support cruise activity. For example, some ports provide printed guides or promotional material for cruise passengers. Peterhead provides local area maps for visitors, whilst Invergordon publishes around 70,000 copies of a Gateway magazine to issue to cruise passengers, in which local businesses can advertise.  Similar investment includes erecting marquees with visitor information for passenger reception (e.g. Ullapool).

4.38    Others provide additional transportation.  Some bring in coaches from outside the local area to meet demand from larger cruise ships, such as at Lerwick and Kirkwall.  For example, Lerwick Port Authority spent £50,000 on bringing coaches into Shetland.  Others have provided a shuttle bus to the town centre (e.g. Scrabster).

## Capacity for increased cruise calls

4.39    Very few ports and their hinterlands appear to be near capacity for cruise activity. This reflects that most ports have low absolute number of calls and smaller passenger capacity vessels.  However, there is some evidence of areas nearing capacity.  For example, Orkney is reportedly turning away around 20 vessels per year because of lack of capacity/daily cap on number of passengers (4,500 per day).

4.40    Two other ports have, or will have, passenger limits: Scrabster will not take ships of more than 3,000 passengers – with most being less than 2,000 passengers – when their redeveloped pier is operational; and Ullapool will not take vessels of 1,200 passengers or above.  This reflects the capacity of the local infrastructure, the desire to provide cruise passengers with a good experience, and to reduce negative impacts on – and antipathy from – the local community.  This, and the other investments described above, indicate that it is not generally the case that "the port is really only interested in the ship".  Greenock was also reported as turning away a number of small cruise ships in 2019, but this was in preference to freight vessels, rather than any capacity issues in the town, or in Greenock's visitor hinterland.

4.41    However, it is worth noting that ports are generally reluctant to turn away any type of ship.  That is, first, for commercial reasons.  A second reason is that Trust Ports and local authority harbours exist to benefit port users and the local community.  Forth Ports and Lerwick are not turning away any ships

at present.  However, the former believe that they lose a number of calls per year because of lack of a dedicated cruise berth.

4.42    Lerwick believe their port and the wider onshore infrastructure could take up to 150 ships per annum depending on the passenger capacity of the vessels (that compares to 99 calls in 2019). However, they foresee challenges in visitor management in accepting more than one cruise ship on the same day, arising from passenger volume.

## Importance of sustainable development

4.43    Ports recognise that shipping in general, including cruise, will have to become more environmentally friendly. However, there was no clear indication of what ports are beginning to consider in terms of investment, recognising that these issues are likely to affect only a small number of them.

4.44    Some ports argued that cruise lines are already doing a lot to address environmental issues, including fitting EGCS or 'scrubbers'.  Cruise lines are fitting scrubbers to their existing fleet and acquiring new build ships that operate on cleaner fuels (e.g. LNG).  Yet they were less clear on what that means for port investment.  There is an expectation that not all vessels will operate on new fuels. Further, those that do so would only require to take on fuel at just a few ports per voyage, or even just one (i.e. the turnaround port).

4.45    A small number of ports also referred to the discharge of water and waste handling.  One example was the need for waste to be segregated by category, which was mentioned by Forth Ports in particular.  Lerwick referred to a need for cruise ships to be more environmentally friendly in their waste disposal. Some others referred to vessels in future looking to "cold iron" while in port.

## Future development – opportunities and challenges for ports

4.46    As noted earlier, many of the ports are not targeting specific parts of the market. Those that do are either aiming for: smaller vessels, as this is an identified growth market; or the growing number of larger/est vessels, in some cases supported by investment in enhanced port infrastructure.

4.47    Some ports believe that Scotland could attract some of the larger vessels that currently call at Dublin or the major ports in Norway, such as Bergen – though the consideration of Scotland attracting larger vessels should be balanced carefully with consideration of the environmental impacts that Norway itself is seeking to mitigate/reduce.  Norway is perceived as becoming less welcoming to cruise.  This is due to the negative impact on local communities from cruise visits, and the environmental impacts of larger vessels (notably emissions).

4.48    For example, Forth Ports reported that:

- Some cruise ships might no longer call at some Norwegian ports due to an increase in port charges related to vessel emissions; and

- Dublin will be making a 50% reduction in cruise calls in favour of freight vessels.  This was also mentioned by Greenock.

4.49    However, it was recognised that this could actually result in the affected lines moving some of their ships from North Europe to another part of the world. Thus, the number of calls in Scotland could actually fall.

4.50    The number of port calls are reduced by the *weaknesses of port infrastructure*, as described at 4.18-4.23. In particular, the limited ability to berth alongside is constraining.  This includes the lack of a second large berth on the west coast in addition to Greenock, which a number of lines referred to.  This

was reported as negatively impacting the number of calls at ports – Stornoway in particular. Port infrastructure that is in need of modernisation or refurbishment is another potential weakness.[55]

4.51    Further, the cost of *new/upgraded port infrastructure* could restrict future development given that cruise is only one of a number of strands of ports' business. Ongoing constraints on public sector finances will limit the funding available for infrastructure improvements at both Trust Ports and local authority facilities, though arguably there may be public good/public safety grounds for investment in port infrastructure generally, besides taking advantage of economic opportunities. For example, there have been longstanding ambitions to improve the infrastructure at Highland Council's harbour at Portree, which have not yet been fully realised.

4.52    Ports identified *onshore capacity issues* that could act as barriers to growth. These included:

- Congested road and public transport links from ports;

- Local road capacity in the wider area, including a lack of circular routes in more remote locations, e.g. in Shetland and Lewis/Harris;

- Limited parking spaces, or available space for coaches;

- Failure to develop sufficient new, distinctive onshore activities;

- Lack of tour coaches; and

- A limited number of available tour guides, e.g. Greenock, and shortage of local accredited guides in the Fort William area.

4.53    A smaller number of ports also referred to possible negative impacts on *demand* through:

- A global economic downturn;

- Projected cruise growth not being achieved; and

- Scotland possibly being seen as an expensive visitor destination as a result of Brexit and/or the introduction of a tourist tax.

## Summary

4.54    It is possible to characterise ports according to a typology based on growth aspirations, infrastructure, investment plans and access to finance: Leading, Aspirational, Growth potential, Reactive. Forth Ports, Greenock, Orkney, Invergordon and Lerwick can be considered leading cruise ports, but for many ports in Scotland, cruise is not a significant part of their business and operation. As a result, there is little conflict with other port uses, and any notable disruption or competition for berth or quayside space will be addressed through current investment (e.g. at Greenock). That said, there appears to be some overlap in terms of destination markets served by some ports – this is particularly the case for Greenock and ports around Edinburgh.

4.55    There is also little competition between ports in Scotland. Where this is the case, it tends to be between smaller Scottish ports in close proximity to each other, on Scotland's west coast. However, development activity at ports appears to be providing additional capacity for specific market segments.

4.56    The range of ports available in Scotland, and the clear segmentation of cruise sub-sectors, is a strength of Scottish port infrastructure – but this is offset by the limited availability of berths and associated port infrastructure that can accommodate larger vessels. In some instances, this is exacerbated by shortcomings in infrastructure immediately surrounding ports. Despite this, cruise

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[55] ekosgen (2020) Supporting the Economic, Social and Environmental Sustainability of the UK's Marine Sectors: A research report for Marine Scotland

operators are attracted by three main factors: a port's location in relation to other ports in Scotland; the perceived status of the port's hinterland; and the attractions that it can offer access to.

4.57    Recent and planned investments at Scottish ports demonstrates the ambition for developing the cruise sector in Scotland.  This includes expansion of quayside, berths and landside facilities at Greenock, Invergordon and Scrabster, and a new harbour facility at Aberdeen.

4.58    Few ports and hinterlands appear to be near the capacity provided by current levels of infrastructure.  Where this is the case, such as in Orkney, measures are in place to manage the number of calls and passengers received per day.  Limits at some other ports indicate that there is generally a willingness to proactively manage visitor volume.

4.59    Cruise sub-sectors with smaller vessels are an identified growth market.  Those ports that serve the larger vessel types are also keen to grow this market further.  However, growth may be impacted by internal factors, such as port infrastructure limitations, and the cost of upgrade, or the (constrained) capacity of road and transport infrastructure (particularly given the trends towards independent travellers, which transport infrastructure is constraining to an extent), as well as that of activities, amenities and facilities in destinations.

4.60    It should also be noted that the cruise sector is susceptible to global market changes outwith the control of cruise tourism actors in Scotland, and indeed the cruise operators themselves.

# 5 Cruise tourism: the cruise operators and intermediaries

## Introduction

5.1 This chapter examines the supply side of cruise tourism. It presents the views of cruise operators across a number of areas: the importance of Scotland to their operations; destination attractiveness and product development; factors influencing cruise itinerary planning; relationships with onshore actors in the cruise ecosystem; environmental and sustainability considerations; and partnership working.

5.2 The information presented in this chapter is drawn primarily from consultations with cruise operators, ground handlers and port agents. This was supplemented by a web search of cruise operators and itineraries (as of January 2020), and data proformas completed by some of the interviewed operators.

## The importance of Scotland to cruise operators

5.3 Northern Europe is an important region for cruise operators, particularly during summer deployment, and it is generally increasing in market share. Within this, Scotland is an important cruise destination to operators, and it is becoming more important over time. Scotland is typically included in round-Britain cruises and itineraries that include Iceland, the Faroe Islands and parts of Scandinavia. One operator said that:

*'Northern Europe has grown more than other regions due to investment put into the growth of cruise in some countries' (cruise operator)*

5.4 The growing importance of Scotland as a cruise destination was reported by the majority of cruise operators consulted and is supported by the analysis of cruise trends in Chapter 2. This is particularly strong for some operators, such as Hapag-Lloyd who more than doubled their calls at Scottish ports between 2017 and 2019, driven by growth in the expedition cruising market. It is also illustrated by the following quotes:

*'Scotland is becoming more and more important for us' (cruise operator)*

*'Scotland has and will become more important' (cruise operator)*

*'The passenger demand for the UK and Scotland is very high, and is increasing year-on-year' (cruise operator)*

*'The Scotland and Northern Europe market has increased in importance in the last five years' (cruise operator)*

5.5 The only exception to this was Disney, for whom Northern Europe is not a core market. Despite being highly rated by passengers, they haven't been able to grow this market in the last decade, and only have one ship serving the Northern European market. However, Northern Europe is part of their planned future expansion.

5.6 When asked about Scotland's relative importance within the Northern Europe region, operators generally felt that Norway and Iceland, and possibly the Baltics, had experienced the largest growth and investment in cruise tourism by ports. These markets are also the most popular amongst passengers, with Scotland and Ireland next on the list. However, some operators felt that strong growth in other Northern Europe destinations presented an opportunity for Scotland to link into these growing cruises,

rather than competing against these destinations.  For example, if cruises to Norway and Iceland are increasing in popularity and supply, then Scotland is a natural calling point on the way to these destinations.

*'Based on our market research, passengers favourite destination is Norway, followed by*
*Scotland, Ireland and Great Britain' (cruise operator)*

5.7      Looking to the future, many operators expected the growth of Northern European destinations to continue, with growing numbers of calls at Scottish ports forecast.  This is supported by most operators looking to expand their fleet of vessels in the short to medium term.  As stated in Chapter 2, there are currently 115 cruise vessels on order across all operators (an average of 1-2 per operator), and so increased supply is likely to translate to increased cruise calls and passengers visiting popular destinations.

## Destination attractiveness and product development

5.8      Scotland as a cruise destination has a number of distinct and fairly unique selling points.  A point that came out strongly through the research was that cruise operators clearly recognise Scotland's unique selling points (USPs) to passengers as being the history, culture and heritage and nature, rather than any specific destinations or attractions.  These are set out in Table 5.1.

*Table 5.1: Scotland's USPs to cruise passengers*

| History | Culture and heritage | Nature |
|---|---|---|
| Ancestral links | Castles | Flora and fauna |
| Story-making and telling | Whisky | Islands and lochs |
| Historical sites and stories | Golf | Remoteness |
| People and historical figures | Events | Attractive boutique destinations |
| Mystery and mystique | Shopping | Gardens |

5.9      Scotland's **history** appeals to many tourists.  The ancestral link to Scotland and Britain is particularly attractive to North American cruisers, who are often very interested in their history.  Ireland holds a very similar appeal in this respect, and many operators link Scotland and Ireland on cruises for this reason.  Cruise operators also reported that foreign passengers particularly like the story-telling behind some of Scotland's historical sites and destinations.

*'Guests are attracted to Scotland for culture, history, mystery, charm, mystique, rather*
*than for specific destinations… the most compelling market is Scotland and Ireland due to*
*the people and the environment' (cruise operator)*

5.10      Scotland has a rich **culture and heritage**, particularly when compared to other destinations in the world.  Increasingly cruise operators are looking to move away from simple sightseeing to developing more bespoke activities and experiences for guests, linking in to Scotland's cultural and events offerings.  For example, Carnival are trying to promote soft adventure (e.g. kayaking), food and drink and other activities over sightseeing, while Silversea has booked groups on a captain's guided tour of the Royal Yacht Britannia in Edinburgh.  This move away from sightseeing is illustrated in the following quotes from cruise operators:

*'Guests want to buy bespoke, different products that they can't get back home' (cruise*
*operator)*

*'We have a saying when in Scotland – 'NAC' – not another castle' (cruise operator)*

5.11      In terms of **nature**, Scotland's islands, lochs and seascapes are very important in attracting cruise passengers.  One operator stated that this was particularly so for UK passengers who are aware of these destinations but are unlikely to visit them outwith a cruise.  The fact that many of Scotland's

destinations are remote and can be difficult to get to by land makes them particularly appealing to some passengers, particularly UK and North American cruisers, as illustrated by the following quotes from cruise operators:

*'Scotland's USP is the wild and untapped nature… we don't find these in any other destinations, including Norway and the Baltics' (cruise operator)*

*'The most important offer in Scotland is the islands and lochs, Orkney and Shetland mostly, which are hugely desirable for UK passengers' (cruise operator)*

5.12    Linked to this point, operators consulted for the research were unanimous in reporting that Scotland's mix of marquee and boutique/new destinations makes it particularly appealing to passengers. A cruise incorporating Scotland takes in the larger cities that foreign guests may not otherwise visit for a long weekend and also scenic cruising to the smaller, newer destinations that are less well-known and harder to get to.

5.13    As well as the uniqueness of experiences that Scotland can offer in terms of culture, iconic sites and landscapes, cruise lines also reported that Scotland's worldwide image of having *'a big sense of hospitality'* is a key factor in itinerary planning.  Scotland's ongoing presence and position in pop culture i.e. films and music appeals to the younger generation of cruisers and cruise lines factor this into their planning, e.g. AIDA line introduced in 2019 Fort William as a port of call to allow families to visit the Jacobite Steam Train, as featured in the Harry Potter films.

5.14    In terms of future market opportunities, cruise operators acknowledge that Scotland currently delivers well across the board and this is reflected in their growing market share.  However, as the expedition and boutique market continues to grow, cruise operators in this market segment feel there is an opportunity for Scotland to translate its wildlife and outdoor experiences into a range of products/offers for this visitor group – adventure tourists and a younger demographic – which desires to visit smaller communities in more remote locations causing less environmental impact and site degradation, and potentially involves more expenditure by wealthier passengers.  However, this should be done with due cognisance of the need to ensure that sustainability and community capability is at the centre of Scotland's tourism offering.  Neglecting this would arguably risk degrading two of Scotland's most critical and valuable tourism assets.

# Cruise operator planning

## Factors influencing itinerary planning in Scotland

5.15    As mentioned in Chapter 2, cruise operators consider a range of factors when planning a cruise that is visiting Scotland.  Passenger/customer feedback from previous cruises to Scotland is one of the most common considerations, although there are a number of other factors.  Table 5.2 sets out the factors used by cruise operators when itinerary planning, split into experiential, financial, physical and natural factors.  The table illustrates the complexity of itinerary planning and the wide range of considerations for cruise operators, some within their control and others outwith.

*Table 5.2: Considerations for cruise itinerary planning*

| Factor | Description |
|---|---|
| **Experiential factors** | |
| Customer feedback | Cruise operators regularly survey passengers about their overall cruise experience, but also their experiences of individual destinations. Previous feedback is taken into account. Kirkwall and Edinburgh tend to rate very highly. Some operators survey passengers prior to a cruise to ask about their expectations. This is the most common factor taken into account when itinerary planning. |

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| Authentic and unique experiences | Many operators look to achieve a balance between 'marquee' ports (Edinburgh, Greenock, Kirkwall) which customers expect and 'boutique' ports (Tobermory, Ullapool, Holy Loch) which customers wouldn't otherwise visit. Operators are also continually looking for more improved, unique onshore experiences for their guests, including bespoke experiences that the normal tourist could not book online. Some will even change the cruise itinerary and shore excursion offer every cruise, so that they are never the same. Operators report that Scottish destinations are good at continually authentic and unique experiences for cruise passengers. |
|---|---|
| Events | Where possible, cruise operators like to coincide port calls with particular events, festivals or the opening of an attraction, for example calling at Edinburgh during the Tattoo or Lerwick during Up Helly Aa. In contrast, some will avoid certain ports on certain days, for example most attractions and offers are closed in Stornoway on a Sunday for religious reasons. |
| Word of mouth | Networking and sharing experiences is common in the cruise industry. Cruise operators often communicate with one another to share experiences, learning and understanding from different destinations. This is particularly relevant to the more boutique Scottish ports (e.g. Holy Loch, Campbeltown) that are less visited by cruise operators. |
| **Financial factors** | |
| Port fees | Port fees vary widely and can be a considerable expense for operators. Anecdotal evidence suggests that they are more expensive on the east coast of Scotland than the west coast, and this can be factored into itinerary planning. |
| Shore excursion | Cruise operators sell more shore excursions in marquee ports, such as Edinburgh, Invergordon and Kirkwall, where the excursion offer is particularly attractive. |
| Economies of scale | Although most cruise operators try to continually change and update their itineraries, some keep the same itineraries for each cruise in order to benefit from marketing and shore excursion economies of scale. |
| **Physical/infrastructure factors** | |
| Port infrastructure | This is primarily the ability to come alongside. This is particularly important to cruise lines operating larger vessels because tendering passengers to the port is costly, inefficient and passengers do not like it because of the time taken to tender. It can also be challenging for older or disabled guests. TUI Cruises operate large vessels and only call at ports with large enough berths. Currently, vessels over 250m in length can only berth alongside at Greenock, Invergordon, Kirkwall and Lerwick, although proposed investment in Stornoway and capital investment in Aberdeen that is nearing completion is set to offer additional deep water berths on the west and east coasts. |
| Port capacity | A number of cruise operators consulted stated that they can sometimes base whole itineraries around what date they are able to call at specific marquee ports, such as Kirkwall or Edinburgh. |
| Distance from the berth to the attraction | Cruise operators usually abide by a 1.5 hour journey time from the port to the onshore attraction. If operators are particularly keen on a particular attraction then this can determine which port they call at. For example, calls at Greenock can still allow tours to Edinburgh Castle, meaning that vessels can access Edinburgh from both the east and west coasts of Scotland. |
| **Natural factors** | |
| Geography | The geography of ports can often determine which ports are included or excluded in a cruise. For example, some cruises primarily targeting either Iceland or Norway but calling at Scotland are unlikely to take in both the west coast and east coast. Fred Olsen often use Rosyth for its proximity to Norway. Kirkwall and Lerwick are often used as a call between mainland Scotland and the Faroe Islands/Iceland. Similarly, operators welcome investment in a deep berth at Stornoway because it would give larger ships a second deep water berth on the west coast and offer a call between, for example, Greenock and Kirkwall. |
| Weather | Although the weather is out of an operator's control, the tendency for poor weather conditions in parts of Scotland in certain months can make calling at some ports difficult, dangerous and unattractive for guests. This is particularly true for more exposed ports on the west coast of Scotland where passengers need to be tendered, such as Tobermory. |
| Tidal restrictions | This only affects some ports, such as Inverness, and means that vessels can only enter or leave a port at certain times, which cruise operators don't like and prefer to avoid. |

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5.16    However, although some operators take a formulaic and analytical approach to these itinerary planning considerations, some operators consulted said that it can be unstructured and that they often go 'on a hunch'.  The following quote is from a cruise operator:

*'Planning itineraries is an art form that you cannot put into spreadsheets' (cruise operator)*

5.17    In summary, although there are many considerations for cruise operators, the main factors influencing itinerary planning in Scotland are passenger feedback, as is the case in other cruise regions, but also the ability for vessels to berth alongside and selecting destinations that can provide authentic, unique and memorable onshore passenger experiences.

## Factors influencing shore excursion planning in Scotland

5.18    Most cruise operators deal with one or more ground handlers who operate their shore excursion activities.  These operators sometimes procure ground handlers in different countries to operate their shore excursions for, for example, one year at a time.  Those that don't have contractual arrangements with ground handlers will tend to purchase their services on a case-by-case basis.

5.19    Often, cruise operators will rely heavily on the ground handler(s) to develop a range of shore excursion offerings for different destinations on their cruise itineraries.  Some operators, for example Hapag-Lloyd, ask their contracted ground handler to present them with a brochure of excursions from which the operator will select their preferred excursions.

5.20    Chapter 2 describes how cruise operators tend to plan the menu of onshore excursions for a cruise and offer it to passengers.  Although the vast majority of cruise lines operate all-inclusive cruises, this usually does not include shore excursions.  Only one operator consulted for the research (Viking Cruises) offers one free excursion per passenger per port of call (as well as the normal paid excursions).

5.21    Where cruise operators are involved in the planning of shore excursion itineraries, there are a range of factors that they tend to consider.  These are set out in Table 5.3.

*Table 5.3: Considerations for shore excursion planning*

| Factor | Description |
|---|---|
| Getting a balance | It is important for cruises to offer a good range of excursions to cater to all ages and abilities, for example offering one active and one non-active excursion per port, and/or one full-day and one half-day excursion. Some cruise operators get high numbers of repeat passengers (up to 40% in some cases, such as Fred Olsen and Disney) and so changing and refreshing excursions is important. |
| Passenger demography | Operators will often take into account the demographics on certain cruises in order to inform the shore excursion offering. For example, a younger average passenger age might demand more active excursions, or a cruise with primarily North Americans might demand more heritage-related experiences in Scotland. |
| Bespoke experiences | Increasingly, cruise operators, particularly luxury brands, are putting together more bespoke excursions for their guests; excursions that the general public could not book themselves. These include connecting with the local through 'meet the owner/head chef/head gardener' type excursions that go beyond just sightseeing. An example of this is a captain's tour of the Royal Yacht Britannia or a talk from the head gardener at Dunrobin Castle. |
| Passenger feedback | As with itinerary planning, feedback from previous passengers about particular attractions or excursions are important when excursion planning. Cruise operators generally report Edinburgh Castle, Stirling Castle, Loch Lomond and Loch Ness as the most popular attractions amongst passengers. |
| Capacity | Some visitor attractions – both private and those operated by the public sector – have constraints on  the number of cruise groups or passengers that they accommodate. For example, Highland Park distillery in Orkney has limited the number of cruise groups to two per day. This impacts on excursion planning, particularly for larger vessels. The differing investment models for private and publically-operated attractions will also impact on their ability to fund capacity expansions where needed. |
| Financial return | Excursions that demand a higher price and can attract and hold a larger number of passengers are more attractive financially to operators. For example, a tour of |

| Factor | Description |
|---|---|
|  | historical places and palaces in Edinburgh commands a much higher price than a walking tour of Kirkwall. |
| Recommendations from ground handlers | Given that some of Scotland's ground handlers are based in, and are well-established at running tours in, Scotland (e.g. Excursions Ltd, Island Smart), some operators will delegate decisions on shore excursions to the ground handlers, as the 'experts'. |

# Relationships with onshore ecosystem

5.22    Given the complex cruise ecosystem discussed in Chapter 2, it is important to understand the relationships between cruise operators and Scottish onshore key players (e.g. port authorities, shipping agents, ground handlers, excursion companies) and their experience of Scottish providers. These are discussed in this section.

## Partnership working

5.23    Cruise operators have varying degrees of communication with the other key players in the cruise ecosystem.  At one extreme, some operators only deal directly with ports to book calls and delegate the planning of shore excursions to their contracted ground handlers, with very little contact with other destination or public sector organisations.  These operators tend to do so because they find the ecosystem in Scotland confusing, and are not clear on the roles and responsibilities of the various players, including industry bodies, DMOs and local authorities.  On the Scottish cruise ecosystem, one such cruise operator said:

*'I am not sure it is clear… Overall, it is not a joined-up approach, communication goes via ports and ground handlers' (cruise operator)*

5.24    At the other extreme, some operators liaise regularly with ports, port agents, ground handlers and industry bodies such as Cruise Scotland and Cruise Forth.  These operators tend to recognise Cruise Scotland as the main body with responsibility for promoting cruising in Scotland.  One such operator stated:

*'Cruise Scotland are very proactive and represent all ports and promote attractions well' (cruise operator)*

5.25    Some operators pointed to experiences in other European countries, such as Norway and Spain, where there is one clear representative body that they liaise with on all matters relating to cruise. This can minimise any confusion over the roles of various organisations and allow clear communication between industry and destination.  Illustrating this, one operator in the research stated:

*'It is always better if there is a single source of information and if destinations are working collaboratively… there is no such thing as going solo with destinations, it needs to be collaborative get together' (cruise operator)*

5.26    Examples of this can include forums for each destination, to bring together the port(s), businesses, community, public sector and local government, and present it as one.  Currently, cruise operators feel that Scotland does not have one clear representative cruise body to liaise with.

5.27    On the whole, there is an appetite amongst cruise operators for greater partnership working with the Scottish cruise ecosystem.  There is an expectation amongst cruise operators that the various players should communicate important information to them proactively, and that this would be welcomed by operators.  For example, cruise operators would find it more useful if ports communicate when they are particularly busy and if attractions or industry bodies communicate when there is a new attraction opening or a festival or event happening.  This information helps cruise operators with cruise and excursion itinerary planning, but is required long enough in advance to help with planning.

## Environmental and sustainability considerations

5.28    Environmental and sustainability considerations are key themes which run throughout the new Scottish tourism industry strategy, Scotland Outlook 2030: Responsible tourism for a sustainable future[56]. With respect to cruise tourism, these considerations are discussed in this section, including visitor management, the environmental impact of cruising and future requirements to offset impacts.

### Onshore visitor management

5.29    Given the growth of cruise tourism in Scotland in recent years and the large number of calls at some ports, some destinations, ports or attractions have placed a limit on the number of cruise vessels or passengers that they will accommodate. Examples include Orkney, where harbour guidance has been developed to try to keep disembarking passengers below 4,500 per day to alleviate pressures (see also Technical Annex B).

5.30    Cruise operators recognise the importance of visitor management approaches, particularly for some of the busier ports, such as Kirkwall and Lerwick.  Operators prefer to be the only cruise vessel at a port, as this gives greater capacity for shore excursions and onshore infrastructure (e.g. coaches), but it also gives the feeling of the cruise being more unique and special for passengers.  However, this is not always possible, particularly at marquee ports such as Kirkwall.

5.31    The cruise operators consulted for the research felt that Orkney and Shetland, in particular, are now a challenge due to over-crowding and port congestion issues (i.e. the ability to berth and get passengers to excursions).  Operators felt that these two destinations were at risk of 'perception damage' from cruise tourism, similar to what has happened with some Norwegian destinations. However, the operators were positive about visitor management strategies, and felt that they have been particularly effective in Kirkwall to date, where it is most needed.

5.32    During the itinerary planning process, many operators will factor in other operators' calls, the time of their calls and the time for shore leave, and may re-organise if the port looks too crowded.  Some operators will rely on their tour operators to highlight any potential onshore clashes with other cruise operators.  However, some marquee ports, such as Edinburgh, are a 'must do' regardless.

5.33    There is a feeling amongst cruise operators that visitor management in Scotland has to be driven by the destination.  As one cruise operator said:

> *'It is up to the destination to understand their own capacity and not schedule too many ships on the same day' (cruise operator)*

5.34    Cruise operators feel that it is not their role to understand the capacity of Scotland's cruise destinations, and that this is the role of the destinations themselves.  Operators reported that some destinations could benefit from a greater understanding of their capacity, and therefore how best to manage cruise, and other types of tourism.  Generating a greater self-awareness of destination capacity and preventing 'over-tourism' aligns with the wider ethos of Scotland Outlook 2030.

### Actions to limit environmental impacts

5.35    In 2019, 1% of the global cruise fleet were primarily powered by LNG.  However, many new built cruise vessels are now being powered with LNG, and some existing vessels are being re-fitted to include LNG engines.  AIDA was the first cruise operator to launch an LNG-powered vessel when they unveiled *AIDAnova* in late 2018.

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[56] Scotland Outlook 2030: Responsible tourism for a sustainable future

5.36    Twenty-six vessels that were being built in 2019 (or 44% of new build cruise vessel capacity) will rely on LNG as their primary source of fuel[57]; the vast majority of these vessels will be operational by 2022[58]. This includes orders from TUI, Disney, Seabourn, Royal Caribbean and Carnival.  Although LNG is dramatically changing the way that cruise vessels are built, powered and operated, the infrastructure requirement for Scottish ports could be minimal.  LNG fuelled cruise vessels can run for up to two weeks without needing to refuel.  This means that for many round-Britain cruises, the vessel can fuel up at the port of embarkation (often Southampton) for the duration of the cruise.

5.37    One large operator said:

> *'We have a contract with Shell [*to provide LNG to vessels*] so ports having charging facilities isn't really a big deal' (cruise operator)*

5.38    However, although the adoption of LNG is the most high-profile step taken to address their environmental impact, there is some debate as to the extent to which LNG reduces cruise ship emissions, as discussed in Chapter 2.

5.39    Cruise operators are undertaking a number of other activities to address environmental concerns.  Many operators focus on on-board recycling of plastic, glass and other materials, and Disney is taking steps to eliminate as much plastic on-board as possible.  However, this needs to be supported by onshore recycling facilities.  For example, some vessels separate glass recycling by colour, but it is not always possible to recycle by colour at ports.  However, on the whole, operators reported that recycling and sewage and waste disposal is not an issue in Scotland.

5.40    Some cruise vessels are already fitted, or are being fitted, with scrubbers to control air pollution.  This reduces the vessel's emissions and makes them cleaner.  In addition, Royal Caribbean are taking steps to move to no waste discharges into the sea ahead of regulations.  However, the extent to which cruise vessels are using closed- or hybrid-system scrubbers versus open-system scrubbers, which may discharge pollutants into the marine environment, is unclear.

5.41    Passengers also play a role in limiting the environmental impact of cruise.  Some operators consulted for the research stated that non-flying cruises – where a passenger departs from their own country without the need to fly to the embarkation port – are becoming more important due to the increasing societal pressure from 'flight shaming'.  This could see more British passengers on-board cruises departing from Scotland and the UK.

## Future requirements

5.42    Increasingly, cruise operators are looking towards shore power as a way of powering ships.  Carnival has committed to using shore power across its fleet by 2022; Royal Caribbean's new vessels from 2020 will have shore power capability (with Celebrity Apex being the first, which is due to be launched in late-2020); Viking has a new fleet of ships on order which will be delivered with shore power and are retrofitting their existing fleet; Disney has stated that vessels deployed in Europe in the future will be shore power-ready; and Fred Olsen has expressed interest in shore power capability if ports can provide it.  However, currently only three ports in Europe – Hamburg, Oslo and Kristiansand – have the facilities to offer shore power to cruise vessels[59].

5.43    The downside of shore power is that it can be very expensive, although it can significantly reduce levels of emissions from cruise vessels.  One operator stated:

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[57] CLIA Environmental Technologies and Practices Report (2019)

[58] https://www.cruisecritic.co.uk/articles.cfm?ID=167

[59] CLIA Environmental Technologies and Practices Report (2019)

*'If ports have shore power available at a sensible price we would definitely plug in and be net zero emissions' (cruise operator)*

5.44    Cruise vessels generate a lot of 'grey water', i.e. shower, bath and sink water.  Some ports allow vessels to dispose of their grey water through the port's sewage lines.  Cruise operators prefer to 'plug in' straight to a port's sewage system where possible, and may increasingly expect this facility at Scottish ports in the future.

5.45    It is important that Scottish ports are forward-thinking and understand what facilities are required on land to support cruise vessels to reduce their environmental impact.  Ports need to update their facilities in line with continual developments in the way that cruise vessels operate.  With respect to port infrastructure to support recycling, LNG and shore power, one cruise operator said:

*'Ports need a ten to twenty year forward view on this' (cruise operator)*

5.46    While another operator stated:

*'Ports and regions have to be transparent about the impact of cruise tourism on their region and communities. They need to communicate this better and understand the efforts taken by cruise lines' (cruise operator)*

5.47    However, the challenge with this is that port upgrades require considerable resource, and for many Scottish ports they are not possible without collaboration of different users groups or significant public sector input.  It is very difficult for Scottish ports to justify significant investment in cruise tourism when they are just one of a range of sectors operating at the port.

5.48    The Environmental Ship Index (ESI)[60] is a system which scores every cruise vessel based on their greenhouse gas emissions and encourages vessels to perform better in reducing air emissions than is required by current standards and legislation.  In some parts of Europe, ports offer cruise vessels discounted port fees based on their ESI, and Norway run their own system of assessing vessels' environmental score.  Increasingly, cruise operators of smaller vessels are encouraging ports to welcome ships based on their ESI score.  Some larger operators, such as Royal Caribbean, are already deploying their more environmentally friendly vessels in countries where environmental issues are strongest, for example Norway.  If this trend extends to Scottish ports, then it could impact on the cruise lines and types of vessels that are welcomed by Scottish ports, although, as discussed in Chapter 4, some Scottish ports are hopeful of attracting some vessels that are now less welcome in countries like Norway due to their environmental score.

## Summary

5.49    Northern Europe has become an increasingly significant region for cruise operators, and, within this, Scotland has become a more important destination over time.  Most operators have increased their calls to Scottish ports in the last few years, and feel that Scotland, as a destination, has experienced growth almost in line with Norway, Iceland and the Baltics.  Most operators expect this trend to continue, given the planned fleet expansions.

5.50    Cruise operators report Scotland's USP to be distinct and unique.  Passengers are attracted to Scotland due to its history (ancestral links, story-telling), culture and heritage (castles, whisky, golf) and nature (islands and lochs, remoteness), rather than specific destinations.  These products are particularly attractive to North American cruisers.  Operators are generally looking to move away from simple sightseeing to more bespoke activities and experiences, and these products are being successfully developed in Scotland.

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[60] Environmental Ship Index https://www.environmentalshipindex.org/Public/Home

5.51     Numerous considerations go into cruise itinerary planning, including experiential, financial, infrastructure and natural factors.  Each cruise operator approaches itinerary planning slightly differently, although, for cruises involving Scotland, previous passenger feedback on destinations and attractions, the ability to berth alongside and not have to tender passengers to shore, and providing authentic and unique experiences are the main considerations factored into itinerary planning.

5.52     Similarly, there are a range of considerations for shore excursion planning.  Most operators rely heavily on contracted ground handlers to develop a range of shore excursion offerings in Scotland. Again, previous passengers' feedback and packaging bespoke and authentic experiences are important considerations for the Scottish market, as well as developing a balance of excursions for all ages/abilities and ensuring sufficient onshore capacity (i.e. at the attraction, coaches etc.).

5.53     Cruise operators have varying degrees of relationships/communication with other players in the Scottish cruise ecosystem.  Some find the Scottish ecosystem confusing, and have little understanding of the roles of the industry bodies, public sector and DMOs etc.  In general, there is an appetite for greater partnership working between operators and key Scottish players, and having one clear point of contact, such as Cruise Scotland, can support this.  Cruise operators are positive about the impact of visitor management strategies and feel that they are particularly needed in busy cruise destinations with limited capacity, such as Kirkwall and Lerwick.  However, operators generally feel it is the role of the destination to understand and manage their own capacity.

5.54     New developments such as LNG, shore power and scrubbers are helping cruise lines limit their environmental footprint.  The ESI is becoming an increasingly important tool in demonstrating the environmental performance of cruise vessels.  However, vessels need support from ports, for example to access shore power or dispose of waste safely.  The required port infrastructure needs considerable resource, and, for many Scottish ports, these upgrades are not possible in isolation or without collaboration with other users, the public sector and/or the financial sector.

# 6   Scottish destinations and communities

## Introduction

6.1     This chapter considers the challenges and opportunities posed by cruise tourism for local destinations and their communities.   It draws on findings from consultation with key strategic stakeholders, port and cruise operators and tourism industry representatives.   It also draws on the results of a survey of businesses and communities within destinations that serve the cruise industry.

## Destination attractiveness

6.2     As with Scotland's tourism offering overall, the destinations for cruise tourists are wide and varied, from remote rural and island offerings, to cities and attractions of international significance. Anywhere within 90 minutes of a port is regarded as within range for cruise tourists, and this brings into play large swathes of Scotland.   The section considers the attractiveness of destinations that form part of cruise itineraries for passengers, i.e. those beyond the cruise port destinations themselves.   This is an important consideration in considering and indeed articulating the offer of different local cruise destinations within Scotland.

6.3     Given the variety of destinations we present the findings of this chapter using a Destination Typology as follows:

- Large internationally recognised urban destinations

- International rural destinations

- Island destinations

- Mixed urban/rural

- Other important rural destinations

### Large internationally recognised urban destinations: Glasgow and Edinburgh

6.4      The cities of Glasgow and Edinburgh are key, established destinations for cruise tourists, particularly the latter.  Edinburgh has attractions and a city-scape which are world class.  Cruise tourists visit Edinburgh from the Forth Ports, but also from Greenock in Inverclyde (as detailed previously in Figure 3.6).   However, it is worth noting that there is some cruise line dissatisfaction with having to tender and use limited facilities at Newhaven and South Queensferry, which can result in a lost cruise tourism market. The number of cruise visitors seeking to travel independently is growing, and this provides an opportunity for businesses to capitalise further on this market.

### International rural destinations: Highland (and Inverness), Loch Lomond

6.5     Equally there are mainland rural locations of international significance, notably the Highlands and Loch Lomond.  The Highlands are an important destination for cruise visitors, although not all of the Highland area is accessible within the 90 minute travel time desired by cruise operators, and so not able to form part of cruise itineraries for passengers.

6.6     Loch Lomond is the other internationally recognised mainland rural area, typically forming part of passenger itineraries for cruise ships docking at Greenock in Inverclyde.  Both the Inverness/Loch Ness area and Loch Lomond are well established areas for cruise tourism.

### Island destinations: Orkney, Shetland, Western Isles, Skye

6.7     The key island destinations for cruise visitors in Scotland are Orkney, Shetland and the Western Isles.  Orkney offers the greatest range of attractions and is not as geographically remote from the

Scottish mainland as Shetland, although Lerwick lies on the Scotland to Iceland/Faroe/Norway route, and also attracts calls on round-Britain cruises. The Western Isles offer impressive land and seascapes, although fewer internationally renowned attractions in comparison to Orkney, though only Lewis and to a lesser extent Harris benefit from Stornoway cruise calls to any great extent. Portree on Skye is constrained by vessels having to tender passengers in, and by limited coach and road infrastructure access.

### Mixed urban/rural: Fife, Dundee, Forth Valley, Clyde Valley

6.8     There are several secondary urban centres which benefit from cruise tourism, and mixed urban/rural areas. These include Fife, where destinations include the central Fife town of Dunfermline (within easy reach of Rosyth) and the international destination of St Andrews.

6.9     Dundee is another city location for cruise visitors, although its location on the Firth of Tay means that cruise tourism currently plays a relatively minor role in the destination's overall visitor profile. The same is true for Stirling, located a long way up the Forth. Other parts of the Forth Valley closer to Edinburgh, notably Falkirk, have visitor attractions of note, which have the ability to capture a larger share of cruise visitors.

6.10     The Clyde Valley, particularly west of Glasgow closest to the port of Greenock, and even the Ayrshire coast, are within distance for cruise visitors, although these locations do not currently capture a large share of the cruise market. There are opportunities for boutique and smaller cruise vessels to continue past Greenock further towards Glasgow, and similarly the Ayrshire coast. Despite the presence of the port of Greenock which is able to host mega-ships, Inverclyde also captures only a small proportion of visitor spend from those alighting at Greenock, largely from cruise ship crew members.

### Other important rural destinations: Aberdeen City and Shire, Moray, Argyll, Borders (part)

6.11     There are other quality rural destinations, within which there are some internationally recognised areas and attractions. Aberdeenshire falls into this category (in particular Royal Deeside) and destinations in the Borders (e.g. Floors Castle). For Aberdeenshire, the area is an attractive tourism destination, although the cruise market, whilst growing, remains under-developed. The considerable investment in Aberdeen's south harbour (and associated initiatives) is designed to take advantage of the opportunities to develop the cruise market. It is also worth noting that Aberdeen's north harbour is located within Aberdeen City centre and that some cruise visitors will only visit the city centre, whilst others will travel outside the City (and some will do both).

6.12     For Moray, the destination has much to offer, such as the Whisky Trail and the Moray Coast, yet it is on the periphery of the distances cruise visitors are willing and able to travel. The same is true for more remote parts of Argyll and the more distant (from the Forth) parts of the Borders.

### Other

6.13     There are parts of Scotland that are strong destinations with large numbers of visitors, but these are not easily served by the current port infrastructure. These areas include the southern part of the Borders, Dumfries & Galloway, Perth & Kinross and the Clyde Valley east of Glasgow. Angus is also not easily served by the ports used by cruise ships. These areas are characterised by the lowest levels of cruise passenger spend (see Chapter 3, Figure 3.5).

6.14     Table 6.1 illustrates the destinations and their maturity/status *vis-a-vis* cruise tourism.

*Table 6.1: Destinations and their cruise tourism maturity/status*

| Destination/Area | Attractiveness | Access from Ports[61] | Cruise Ship market |
|---|---|---|---|
| **Large international urban** | | | |
| City of Edinburgh | High | High | Mature/established – sustainable |
| Glasgow City | High | High | Growing |
| **International rural** | | | |
| Highland (Loch Ness) | High | High (Loch Ness, Inverness) | Growing – emerging management issues |
| Loch Lomond | High | High | Mature |
| **Islands** | | | |
| Orkney | High | High | Mature – established visitor management schemes |
| Shetland | High | High | Growing – some emerging management issues |
| Western Isles | High | High (if and when Stornoway upgrade complete) – Lewis and Harris only (other parts less accessible from Stornoway) | Growing – some emerging management issues |
| Skye | High | High | Growing – some emerging management issues |
| **Mixed urban/rural** | | | |
| Fife | Medium to High (St Andrews) | High | Growing – e.g. Dunfermline from Rosyth |
| Dundee | Medium to High | Medium | Small but growing – port not suitable for all ships |
| Forth Valley | Medium to High (Stirling, Kelpies) | High | Growing |
| Clyde Valley | Medium | Medium to High (e.g. Inverclyde) | Small – growth opportunities |
| Ayrshire | Medium | Medium | Small – growth opportunities |
| **Other rural – growth opportunities** | | | |
| Aberdeenshire (& City) | Medium to High (Royal Deeside) | High (City) to Medium (further from port) | Small – growth opportunities |
| Highland (East) | Medium | High (Scrabster) – good access for those parts of Highland East within 90 minutes of Thurso | Small – growth opportunities |
| Argyll and Bute | Medium | Medium (distant from larger ports) | Small but growing – growth opportunities |
| Borders | Medium | Medium (some locations within range) | Small – growth opportunities |
| **Other rural – some growth opportunities** | | | |
| Highland (north, west and south west) | Medium to High | Low | Small – some prospects for growth |
| Angus | Medium | Low (of those currently used by cruise ships) | Small – some prospects for growth (Montrose) |
| Moray | Medium | Low | Small – some prospects for growth |
| **Other rural – limited current growth opportunities** | | | |
| Dumfries & Galloway | Medium | Low | Small – limited prospects for growth |
| Perth & Kinross | Medium | Low | Small – limited prospects for growth |

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[61] Refers to the extent to which the destination/area is accessible from the main port access point i.e. typically within 90 minutes travel time

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# Impacts and benefits

## Economic

6.15    The economic impacts vary according to the size of the cruise tourism visitor market. Importantly, the significance of economic impacts also vary in relation to the size of the local economy; cruise tourism visitor numbers and thus impact are lower in absolute terms in, say, Stornoway, than in the City of Edinburgh, however in relation to the local economy the economic impacts of cruise tourism for Stornoway may be proportionately higher than in the capital.

6.16    The identification of economic impacts therefore cannot be divorced from the local geographic area (destination, communities) being considered.  Economic impacts for destinations/communities from cruise tourism are greatest where these represent a higher proportion of the economy than in other areas.

6.17    Without a detailed economic impact assessment in each destination, economic impacts are estimated through the extensive stakeholder, business and community consultations.  We can use the typologies developed above to assess economic impact, supplemented by passenger spend data presented in Chapter 3 and port-related data set out in Chapter 4.

### Large international urban destinations

6.18    For the City of Edinburgh, there is a high volume of cruise tourism generated by cruise ship visits to the four Forth Ports.  Additionally, cruise ships berthing at Greenock in Inverclyde offer day trips to Edinburgh.  Edinburgh is both well served by ports in the neighbouring area (Firth of Forth) and good infrastructure by road from other ports.  Passenger spend in 2019 in the City of Edinburgh local authority area was estimated at between £7.5 million and £10 million.

6.19    Although based on relatively low numbers, businesses and communities in Edinburgh[62]:

- Believe cruise tourism boosts visitor spend, particularly at attractions (71% say 5, 6, or 7 out of 7 where 7 = a significant extent).

- Just over 4 in 10 (44%) consider the visitor spend to be significant for businesses, and

- Around a third consider that cruise tourism helps to extend the tourist season into shoulder months and to deliver new employment opportunities.

6.20    Glasgow does not attract the same volume of visitors as Edinburgh, and this is also true for cruise tourism.  Whilst large ships berthing at Greenock will run tours through to Edinburgh, ships in the Firth of Forth may not travel in the same volumes in the other direction west to Glasgow.  Although lower than the estimated passenger spend in the City of Edinburgh, spend in 2019 was nonetheless estimated at between £2.5 million and £3 million in the Glasgow City local authority area.

### International rural destinations

6.21    The economic impact in the internationally renowned rural areas around Loch Ness and Loch Lomond is also considerable, although as with Glasgow and Edinburgh, these areas would experience considerable volumes of visitors (and visitor spend) even without the existence of cruise tourism.  As Chapter 3 highlights, visitor and crew spend associated with the cruise ships docking at Invergordon (the main port for accessing Loch Ness) was some £8.9 million in 2019, with Loch Ness, at just under 40 miles from the port, one of the key visitor destinations.

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[62] From ekosgen online survey of businesses and communities, 2020

## The islands

6.22    For the islands, there are considerable economic benefits, with cruise tourism strong in Orkney and growing in Shetland, the Western Isles and in Skye.  In Orkney, the strength of cruise tourism is reflected in business and community feedback: 71% think cruise tourism has increased visitor spend at attractions significantly (5 or more out of 7 where 1 = not at all and 7 = a significant extent) and 59% think it has increased spend in local businesses significantly.  More than half of businesses and communities (55%) think cruise tourism has generated new employment for Orkney to a significant extent, i.e. answering 5 or more on a scale where 1 = not at all and 7 = a significant extent.

6.23    For Skye, the recent increase in cruise tourism has been particularly strong, translating into benefits for businesses.  Some business sectors benefit more than others (e.g. car hire, crafts) with the larger ships bringing passengers to Skye during the day (rather than overnight).

### The Isle of Skye (Portree)

For Skye, 10-15 years ago there were 18 cruise ships visits to Portree, now the figure is 38 (2018 data) ranging from the large 3,400 passenger ships to the Hebridean Princess with 30-40 passengers.  It is estimated that 15% of all Portree harbour income is from cruise ships, a considerable revenue stream for the local authority.

Quality, high-end craft shops and galleries benefit from the cruises, as do coffee shops.  During the daytime most large ship passengers will dine on-board the vessel.  With big numbers coming ashore (there has been a 58% increase in cruise ship visits 2014-2018), there is a lot of work for local guides.  Once arrived at Skye, boat trips are one of the most popular activities for cruise passengers, involving small boats from Portree.  There has been a considerable rise in the numbers looking to book self-drive hire cars (including in advance of arrival), with pre-bookings for one day car hire rising rapidly.

Skye Connect, the DMO, would like to be able to get a greater number of cruise visitors (as well as visitors to Skye more generally) to the more remote places, i.e. to spread out/disperse the numbers.  Technology is making independent travel easier, with rising numbers of passengers doing things on their own, and not booking the cruise excursion.

6.24    For Shetland too, there has been a rapid rise in passenger numbers, more than doubling in the last 3-4 years, so that cruise passenger and crew spend is estimated at between £2.5 million and £5 million.  Again, some sectors (e.g. crafts) and locations (mainland Shetland only) benefit more than others; however, there is a recognition that cruise tourism brings more money into the local economy, and through multipliers, this benefits the whole of the Shetland Islands economically, albeit mostly in mainland Shetland.  Although based on small numbers, there is evidence to support a positive economic impact from cruise tourism:

- Half the surveyed businesses and communities consider that cruise tourism has increased visitor spend at local Shetland attractions (rating this 5 or above in terms of significance out of 7); and

- Forty-two percent believe cruise tourism has increased spend in local businesses.

6.25    The economic (and social) benefits can be quite localised, which at times makes generalisation more difficult.  For example, whilst Lewis benefits from large cruise ships (which is accessed via Stornoway on Lewis), other parts of the Western Isles (not connected by road) do not benefit economically in the same way (e.g. Barra).

6.26    For the Western Isles, therefore, smaller cruise ships can offer wider economic benefits (with longer stays and often higher spending per head) than the large vessels. The variability of the economic benefits within the Western Isles – and the fact that major investment in Stornoway harbour is planned rather than in place – is reflected in a lower proportion of businesses and communities reporting

economic benefits. Whilst just under a quarter of those surveyed (23%) consider economic benefits to businesses from cruise tourism to be significant (5 or above out of 7), 41% do not think businesses have benefited at all, with some citing the limited time passengers spend in destinations as a factor. Businesses and communities in the Western Isles do not think cruise tourism has yet brought any extension to the tourism season, although there may be future opportunities to do so associated with smaller ships aligned to adventure, wildlife and outdoor pursuits.

### Mixed urban/rural

6.27     For the mixed urban/rural areas such as Fife, the economic benefits are growing, and for some towns/destinations this is having a positive regeneration effect, bringing income to the town. Dunfermline is a good example of this, as a direct result of the work of Cruise Forth, working in conjunction with the Port (in this case Rosyth) and the cruise operators.

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**Fife as a cruise passenger destination**

Cruise Forth was established as a project in 2011, initially to raise the profile of Dunfermline (and West Fife) to enable them to better benefit from cruise ships at the Forth Port of Rosyth. At that time, Forth Ports had no real offer at all at Rosyth, only security staff and an empty car park. Forth Ports/Fife Council/Fife Chamber therefore decided to try for a season to provide a welcome and to promote Fife. A development manager was recruited and a project was formed: an information desk was provided in a building; an information point for cruise passengers. The project trialled a bus, and by 2012, a bus service was available up to Dunfermline and the project was showing signs of success.

The project has since expanded to include all four Forth Ports, and the project Steering Group involves City of Edinburgh Council, other local authorities, Scottish Enterprise, other agencies and transport operators. Scottish Enterprise has supported the project financially.

The Cruise Forth project manager a) manages the volunteer effort and b) works with local businesses to help them understand how to be more cruise-friendly. Part of the project (and volunteers help with this) is to identify opportunities/destinations for those passengers that do not want to go on the scheduled offerings e.g. half-day tour to Dunfermline – which has Pittencrieff Park, the built heritage and history, including Carnegie, of particular interest to US visitors. This has generated benefits for Dunfermline businesses. A half-day trip is ideal for the passengers, who may later go somewhere in the evening, such as the Tattoo in Edinburgh.

The 'offer' is promoted as far as St Andrews in Fife, and Dundee and Angus in Tayside. The Cruise Forth project is about communicating what there is to do at various places (not just "go to St Andrews"). The escorting volunteer will gather information and the businesses feed into this – and it all collectively enhances passengers' awareness of the destination and what it has to offer.

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6.28     Other mixed urban/rural areas are also seeing increasing economic benefits. Dundee is an example of this. Tourism is a key sector for Dundee and one that is growing rapidly, thanks in part to the successful first year of operation for V&A Dundee and its global profile, and the wider waterfront regeneration enhancing the existing offer related to golf and leisure in Dundee and the wider Tay Cities region. Cruise tourism is a relatively small part of the offering presently, with modest economic benefits (estimated to be up to £500,000 from passenger and crew spend in 2019), yet it is a sector that is growing, and which has further growth potential. The Regional Tourism Partnership across the Tay Cities is aiming to capitalise on established and high-profile visitor assets in order to develop a coherent regional offering that can stand alongside more established destinations such as the Highlands.

6.29     Other mixed urban/rural areas derive modest economic benefits from cruise tourism. This includes Ayrshire and the Clyde Valley, although both have considerable potential for economic benefits to be greater. For Ayrshire in particular, it is able to draw upon key culture and heritage assets and attractions such as Robert Burns, castles and estates, e.g. Kelburn, Culzean, Dunure, Brodick, as well as museums such as Vikingar and the Dick Institute in Kilmarnock. It also boasts significant golf tourism

attractions such as Turnberry and Royal Troon, and natural attractions in its countryside and coastline. Whilst projects such as the Coig are beginning to package some of these attractions, it is arguable that Ayrshire as a destination is under-developed, despite its close proximity to Greenock – and capability in taking some cruise visits at Ayr and Troon (albeit requiring anchorage to do so).

### Other important rural destinations

6.30    In many other rural areas, the economic impacts are also modest (though consideration should be given to their scale in relation to the size of local economies). For some, these are growing, with further growth opportunities (e.g. parts of Argyll and Bute). For other areas, the benefits are modest and are likely to remain so, at least in the short-to-medium term (e.g. Dumfries and Galloway). This relates to either the lack of port infrastructure, distance from ports, or both.

6.31    For Argyll and Bute, there are differences within the area, with some locations (Tobermory, Mull and Oban) experiencing a rise in economic activity and benefits associated with cruise tourism and the trend of expedition cruising in particular, whereas other parts (e.g. Rothesay, Dunoon) are not yet benefiting from the opportunities afforded by the sector. Survey data from businesses and communities indicates little economic benefit in parts of Argyll and Bute, with more than half surveyed (55%) saying cruise tourism has not (as yet) brought any economic benefits to attractions or businesses and 75% saying it has not brought new employment opportunities.

## Social

6.32    Economic impacts also bring social benefits for communities, although there are times when the two are out of kilter, which can lead to social disbenefits (see challenges below).

6.33    Positive social impacts are greatest where the cruise tourism brings economic benefits that would not otherwise have been derived, increasing income in the local community. In Dunfermline, for example, without dedicated efforts to take cruise tourism visitors from Rosyth, by bus to the town, then these social benefits (increased local spend contributing to increased community wealth building, vibrancy and activity) would not otherwise have existed.

6.34    Footfall from cruise passengers can bring considerable levels of activity to town centres, both positively and negatively. Lerwick is a good example of positive benefits, with around half of all cruise ships docking right on the waterfront in the town centre (and the others a short shuttle bus ride). With Anderson High School moving out of town, consultees report considerable benefits in the summer months arising from the good levels of town centre footfall. Other island locations have benefited in this way, including Castle Bay on Barra in the Western Isles, as well as the main town of Stornoway.

6.35    For rural areas, economic and social benefits are very closely linked, and indeed given the nature of more remote rural communities it can be difficult to separate the two as income generated by tourism helps to support livelihoods, retain people in an area and sustain services. Those destinations where businesses and communities report the greatest economic benefits from cruise are also those that are most likely to report increased employment as a result of the cruise tourism: Orkney and Shetland, followed by Highland and City of Edinburgh local authority areas.

6.36    Some wider social benefits have been identified by a small number of communities from cruise tourism. These include population retention – people enabled to stay in their local area (or attracted to rural and remote areas) for job opportunities as a result of cruise tourism (again bringing social benefits related to sustainable rural/island populations). The proportion stating this as 4 or more out of 7 (where 7 is significant) was highest in Orkney (38%) and City of Edinburgh (28%).

6.37    Communities report some increased awareness of their local area, culture and history, averaging 36% across those surveyed (as 4 of more out of 7), highest in Orkney (46%), City of Edinburgh (40%) and Shetland (38%). Some communities and businesses in Orkney say cruise tourism has

brought improvements in the area's appearance (49% state 4 or more out of 7, where 7 is to a significant extent, compared to around 27% overall).

## Environmental

6.38    There are no direct environmental benefits from cruise tourism, although the increased income generated via cruise tourism can (and does) fund some environmental management via infrastructure usage charges to cruise (and other visitors) which can be used by local authorities to support environmental management activities.  One example of this is Skye, where the increase in tourists (not just cruise tourist visitors, but all visitors) and the strain on the infrastructure has led to the introduction of parking charges.  This has, in turn, been re-invested in environmental protection and enhancement measures to ensure continued access to attractions, and to mitigate any negative impacts from visitor levels (e.g. parking charge at the Fairy Pools).  Similarly, the new charging regime at the Italian Chapel in Orkney contributes to maintenance and conservation measures for the chapel.  However, it is important to note that such measures address the immediate environmental impact of cruise tourism visitors in destinations and at attractions, rather than addressing the wider environmental impact of cruise vessels.

6.39    Some environmental challenges were identified through the survey of businesses and community groups.  Traffic congestion and overcrowding in towns/villages and at attractions were identified as particular issues by businesses, along with demand on local amenities.  However, communities were less likely to report such challenges.  For example, whilst 46% of businesses reported environmental degradation arising from cruise tourism as a considerable challenge (at least 5 out of 7 on a scale of significance), only 14% of communities did so (albeit with a low base number).

# Concerns and challenges

## Economic

6.40    For mature and fast-growing locations, the economic challenges are predominantly associated with the distribution of economic benefits.  Benefits can be concentrated in certain locations (e.g. near the port) or at certain attractions, where one attraction benefits by being on the tour route and others do not.

6.41    Examples of locations where the limited distribution of economic benefits is a challenging factor include:

- **Shetland**, where the town centre and certain mainland locations benefit (typically those with infrastructure, notably toilet facilities);

- **Skye** (see case study above), where the DMO is seeking to encourage cruise passenger benefits to be more spread out/dispersed across the area; and

- **Caithness** (see case study below), where there are active steps being taken to broaden the economic benefits of cruise passenger spend more widely beyond Wick.

6.42    For other locations, the challenge is capturing a greater proportion of the cruise tourism market.  These include those destinations with a port but few attractions or product offerings (or perceived to be few).  These include:

- **Inverclyde**, where a relatively low proportion of passengers choose to stay in the Inverclyde or surrounding area, but where there have been an estimated 1 million passengers disembarking at Greenock over the last 10 years.  Passenger and crew spend in 2019 alone from those alighting at Greenock was some £7.1 million;

- **Fife**, although there has been the recent success of Dunfermline in attracting passengers from Rosyth; and

- **Ayrshire**, where there is a strong tourism offering and coastline within close proximity, but where the potential of cruise tourism remains largely untapped, despite Ayrshire's proximity to Greenock (and the around £7 million per year market), and a travel from port time at least comparable to that for Edinburgh.

6.43    The challenge of developing a coherent, accessible tourism offering for cruise operators is dealt with in more detail in Chapter 7, but the example below provides an illustration of the experience of Caithness in the Highland local authority area.

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**Caithness**

For Caithness, the challenge is to extend the economic benefits of cruise tourism more widely.  The majority of benefits for businesses are concentrated in Wick town centre, which is 30 minutes from Scrabster Harbour (and which received 5,500 passengers in 2019).  There is a recognition that there is scope to spread these benefits more widely.  The majority of passengers go on pre-booked cruise excursions, and there can be challenges and barriers to independent travelling.  The availability and reliability of public transport is weak, for example, making independent travel more difficult.

Highland Council, Venture North (DMO equivalent), Caithness Chamber of Commerce and partners are trying to encourage more tours/passengers to go to Thurso, and not just Wick.  They are also seeking to develop new tours, which can take two to three years to develop given the cruise operators' planning cycles; and it is the port or excursion companies, rather than the DMO and partners, which have the relationship with the cruise companies.  The destination finds it difficult to link cruise tourism with local activities/events, such as food festivals, for example.  It is doing what it can – there is a good volunteer welcome at Scrabster, and the private sector, Harbour Trust and public sector have come together successfully to fund a mini-bus at the harbour.  However, some businesses can be slow to react to the potential presented by cruise passengers (e.g. retaining standard opening hours) and so collectively more can be done to capitalise on cruise related opportunities.

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## Social

6.44    In social terms, for communities, the challenges are also typically about distribution of benefits arising from cruise tourism, and, in some cases, mitigating against the negative impacts (e.g. local resident access to services when cruise ship visitors are in the area).  In rural and more remote areas, the social concerns and challenges often mirror the economic ones, i.e. how to capture a greater share of the economic benefits in more rural areas (e.g. parts of Aberdeenshire).

6.45    At the same time, social disbenefits or negative impacts do arise from cruise tourism.  These issues include pressure/congestion on the local transport network, demand for amenities such as public toilets and services and overcrowding, not just at visitor attractions but also in town centres.  These effects can be considerable and are illustrated in the survey responses:

- Between 60% and 90% of those businesses and communities surveyed in Orkney and Shetland report that these negative impacts are significant; and

- Overcrowding and pressure on services and amenities also reported in the Western Isles and in Edinburgh.

6.46    In Orkney and Shetland in particular, but in other destinations too, this is a high proportion of survey respondents reporting pressure/congestion at certain times as a result of cruise tourism visitors.

6.47    The survey responses with respect to overcrowding and pressure on services and amenities, particularly at the times when the large and mega-cruise ships visit rural and island town ports, indicate

the challenge of balancing the economic benefits to these areas with negative social impacts. The management of large numbers of passengers at certain points in time and in specific locations is clearly important in addressing the issues of overcrowding and pressure on services. This can be achieved through the implementation of passenger limits by harbour authorities, particularly where overcrowding or pressure from volume tourism in smaller destinations or in more popular marquee destinations are challenges (such as is done in Orkney; see port profile and case study in Technical Annexes A and B for further details). Ensuring better dispersal and spread of visitors throughout the day, e.g. by making greater use of timeslots at attractions can also ease pressure from cruise visitors. Additionally, limits on the number of larger vessels in ports, such as those in place in Juneau, Alaska, can help to mitigate overcrowding and pressure from high volumes of visitors.

6.48    Overcrowding is not solely a challenge for smaller destinations, however. In Edinburgh, the seasonality of the cruise tourism season often means that cruise visits coincide with peak visitor months, putting additional pressure on the city and creating capacity issues at key tourism attractions. This negatively impacts on the visitor experience and has the potential to degrade the assets on which tourism in Edinburgh depends. Cruise tourism is therefore at odds with the new Tourism Strategy for Edinburgh[63], and in particular the priorities around *Place* and *Reputation*, and there is a perception that effective mechanisms to manage such challenges need to be found.

## Environmental

6.49    In addition to the previously noted environmental impact from $CO_2$ and other exhaust emissions from cruise vessels, at a destination level the environmental challenges are typically site-specific, or occasionally destination specific. These are caused where there are large numbers of passengers converging on an area or site at the same time, and repeatedly. When not managed effectively, this causes erosion (of landscapes, built heritage) and other environmental damage.

6.50    Pressure points include Orkney, certain places in Shetland, places/attractions in Skye and the Western Isles. They are greatest where the infrastructure is modest or outdated (particularly roads for accommodating coach traffic) and where there are few route alternatives. The challenges are both site-specific constraints related to accommodating large numbers in one location at one time or repeated visits to a site over the whole of the tourist season, and transport/access related constraints, i.e. negative environmental impacts caused by excessive road use and congestion, including pollution.

6.51    Chapter 7 expands on these destination-related infrastructure constraints, however it is clear that at some locations, particularly at certain times, there are negative environmental impacts arising from over-crowding, congestion, and repeated use of natural and built heritage resources. Damage can be caused to paths, access routes, landscapes and, on occasions, to attractions themselves.

6.52    It can clearly be challenging to manage peaks and flows, both to historic (paid, built environment) sites and to natural attractions, beauty spots and landscapes. Historic Environment Scotland (HES) accept and acknowledge the challenge of managing demand at sites arising from cruise tourism. This requires timed ticketing (at paid attractions) and capacity management, the latter involving increased infrastructure (usually coach parking) and co-ordination of tour timings. The Rings of Brodgar, a free site in Orkney, has experienced negative environmental impacts, for example, and HES has needed to respond (e.g. by increasing coach parking capacity) although there remains much to do. For the National Trust for Scotland (NTS) it can be challenging managing demand to their islands portfolio in particular.

6.53    Some destinations are therefore working with HES and NTS, and other partners, on how best to manage cruise passengers. Urquhart Castle (managed by HES) has started opening in the evenings since cruise ship passenger coach parties were filling the available daytime capacity. Similar

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[63] https://www.etag.org.uk/wp-content/uploads/2014/01/Final-Draft-Edinburghs-Tourism-Strategy-2030.pdf

approaches, e.g. staggering or arranging visits from cruise passengers into 'blocks', are being taken on Orkney, e.g. at council-owned attractions.

6.54    Overall, there are opportunities to tie the management of cruise tourism visitors to the environmental components of area tourism strategies.  This would help ensure that cruise tourism growth is accommodated in a sustainable way, as part of balanced approaches to area tourism development and management.

## Future development – opportunities and challenges

6.55    For many destinations, there are opportunities to develop and scale-up the benefits of cruise tourism in a sustainable way.  However, maximising the opportunities arising from cruise tourism is not always easily achieved.

- **Developing the offering/tour packages** – for many destinations seeking to capture more of the cruise tourism market, there is a need to marshal the offering and to package experiences and attractions better.  Examples include Inverclyde (and the neighbouring local authority areas), and Aberdeenshire (see below).  This will involve more proactive engagement with excursion planners and tour operators in the first instance who deal directly with the cruise companies in developing new products and offerings.  As mentioned in earlier chapters, some cruise operators' shore excursion planners are also now dealing directly with destination providers as they seek to develop specialist and bespoke experiences for their passengers.

- **Capturing the independent traveller** – more cruise passengers want to travel independently, and technology (notably online booking and itinerary research) increasingly makes this easier.  Not all cruise passengers want to travel independently (those with limited experience or language to enable independent travel) yet for others booking activities, experiences and trips for when they land at port is all part and parcel of the holiday.  Destinations need to be better at getting their offer right, and at getting their offer, digitally, in front of cruise passengers who are seeking to travel independently.  This is both at the pre-cruise journey planning stage and during trip online research and booking.

- **Accessing cruise companies** – even where an offering has been developed by a destination, this is not easy to put in front of the cruise companies.  Many destinations report this as a challenge.  Tours and excursions can have a relatively long lead time before they are adopted by cruise companies, who are often regarded as risk averse.  Promote Shetland, for example, has faced challenges getting cruise companies to update on-board literature, which can be so dated that some attractions have either since closed or are not available to visit.

- **Infrastructure (see next chapter)** – having the right infrastructure in place to manage cruise passenger demand is necessary for maximising economic and social benefits, and for mitigating against environmental impacts.  This can be a considerable challenge, particularly for popular remote rural locations.

- **Considering communities and destinations** – the perspectives of communities, and the nature of the tourism destinations that they live and work in, are an important consideration. There is both an opportunity and a challenge here.  Factoring in community opinions and considerations in destination development can result in a more 'authentic' experience; however, not doing so can create friction between cruise tourism and communities, and thus reduce public support for cruise tourism, and drive negative perceptions of it.

**Aberdeen City and Shire**

Aberdeen City and Aberdeenshire currently have a limited cruise tourism market, however this is set to change with the development of the south harbour which will allow large cruise ships to dock. This has the potential to massively increase visitor numbers above the current levels of c.3,300. VisitAberdeenshire, with partners, as part of the Cruise Tourism Project, is working with the harbour to plan for the increase in cruise passenger numbers and to plan the best ways of maximising the economic and wider benefits arising.

In terms of outward marketing, VisitAberdeenshire is an associate member who, as part of Cruise Scotland, attends international cruise trade conferences. Cruise companies typically work with the harbour agent, and so a better route to the market for VisitAberdeenshire is building relationships with the excursion companies – who work with DMOs and destinations to develop itineraries – thus gaining a better understanding of what cruise companies desire.

VisitAberdeenshire is working with the four main excursion companies in Scotland (Excursions Ltd, Intercruises Ltd, Communications and Destinations). They have developed a menu of trips to take to the cruise lines, reporting that excursion companies are constantly impressed with what North East Scotland has to offer. The top offers include: Royal Deeside as the main attraction (Balmoral etc.); the Castle trail; and specialist offers such as BrewDog in Ellon, and the Glen Garioch distillery. This mix of attractions means that Aberdeenshire is viewed as a unique concept and offering.

For Aberdeenshire there are a host of challenges, from assembling new packages, to 'selling' these to the excursion companies and cruise ships, to practically planning the logistics of handling larger numbers of passengers (coach parking, infrastructure). Businesses need to be geared up and ready to take advantage of the opportunities, including those arising from independent travellers. Much can be learned from the experiences of other destinations and organisations, notably Cruise Forth.

There has already been considerable development work undertaken. The dedicated part-Scottish Enterprise funded Cruise Project Manager employed by VisitAberdeenshire has to date focused on ensuring that tourism businesses are aware of the opportunities presented, developing products relevant for the cruise market and understanding how to take these products to market. The range of activity to date to achieve this includes:

- Delivery of several cruise ready workshops;
- Engagement with businesses on a 1 to1 basis;
- Engagement with business and community groups;
- "Cruise Ready" Business Opportunities Guide – to help local businesses understand the dynamics of the cruise sector and how they can develop their product offering to benefit from this new business area;
- Development of a cruise map for visitors; and
- "Welcome to Aberdeenshire" Cruise ambassador training.

The cruise ready work has resulted in a considerable amount of new product development offering authentic visitor experiences that makes the region an attractive proposition for cruise companies and shore excursion firms. The Cruise Aberdeenshire initiative is aiming to optimise the cruise tourism potential for the region from the £350m investment in the new South Harbour as well as the existing facilities in the North Harbour and at Peterhead Harbour. The North Harbour will continue to welcome the smaller expedition type cruise ships after the new harbour opens.

## Summary

6.56    The experiences of destinations indicate a wide range of economic, social and environmental impacts, both positive and negative.

6.57    Overall, there are a number of economic and social benefits, with cruise tourism bringing visitor expenditure to a wide range of Scottish destinations, which in turn supports jobs and communities. The

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economic benefits are not universal across Scotland, with mature destinations (e.g. Orkney, parts of Highland, Edinburgh) deriving the greatest economic impacts.

6.58    Many destinations are seeing growing markets, with increasing economic impacts.  There are also parts of Scotland where there is the potential for a much greater economic impact, and where sustainable cruise tourism could bring positive economic and social impacts.  For example, the smaller cruise ships of expedition and boutique cruises can offer wider economic benefits (with longer stays and often higher spending per head) than the large vessels.  Areas with growing markets, and destinations with under-developed markets with the potential to grow cruise tourism, would benefit from sustainable cruise tourism growth strategies as part of wider area tourism strategies.

6.59    It is clear there are also negative social effects arising from overcrowding and competition for amenities, issues which are further discussed next in Chapter 7 under challenges and inhibitors to growth. In some parts of Orkney, Shetland and the Western Isles in particular, but also in large urban areas such as Edinburgh, the pressure on local services at certain times can be considerable. Destination management plans (like the one in place in Orkney) and site-specific management (e.g. Urquhart Castle on Loch Ness) can help with visitor management as part of the sustainable development of cruise tourism.

6.60    In some mature and growing market locations there is evidence of negative environmental impacts.  These are at certain sites and in some locations, where the cruise passenger numbers need to be actively managed and these will continue to need to be managed as cruise passenger numbers increase.  Sustainable cruise tourism development should form part of the environmental components of area-based tourism strategies alongside specific destination visitor management plans.

6.61    Finally, in some growing markets in rural locations (e.g. the Western Isles), there will need to be significant onshore infrastructure and supporting ecosystem investment alongside any port/harbour investments (e.g. road upgrade, amenity provision), to further ensure negative environmental impacts do not materialise, and to ensure the realisation of economic and social impacts and benefits.

# 7    Key challenges and inhibitors to sustainable development of cruise tourism in Scotland

## Introduction

7.1    This chapter presents an in-depth analysis of the growth constraints and challenges facing the sustainable development of the cruise tourism sector in Scotland.  It gives consideration to issues that are evident at the local level, destination/regional level, and national strategic level.  It draws on findings from the stakeholder consultations, as well as from consideration of issues raised in the survey of businesses and community groups.

## Port-specific constraints

7.2    As discussed in Chapter 4, the key port-specific constraints relate to existing port infrastructure and the land infrastructure immediately surrounding ports, and the cost of upgrading or developing new port infrastructure to accommodate additional or increased port activity.  Evidence indicates that port infrastructure weaknesses are impacting on the number of cruise calls in Scotland, either through limiting the capacity or capability of ports to accommodate cruise vessels, or by reducing the attractiveness of ports.  This also serves to concentrate cruise activity in a smaller number of ports.

7.3    Land infrastructure constraints will also impact on the attractiveness of ports, and attractiveness of Scotland as a cruise market.  They will also serve to limit the range of attractions and destinations that cruise passengers can visit, e.g. by restricting travel from port distances as a result of congestion on road networks and public transport links.  These are discussed in more detail below, regarding destination infrastructure constraints.

7.4    There is widespread recognition that Scotland's port infrastructure, specifically in smaller ports, is in need of modernisation and refurbishment.  This is a market failure in terms of ensuring adequate port infrastructure to support the sustainable development of sectors reliant on port facilities in Scotland. In some cases this is a result of access to finance, whereas in others it is co-ordination failure between different interest or user groups – no single user group is able to make a financially viable port without the contribution of other users.

7.5    It is a particular issue for smaller harbours: investment activity has appeared to have consolidated around strategically important ports. UK cruise tourism hubs such as Southampton[64] and Portsmouth[65] have seen significant sums invested in recent years. However, investment has been more limited outside of these – except where port investment plans explicitly aim to attract a larger market share of cruise tourism, e.g. at Invergordon, where significant investment has been made[66].[67]  Therefore, without suitable port infrastructure, the cruise market in Scotland will not realise its full potential, where there is capacity and appetite to do so.  In current and future investments that target cruise, the cost and availability of significant public sector funding will be an issue, e.g. Stornoway. However, many pier/berth developments that can accommodate larger cruise vessels can also be used by other port users, e.g. for oil and gas, renewables, etc. or can ease pressure on existing piers freeing up space for other users.  Likewise, investment to upgrade or refurbish port infrastructure may meet a wider public good or public safety need, benefitting the wider community and not just economic activity.

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[64] https://worldmaritimenews.com/archives/192487/royal-caribbean-chooses-southampton-as-its-uk-home/

[65] https://www.cruiseandferry.net/articles/brittany-ferries-extends-partnership-with-portsmouth

[66] https://www.ross-shirejournal.co.uk/news/invergordon-25m-investment-plan-amidst-cruise-business-shake-up-147845/

[67] Cruise-related investment at Scrabster was also supported by HIE

# Destination, social and environmental constraints

7.6     For some destinations, there are constraints associated with attracting and managing cruise tourists.  These issues relate to:

- Destination infrastructure (and the supporting ecosystem) constraints – these can limit the ability of a destination to capitalise on the potential benefits of cruise tourism, and which can cause negative impacts where there is a lack of or inadequate infrastructure;

- A weak cruise tourism offering – this often relates to an ineffective packaging or marshalling of the offering, rather than a weak tourism offering per se, although some destinations naturally have a stronger offering for cruise tourists than others; and

- Weak or low levels of destination group, business or community capacity – this can be a reason for a poor packaging of the offering, with stronger destination or tourism groups, businesses and communities better able to capitalise on the cruise tourism opportunities. Those destinations where the DMO or local tourism strategy does not explicitly address cruise tourism are not as strong in harnessing and managing cruise tourism as those where this is the case.

## Destination infrastructure constraints

7.7     Infrastructure constraints exist in several destinations, which limit the sustainable development of cruise tourism.  This can be close-to-port infrastructure (e.g. handling large numbers of passengers once they have left the port); infrastructure constraints associated with travelling around a destination and/or accessing attractions (e.g. road infrastructure); or site/attraction specific infrastructure.  Many of these can generate negative social and environmental impacts, and thus present a barrier to sustainable tourism development.

7.8     There are a number of examples of each of these forms of infrastructure constraint.

### Close-to-port infrastructure challenges

7.9     The infrastructure close to the Port is important, however constraints are evident in several locations:

- **Greenock, Inverclyde**: the infrastructure close to the port, including the connection between the terminal area and the town centre, is an example of under-developed provision.  The majority of cruise ship passengers will take cruise packaged tours directly from the ship to their destination, but those wishing to undertake more independent travel (and the significant numbers of crew), will find the route to the town complex and low quality.  There are however, measures in hand to address this constraint.

- **South Aberdeen Harbour**: when the new harbour opens for large cruise ships there will be significant volumes of passengers in an area close to residential areas and in a location with weak pre-existing infrastructure. Work is currently underway to plan for the large increases in passenger numbers once they leave the Port, including bus shuttle connections.

7.10     Each destination must have good infrastructure provision connecting the port area to the local towns and attractions, in order to maximise the benefits of cruise passenger visits.  This varies in quality across destinations.   Some locations (e.g. Dundee, Scrabster, Rosyth) have a good supporting ecosystem, for example in relation to good volunteer welcome arrangements and shuttle bus connections.  In Dundee, good use is made of the link to Dundee and Angus College, with students providing a welcome as part of their hospitality course, providing useful work experience.

## Transport/access infrastructure

7.11    A number of destinations struggle to accommodate large volumes of cruise passengers as they travel along similar routes to key attractions, using the roads available.  This negatively impacts on remote rural areas in particular, where the pre-existing road infrastructure may be weak in terms of congestion, bottlenecks and pinch-points. This can add to local resident travel to work and travel to learn times and local business costs (e.g. longer journey times), and can inhibit local resident access to services.  Many rural roads on Scottish islands are single track with passing places, which can make coach tour travel journeys problematic.  Coaches understandably tend to favour the better roads, which can produce bottlenecks and high coach volumes on those roads.

7.12    The greatest challenges are faced in island areas:

- **Skye**: The number of coaches has become an issue (though it should be acknowledged that this is not just from cruise passenger tours).  Coaches can only travel on the major roads, which typically means the north end of Skye loop, and some key destinations (incorporating the A87, A850 and A855 to visit Old Man of Storr, Dunvegan Castle, some of Eileen Doran Castle).  This creates bottlenecks, and although Skye is getting better at managing flows (Castles can be pre-booked etc., improved parking), dispersal remains a challenge.

- **Orkney and Shetland**: The pressures in Shetland are not as great as those in Orkney; however, even in Shetland the available tours tend to visit the same attractions, so even with good management of coach flows ($x$ minutes each in $y$ museum), the logistics of managing within the existing infrastructure are challenging.  The issue is highlighted in the business and community survey data:

    - 75% of those surveyed in Orkney say there is a significant impact (5 or more out of 7) at certain times of the year in terms of pressure/congestion on the local transportation network.

    - In Shetland, 60% say there is a significant impact.

- **Western Isles**: Again, the road infrastructure is typically weak. The destination is just able to manage coach flows based on the current number of cruise passengers, however with the planned investment in Stornoway harbour and an increase in passenger numbers this will no longer be the case without infrastructure investment.  As it is, unplanned (non-cruise) coach visits can cause havoc on Lewis when these coincide with cruise passenger visits.  Half of those surveyed in the Western Isles think road infrastructure will constrain cruise tourism in the future, and 54% say that currently there is a significant pressure/congestion on the local transport network at certain times of the year.

7.13    It is important therefore that planned upgrades of port infrastructure goes hand in hand with onshore infrastructure investment.  Planning in this regard is underway in Aberdeenshire, via the Cruise Tourism project, where VisitAberdeenshire is making provision (including through the planning system) for coach-friendly infrastructure in the region, particularly in more rural parts and close to important attractions.  It is also important that destinations manage cruise tourism flows so that the impact on local residents and businesses is minimised.

## Site-specific infrastructure constraints

7.14    There are also constraints at specific sites and destinations, whether this be toilets, coach parking or food and drink provision.  This affects both paid-for and free attractions. A range of management approaches are being adopted, from timed ticketing to extended opening hours, yet managing cruise volumes sustainably can remain a challenge.  Urquhart Castle, for example, has extended opening hours into the evening so that non-cruise visitors can access the attraction more easily, given that cruise visitors arriving on coaches often fill most of the available capacity (see also end of Chapter 6).

7.15    Findings from the business and community survey indicate that capacity at local visitor attractions will constrain future cruise tourism growth.  More than 6 in 10 (61%) surveyed in Orkney think this is the case for example, as do 45% in the Western Isles, compared to the Scotland-wide average of 27%.

## Amenity constraints and overcrowding

7.16    In some locations, findings from the business and community survey indicate that the high levels of existing cruise passengers may be a constraint on further growth, indicating that these respondents think cruise tourism growth in their location is not sustainable, i.e. that the high growth in numbers will itself be a barrier to further growth.  This is highest in Orkney, where 43% across businesses and community groups think this.  There are also concerns about the ability of local services and amenities to support further cruise tourism growth, highest in the Western Isles (45%) followed by Orkney (38%).

7.17    There are different views between business respondents and community respondents in destinations on the perceived ability of their location to accommodate further cruise tourism:

- 38% of those in Orkney and 31% in the Western Isles believe there is no capacity at all to accommodate further cruise tourism;

- Across all respondents 20% believe there is no additional capacity and 19% no appetite, at all to increase cruise tourism); whereas

- In contrast, business and community respondents in Highland, Argyll and Bute and Shetland are more likely to believe there is considerable capacity to accommodate additional cruise visits, with 54%, 40% and 33% respectively reporting that this was the case (v.17% overall).

## Effective packaging of the offering

7.18    The effectiveness of the local destination group/destination management organisation and/or local authorities and/or Development/Community Trusts to marshal the cruise tourism offering (packages) is variable, and in some places weak.  In the majority of cases this is not a reflection on the quality of the tourism offering per se, but rather the ability of the destination to package the offering to make it attractive (and readily available) to cruise companies and independent travellers.

7.19    Several DMOs and local groups/partnerships are seeking to address this issue.  Examples include Caithness (see Chapter 6) where partners are seeking to spread the visitor numbers beyond Wick Town Centre and Inverclyde (see box below).  The Cruise Forth project (also see Chapter 6) is a good example of partners/businesses coming together to make the destination offerings as accessible to cruise passengers as possible.

**Destination Inverclyde**

Inverclyde is home to the deep-water Port of Greenock, which is also close to Central Belt road and rail connections. Cruise ship passengers travel from Greenock on tours through to Glasgow and Edinburgh and to Loch Lomond. There have been an estimated 1 million passengers arriving at Greenock over the last 10 years, although arguably the economic and social benefits to Inverclyde – which has some of the poorest areas in Scotland – have been limited.

Destination Inverclyde is the DMO, which relies on a volunteer board. Although more recently supported by the local authority its capacity remains modest, and there is little packaging of a local Inverclyde offering for cruise passengers. Current economic benefits from cruise ships are principally via the crew, many of whom visit the new out-of-town retail development at Port Glasgow.

Although the majority of cruise passengers will continue to visit Edinburgh, Glasgow and Loch Lomond, the pontoon improvements at Greenock (which will see ships able to stay for up to 36 hours rather than 12) provide an opportunity for Inverclyde to capture more passenger spend locally. In turn, this requires better packaging alongside infrastructure improvements (terminal improvements including a restaurant and upgraded walk route to Greenock Town Centre are planned).

There is much to the Inverclyde offering that could appeal to cruise passengers – from genealogy links to the US (3 million migrated from the area to the US in the late 19th Century/early 20th Century) to heritage walks, to Food and Drink experiences (cheese and chocolate factories), to local coasts. These 'packages' could attract passengers who are repeat visitors (and who have done the other major tours); independent travellers increasingly looking for experiences; and those with more time than was previously the case given the longer ship dock time.

## Destination group capacity and influence

7.20     Some of the inability to package or marshal the offering effectively relates to the lack of destination group[68] capacity and/or staff resource. For Moray, a small local authority area, resources are a challenge. Moray Speyside Tourism is a two-person resource with a modest budget with which to promote all forms of tourism. Its approach therefore has been to actively target specific travel operators, and to work collaboratively with other DMOs. The smaller tours market is important for Moray, and in terms of cruise ships, it seeks to work as closely as possible with other ports.

7.21     Despite its modest budget resource, Moray has ambitions to double the overall value of tourism by 2025 (and they are ahead of schedule). They consider that they have a good tourism offering – distilleries, castles, dolphins (Moray Firth), scenery, dark-sky zone – all linked to the wild, natural outdoors, heritage and experiences. In time, they hope to develop some of their nine coastal ports, all the time seeking to extend their reach through targeted travel operator engagement and packaging of the offering. However, the challenge here is to be able to package this offering in a way that is easily presented to both tour operators and the increasing number of (higher-spending) independent travellers. This may actually require the packaging of tours and attractions to other markets first (e.g. coach tour operators) before factoring in the cruise market and engaging the ports themselves.

7.22     Destination groups often find it a challenge to engage with tour operators and to get in front of cruise ship shore excursion planners. Some, such as Promote Shetland, are more successful in this regard, including promoting alternatives to cruise tours, such as experiences (e.g. local crafts, making traditional foods, outdoor trails). Other destinations, however, find making inroads into the cruise ship market very challenging, even where they are close to Ports and cruise ship traffic (e.g. large parts of Argyll and Bute, Ayrshire). In some instances, this may be due to relative proximity to existing ports and

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[68] This includes Destination Management Organisations (DMOs) and other organisations, bodies, groups, etc. responsible for the management of tourism within destinations

destinations, but often the degree to which the destination's offering is developed is a factor. As noted in the preceding chapter, Ayrshire has a wealth of visitor attractions, yet these are relatively undeveloped from the point of view of cruise tourism.

**Promote Shetland**

Shetland has benefited from a steep rise in cruise ship and passenger numbers. However, visitors typically do very similar tours to the same places and attractions. Promote Shetland, the DMO, has therefore sought to bring benefits to more Shetland businesses and to make it easier for businesses to attract independent cruise ship travellers.

As a result, Promote Shetland has launched a microsite www.shetland.org which enables businesses to promote what they do directly to passengers. The site includes events listings, promotion of exhibitions, activities etc. and is directly aimed at cruise ship passengers who do not want to go on the available excursions. The site allows local events/businesses to advertise available spaces for activities and events, allowing cruise passengers to then pre-book a space. For example, an individual business is able to specify their available activities, the time(s) these are scheduled for and provide directions on how to access these. It has been designed to create a better experience for cruise passengers, especially those who wish to travel independently.

In Shetland, there are cruise visitors who do not want to take bus tours organised by the cruise operators, and Promote Shetland are recognising that they need to be able to respond to this market (e.g. those that want/need a taxi). The microsite developed forms part of this response.

7.23     Whilst almost half of respondents overall think that their local visitor management strategy is at least moderately effective in managing cruise visitors, in some locations, businesses and communities think that the lack of an effective visitor management strategy will constrain future cruise tourism growth (the findings imply a variable understanding amongst businesses and communities of whether a visitor management strategy is in place – and indeed, the extent to which one exists is also extremely variable). This is highest in the Western Isles (57% say the lack of an effective visitor management strategy has a significant negative effect), the City of Edinburgh (50%) and in Orkney (44%). Across all respondents Scotland-wide, the proportion that think this will have at least a moderate negative impact on future cruise tourism growth is 65% (43% think a lack of an effective strategy will have a significant negative impact). Whilst some of these views will represent a lack of knowledge of the visitor management strategy, the data nonetheless suggests stronger and more effective visitor management strategies would be beneficial to supporting sustainable cruise tourism growth and securing the co-operation and support of local businesses and communities.

## Regional constraints

7.24     There are some regional constraints that inhibit the sustainable growth of the cruise tourism market. These typically relate to the extent to which different destinations work effectively together. There can be a degree of competition between destinations with particular visitor attractions working in isolation to capture a greater share of the cruise tourism market, rather than a more planned and joined up regional approach.

7.25     Part of this diminished regional co-ordination is a result of a lack of communication (and sometimes information) between destinations. This is related to the challenge faced by destination groups and other partners of engaging with cruise companies, so that it is not easy to make packages available that can promote alternative destinations. Cruise companies do not always wish to promote independent travel or tours they are not providing, which can make it difficult for destinations to promote their offering in advance. However, a lack of direct engagement between destinations and cruise operators means that new products, destinations etc. cannot easily be promoted either.

7.26    One example of how regional co-ordination is being achieved is via the app being developed by Cruise Forth. It allows cruise passengers to forward book, once they know they may not be taking the cruise company organised tour (the idea of the 'next port' box).  As a passenger returns to the ship after their day at port, information is provided on the next destination (especially useful since cruise excursions are booked at least 24 hours in advance).  This information could be a map of tomorrow's destination. For example, two or three ships regularly travel from the Forth/Forth Ports to Ullapool, so Cruise Forth can then help promote things to do for passengers in advance of their arrival at Ullapool.

7.27    There are some good examples of destinations working together across regions and destinations.  These include the work of Cruise Forth as a coordinated response across Fife, Falkirk and Edinburgh local authority areas.  This is partly helped by the fact that Forth Ports owns all the ports in this locality.  However, even across the Cruise Forth partnership there are challenges in promoting alternative destinations/attractions (giving passengers the information on these alternatives) and encouraging businesses to think in ways that best promote their offering to cruise visitors.

7.28    Some regions (e.g. Ayrshire) are generally less developed in relation to their ability – or readiness in terms of promotion and destination management – to take advantage of the cruise ship offering, or may indeed be prioritising other sectors in pursuing a more sustainable form of economic development.  Sometimes this relates to the positioning/emphasis given to cruise tourism in strategic planning.  Argyll and Bute, for example, now explicitly make reference to the potential of marine tourism and are seeking (through the Rural Growth Deal and other mechanisms) to put in place the infrastructure (and to package the offering) to exploit this potential.

## National-level strategic constraints

7.29    There is some evidence in the research to suggest that there is limited co-ordination to planning for cruise tourism.  Feedback from consultations indicated a lack of clarity on which organisation had the strategic lead for developing cruise tourism at the national level.  A similar picture exists at the local level, with no clear agreement on whether a strategic approach to cruise within destination management exists, or on who has responsibility for the industry's development.

7.30    Whilst some examples of local strategic co-ordination exist (e.g. in Orkney), there appears to be little co-ordination at the national level.  For example, destination groups in Wick and elsewhere in Caithness think that they are well-placed to take any 'overflow' from Orkney, but in order to fully achieve this, co-ordination as part of a nation-wide strategy is required.

7.31    Changing consumer habits may represent a future constraint on cruise tourism growth, most notably in relation to the **environment and the reported contribution of cruise tourism to climate change**.  These changing attitudes also provide an opportunity for environmental considerations to help shape more sustainable growth in  cruise tourism in the future, including changes to greener vessels and improvement of visitor management at destinations.  Across all business and community survey respondents, 24% think changing consumer responses to climate change will have a significant impact on the future growth of cruise tourism, reinforcing the opportunity to use consumer perceptions as a driver for more sustainable cruise tourism growth.  This is an important consideration, and one to which the response should be formulated at the national level, to ensure coherence across Scottish destinations.

## Summary

7.32    Port infrastructure constraints, including related support ecosystems, are a considerable challenge for the development of the cruise industry in Scotland, although considerable growth opportunities exist within the existing port infrastructure particularly for smaller, boutique vessels (e.g. on the west coast).  Port infrastructure constraints impact on the ability of ports and destinations, where there is capacity and appetite, to develop their cruise offering and activity.  Targeted investment at some ports is seeking to attract a larger market share, but the cost of such investment means that in many

cases, public sector intervention is required to support development – but this can then be used to serve other sectors and activity.

7.33    At the destination level, infrastructure challenges can also limit the extent to which large volumes of cruise passengers can be accommodated, or impact the visitor experience, for example in relation to post-disembarkation transition to local transport services, and in towns and at attractions where overcrowding can occur.  This in turn can impact negatively on communities and affect how communities perceive the industry, while causing concern about the viability of local services and amenities.

7.34    A number of destinations in Scotland are also unable to – or do not – present a coherent and attractive offering or package for cruise operators.  A key factor here is destination group capacity and resource to develop offerings, and to engage with industry actors.  Some parts of Scotland, such as Ayrshire, are less developed, though others are now beginning to address shortcomings to develop their offering.  Inter-regional competition between destinations as a result of a lack of co-ordination also limits opportunities for development, though there is evidence of some good collaboration to offer passengers alternative destinations and activities, thus helping to spread the impact and benefits of cruise visits.

7.35    At the national level, there appears to be a lack of co-ordination amongst strategic actors.  This constrains Scotland's ability to tackle the opportunities and challenges presented by cruise tourism, including managing visitor numbers across destinations, or responding to changes in consumer preferences.  There is a growing awareness amongst consumers of the environmental issues, including the potential for this to constrain future cruise tourism growth.  This presents an opportunity for the cruise tourism sector – and for national, regional and local stakeholders – to take a more sustainable approach to cruise tourism development.

# 8    Key development opportunities for sustainable cruise tourism in Scotland

## Introduction

8.1    This chapter gives consideration to opportunities for the **sustainable development** of cruise tourism in Scotland.  It draws on the findings from consultations with strategic and industry stakeholders, as well as our survey research with businesses and community organisations in Scotland's cruise-focused destinations.

8.2    The chapter follows on from the discussion of constraints and challenges facing cruise tourism in Scotland and seeks to identify areas for activity that can help to develop cruise tourism in a way that optimises economic benefits while avoiding or mitigating any negative impacts on community and the environment.

## Development opportunities

### Strategic action

### Place-making and integrated development

8.3    As an important part of ensuring the sustainable development of the cruise tourism industry in Scotland, there is an opportunity for partners to reframe how cruise tourism is viewed in terms of its development.  Findings from the research indicate that incorporating cruise tourism development into wider economic development activity, and positioning it as an integral part of place-making activity – where desirable and relevant, and in the context of cruise as one of a number of tourism sectors that may operate within a destination – can help to mitigate and manage any negative impacts arising from cruise tourism, and to maximise benefits where they exist.  The place, i.e. the destinations and communities that support cruise tourism, must be at the heart of this partnership approach.  The approach taken in Orkney regarding cruise management is a very good example of this.  There is proactive management by the Destination Orkney Strategic Partnership, coupled with limits on the number of passengers in any one day (capped at 4,500) and the development of a draft tourism strategy for Orkney.  The aim is to ensure that economic prosperity is increased, and benefits are dispersed throughout the Orkney Islands, whilst managing numbers to protect the visitor experience, key sites, infrastructure and Orkney's natural and cultural heritage.

8.4    It was reported through the research that cruise can and does contribute to the vitality of high streets and town centres, particularly in smaller destinations, such as Tobermory or Lerwick, by bringing increased footfall.  However, this needs to be managed carefully, and done so within the carrying capacity of places – hence the need for integrating cruise tourism with wider place-based development approaches.  There is split opinion amongst businesses and community groups on whether they think that their local areas have any capacity for additional cruise tourism visitors.  For example in Orkney, and to a lesser extent in the Western Isles, only a small proportion (32% and 31% respectively) feel that there is any substantial capacity to accommodate an increase in cruise tourism visitors.  In contrast, almost two thirds (64%) of business and survey respondents in Highland, and around 60% in Argyll & Bute, feel that there is notable capacity to accommodate an increase in cruise tourism visitors.

8.5    This reinforces findings from research on wider tourism and destination development issues.  A lack of joined-up discussion or consideration of a wide range of tourism and non-tourism issues (such as infrastructure and service provision) that serve to make tourism a success in many destinations and meet the needs of host communities, is a current challenge.  Taking a coherent, integrated approach across all relevant stakeholders is essential for sustainable development: non-tourism matters need to be factored into decisions regarding the development of cruise tourism, and conversely cruise tourism

considerations must be part of planning and strategy for economic and community development. Taking a more holistic approach to cruise management, beyond the management of visitors, would be beneficial here.

8.6    This also aligns with the direction of travel in the new national tourism strategy, *Scotland Outlook 2030*. The strategy recognises that the role of tourism has changed substantially as a result of the climate crisis, technological developments, Brexit and changes in consumer behaviour reflected in the demands of visitors to Scotland. The vision for the strategy is that "*tourism can and will benefit every person who lives in Scotland, visits Scotland and works in Scotland*", and an integrated approach to cruise tourism as part of a wider approach to economic and social development is essential to help realise this vision.[69]

8.7    In light of the discussion above, it is therefore crucial for destinations to define what the offering in terms of cruise tourism is. The offering must be in keeping with the characteristics and needs of each place that supports cruise tourism, and in light of the relative importance and value of cruise compared to other sectors. It must also complement sustainable development ambitions at a local, community level as well as at regional and national levels. Taking this approach means that cruise tourism becomes more driven by what communities need and what Scotland as a cruise destination can offer rather than what cruise companies demand. It also helps to frame the approach to offer diversification (discussed below).

## Increasing cruise industry engagement to diversify the offering

8.8    There is an opportunity to drive engagement with cruise industry operators at the national, strategic level to better influence what cruise companies do in Scotland, in terms of itinerary planning and product offering to passengers. In general, cruise operators respond to customer demand and this largely corresponds to existing marquee attractions or destinations. Those operators that actively seek out new destinations or experiences for passengers tend to be smaller expedition cruise companies, or those providing higher-end, boutique cruises. From a destination or product development point of view, cruise operators are sometimes not clear on who to engage with at the destination level; this can be a function of resource within companies, since they often visit hundreds of ports and destinations at a global level. Engagement with cruise operators is therefore sporadic, and not done in any consistent or systematic way.

8.9    By managing this engagement through a single point of contact, it will be easier to demonstrate what Scotland can offer, ensure coherent and consistent messaging, and reduce barriers for cruise operators and destinations to engage with each other. A national-level collaboration, working on behalf of the sector as a whole, can help to achieve this. A coherent offering for local destinations can then be communicated to cruise operators, consistent with branding and messaging for Scotland. This will help to raise awareness of alternative or niche options that can help to diversify products and itineraries made available to passengers. Ultimately this will support destinations to develop and diversify their cruise tourism offering, giving cruise operators more options, and assist the more equitable spread of impacts. This also affords local businesses within destinations a greater opportunity to engage with cruise operators (indirectly or directly), or to better understand the needs of cruise operators, and ultimately visitors. This will increase the opportunity to optimise economic benefit for businesses within the definition of the offering (as above).

8.10    There is an aligned opportunity here relating to destination development. By providing support to destinations and attractions, strategic partners (e.g. VisitScotland, STA, Cruise Scotland, SE, HIE, SoSE) can help to develop a variety of itinerary packages and alternative attractions, and can help to better spread the impact and benefits of cruise tourism, where desirable, relevant and sustainable. Consequently, this will enable partners at all levels to better articulate the offering to cruise operators, and thus more effectively influence them in terms of itinerary and product planning. In addition, taking

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[69] Scottish Tourism Alliance, Scottish Government, VisitScotland, Highlands and Islands Enterprise, Skills Development Scotland, Scottish Enterprise (2020) *Scotland Outlook 2030: Responsible tourism for a sustainable future*

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a partnership approach such as this will help to improve passenger experience, but can also serve to determine what works for destinations, attractions and their communities. This is something that Trust Ports such as Invergordon are obliged to do, through a stakeholder group. Formalising such an approach across all destinations can drive greater consistency of messaging and engagement with cruise operators, and give destinations a route to cruise operators, potentially through national strategic organisations, with common messaging that cruise operators can understand.

## Data gathering

8.11    Better data gathering is an opportunity for all stakeholders to be better informed about the cruise tourism industry in Scotland. Fully understanding cruise tourism and its impacts on an ongoing basis is crucial for sustainable management and development of the sector. This requires robust, credible and up-to-date evidence but there is the view amongst stakeholders that data and data collection is currently patchy and not fit for purpose. Through the research process, it was clear that data availability was limited, and not sufficient to provide comprehensive, granular insight at the Scotland level.

8.12    This results in a lack of understanding and clarity about the sector. In turn, this can potentially result in tension between stakeholder groups, or in lobbying with limited or imperfect information. Ultimately, the lack of good data can result in policy or legislative decision-making targeted at cruise tourism that is only partly informed.

## Sustainability considerations

### A diverse offering to achieve a more sustainable pattern of development

8.13    As noted above, engaging cruise operators on product and destination development is a key strategic opportunity. However, addressing cruise line reluctance to develop new products, and encouraging operators away from marquee destinations – particularly those that may be under pressure from high volumes of visitors – can help to mitigate negative impacts of cruise tourism visits. Stakeholders consider that overcoming this barrier would make a significant contribution to a more sustainable mode of development for cruise tourism. However, this must be done and managed in a way that does not simply transfer the negative impact of cruise tourism. It must also recognise the demand for marquee destinations and attractions from cruise operators and visitors, and alternative attractions should be positioned such that they are seen as comparable in quality of experience as more established attractions.

8.14    Responding to the opportunity presented by the emerging market segment of expedition cruises, and smaller vessels offering bespoke or boutique experiences, will spread positive impacts. Smaller vessels can serve more destinations and areas where port facilities are otherwise constraining. This will also help to mitigate negative impacts realised in high-volume destinations. There is some evidence through the research of some smaller destinations and attractions increasing their appetite for accommodating cruise tourism. In the Highland Council area, and to a lesser extent in Argyll and Bute, the majority of respondents (c.82% and 50% respectively across both business and community respondents) feel that there is at least a reasonable degree of appetite to accommodate increased cruise visits.

8.15    Cruise passenger involvement in organised activities whilst on-board can also have other benefits. For example, participating in activities such as kayaking or nature watching whilst at sea can complement and benefit other marine tourism sectors where these activities are provided by local businesses.

### Proactive approaches for conservation

8.16    There is an opportunity to take proactive steps to preserve attractions for the longer term, in conjunction with all partners – including cruise operators. Evidence from the research indicates that rather than serving to deter cruise operators, taking open and transparent decisions to put in

safeguarding measures, such as charging or limiting visitor numbers, can be achieved in conjunction with the operators.

8.17    A good example of this is the Italian Chapel in Orkney, which introduced charging and an upper limit on the number of visitors at any one time in an effort to preserve the Chapel's physical integrity. This was achieved with the buy-in of a cruise operator as a result of a proactive approach and clear communication.  Likewise, engaging communities in decisions regarding cruise tourism management can result in greater support for conservation measures, where these may otherwise be seen as restrictive.  For example with the Ring of Brodgar, also in Orkney, stakeholders are considering measures that may ultimately be restrictive in terms of access to the site, to counter the evident impact of both the high volume of visitors and also climate change.  As the local community is heavily involved, there is buy-in to the process.

8.18    Such approaches could tap into the increasing popularity of green or eco-tourism, often considered a smaller-scale, higher value and lower impact alternative to standard volume tourism.  This is popular amongst German tourists in particular.  By taking into account environmental considerations, the needs of local residents and businesses, and the visitors themselves, there is potential for pressure on sites and destinations to be alleviated.

8.19    This trend towards better destination stewardship is not only being driven by destinations themselves.  Industry evidence suggests that cruise operators are increasingly concerned with visitor management and responsible tourism.[70,71]

## Sustainable power as an opportunity

8.20    Through consultation with stakeholders and cruise operators, shore power and LNG as a fuel were identified as an opportunity for Scotland to reduce consumption of fuel, and also air and noise pollution whilst ships are in port, e.g. scrubbers.  A number of cruise operators are moving towards increasing use of shore power, and others are considering LNG as a fuel in the longer term.  However, it should be noted that the transition to these solutions are expected to occur over a considerable length of time, and so any positive environmental benefits expected to stem from these changes may take a number of years to realise.  Further, there are concerns over the extent to which LNG may reduce GHG emissions, and a lack of requirement for closed-system scrubbers may result in increased marine environment pollution.

8.21    Shore power appears to be a real opportunity to increase the sustainability of cruise operations in Scotland.  However, it is felt by stakeholders, and public sector consultees in particular, that the cost of providing the necessary infrastructure may be prohibitively high at present for a large scale roll-out. Despite this, shore power facilities exist elsewhere in Scotland for other vessel types, at Stromness for ferries, and at Macduff.  Though shore power facilities for cruise are only available at a small number of ports in mainland Europe presently, Southampton aims to bring shore power online in 2020.  This may impact on the economic viability of new shore power schemes in Scotland, at least in the short term.

8.22    Such developments could put Scotland at a competitive advantage, at a time when other cruise markets in Northern Europe, such as Norway, are beginning to take stronger stances on environmental issues. It would also align with trends amongst cruise operators.  New cruise ships are increasingly equipped with the ability to turn off the engines and receive shore-side electricity while in a port where clean energy is available; the latest evidence from CLIA suggests that 88% of new build capacity will have or will be configured to add this ability, although as previously stated, this will take many years to achieve more widely.[72]

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[70] CLIA (2020) *State of the Cruise Industry Outlook*

[71] https://www.cruise1st.co.uk/blog/cruise-news/sustainable-cruising-how-cruise-lines-are-thinking-about-the-environment/

[72] Ibid.

8.23    As noted above in discussion of integrated development and place-making, this could be achieved to benefit a number of different sectors in addition to cruise, and may also be useful as a driver for wider infrastructure or service improvements in port towns and destinations.  Greening port facilities, such as the provision of shore power, recycling or waste management facilities, may also help to offset any negative impacts arising from cruise tourism.

## Complementarity with other marine uses

8.24    A further sustainable development opportunity is the consideration of cruise's complementarity with other marine uses.  A balance is needed with other marine user groups, in the same way that aquaculture development may need to consider ways of sharing the same marine space with renewable energy generation or marine tourism.  Scotland's National Marine Plan[73] and the marine planning process already have an established principle of multi-use within marine planning areas (MPAs) to promote compatible use across different sectors and user groups, and an aim to minimise conflicts.  The opportunity here is in better integrated management of Scotland's marine resources to gain the optimum from them, rather than growing one resource at expense of another.

## Port infrastructure improvement

8.25    As discussed in Chapter 7, Scotland's port infrastructure, and particularly on the West coast, is in need of upgrading in terms of quay length, water depth, ancillary infrastructure etc., but the nature of the market failure means that it requires co-ordination across multiple user groups and stakeholders to achieve.   Additionally, infrastructure improvement is too costly to deliver everywhere in Scotland, particularly for local authority- and trust-owned ports.  Whilst each port will decide what investment to make based on a business case that considers cruise and other port uses, any port infrastructure development funded through Scottish Government or other public sources should be linked to a specific identified market opportunity that can bring clear and identifiable economic, social and environmental benefits.  Whether this is significant investment in a single port (e.g. a marquee port or port targeting larger cruise vessels), or a package of investment across a group/network of ports to attract or manage higher value smaller expedition or boutique cruise vessels, it should be informed by the scale and equitable distribution of these benefits.

8.26    The development plans for Stornoway port and the proposed deep water facilities are a good example of responding to opportunities across multiple sectors including cruise, and also where an identified co-ordination failure is being addressed to position the port to serve and target multiple sectors through its redevelopment.[74]  This would meet an emerging market demand amongst cruise operators – a number expressed a desire for an alternative 'remote island' destination to Orkney or Shetland, identifying 'an option on the west coast of Scotland' as preferable.  However, serving market demand and maximising cruise tourism opportunities would need to be balanced off against capacity and appetite.  As discussed above, there appears to be at least some appetite and capacity amongst west coast destinations in Argyll & Bute and Highland, and to a lesser extent in the Western Isles.

8.27    Aberdeen's near-complete South Harbour development is another specific opportunity to develop cruise in a destination that appears to have both capacity and appetite to grow.  The opportunity here is to develop a destination and attractions that are comparatively unknown to cruise tourism, and this has been recognised by partners within the destination.  The work across Aberdeen City and Aberdeenshire Councils, VisitAberdeenshire, Aberdeen Inspired, Scottish Enterprise and others has positioned the region to respond to cruise tourism opportunities.  Stakeholders in the region consider that this can open up Aberdeen City, Shire and the Eastern Cairngorms and offer a microcosm of Scotland within one destination.

8.28    The interconnectivity between ports and Scotland's land-based transport infrastructure and public transport interchanges is another opportunity.   This can help to make cruise ports a more

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[73] https://www.gov.scot/publications/scotlands-national-marine-plan/

[74] https://www.hie.co.uk/latest-news/2019/february/14/funding-boost-for-stornoway-port-developments/

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integrated part of the transport system. Despite some wayfinding improvements in certain port towns, there is a disconnect at ports such as Greenock or South Queensferry, for example, between the terminal and rail station. This is in contrast to many ferry terminals in Scotland being co-located with rail stations, and a result of many cruise facilities developing at ports handling commercial (e.g. freight) activities. There is also an anticipated requirement for additional infrastructure immediately outside ports in future for smooth, rapid onward transit (e.g. Aberdeen).

## Responding to market trends

8.29    A key market trend in recent years is the emergence of expedition and boutique cruises as distinct sub-sectors, alongside a trend towards larger vessels in the high-volume segment. Since expedition and boutique cruises operate smaller ships, these segments are arguably better suited to Scotland's offering in terms of existing port infrastructure. Whilst a small number of Scottish ports can handle larger cruise ships – the size of which is expected to increase – many of Scotland's ports are better suited to smaller cruise vessels. In addition, expedition and boutique cruises are generally accepted to attract higher spending passengers, and so this offers a greater potential for visitor spend impact. To achieve this will require greater engagement and influence with cruise operators to encourage new routes and ports of call

8.30    This is a particular opportunity for the ports on Scotland's west coast – often limited in terms of berthing capacity, draft etc. as well as hampered by their proximity to Greenock, and to a lesser extent Orkney: between these two ports, (larger) cruise vessels often do not want or need to call at other ports. The cost of infrastructure upgrade to accommodate large vessels is prohibitive, and thus would not generate sufficient return on investment. However, smaller vessels in the boutique or expedition cruise sub-sectors represent a more achievable – and sustainable – market opportunity.

8.31    Diversification in terms of passenger market segments is also a key opportunity, in terms of accessing additional markets, and in helping to realise more sustainable patterns of cruise tourism. There are three main elements to this:

- **Younger passengers**: It is accepted that younger passengers seek alternative attractions and destinations. Developing offerings that appeal to younger cruise tourists can help to attract visitors away from high-demand attractions, and towards less visited attractions and outdoor experiences and destinations that can accommodate an increase in visits.

- **Returners**: a number of consultees recognised the value of cruise, and particularly volume cruise, as an initial showcase of what Scotland has to offer. By exploiting this role as a 'gateway attractor', destinations and partners (industry and strategic) can develop follow-up itineraries and packages to encourage return visits by passengers. This can contribute towards managing visitor numbers at marquee destinations and attractions.

- **Independent travellers**: Evidence gleaned through the research suggests that the incidence of independent travellers is increasing, though that scale at which the proportion of independent travellers is growing is unclear. Package tour cruise passengers still represent a majority, but there is a necessity to meet needs of independent travellers. One way of enabling this is to ensure smooth access to Scotland's public transport system, or potentially alternative/independent tour operators.

8.32    A final opportunity relating to market trends is in capitalising on the strength of Scotland's brand, and its status as a secure destination. A number of Scottish-based and cruise operator consultees reflected on the value of the perception of Scotland as 'safe', in comparison to cruise markets elsewhere globally that are subject to political instability, conflict or civil unrest. It appears that this perception is not significantly affected by uncertainty caused by Brexit, or the current independence debate in Scotland. Building on this position can consolidate Scotland's position as a high-value cruise market, particularly for North American tourists.

## Destination development

8.33    There are a number of opportunities relating to responsible cruise destination development. Arguably the most important of these is an opportunity to build more bespoke itineraries and packages to offer cruise operators.  There is evidence that some ground handlers and tour companies are starting to look for more bespoke offerings, whilst some cruise operators either approach specific attractions (e.g. Disney directly approaching Corrigall Farm on Orkney), or liaise with specialist excursion or activity operators rather than just package tour companies.  However, there is an onus on attractions and destinations to proactively develop new product and package offerings that can be promoted to cruise companies and tour operators.  Evidence also suggests that there is a trend towards experiences over sightseeing.

8.34    Such development activity can help to broaden the offer and appeal of outlying areas, or attractions that may be considered 'off the beaten track'.  For example, this may mean attractions on outlying areas and islands of Orkney and Shetland such as Fethaland, a historic *haaf* (deep sea fishing station) on the northern tip of Shetland mainland, or slight variation in existing mainland travel itineraries to accommodate new or alternative tourist sites.  One such example of this is Kingsbarns Distillery, which lies adjacent to an existing itinerary route serving St. Andrews; the distillery is actively trying to engage both tour operators and cruise companies.

8.35    Cruise can also be used as a driver to extend the tourism season, at least where there is a significant number of cruise calls per year.  On Orkney, it is recognised that being able to influence when cruise ships call has helped to extend the tourism season – providing much needed revenue to sustain businesses in Kirkwall and more widely across Orkney.

8.36    There is some scope to exploit opportunities for additional cruise-related growth in some port towns and cities.  For example, consultees consider that Greenock, amongst other ports, is not fully benefitting from a growth in cruise tourism just yet.  This is despite investment in wayfinding, signage, etc. through the town, to attract passengers who opt to walk through, usually en route to the train station. Ultimately, many visitors are bussed onwards to destinations immediately following disembarkation. Dundee is also considered to be in a similar position, and is seeking to grow its tourism industry on the back of the recent success of V&A Dundee.  One way of achieving this is to consider the extent to which Scotland can encourage cruise visitors prior to embarkation or following disembarkation, at the start or end of their cruise.  It is estimated that almost two-thirds of cruise passengers spend a few extra days at embarkation or disembarkation ports.[75]

8.37    Some attractions see this as an ideal way of maximising the time (and thus spending potential) of visitors who would otherwise be relatively time-poor if on pre-booked excursions.  Cruise passengers, particularly those on booked excursions, have a finite window for spending as part of sightseeing excursions.

8.38    An additional opportunity for cruise-related growth is to capitalise on crew leisure time and retail spend.  Consultees report that levels of crew spend can be considerable, made on purchases for personal supplies or spent on recreation and leisure activities where the time is available.  Maximising this spend with local, independent retailers can help to increase economic benefits to port towns.

## Summary

8.39    It is important to view cruise tourism as part of wider economic development activity and position it as an integral part of place-making in cruise destinations.  Cruise can and does contribute to the economic development and prosperity of places, but this needs to be managed responsibly.  A joined-up, coherent approach involving all stakeholders is required to ensure that cruise develops in line with

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[75] CLIA (2020) *State of the Cruise Industry Outlook*

capacity, appetite and, importantly, the sustainable development priorities of the cities, towns and communities that support the cruise tourism industry in Scotland.

8.40     To that end, better and co-ordinated engagement with cruise industry operators is needed, with management dealt with at the national level.  This offers two key opportunities – the communication of a coherent offering from all destinations to the cruise operators; and support to destinations to be able to develop such an offering.  A single conduit for this activity will be invaluable for destinations and attractions.  In particular, new and bespoke itineraries can more readily be taken to cruise operators.  Some ports or destinations may also be able to position themselves as 'pre-embarkation' or 'post-disembarkation' areas for cruise visitors, or to produce a specific offering for crew members.

8.41     Diversifying the offering in terms of product and destination development can help to spread tourism visits around Scotland and mitigate any negative impacts that may arise from the volume of cruise passengers at particular destinations.  There is a specific opportunity in responding to a market opportunity in expedition and boutique cruises, since smaller vessels – which can have a smaller environmental impact – can serve more destinations and ports in Scotland.  Further, Scotland's existing port capability is suited to smaller vessels – particularly on the west coast.  Diversification in passenger market segments can also help to move away from high-volume cruise tourism, and spread benefits to other, less-frequented parts of Scotland.   Scotland's strong brand can help to facilitate this diversification.

8.42     Port infrastructure development should be targeted at specific opportunities and where capacity exists.  Aligning development to serve other sectors besides cruise can achieve economies of scale, but the associated transport infrastructure requirements should not be overlooked.

8.43     Implementation of sustainable power solutions at ports can help position Scotland at a competitive advantage.  Whilst these may be relatively expensive, the industry direction of travel for vessels is towards more sustainable fuel and power sources.  This is a clear opportunity that could help to offset negative impacts from cruise tourism activity.

8.44     There appear to be few barriers to implementing proactive measures for sustainability and conservation at specific tourism attractions.  Taking these decisions in dialogue with cruise operators, and with full involvement of local stakeholders and communities, can result in much more positive management of attractions, and of visitors, and help to generate strong buy-in and positive perceptions of the sector.

8.45     Given the paucity of consistent and robust data, there is an opportunity for Scotland to provide a lead here.  This is particularly the case with international stakeholders demonstrating an interest in the findings of this study, and more widely in how Scotland is approaching data gathering on cruise tourism.  Improvements in data collection can help to inform better policy, legislative and operational decision-making for cruise tourism.

# 9    Conclusions and recommendations

## Introduction

9.1    This chapter sets out conclusions from the research, framed around economic, social and environmental considerations.  Based on these, a series of recommendations are made for the future sustainable development of the cruise tourism industry in Scotland.

## Conclusions

9.2    In line with global growth in the cruise tourism industry, cruise in Scotland has developed into a significant tourism sector.  Cruise accounted for 5% of all overnight tourist visits and 1% of all tourism volume, and less than 1% of spend for both overnight and all visitors in Scotland in 2019.  However, there are considerable variations across the country – for example, cruise tourism in the Highlands region[76] accounts for 17% of tourism volume and 3% of expenditure.  Calls and passenger numbers grew by around 90% between 2014 and 2019.  The ecosystem in Scotland is complex, with multiple stakeholders and actors involved in its operation at the local, regional and national level.  Whilst cruise industry undoubtedly brings economic value, the impacts felt in the communities and destinations do not always equate to positive benefits.

## Economic considerations

9.3    It is estimated that £40.6 million was spent directly onshore by cruise passengers and crew in Scotland in 2019.  However, since the industry is heavily geographically concentrated, the economic benefits are not evenly – or equitably – spread across Scotland.  Much of the economic benefit from passenger and crew spend is concentrated in the Central Belt and in particular parts of the Highlands and Islands, with the five marquee ports (Forth Ports, Greenock, Orkney, Invergordon, Lerwick) accounting for 90% of the spend in Scotland.

9.4    Whilst ports in Scotland can be characterised by their current cruise activity, growth ambitions, investment plans, etc., cruise is frequently not a significant revenue stream amongst Scottish ports.  Despite this, recent and planned investments demonstrate the ambition of some ports to increase their cruise activity and secure a larger market share.

9.5    Cruise sub-sectors with smaller vessels are an identified growth market, and – aside from those ports already serving the volume cruise tourism segment and larger cruise ships – the nature of ports in Scotland is well-suited to this emerging market segment.  However, available port infrastructure, and the supporting infrastructure of the immediate hinterland infrastructure serves to constrain the further development of these specific cruise tourism sub-sectors in Scotland.

9.6    Scotland is an important market for cruise operators, within the wider Northern Europe market.  Scotland has a strong brand, and the main attractors for cruise operators are history, culture and heritage, and nature.

9.7    Despite this, port infrastructure constraints are a considerable challenge for the development of the cruise industry in Scotland.  This impacts on the ability of ports and destinations, where there is capacity and appetite, to develop their cruise offering and activity.  Targeted investment at some ports is seeking to attract a larger market share, but the cost of such investment means that in many cases, public sector intervention is required to support development – but this can then be used to serve other sectors and activity.

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[76] VisitScotland *Highlands* region.  This includes the Highland, Moray, Orkney Islands, Shetland Islands and Eilean Siar local authorities.

## Social and community/destination considerations

9.8      Cruise tourism can bring demonstrable social benefits, such as population retention and increased vitality in town centres.  For more rural and isolated destinations in particular, economic and social benefits are interlinked.  Income generated by tourism helps to support livelihoods, retain and attract people in/to an area and sustain services.  Those destinations where businesses and communities report the greatest economic benefits are also those that report increased employment as a result of the cruise tourism.  Whilst these impacts are primarily economic in nature, it is important to recognise that in more remote communities, they are invariably linked to social benefits – e.g. employment contributing to population retention and wealth generation in local communities, safeguarding service provision, increasing community vitality, etc.

9.9      However, there are undoubtedly some disbenefits.  There have been a number of high-profile instances of the negative impacts of cruise tourism on communities and destinations in recent years.  These can be significant particularly in island or remote destinations and attractions where there is limited capacity in transport infrastructure and amenities to cope with short-term and significant increases in demand.  This can cause undue pressure on or even degrade important attractions, or negatively impact on the characteristics of communities that host cruise tourism.  Whilst cruise operators recognise the need for visitor management approaches, these should be led by destinations and their strategic partners.

9.10     Destination infrastructure challenges limit the extent to which large volumes of cruise passengers can be accommodated, and can impact on the visitor experience.  This in turn affects how the communities that support tourism perceive the cruise industry and causes concern about the viability of local services and amenities.

9.11     Consequently, cruise visits need to be managed carefully, and within the carrying capacity of cruise destinations and the communities that serve the industry.  Whilst island destinations such as Orkney and the Western Isles appear to have limited capacity – and appetite – to accommodate increased cruise tourism, areas such as Highland and Argyll & Bute report that they have capacity to respond to a growing market.  Orkney's approach to visitor management is well-regarded, and there are some important lessons to be learned from other destinations where this is done well (e.g. Juneau), and also less so (e.g. Barcelona), as identified in the case studies presented in Technical Annex B.

## Environmental considerations

9.12     Cruise tourism has a range of negative environmental benefits, and the measures currently being implemented arguably do not go far enough to offset the negative environmental impacts of cruise operations.  Cruise vessels are responsible for significant $CO_2$ and $SO_X$ emissions, as well as marine pollutants from waste and bilge water.  Crucially, there are some questions around the effectiveness of measures such as LNG and scrubbers, and whether they actually reduce the environmental impact of cruise operations.  As well as implementing measures as described above, better environmental monitoring systems at ports could help to encourage more environmentally sustainable vessels.

9.13     The cruise industry is trending towards cleaner vessels.  New developments such as LNG, shore-power and scrubbers are helping cruise lines limit their environmental footprint, though many of these new and retrofitted vessels are not anticipated to be in operation in the short-term future.  Port-side developments such as shore power can also help to offset any negative impacts arising from cruise tourism, and put Scotland at a competitive advantage, though such developments are currently expensive, and are likely to be unachievable without public sector intervention, and collaboration with other port user groups.

9.14     There are also some specific examples of environmental challenges and negative impacts within destinations, and these typically relate to site-specific issues arising from large numbers of passengers converging on an area or site at the same time, and repeatedly.  Examples include site degradation at

the Rings of Brodgar on Orkney, and also on Skye. This pressure is greatest where the infrastructure is modest and where there are few travel or visitor attraction alternatives.

9.15    Importantly, some businesses and communities that serve the cruise tourism industry feel that changing consumer responses to climate change will have a significant impact on the future growth of cruise tourism. Whilst this may be a *negative* impact on the pattern of cruise tourism evidenced to the end of 2019, there is also the prospect of positive opportunities through different modes of cruise tourism, particularly where the environmental impacts are lower, or more easily mitigated. This must be seen as a considerable opportunity for Scotland. Coupled with the opportunity to increase the provision of sustainable, low-carbon infrastructure on land at ports and within destinations, there is a chance to position Scotland at the vanguard of a more sustainable mode of cruise tourism. This may be through greater availability and use of shore power, or a focus on market segments such as boutique and expedition cruising, which use smaller, less polluting vessels and are also able to help spread visits to other attractions and destinations – reducing pressure on marquee destinations and flagship attractions.

## Taking a more joined-up, place-based approach

9.16    Though at a national level cruise tourism comprises a relatively small part of tourism overall in terms of visitor numbers and visitor expenditure, it can play a more important role in some destinations – particularly those that are more remote and rural. Cruise tourism is able to contribute to the vitality and prosperity of places. However, because of the actual – and potential – negative social and environmental impacts, the role cruise tourism plays in the economies of destinations must be managed carefully. Its management must also be cognisant of the carrying capacity of places, and the ability to accommodate cruise tourism visitors, however short the visit. This will ensure a positive experience for visitors and help to maintain the integrity and character of the very places and communities that cruise tourism depends on.

9.17    There is frequently a lack of joined-up consideration of a wide range of tourism and non-tourism issues, such as infrastructure and service provision, that serve to make tourism a success in many destinations and meet the needs of host communities. This is a challenge that must be addressed through the management of cruise tourism, as well as in other forms of tourism. One component of this could be the development of wider strategies to manage cruise tourism, which go beyond simply focusing on visitor management to consider all aspects of cruise, as is done in Bergen (see Technical Annex B).

9.18    Implementing a coherent, integrated approach is essential for sustainable development; a 'do nothing' approach or maintaining the current management strategy and growth trajectory is not an option. Cruise tourism considerations must be part of planning and strategy for economic and community development and indeed environmental management, and vice versa, and this must be done at the local, regional and national levels.

9.19    Addressing these wide ranging issues, opportunities and challenges will need a co-ordinated approach at national level if the cruise sector is to continue to develop. This is discussed in more detail in the next section.

## Recommendations

9.20    A much more strategic, co-ordinated approach is needed at each level of the cruise ecosystem to address the challenges and opportunities presented by the cruise tourism sector in Scotland and ensure that the sector follows a sustainable pattern of development that contributes to the realisation of benefits for communities, destinations and visitors. The following recommendations directly address this need for a strategic approach and the right levers to be in place and applied for sustainable development at the national, regional, destination and local/community levels.

## National level

**Recommendation 1: Pursuing sustainability as an opportunity**. The evidence suggests that Scotland has a timeous opportunity to gain a competitive advantage versus a number of other cruise destinations in Europe. There is a growing awareness amongst consumers of environmental issues in general and those associated with cruising. Changing consumer responses to climate change may have a significant impact on the future perceptions and type of growth of cruise tourism, therefore there is an opportunity to use consumer perceptions as a driver for more sustainable cruise tourism development. Scotland should grasp the opportunity to develop as a world-leading, responsible cruise destination for the 21st Century.

Government and key partners must ensure that the sustainable tourism approach influences all planning and investment decisions by strategic stakeholders and partners and engage with the cruise industry on this issue. For example, considering investment in the provision of on-shore powering at key port locations, or in renewable energy and storage infrastructure at ports. This type of investment would also provide a number of social and environmental returns rather than economic returns alone for local communities and Scotland as whole, e.g. affordable heating in winter for local communities. Equally, targeting market segments that operate smaller and less polluting vessels, e.g. expedition or boutique, can help to drive a more sustainable pattern of development in cruise activity in Scotland.

Putting this approach at the heart of all decision-making represents an opportunity to promote cruise tourism in Scotland as more environmentally friendly and as adopting a more sustainable approach. This approach may consider some of the practices adopted in comparable cruise locations. In **Bergen, Norway** the city council's cruise tourism strategy includes limiting the number of passengers and ships docked in port in any one day as well as an ambition to become fossil-free by 2030. The latter involves plans to provide shore power to all vessels by 2020 and the development of a new system characterising each cruise ship's environmental footprint, an Environmental Port Index to be implemented in all of Norway's 11 ports. In **Juneau, Alaska** sustainable cruise tourism development is driven by their Tourism Best Management Practices programme that brings together stakeholders, including industry and community tour operators, cruise lines, transport providers and other businesses involved in the industry. Some 130 organisations have agreed to operate within programme parameters which include for example, following congestion-related guidelines and conducting training sessions with new employees hired mid-season; the TBMP group also runs a hotline for local residents to report any immediate concerns. (More details can be found at Technical Annex B: Case Studies).

**Recommendation 2**: **Addressing the lack of clear Industry Leadership** within the sector. This is a key priority for future planning and sustainable development. Government and public and private sector partners need to collectively recognise the benefits and impacts of the cruise market to the wider tourism sector and that it is an integral part of place-making in cruise destinations. A lack of co-ordination amongst key actors in the sector and confusion as to the roles and responsibilities of individual organisations and the cruise industry inhibits the responsible development of priorities for the cities, towns and communities that are part of the cruise tourism ecosystem. It also constrains the ability to sustainably manage visitor numbers across multiple destinations at a regional level, develop new or alternative offerings or more bespoke products, and respond to changes in cruise visitor preferences. Ports would also benefit from a clearer understanding of overall cruise industry plans to inform development and investment decisions.

The establishment of a leadership group or representative body for the cruise sector as a whole, is a key priority. Any such body or group must include public and private sector representation.

**Recommendation 3**: **Adopting a co-ordinated approach to public sector planning and investment in cruise-related infrastructure**. Currently there is a patchwork of development approaches across regions and local authority areas and this must be more joined up. Not all actors are involved; there is especially no direct dialogue with cruise lines. There is a requirement to bridge the gap between what ports require, what destinations and communities need, and what cruise lines and passengers demand. An overarching strategy should be developed and led by a central organisation or representative body

(refer to Recommendation 2). Flowing from this partners and stakeholders must develop an Action Plan, allocate roles and responsibilities and implement the strategy for sustainable cruise tourism development.

**Recommendation 4**: **Engaging and including the supply side of the industry**. Steps should be taken to establish a closer working relationship between strategic public sector bodies and port authorities, cruise operators and key intermediary organisations. This will help to set priorities and inform planning and investment decisions. A recognised lead body should facilitate regular communication and inclusion of supply side actors (see recommendation 1 above). Cruise operators in particular, are unfamiliar with the national and to a lesser extent the local landscape and would respond well to a single point of contact in the sector.

At a national level there is an opportunity to put in place the recommendations 2 and 3 as part of a process which will be required to reconsider the scale and scope of a sustainable cruise tourism opportunity for Scotland going forward as a result of the current COVID 19 pandemic.

**Recommendation 5: Investment in port and destination infrastructure should be considered at a national level**. Closely linked to Recommendation 1 above, adopt a more joined up and strategic approach nationally to investment decisions. This includes rationalising the number of individual business cases for project development and subsequent investment and giving greater consideration to where investment in ports (and their destinations) can achieve the most benefit and growth for the cruise tourism sector alongside the wider tourism sector and its supply chain. Doing so will also better ensure the provision of necessary public services and benefit the wellbeing of local communities in cruise destinations.

This approach will in turn **inform investment decisions at the regional and individual port level**. Specific port infrastructure improvement projects should be underpinned by a multi-party approach to investment including the private sector, with due consideration given to the national strategic position. Port investment must meet the needs of other port uses, and the public good where modernisation is addressing safety issues for example. The planned upgrade of port infrastructure must sit alongside/ go hand in hand with onshore infrastructure investment for cruise and other sectors. Whether this is significant investment in a single port (e.g. a marquee port or port targeting larger cruise vessels), or a package of investment across a group/network of ports this should be informed by the scale and equitable distribution of these benefits.

## Regional level

**Recommendation 6**: **Addressing inter-regional competition between ports and destinations**. Collaboration across all Scottish cruise ports, Cruise Scotland and regular (and potential new) cruise operators is needed to better spread the economic benefits amongst destinations whilst minimising negative environmental and social impacts. A recognised industry sector lead (refer to Recommendation 2) must facilitate this type of planning and co-ordination activity.

Competition between destinations (and their ports) as a result of a lack of co-ordination limits the ability to respond to emerging market opportunities, for example, the expedition and boutique cruise market, more suited to the smaller ports in Scotland. Recognising the complementarity (as well as competition) between ports and destinations through more partnership working and itinerary planning for example, would allow the further development of the 'Next Port' planning approach as discussed earlier in this report, allowing visitors to enjoy a seamless journey around and through Scotland whilst maximising economic impacts and minimising negative impacts on communities and the environment.

## Destination level

**Recommendation 7: National lead(s) to promote co-ordination at destination level**. Currently visitor management and wider cruise strategies are 'owned' by different groups across cruise destinations. This can range from the DMO, a local cruise tourism partnership, a BID group, the local

authority, an individual port, or individual visitor attractions (or their owner organisation, e.g. HES). Whilst some destinations have an area tourism strategy, the extent to which cruise tourism features is variable. Where there are groups proactively working to manage cruise tourism in a sustainable way, many are under pressure due to limited resources and working outside their remit in many instances.

Consequently, a mechanism (for example a programme or guidelines) to implement/ensure a joined-up, co-ordinated and effective approach that all actors at a destination can sign-up to should be established. Local guidelines or strategies for cruise tourism development, based on a sustainable model,  must be considered as part of wider area-based tourism development.  This may require the design and promotion of a new delivery model, or development of the reach and influence of existing models, i.e. destination groups like a DMO or BID group. It should be about the destination 'speaking with one voice' and building appropriate and desired capacity and the ability to access financial resource to overcome visitor management challenges and exploit market opportunities.   Managing and addressing infrastructure and visitor management challenges alike is best done collectively and in partnership across the industry.

**Recommendation 8**: **Working with onshore excursion operators**: The approach to engaging cruise operators at a national level as at Recommendation 4 above can be replicated at a destination level. Excursion providers/companies and their local sub-contractors/agents are important influencers and conduits to cruise line companies directly. They understand both the commercial requirements of cruise operators and the trends in passenger demand for experiences. Establish and co-ordinate a number of regional fora where activity providers and attractions, who wish to target both large and smaller expedition/boutique cruise operators directly, can engage with operators. This activity can link to national efforts as excursion operators are more likely to 'come to the destination table' if cruise operators are also engaging and sharing plans and requirements.

## Local/community level

**Recommendation 9**: **Connect local communities with the cruise ecosystem**. Evidence from this research shows that there are few barriers to implementing proactive measures for sustainability and conservation at specific tourism attractions and sites of interest.  However, taking these decisions with the full involvement of local communities as valued stakeholders (alongside other stakeholders and tour operators) is likely to result in much more positive management of attractions, and of visitors. It will help to mitigate negative impacts on the community, generate stronger buy-in and positive perceptions of the cruise industry and increase understanding of the economic benefits that cruise tourism can bring. Widen community involvement in destination groups and provide a variety of channels which will allow individual members of a community to feedback and contribute to decision making. It can also help to identify opportunities to maximise positive social impact (e.g. population retention and create sustainable employment opportunities) and ensure that sector development reflects the appetite and capacity of local areas to accommodate cruise tourism.

## Further research

Conducting this study has highlighted a number of areas which merit further research to provide a clearer picture of the cruise sector and its contribution to Scotland.  This includes:

- It will be useful to compare the value of other significant tourism sectors in Scotland, to help guide investment decision-making – comparable research and analysis into other tourism sub-sectors should therefore be conducted;

- Designing and conducting bespoke local level economic impact assessments for certain destinations to guide planning and investment decisions;

- Carrying out research with cruise passengers and crew members to identify actual spend onshore and at destination towns and attractions.  This could be done through regular surveys at major destinations, combined with online surveys targeted at cruise passengers with the engagement and co-operation of cruise line companies; and

- Research into the extent to which current and future planned environmental legislation can/will affect the cruise market and what the implications are for investment in port facilities.

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# Appendices

# Appendix 1: Cruise operator profiles

| Operator | Headquartered | Scottish calls (2020) | Vessels visiting Scotland | Vessel pax capacity | Target market | Notes |
|---|---|---|---|---|---|---|
| AIDA | Rostock, Germany | 47 | AIDAaura | 1,300 | | |
| | | | AIDAbella | 2,500 | | |
| | | | AIDAcara | 1,186 | | |
| | | | AIDAdiva | 2,050 | | |
| | | | AIDAluna | 2,100 | | |
| | | | AIDAsol | 2,174 | | |
| | | | AIDAvita | 1,266 | | |
| Azamara (Royal Caribbean) | Miami, USA | 13 | Azamara Pursuit | 777 | | |
| | | | Azamara Quest | 686 | | |
| Celebrity X (Royal Caribbean) | Miami, USA | 6 | Celebrity Reflection | 3,046 | | |
| Costa | Genoa, Italy | 7 | Costa Fortuna | 3,470 | | |
| Cruise & Maritime Voyages | Essex, UK | 71 | Astoria | 556 | | |
| | | | Columbus | 1,856 | | |
| | | | Magellan | 1,452 | | |
| | | | Marco Polo | 820 | | |
| Crystal | Los Angeles, USA | 5 | Crystal Symphony | 848 | Ultra-luxury | |
| Cunard (Carnival UK) | Southampton, UK | 8 | Queen Mary 2 | 2,685 | | Capacity growth to 2022 |
| | | | Queen Victoria | 2,081 | | |
| Dave Koz & Friends at Sea | | 2 | Brilliance of the Seas | 2,501 | Jazz cruise | |
| Disney | Celebration, USA | 2 | Disney Magic | 2,700 | | Small operation in Europe |
| Fred Olsen | Ipswich, UK | 32 | Balmoral | 1,325 | UK-based. 98% British, average age 67 | All cruises depart from the UK. Largely round-Britain cruises. |
| | | | Boudicca | 881 | | |
| | | | Braemar | 924 | | |
| | | | Black Watch | 799 | | |
| Hapag-Lloyd Cruises | Hamburg, Germany | 12 | Ms Europa | 408 | 5* + luxury. mS Europa German speaking only | Launching new expedition vessels |
| | | | Ms Europa 2 | 516 | | |
| Holland America Line | Seattle, USA | 25 | ms Nieuw Statendum | 2,650 | | |
| | | | ms Rotterdam | 1,404 | | |
| | | | ms Veendam | 1,350 | | |

| Operator | Headquartered | Scottish calls (2020) | Vessels visiting Scotland | Vessel pax capacity | Target market | Notes |
|---|---|---|---|---|---|---|
| | | | ms Zuiderdam | 1,916 | | |
| Marella (TUI) | Berlin, Germany | 2 | Marella Explorer 2 | 1,814 | Adults only | |
| MSC | Geneva, Switzerland | 17 | MSC Poesia | 3,605 | | |
| | | | MSC Preziosa | 4,345 | | |
| | | | MSC Splendida | 3,900 | | |
| Norwegian Cruise Line | Miami, USA | 32 | Norwegian Jade | 3,590 | | |
| | | | Norwegian Star | 2,348 | | |
| Oceania Cruises | Miami, USA | 16 | Insignia | 698 | | |
| | | | Marina | 1,250 | | |
| | | | Nautica | 824 | | |
| | | | Sirena | 826 | | |
| P&O (Carnival UK) | Southampton, UK | 5 | Aurora | 1,950 | | Capacity growth to 2022 |
| | | | Arcadia | 2,388 | | |
| Phoenix Reisen | Bonn, Germany | 18 | Albatros | 812 | | |
| | | | Amadea | 624 | | |
| | | | Artania | 1,260 | | |
| | | | Deutschland | 520 | | |
| Princess Cruises | Santa Clarita, USA | 53 | Island Princess | 2,214 | | |
| | | | Regal Princess | 3,560 | | |
| | | | Sky Princess | 3,660 | | |
| Regent | Miami, USA | 19 | Seven Seas Splendor | 750 | Small pax capacity cruises | |
| | | | Seven Seas Navigator | 490 | | |
| | | | Seven Seas Explorer | 750 | | |
| Royal Caribbean | Miami, USA | 4 | Brilliance of the Seas | 2,501 | Largely North American. | |
| Saga | Folkestone, UK | 7 | Saga Sapphire | 600 | | |
| | | | Spirit of Adventure | 999 | | |
| Seabourn | Seattle, USA | 16 | Seabourn Ovation | 604 | Ultra-luxury. 70% North Americans, older (65+). | |
| | | | Seabourn Quest | 450 | | |
| Silversea (Royal Caribbean) | Fontivielle, Monaco | 21 | Silver Spirit | 600 | Ultra-luxury | Silver Wind will soon move to Antarctica deployment |
| | | | Silver Whisper | 380 | | |
| | | | Silver Wind | 290 | | |
| TUI | Hamburg, Germany | 21 | Mein Schiff 3 | 2,500 | Premium brand, German speaking only, average age 50 | Will debut 3 new LNG vessels by 2026 |
| | | | Mein Schiff 4 | 2,790 | | |
| Viking Ocean | Basel, Switzerland | 47 | Viking Jupiter | 930 | | |

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| Operator | Headquartered | Scottish calls (2020) | Vessels visiting Scotland | Vessel pax capacity | Target market | Notes |
|---|---|---|---|---|---|---|
| | | | Viking Star | 930 | 80% North Americans, mostly retired, high net worth guests. | Very new fleet launched from 2015. Viking Venus will launch and call at Scotland in 2021. |
| | | | Viking Sun | 930 | | |
| Windstar | Seattle, USA | 12 | Star Legend | 208 | Small pax capacity cruises | |
| | | | Wind Surf | 386 | | |

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# Appendix 2: Consulted organisations

| Port Operators | |
|---|---|
| Aberdeen Harbour (Aberdeen) | Highland Council (Portree) |
| ABP Ayr and Troon (Ayr) | Lerwick Port Authority (Lerwick) |
| ABP Ayr and Troon (Troon) | Montrose Port Authority (Montrose) |
| Argyll and Bute Council (Campbeltown) | Oban Harbour (Oban) |
| Caledonian Maritime Assets Ltd (Port Ellen) | Orkney Islands Council (Kirkwall) |
| Clydeport (Greenock, Glasgow) | Peterhead Port Authority (Peterhead) |
| Cromarty Firth Port Authority (Invergordon) | Port of Inverness (Inverness) |
| Eyemouth Harbour Trust (Eyemouth) | Scrabster Harbour (Scrabster) |
| Forth Ports (Dundee) | Stornoway Port Authority (Stornoway) |
| Forth Ports (Edinburgh) | Tobermory Harbour Association (Tobermory) |
| Highland Council (Fort William) | Ullapool Harbour Trust (Ullapool) |

| Local Authorities | |
|---|---|
| Aberdeenshire Council | Orkney Islands Council |
| Argyll and Bute Council | Shetland Islands Council |
| Dundee City Council | South Ayrshire Council |
| East Lothian Council | South Lanarkshire Council |
| Fife Council | Stirling Council |
| Moray Council | West Lothian Council |

| Cruise Specific Organisations | |
|---|---|
| Cruise Britain | Hapag Lloyd Kreuzfahrten |
| Cruise Scotland | Royal Caribbean Cruises |
| AIDA Cruises | Seabourn Cruise Line |
| Carnival Cruises | Silversea Cruises |
| Disney Cruise Line | TUI Cruises |
| Fred Olsen Cruise Lines | Viking Ocean Cruises |

| Ground Handlers | |
|---|---|
| Communications and Destinations Ltd | Intercruises Ltd |
| Excursions Limited | Island Smart |
| Fort William Marina and Shoreline Company | |

| Port Agents |
|---|
| Clarksons Port Services |
| Denholm Port Services |
| GAC Shipping (UK) Ltd |

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| Visitor Attractions | |
|---|---|
| National Trust for Scotland | Orkney Distillery |
| Cruise Loch Lomond | Scotch Whisky Experience |
| Dunrobin Castle | Skara Brae |
| Edinburgh Castle | St Magnus Cathedral |
| Highland Park Whisky | The Helix |
| Jarlshof | Urquhart Castle |
| Kingsbarns Distillery | V&A Dundee |

| Destination Management Organisations (DMOs) | |
|---|---|
| Caithness and Sutherland Chamber | Riverside Inverclyde |
| Cruise Forth | Shetland Tourism Association |
| Dundee City Council | Skye Connect |
| ETAG | VisitAberdeenshire |
| Inverclyde Tourist Group | Visit Inverness Loch Ness |
| Moray Speyside Tourism | Visit West Lothian |
| Outer Hebrides Tourism | |

| Public Sector Organisations | |
|---|---|
| FSB Scotland | Scottish Natural Heritage |
| Highlands and Islands Enterprise | Scottish Tourism Alliance |
| Historic Environment Scotland | Transport Scotland |
| Marine Scotland | VisitScotland |
| Scottish Enterprise | VisitScotland – Aberdeenshire Region |
| Scottish Enterprise – Aberdeen and Shire | VisitScotland – Argyll and Bute Region |
| Scottish Enterprise – Edinburgh | VisitScotland – Ayrshire, Arran, Renfrewshire and Inverclyde Region |
| Scottish Government | VisitScotland – Shetland Region |

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# Appendix 3: Method and approach to calculating value

## Cruise value calculations

We have produced an estimate of cruise passenger and crew expenditures in Scotland in 2019. The approach taken is described below.

*Table A3.1: Cruise passenger and crew expenditure calculation approach*

| A.1 Average spend per passenger | B.1 Average spend per crew member |
|---|---|
| A.2. Average spend figure adjusted for:<br><br>i. Size of vessel (boutique, small, medium, large, mega)<br>ii. Type of port (marquee or boutique)<br><br>This produces 10 separate spend figures, i.e. 5 vessel sizes x 2 port types | B.2. Average spend figure adjusted for:<br><br>i. Size of vessel (boutique, small, medium, large, mega)<br>ii. Type of port (marquee or boutique)<br><br>This produces 10 separate spend figures, i.e. 5 vessel sizes x 2 port types |
| A.3 Each of the 10 spend figures is grossed up using the relevant passenger numbers for each category (e.g. number of passengers on a medium vessel calling at a marquee port).<br><br>This produced 10 separate total spend figures | B.3 Each of the 10 spend figures is grossed up using the relevant crew numbers for each vessel size (e.g. number of crew on a small vessel). |
| A.4 Each of the 10 total spend figures is then adjusted to:<br><br>i. Exclude the estimated percentage of passengers who do not disembark at a port<br>ii. Reflect the different expenditure assumptions for those who undertake a tour purchased from the ship as opposed to those who make their own arrangements | B.4 Each of the 10 total spend figures is then adjusted to exclude the estimated percentage of crew members who do not disembark at a port |
| A.5 The 10 adjusted spend figures produced at A.4 are then summed to give total passenger spend in Scotland | B.5 The 10 adjusted spend figures produced at B.4 are then summed to give total crew spend in Scotland |

The data underlying the spend estimates are based on our consultations, port/cruise operator proformas and a review of secondary research on cruise passenger and crew expenditures.

The base average passenger spend (A.1) was £65 and the base average crew spend (B.1) was £21. As shown above these were adjusted on the basis of:

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- Different passenger and crew spend by ship size, i.e. higher spend for smaller vessels, lower for larger vessels. (A.2 i, B.2 i)

- Different passenger and crew spend by type of port, i.e. higher spend at marquee ports, lower at boutique ports. (A.2 ii,B.2 ii)

- Crew numbers estimated using passenger: crew ratios for different ship size. (B.3)

- Different percentages of passengers and crew disembarking by type of port, i.e. higher for marquee ports, lower for boutique ports. (A.4 i, B.4)

- Different proportion of passengers who book an organised tour through the cruise line by type of port, i.e. 60% for marquee ports, 40% for boutique ports. (A.4 ii)

- The average spend by passengers who booked a tour through the cruise line was reduced by £45. This reflects an estimate of the average price of this type tour-which is excluded from the total passenger spend because direct payment for it goes to the cruise lines and thus leaks from the Scottish economy. (A.4 ii)

## Detailed analysis

We have broken down the Scottish level estimates of passenger and crew expenditures:

a) By individual port.

b) By local authority area. That is based on information gathered through our consultations-with ports and ground handlers in particular.

c) By combining a. and b. to show the geographical distribution of spend by individual port.