



UNIVERSITY OF GOTHENBURG
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Gothenburg Cruise Destination

An investigation of the importance of networks

Bachelor Thesis

Linnea Rehnberg	860422
Therese Andersson	901030

Tutor

Patrik Ström

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Abstract

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Authors: Therese Andersson & Linnea Rehnberg
Tutor: Patrik Ström
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The cruise industry can be considered a new niche in the tourist sector, especially in Gothenburg where it began to take off when the Gothenburg Cruise Network was created in 2009. Tourism is often seen as a good way to increase the income and create employment in declining areas earlier dependent on. While studying the cruise tourism in Gothenburg it has shown that the economic impact of this particular niche has not affected the area to any major extent. In order to gain a greater economic advantage from the increasing cruise tourism the study has shown the importance of becoming the port of embarkation and disembarkation, which results in greater spending per passenger.

To become a successful cruise port the cooperation between the port and the cities tourist organisation is important; networks with members from different sectors are created working together to attract the cruise lines. On the regional level the networks are created with members consisting of the local networks. Cruise Baltic is the regional network in the Baltic Sea and are working together to create an attractive destination for the cruise lines. In order to do that unified port standards are created and the more developed cruise ports are helping their newer competitors. Competitors' working together to develop the destination creates a synergy, which favours the whole region.

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Therese Andersson

Linnea Rehnberg

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Introduction

Tourism is a diverse industry where both tent makers and museums are important parts. Throughout this text we will be focusing on a relatively new form of tourism, for the world as well as for the Gothenburg region, namely the cruise industry. It is one of the fastest growing sectors within the tourist industry with nearly 20 million global passengers in 2011 of which 65 000 arrived in Gothenburg while Stockholm received 452 000 cruise passengers the same year (Cruise Market Watch, 2013; GCN, 2011; SCN, 2011).

Throughout this study we will be looking in to what a destination could do in order to attract the cruise lines, an area where very little research has been made. We will also be focusing on the role of networks and their importance when developing a cruise destination.

Cruise tourism can be considered a rather new niche within the tourist industry, starting in the 1950s when tourists started choosing air transport before water transport and the number of line voyages declined (Holloway, 2006). Today there are two giant cruise lines controlling over 70 per cent of the world market (Cruise Market Watch, 2013). In this thesis we will be examining the industry and the important attributes for a destination, both as region and as a port. We will use a mix of theories such as destination development theories and look in to Butlers (1980) tourist area life cycle model.

We are focusing on how the Baltic Sea region and the Gothenburg port are working in a regional network consisting of several local networks in order to attract the cruise lines. On the regional level the ports are working together to lift the region and to create a port standard so the cruise lines know what to expect when arriving (Interview 6). On the local level the interaction between competitors and between the private and the public sector is important to create an attractive destination means Nordin (2011) and cooperation within Gothenburg Cruise Network will be looked into further to see how their work has affected this matter.

Problem Background

The cruise industry is a fast growing industry and the numbers of passengers and ports of call are increasing every year. Cruising has gone from being a way of holidaying for rich, mainly American pensioners, towards a family holiday (Holloway, 2006).

In the Baltic region the number of passengers has increased with 12.2 per cent per year between 2000 and 2011, from approximately one million to four million passengers (Cruise Baltic Market review, 2012). In Gothenburg the number of passengers has gone from 5 000 to 70 000, with an increase of 20 000 passengers from 2008 to 2009 (GCN, 2011).

There is little research conducted on tourism in general and the cruise sector in particular, on the cruise tourism in Gothenburg no study had been made and we were interested to see what it contributed to the region. Graphs provided by Göteborg & Co shows a distinct increase of both passengers and number of cruise calls from 2008 to 2009 and we would like to investigate what caused the increase. After a pre-interview with Stenberg (Interview 1), the Project Manager of Gothenburg Cruise Network, we were informed that the network was founded in 2008 and that the active work of the network led to the rapid increase of arriving cruise ships the following years. This got us interested in investigating the role of the networks and how they worked in order to increase the cruise tourism, both at a local level but also at the regional level.

To gain a better understanding of what Gothenburg had to offer as a cruise destination the original idea was to interview the cruise lines to get their view and opinion of what are important attributes of a cruise port and how a port was chosen to be a part of their route. Unfortunately the cruise lines did not have time or possibility to participate and we were therefore forced to change our original idea. To still be able to present different perspectives of cruise ports a comparing study has been made where Stockholm has been the port mainly used. Stockholm is a much larger and older cruise destination and together with Copenhagen they founded Cruise Baltic, the regional cruise network of the Baltic Sea (Interview 6). The fact that Stockholm has come further in their development as a cruise destination was one of the reasons why chosen as a comparison.

Purpose

The aim of this paper is to gain a better understanding of Gothenburg as a cruise destination through looking into the corporation within the Gothenburg Cruise Network as well as their corporation with Cruise Baltic.

Research Questions

1. How is the Cruise Industry embedded in the Gothenburg destination?
2. What is the role of the local and regional networks?

Delimitations

There are many dimensions of the cruise industry, not just the tourists traveling with the large ships. In this paper we will describe the industry together with shipbuilding and maintenance to get a broader understanding of the industry, but we will exclude it in the discussion. The reason why the shipbuilding and maintenance are excluded from the discussion is due to the lack of importance for the economic impact in the Gothenburg region. Since we did not have the opportunity to talk with the cruise lines we decided to compare Gothenburg with other destinations to gain a better understanding and to review it from yet another perspective. Neither will we include consumption aboard the ship, employment nor infrastructural projects due to the increasing number of arrivals in the discussion but mainly focus on how a small port works in order to attract the cruise liners. Our main focus will be on the Baltic region and Gothenburg. With Europe we mean EU-27 plus Norway, Iceland and Switzerland

Methodology

The aim is to present how the study was implemented and not necessarily the methodological theories behind it. It will cover matters such as reliability validity of the study.

Research Method

There are two main forms of data, primary and secondary data. The primary data does not exist until it is collected, and in order to collect the data a method of how to do so has to be chosen. Quantitative research method and qualitative research method are the two methods most commonly used. The quantitative research method usually includes a large number of respondents and is often seen as a more objective and scientific form of data collection as the data often are in form of numbers it can be analysed statistically, making it suitable for generalisations but it provides more of a description than an explanation of the situation.

The qualitative data on the other hand is non-numeric data. The data is gathered through for example interviews and provides a more profound picture of the situation, but it is not suitable for generalisations but might be able to provide explanations (Crowther & Lancaster, 2008).

Method of choice

When we reviewed our research question stated above we concluded that the nature of the questions made it more appropriate to use a qualitative method such as interviews to provide us with answers. By using semi-structured interviews we gave the respondent the possibility to share his or her own thoughts and experiences and thus gain a deeper understanding in a way which would not have been possible in a standardized interview or a survey (Blumberg, Cooper, Schindler, 2011). By using this form of interview we were able to collect relevant data for our study.

In line with our decision we conducted a number of longer interviews with people from the Gothenburg Cruise Network. We started with the representatives from Göteborg & Co and the Port of Gothenburg and by using the snowball method we select the remaining interviewees. Our intention was to interview representatives from the cruise lines to get their perspective of the region and the port, but they turned down our requests due to lack of time, referring to the

upcoming high season. To get an additional perspective we decided to do a comparing study where the new cruise destination Gothenburg was compared with the established cruise destination Stockholm. We also included a comparison between attractions in other destinations in the Baltic Sea, and Bergen and Vancouver, two famous cruise ports outside the Baltic region.

We also considered interviewing companies who were not a part of the cruise network to investigate why they chose to stay on the outside, or if it was their choice. But as the study became a comparing one, we decided instead to compare the composition of Gothenburg and Stockholm cruise networks.

We considered carrying out a survey among the cruise passengers in order to get their opinion and perspective of Gothenburg as a destination and how they perceive the cooperation was working. Unfortunately only one cruise line called to Gothenburg port so far this season so therefore we chose to use the information from the survey carried out by Gothenburg Cruise Network during 2011. A problem with using a survey carried by the organisation we are looking in to and used by them as promotion material is the fact that it might be angled to their advantage.

Case Study

As we were trying to describe a contemporary phenomenon in a complex environment by describing the role of the local and regional cruise network and see who is benefitting from the increasing numbers of cruise ships arriving to the city we found that doing a case study would be a suitable method to use (Woodside, 2010).

Performing a case study meaning studying one or a limited number of samples deeper or during a longer period of time to gain understanding, explain or predict the phenomenon and collecting evidence through empirical investigations. It is an appropriate method to use when looking for understanding and insight, answering questions such as how, who and why (Farquhar, 2012).

A case study is normally focused on one subject but we decided to look in to the Baltic Cruise network where Gothenburg Cruise Network is a part of, in order to gain a broader understanding. It is for the same reasons we chose to compare the Gothenburg destination with other, more established destinations such as Stockholm.

Choice of interview object

We started with a pre-interview with the Project manager of the Gothenburg Cruise Network at Göteborg & Co and she advised us to first interview the representative of the Port of Gothenburg. By using the snowball method the following interviews has been carried out:

- Project Manager, Gothenburg Cruise Network (*Interview 1*)
- Cruise responsible, Port of Gothenburg (*Interview 2*)
- Project manager, Stockholm Cruise Network (*Interview 3*)
- General Manager for shipping services, GAC Sweden (*Interview 4*)
- Director, Volvo Museum (*Interview 5*)
- Market Director, Nordstan (*Interview 6*)
- Tour Manager, Aida Cruises (*Interview 7*)

Five of the interviews were conducted face-to-face while two were conducted by telephone. The interviews lasted averagely an hour, but lasted a while longer with Stenberg (Interview 1) the Project Manager and Bjärving (Interview 2) the Cruise responsible of the Port of Gothenburg, as it was the partnership between Göteborg & Co and the Port of Gothenburg who founded the network. The interview questions were not sent to the interviewee in advance as we wanted an as natural response as possible rather than the official statement, neither were the interviews recorded as the interviewees were not comfortable with that. If the respondents lacked any bit of information we were received it later by mail, we have also been able to ask complementary questions by email.

We tried to avoid leading questions and not to put in our own values; we chose to have open questions in order to gather as much information as possible from every question, and to get the interviewees personal opinions and thoughts.

Validity and Reliability

Validity

The validity of a study concerns whether the chosen method describes what it aims to describe. The aim of this study is of a descriptive nature and the validity of the study therefore has to focus on whether the results are applicable on other studies or not. Yin (2009) argues that if it would have been explicatory, aiming to explain why and how one event leads to another the internal validity would have been important in order to make sure no factor have been left out which could have affected the outcome.

As our study is a descriptive one, we have focused on the external validity and how suitable the results are to generalize similar subject. The point of a case study is not to provide a statistic generalization but rather an analytic generalization and help identify other cases to which the results are generalizable (Bryman 2011; Yin, 2009).

Reliability

The reliability of a study concerns whether the next investigator who follow the same method will come to the same conclusion and results means Yin (2009). The aim here is to minimise errors in a study. It would have been preferable to record the interviews in order to minimise the risk of misunderstandings. Unfortunately our interviewees where not all comfortable with being recorded so therefore both researchers were present at all interviews taking notes as we believed it was better to have the interviewees speaking freely and feeling comfortable. We have also been able to contact the interviewees afterwards in order to confirm facts.

Source criticisms

Primary sources

When using interviews as a method one has to keep in mind that the persons are influenced by the companies were they are employed and therefore may give a subjective answer. It is important to keep in mind that the interviewees are not willing to risk their positions at the firm and will therefore not give away sensitive information. It is also important to be aware of the fact that the interviewees most likely will give an as positive view of the company they are working for as possible and to bear that in mind when analysing the response.

Secondary sources

The secondary sources we used in this paper were sources such as textbooks, scientific articles, academic journals, newspapers articles and previously made surveys. We are aware that secondary sources can be influenced by the author and subjective and we have therefore tried to find a multitude of sources confirming the same statement or theory and analysed its reliability. Unfortunately many of our sources are rather old but as many of the authors stated, tourism research is not considered a proper subject in the academic world and therefore in many parts of the area the research is lacking. There is also a problem with how tourism is measured which is further discussed in the theory section, the city of Gothenburg are measuring their tourism in number of hotel nights for instance which then does not cover the cruise tourists. It is also a problem with which sectors should be included in the tourist sector and how to measure the impact of tourism in places such as restaurants and shops, which serves both locals and tourists.

Theory

Destination Development

Introduction

In order to define destination development one has to start with defining the creators of destination, the tourist industry as well as explain what a destination is.

Tourism is a fast growing industry; in 2011 the international tourism grew by 4.6 per cent where Europe is the fastest growing region and accounts for over half of the total arrivals according to the United Nations World Tourism Organization (UNWTO). Tourism has become one of the major trading categories and a key driver of socio-economic progress especially for many developing countries where tourism is the prime source of foreign exchange and the main export. Tourism and destination development helps the creation of jobs and enterprises as well as infrastructure development (UNWTO, 2012).

A large part of the literature describes tourism out of a consumer or demand perspective; Smith (1988) identifies two problems with these definitions. Firstly he argues that it fails to display the fact that tourism is an industry and secondly he argues that other definitions do not follow existing definitional standards used by other industries as they are normally defined by the goods and service produced, not by characteristics of their consumers. In order to facilitate the comparing and measuring of the tourist sector Smith chooses following definition:

Tourism is the aggregate of all businesses that directly provide goods or services to facilitate business, pleasure, and leisure activities away from the home environment (Smith, 1988, p. 183).

Tourists visiting a destination do not only consume goods or services directly associated with the tourist industry but also engage in free activities and share facilities with the local community, such as restaurants and theatres. Therefore Leiper (1990) argues that the tourist industry can be seen as partly industrialised and better viewed as a mix of industries. Leiper recognise the fact that public actors also are an important part of the business. A problem with the broader definition of tourist-industry is the fact that it could inflate the importance of the sector argues Smith (1998), he compares it with including mining in the automotive industry as it create a demand of metal.

Production process

The tourist product or experience consists of five components, which can vary in importance depending on the case or situation, but all has to be present in order to create a good product and to satisfy the tourist according to Smith (1994). The components he identifies are: *Physical element (e.g. hotel), Service, Hospitality, Sense of Choice and Involvement*. Further Smith introduces the production process, which could be compared with, and assembly line of four steps. The first part of the process are the *Primary Inputs*, which are the basic attributes needed, such as land, labour and capital, they are further refined in the second step, into *Intermediate Inputs* or facilities, parks and museums are examples of these. By adding labour and management *the Intermediate Outputs* such as Guide services are produced. In the fourth step, *the Final Output* is where the tourist produces the experience.

<i>Primary inputs</i> (resources)	→ <i>Intermediate inputs</i> (facilities)	→ <i>Intermediate</i> <i>outputs (services)</i>	→ <i>Final outputs</i> (experiences)
Land	Parks	Park interpretation	Recreation
Labour	Resorts	Guide services	Social contacts
Water	Transportation modes	Live performances	Education
Agricultural produce	Museums	Souvenirs	Relaxation
Fuel	Craft shops	Conventions	Business contacts
Building materials	Convention centres	Accommodation	Memories
Building	Hotels	Meals and drinks	Festivals and events
Capital	Restaurants Rental car fleets		

Source: S.Smith (1994)

Destination

The definition of a destination is as problematic as the definition of tourism and there is no definition commonly used. Some describe it as an area, which contain a supply of services and attractions others describe it as a place created through social interactions between actors (Müller, 2007). Müller chose to describe it as:

“Organisational constructions based on the touristic supply in a geographically delimited region which is manifested through

cooperation between private and public actors within the region, but also outside the region (Müller, 2007, p. 199)”

Bohlin and Elbe (2011) describe a destination as a place where tourism is carried out, national as well as international. They argue that three things are necessary in order to convert a place to a destination; *attractions, infrastructure and supporting services*, where attractions are the core of the tourists demand. Leiper (1990) identifies three attributes needed in order to create an attraction: *a tourist, a sight and a maker*, where the sight is the keystone. He defines a tourist attraction as:

A system comprising three elements: a tourist or a human element, a nucleus or central element, and a marker or informative element (Leiper, 1990, p. 370).

The tourist are not pulled or attracted to a destination but motivated to experience the attraction in order to fulfil needs and wants. With this approach Leiper recognises the importance of the tourist, without his willingness to travel and experience new things there would be no destinations. And without the *Generating Marker*, the information received before deciding where to travel, the tourist would not know where to go.

In his book *Tourism Management* Leiper (1995) divides attractions three categories *Main Attraction, Secondary Attraction and Tertiary Attractions*. The main attraction could be a cultural event, beautiful nature or the climate, different people have different preferences and it does not necessarily have to be the same attraction for every person. But without this attractive force there would be no destination. To reconnect with the cruise industry, St Petersburg would be the prime attraction for the Baltic Sea cruises. Secondary attractions are an addition to the prime attraction and might be what defined the choice when choosing between two prime attractions. The third category is attractions not known before the journey, Gothenburg would, for most passengers, be placed in this category. Leiper (1990) makes a distinction between commercial and non-commercial attractions where commercial attractions are provided by a company such as amusement parks, museums and guided tours. Non-commercials on the other hand can be consumed without a fee such as parks and the city's architecture.

To become an attractive destination the infrastructure is another important factor, both within and to the destination. Last but not least are the supportive services Bohlin and Elbe (2011) considers necessary, examples of these are restaurants, hotels, taxis and shopping.

Destination Development

The planning of destination development is a process of eight steps considering social, economic and environmental issues, argues Page (1997). To develop an area to a tourist destination is usually seen as a possibility to create new jobs, especially in declining areas previously dependent on agriculture or labour intensive industry. Due to the globalisation and the increased mobility the competition between regions has become harder. It is a competition to attract capital, investment, new citizens and tourists (Hall, 2005).

Müller (2007) states that the increasing competition has resulted in that destinations and regions are losing their unique character and becoming more and more similar. Page (1997) uses the waterfront concept as an example, since proven successful in a location it has been widely copied. In Gothenburg the northern riverside has been developed, while there are extensive plans for Frihamnen. Together with the homogenisation of products and services could make a destination plain and unexceptional. What the destination marketing is trying to do is show the uniqueness of the place and destination development creates a competitive region throughout improving the product range. Doing that the corporation between private and public companies is an important factor (Müller, 2007). To distinct itself from other cruise destinations in the Baltic region Gothenburg should promote their industrial heritage argues Lyngstam (Interview 5), as many of the other destinations are promoting castles and other historical buildings.

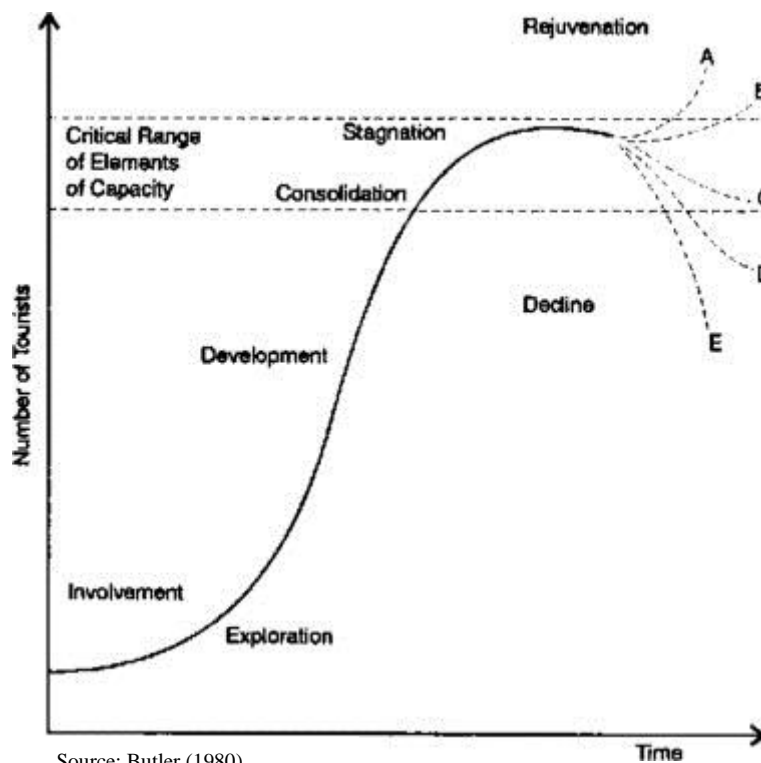
Tourism Area Life Cycle

The Tourism Area Life Cycle (TALC) is a destination developing model created by Richard Butler in 1980. It consists of four phases: *Exploration*, *Involvement*, *Development* and *Decline*. The model shows the stages a destination goes through, from being discovered in the *Exploration* phase. Müller (2011) provides the explanation that it often starts with a destination visited by very few people who are attracted by the exoticness of the area. In this

stage the destination is natural and authentic, it lacks in tourist facilities, the locals see the tourist as sporadic and surprising visitors and the meeting between them is good.

In the *Involvement* phase Müller further describes that the local community start developing tourist facilities and marketing the area, the number of visitors' increases and it is in this stage the seasons' starts to show.

The number of visitors keeps on growing progressively, attracted by the increasing promotion of the area. The development has now entered the *Development Phase*. There is a risk of that the natural and authentic attraction that brought the first visitor are replaced with artificial once in this stage. Another risk is that the local actors loses the control over the tourist product. It is here where the number of visitors starts to decline; the large corporations swallow the majority of the local actors and when entering the *Decline Phase* the majority of the local economy depends on the tourism describe Müller (2011). Butler (1980) gives several reasons for the decline; even though one might find the destination attractive one has already been there and wishes to see something new, the destination lost the natural and genuine or it is too many tourists there.



Product renewal is Butlers solution of the crisis, either through building new artificial attractions such as casinos and entertainment centres, or through exploiting natural resources yet not used. If nothing is done total decline will be inevitable.

The TALC model has been widely criticised and modified since it was launched, the criticism has mainly been regarding the models descriptive character and the lack of explanation, even though it can be seen in Mediterranean and British beach resorts, notes Müller (2011). The model has yet not been used in order to describe the cruise industry and how it could be done will be further analysed in the discussion.

Hall (2006) argues that the TALC is a model and not a theory; he provided another explanation of the rise and fall of destinations. Halls perspective is somewhat wider than Butlers and he sees the destination as a small part in a larger system. The destination is not isolated from the rest of the world and it depends on transportation links between the tourist's hometown and the destination argues Hall (2006). Further he shows the important aspects of the time-distance arguing that for every type of transportation there will be a set of destinations. He states that before the charter flights, travellers went to destinations close to home, with the charter flights people started travelling further, to the Mediterranean for instance, and the local resorts noted a declining number of visitors. When flights became better and cheaper new destinations were found and Thailand became an affordable and popular destination. It was during this time flight/cruise packages from Europe to Miami became affordable and therefore popular (Holloway, 2006) The technical development has also made cruises an inexpensive alternative as the vessels are getting larger and larger with facilities such as ice-skating rinks and climbing walls (ibid). Hall like Leiper also emphasise the importance of information about the destination in the tourists hometown and to create attractions in order to attract the tourist.

Economic impact of tourism

There are problems associated with the calculation of the economic impact of tourism as stated above. Leiper (2000) and Smith (1998) have during the years argued about how to define the tourist industry and if it in fact is an industry at all, or if it rather should be described as several industries. Facilities used by tourists, such as restaurants and shops, are also used by locals. This is one of the major methodological problems when measuring the past as well as the future impact of tourism.

Whether the impact of tourism is positive is another issue which has been discussed. If asking the local traders the view of increasing tourism is most likely positive, but the answer from the residents might be the opposite. Increasing tourism leads to higher pressure on the infrastructure and the public transport, a more crowded city and higher pressure on the environment. In the same way as for the economic impact the problem of distinguishing the local community from the visitors are found here, and the problem of calculation the tourism's impact on the environment is as difficult as measuring the economic impact state Page (1997).

There is a belief among national and local governments that through creating a tourism destination economic benefit will follow, jobs will be created along with other positive effects such as changing the image of old industrial cities. Page (1997) sees the problems with such beliefs as tourists are not known for their customer loyalty towards a destination, while Law (2007) sees the benefits of image changing and that raising the profile of a destination could attract investments and creates a positive spiral with refurbishing the city and building new attractions. The Guggenheim Museum in Bilbao is an example often used, since established the number of tourists has increased more than expected, the city has become better known and got more media focus. Other ways of attracting visitors as well as the media are through events, a strategy used by Barcelona and Gothenburg. But the media attention rarely lasts for long, there are many places fighting about it.

Political unrest and other factors which the destination cannot prevent are reasons why the tourist chose to go elsewhere. It is also a highly seasonal industry argues Page (1997), so even though it creates employment it is often low skilled, poorly paid and in many cases carried out by guest workers who later spend the money in their home region. There is rarely any long-term stability in the jobs created. It is therefore the task of the government to develop the destination in a sustainable way, both economically and environmentally. But getting the numbers right is a difficult task, states Law (2007), the costs might be higher than expected and the visitors fails to come, as with Göteborgs Hjulet, which lost 50 cent per tour (Vikingsson & Werlid, 2011).

Page (1997) notes there are factors such as the state and nature of the economy and the leisure product of the urban area, which affects the scale of the economic impact. An estimation of

these factors could determent whether the economic impact would be beneficial or not for the destination. He stresses the importance of addressing the problem of seasonality and to look at the volume of the tourist expenditures as well as the economic foundation of the destination. The positive benefits could be generation of income and creation of employment as well as entrepreneurial activities. While leakage is a common problem for many destinations where non local actors brings the profit out of the region, the tour operators providing tours for the cruise passengers is an example of that as they are located outside of the region bringing the profits to their home location. Seasonality is another problem for many destinations, but according to the Gothenburg Cruise Network (GCN) they do not see it that way as they can prepare for the next season during the quiet winter months (Interview 2).

Network theory

Network Description

There are many types of relationships and alliances between companies, often described as networks. Håkansson and Ford (2002) describe a network in its most abstract form as:

“...a structure where a number of nodes are related to each other by specific threads” (Håkanson & Ford, 2002, p. 133)

They point out the companies as the nodes and the relationship between them as the threads tying them together. Later Håkansson (et al. 2009) states that a network is a word of many meanings and that it consist of:

“...the tangible and intangible investments that comprise the connected relationships between more than two businesses” (Håkansson et al., 2009, p. 236)

There are several different types of networks, Hallén (2009) identify four different forms of collaboration. A *Business Networks* is the business relation between the client and the supplier where coordination and interaction are important. *Cluster and Industrial District* are firms from a specific sector localised in a specific region while *Strategic Alliances* are formal alliances based on an agreement such as a development project. Hallén describe the forth

form as *Regional Strategic Networks* (RSN) and defines the networks as different alliances between operators, which are oriented towards tourism and regional development. Johanson and Lundberg (2011) point out other aims of the RSNs such as enhancing knowledge and social capital. They argue that the network should liberate synergies between the regions firms, encourage innovations, raise the efficiency and strengthen the competitive advantage of the regional economy.

Johanson and Lundberg (2011) identify the differences between clusters and RSNs, meaning that a network can extend across borders, without geographical boundaries meanwhile clusters are geographically restricted. They also state that a network normally has a limited amount of members and particular boundaries. Smith (1998) identify two types of RSNs that are usually formed within the tourist industry, either highly specific such as resort associations or a local cruise network, the second category he identifies as a geographically based network such as Destination Marketing Organizations (DMO). Göteborg & Co and Cruise Baltic are both examples of geographically based networks.

Smith (1998) states that a “strength in numbers” strategy is widely used by small and medium sized companies in the tourist sector, he argues that as the businesses rarely view themselves as a sector, the government does not either and the strategy is unlikely to be successful. Small and medium sized firm’s generally focus on their day to day business rather than strategic alliances for the greater good of the industry (ibid). The main reason why firms join these types of networks, argues Smith (1998), is due to practical reasons and the fact that it is more cost efficient to have a mutual marketing.

To further explain the RSNs Hallén (2009) defines *regional* with geographical closeness meaning that the operators are located close to each other. *Strategy* is defined as procedure, as the network is established in order to develop and improve the already existing activity within the region. To create strategic development it is important to have both long and short term plans and goals for the regional growth. Finally Hallén (2009) define *Network* as a relation and interaction between companies and organizations.

Johanson and Lundberg (2011) notes that RSNs has a weaker business exchange basis on which to build and therefore needs extra resources to finance a *hub* or a coordinator. They argue that the role of the coordinator is to motivate the members of network to participate

actively in the network and arranged activities. The activities are supposed to develop social relations as well as business relations and nurture the interaction between regional companies.

Two types of regional strategic networks

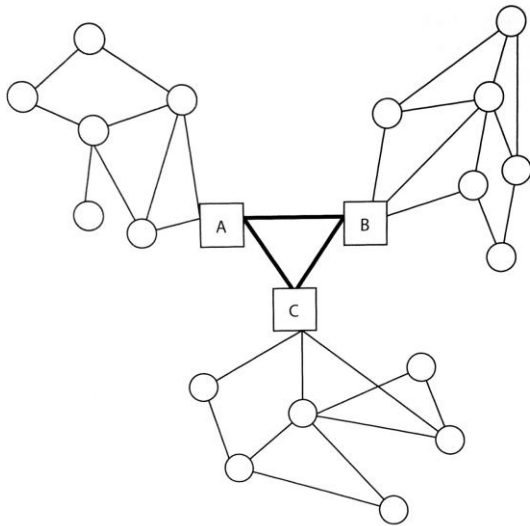


Figure 1: Regional strategic network (p. 33)

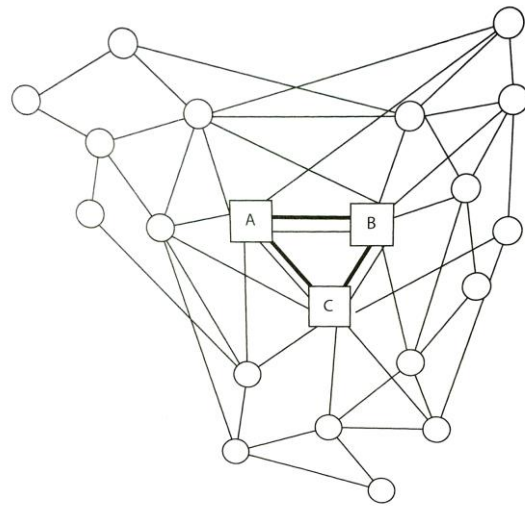


Figure 2: Regional strategic network-integrated (p. 35)

Hallén (et al. 2009) describes two types of RSNs and how they can be organised, which are shown by the two figures above. Figure 1 shows three different actors (A, B and C) within the network. The actors are linked with each other but their daily operations are not, both Cruise Baltic and Gothenburg Cruise Network are examples of that type of network. The triangle the middle illustrates the flow of knowledge and communication between the actors. A positive effect of this type of network is that new knowledge can be created when the actors meet and knowledge gained from interactions with actors outside the network can be spread between the nodes argues Hallén (et al. 2009).

A disadvantage with the first model is that the network takes time and resources from the actors' daily activities which lead to that they do not have the same possibility to prioritise or value the resources which could result in less involvement in the network. Another disadvantage is that the actors do not have any experience with each other; in this model they have to create and build up trust and involvement from the beginning (Hallén,et al. 2009).

Model 2 shows a network with full integration in their daily work. The model shows that the actors (A, B and C) partly build a regional strategic network and that they run their daily business operations together. Here Hallén (et al. 2009) describes the communication flowing in different directions between the actors, to and from all the nodes, not just the hub. In the second model the actors are linked together, meaning that they have built a relationship with trust and cooperation, qualifications which creates a productive network.

A disadvantage with this model is that a close cooperation can in the end lead to that the actors do not contribute with new knowledge as knowledge is created by interacting with others. Hallén (et al. 2009) argues that the actors in the network have to interact with actors from other networks and, he believes new knowledge is created in a *learning-by-doing* process.

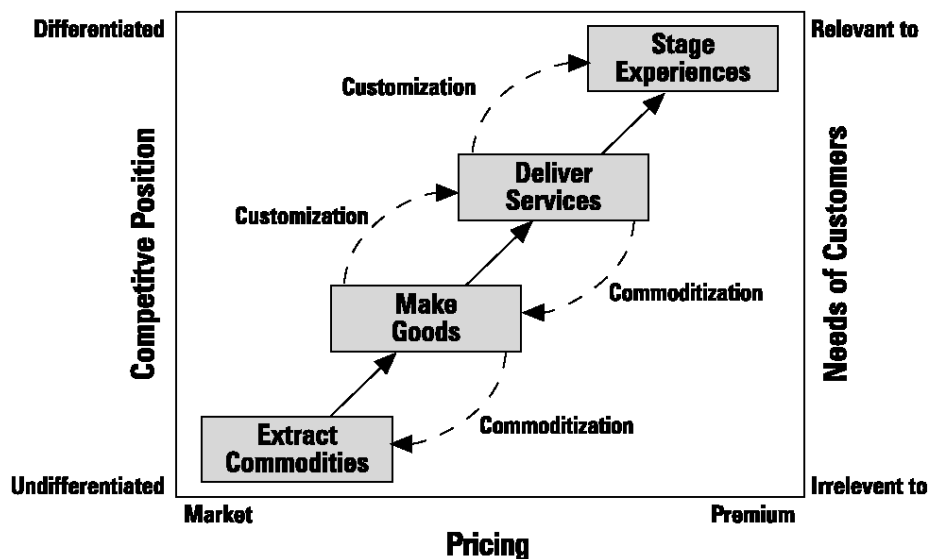
Essentially the members of RSNs are competitors and do not do business with each other but with companies outside of the network states Johanson and Lundberg (2009). Further they point out that the members of the network share a language and a knowledge base, and they compete to do business better than the other members.

Johansson and Lundberg (2009) identify two situations which commonly appear in this type of network. In the first situation they find that the companies are keeping a distance between them which is contrary to the whole idea of a network. The distance creates an obstacle which might affect the outcome. The second situation is characterised by cooperation and information and knowledge sharing, the members are following the cooperation logic in contrast to the first situation where a competition logic is present. The second type of network cooperation can result in a situation where the members wonder what the side effects of cooperating with competitors might result in, and what the network is planning to achieve (Johansson and Lundberg, 2009).

The Experience Economy

Introduction

Joseph Pine and James Gilmore discovered in 1999 a new way of looking at the value creation of companies, the experience.



Source: Pine and Gilmore (2012, p. 34)

They describe the changes in the economy from the extraction of commodities through the industrialization and creation of goods towards the stage experience. In the 1950s – 1960s the goods got commoditised as consumers started only caring about the price and price being the main mean of competition between the companies. In order to customise, firms started to provide services, both supportive services as well as becoming full service companies. The past years they noted a price war between the service companies as well, they give phone companies as an example. The main concern for the consumers is the price; the service sector is therefore on its way to commoditise as well. In order to customise the service the experience is the next step. To explain this further coffee is used by Pine and Gilmore as an example, where the bean is the commodity. Buying coffee beans in order to make one cup of coffee the cost of the cup would be between 1 and 2 cent a cup, but people rather go to the supermarket and buy the goods, the already roasted and grinded coffee in a package and there pay between 5 and 25 cents a cup. When going in to an ordinary café paying 1 to 2 euro for an already brewed and pored cup, a service is created and paid for. Some people are willing to pay even more for the coffee, if they enjoy it in a Michelin star restaurant or a fantastic

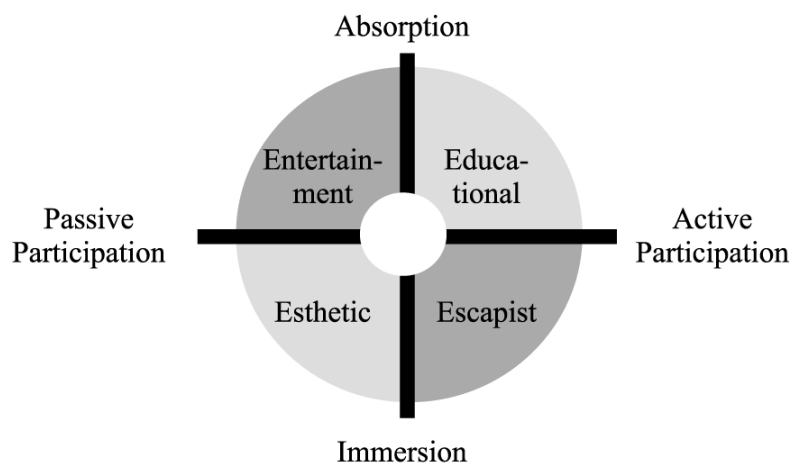
location, which is where the experience is enjoyed, and customers are willing pay over 5 euro for their coffee when enjoying it in a memorable moment argues Pine and Gilmore (2012).

The entertainment sector was one of the first sectors starting to selling experiences and the tourism industry was not far behind. Andersson (2007) argues that the tourism experience starts already at the holiday planning stage where finding the perfect trip with the attributes needed for the best price and imagining the future holiday gives great pleasure to the travellers.

The Realms of an Experience

Pine and Gilmore concludes that the four dimensions to a memorable experience:

Entertainment, Education, Aesthetic and Escapist.



Source: Pine and Gilmore (1999, p. 30)

Pine and Gilmore (2012) explains an *Entertainment* experience as a passively absorbed experience, watching a show or a concert or read a book for example. It is one of the oldest forms of experience and also the most developed. In the *Educational* experience the guest or student absorbs the experience, just like the entertaining experience, but here the individual take an active participation. To be able to learn and understand the student has to actively engage their mind if it is intellectual education or their body if it is physical training. The *Escapist* experience is the polar opposite of pure entertainment, the guest of an escapist

experience is actively participating and surrounded by, or immersed in the experience, gambling at casinos, walking around in theme parks or playing computer games are a few examples. The last experience is the *Aesthetic*, the individual are immersed in the event but cannot affect it. Observing a work of art or a natural or manmade wonder are all examples of aesthetic experiences.

On a majority of the cruise ships all types of mentioned experiences can be found. There are also themed cruises focusing more on a special type of experience, educational lectures, or a joyride full of shows, casinos and entertainment (Interview 1).

Andersson (2007) states that the right amount of arousal also is important for a perfect touristic experience, an experience gets exiting when it is close to fear and it will be a memorable experience as long as it does not go over the edge. On a cruise vacation there are several risk factors such as falling overboard or the fact that the ship could sink. Luckily disasters like that rarely happen and the passenger stays with the right amount of arousal.

When designing the experience a mix of all the dimensions should be considered in order to enriching the experience. Pine and Gilmore gives examples of questions to revise: What could be done about the environment to make it more inviting and comfortable in order to enhance the aesthetic experience? What should the guests do when they are there, how should you immerse them in activities to full fill the escapist aspect? What are the guests to learn from the experience? And what entertainment would help the guests to enjoy the experience better? Considering these questions a provider could increase the competitiveness if not in the experience business already or enhance the experience for the guests and find new ones.

Theoretical Summary

Measuring tourism can be problematic in many cases, questions such as what to measure and how are widely discussed by Leiper and Smith, along with others. The cruise industry counts the number of passengers or number of ships calling to a port (ECC, 2012).

To become a successful destination attractions, infrastructure and supporting services are necessary, claims Bohlin and Elbe (2007). For a port to become a successful the infrastructure is important in order to connect the passengers with the port of embarkation, something Hall (2006) also point out as important. Leiper (1990) focus on the attractions in his studies and

demonstrate three aspects to consider when creating an attraction; the tourist, the sight and the maker. The cruise industry rather focuses on creating an overall memorable itinerary for their passengers and seldom concentrates on single ports or attractions (Rodrigue, Notteboom 2013). It is therefore important to have a regional network cooperating to improve the whole region as a cruise destination (Interview 3).

Leiper (1995) identifies three types of attractions, Main Attraction, Secondary Attraction and Tertiary Attractions, St Petersburg could be classified as the route's main attractions, the reason why the passengers choose to cruise the Baltic Sea, while Gothenburg could be classified as a tertiary attraction, an attraction not known before the trip (Interview 1). While in visiting a port the passenger utilises the commercial attractions as well as the non-commercial attractions. The consumption of commercial attractions creates revenue for the city while the passenger's consumption of non-commercial attractions, such as city parks could create frustration among the locals making the parks and the city centre crowded (Rodrigue, Notteboom 2013).

Many Mediterranean destinations are examples of the rise and fall as a destination argues Müller (2011), an evolution showed in Butlers (1980) TALC model. There is a renewal phase showing at these destinations where the cruise tourism could play a large role to increase the number of visitors one example is Majorca which previously was the charter paradise but today is one of the larger cruise ports in the Mediterranean (Rodrigue, Notteboom, 2013).

In the Baltic Sea region a regional strategic network, Cruise Baltic, was founded in order to provide competitive advantages towards competitive regions, such as the Mediterranean, but also to create an advantage towards regional companies outside the network (Interview 3). Regional strategic networks are formed for regional development reasons and consist of several companies from the region (Johanson & Lundberg 2011). Within the cruise industry there are several layers of networks, from local networks in the port, to cross border regional networks.

Cruise networks, we found, are in general RSNs, where the daily work of the members does not integrate (Hallén et al. 2009). The aim of the networks is to develop the cruise destinations, on a local or a regional level and to cooperate with the cruise lines to create an as memorable experience for the passengers as possible (Interview 1 & 3).

Pine and Gilmore discovered in 1999 the experience economy. It has existed for a long time before that, the entertainment sector and tourist industry has used the experience to create additional value since long before that, Andersson (2007) states that the tourism experience starts already at the holiday planning stage.

The different types of experiences described by Pine and Gilmore (2011) can all be found on a cruise holiday. Some cruises are designed to focus especially on one of the experiences such educational lectures and art auctions (Interview 1).

Empirical Study

The empirical study will start with an overview of the cruise industry and then narrow down to describe cruising in Europe and important attributes of a cruise destination with main focus of the Baltic Sea destination. From there we will describe Gothenburg as a cruise destination and compare Gothenburg with other ports in the Baltic region and outside of the region. Finally the Cruise Baltic network will be described as well as Gothenburg Cruise Network; we will also look into their relationship.

The primary sources in the empirical study consists of interviews made with selected members of the Gothenburg Cruise Network, Stockholm Cruise Network and one crew member of the cruise ship Aida Cara. In total seven interviews were conducted and consisted of:

	Name	Company	Position	Date
1	Stenberg	Göteborg & Co	Project Manager of Gothenburg Cruise Network	2013-03-13 & 2013-05-02
2	Bjärving	The Port of Gothenburg	Energy & Cruise Manager	2013-04-16
3	Quas	Visit Stockholm	Project manager of Stockholm Cruise Network	2013-05-16
4	Berntson	GAC Sweden	General Manager Shipping Services	2013-04-22
5	Lyngstam	Volvo Museum	Director	2013-05-02
6	Larsson	Nordstan	Market Director	2013-04-10
7	Crew,Aida Cara	Aida Cara	Tour Manager	2013-05-17

Industry Analysis

Cruise Industry overview

The cruise industry is an upcoming industry; the numbers of passengers in the world has increased during the last decades from 4.5 million passengers in 1990 to 19.2 million passengers 2011 carried by 283 ships worldwide (Cruise Market Watch, 2013).

The cruise industry as it is today began in the 1950s when there was a shift from line voyages towards the cruising. During this period the industry realised that the ships from the line voyages were too large, too old, too uncomfortable and too expensive to use in the cruising industry. The vessels were constructed to carry passengers from A to B and the focus was mainly speed and not comfort as the modern cruise ships (Holloway, 2006).

The cruise line industry is dominated by two giant corporations Carnival Cruises and Royal Caribbean Cruise Lines (RCCL), where Carnival Cruises control nearly 50 per cent of the world market. They receive benefits from economies of scale through mergers and they have a large bargaining power in deference to the ports. It leads to an unevenly distributed power balance as there are plenty of ports but such a limited number of cruise lines (Klein, 2006)

Market share of main cruise lines, 2011.

Carnival Cruise lines (49.2%)	Royal Caribbean lines (23.8%)	Others (27.0%)
Carnival (21.1%)	Royal Caribbean (17.0%)	Norwegian (7.1%)
Costa Cruises (7.2%)	Celebrity (4.7%)	MSC Cruises (5.8%)
Princess (6.4%)	Other (2.1%)	Disney (2.9%)
AIDA (4.4%)		Star Cruises (1.8%)
Holland America (3.7%)		Other (9.4%)
Other (6.4%)		

Source: Cruise Market Watch.

The largest ship in the world *Allure of the Seas* is owned by RCCL and accommodates 6,300 guests and 3000 crew. It was constructed in Turku, Finland in 2010 (Design Your Trust, 2012).

The size of the cruise vessels could be a problem when it comes to sustainability and it puts pressure on the port which has to organise the logistic, the infrastructure and attractions for a large amount of passengers during a short period of time (Holloway, 2006). On the large cruise ship there is a trend going towards offering basic low cost cruise packages to attract large flows of passengers. The cruise lines are also finding ways to single out the big-spending customers by offering a more exclusive cruise experience. First class accommodation, including luxury services such as butler service, spa treatment, pool decks and higher quality meals are offered to a price that could be five times as high as the price of a standard room, states Rodrigue and Notteboom (2013). They further argue that this strategy

has led to the reintroduction of “ship within the ship” with different classes; this was characteristic of the transatlantic ships in the early twentieth century.

The large cruise ships are very popular but a new demand is arising, it is smaller, more exclusive ships, which only accommodate between 100 and 200 passengers. Their advantage is that they can reach ports where the large ship cannot enter, for example Guadalquivir River in Spain or further access of the Amazon River (Holloway, 2006).

Important Attributes For a Cruise Destination

There are several ways to classify cruise ports; there are three categories according to a survey carried out by Robert McCalla (1997), *Home Ports*, *Ports of Call* and *Hybrid Ports*. Where the *Homeport* is where the cruise passengers embark and disembark, the start and end of the cruise. It is also called *Hub Port* or *Turnaround*. A *Port of Call* on the other hand is one of several stops the cruise ship does during a cruise, the stop usually lasts between six to twelve hours and gives the passengers time to explore the port city or go on excursions. A *Hybrid Port* is a mix between the two previous. Unfortunately Gothenburg was not included in the survey as they had very limited cruise tourism at the time, but would be classified as a port of call as they do not have turnarounds. Stockholm on the other hand, was included in the survey and was classified as a hybrid port meaning it was, and still is a homeport as well as a port of call.

Rodrigue and Notteboom (2013) further divided ports of calls into three categories depending on the reason for the stop in the particular port. The first category is *Destination Cruise Port*, in the Baltic region St Petersburg and also Stockholm and Copenhagen to some extent, fall into this category. According to their study the cultural amenities of the destination cruise ports are world class and the particular port is the main attraction of the itinerary, and the passengers are rarely taking daytrips away from the destination. *Gateway Cruise Port* is the second classification, it is often technical stops in ports, which does not offer any significant attractions or amenities to the passengers but serves a major destination. Rodrigue and Notteboom gives Civitavecchia outside Rome as an example of a Gateway Cruise Port, where the passengers rarely stay; instead they are going on a daytrip into Rome. Malmö could be a

Baltic example of a Gateway Cruise Port, if the passengers go straight to Copenhagen instead of staying in Malmö.

The last of Rodrigue and Nottebooms (2013) categories is *Balanced Cruise Ports*, which is a mix between the two previous categories. Gothenburg might be best classified in to this category as it is not a main destination of a cruise itinerary and one of the most popular tours for the passengers of Aida Cara is the tour in the archipelagos (Interview 7). On the other hand Haga is a very popular part of the city for the passengers to visit as well as museums and cafés.

When the cruise liners chose their ports there are several factors which are important, the factors differ whether it is a homeport or a port of call. For a home port, hub port or turnaround port it is important to be well connected by air- and land-transport in order to reach an as large market as possible and to bring down the prices for the visitors (Hall, 2006; Rodrigue & Notteboom, 2013). The homeport is where the passengers start and end their cruise, and it is also where they spend the most money, where they economic impact is the largest. In order to be able to handle the large numbers of passengers it is also important to have a large cruise ship terminal and to be close to the cruising area, but not necessarily in the centre of it (McCalla, 1998). Gothenburg is at the moment only a port of call and one of the reasons is that Landvetter Airport is too small and badly connected which makes it difficult to attract the cruise lines to use Gothenburg as their home port (Interview 1). In order to choose ports of call the sailing time verses the port time is an important aspect as well as the extra value the port can give to the itinerary argues Rodrigue and Notteboom (2013).

In McCalla's (1997) survey during the Sea Trade Cruise Ship Convection in Miami he found out that ports were highlighting two types of aspects in their abstracts. Either the site was emphasised promoting harbour features, port and cruise ship services and city amenities, or the situation was highlighted and ports emphasised sea connections, land/air connections and regional attractions such as day trip. Ports of calls mainly stressed their situation rather than the site. It is a problem comparing the marketing material found on the webpage of Göteborg & Co with the finds of McCalla (1997) as the space of the abstracts on the convention were limited. The information about Gothenburg is divided in two parts; on the webpage of the Port of Gothenburg the focus is on the port facilities while Göteborg & Co focuses on city amenities. The site is rather emphasised prior to the situation and the conclusion McCalla

(1997) draw after examining the abstract was that there was many exception and no universal conclusion could be made of whether site or situation was stressed for a certain type of port.

It is important for the cruise lines to be able to trust the ports to which they arrive, the Baltic Sea region are in general known for having reliable ports and Gothenburg showed their great potential and organisational skills in 2012 when it was pilot strake in Oslo and seven cruise ships where redirected to Gothenburg with very short notice, something that GCN hopes opens up for new opportunities and increasing cruise tourism to Gothenburg (Interview 1 & 3).

One of the pros with developing cruise tourism is the fact it connects the city with the port argues Rodrigue and Notteboom (2013). Gothenburg has as a goal to have a vivid port and developing the cruise industry could help bringing the city and the port together (Interview 1).

Income and cost structure of the cruise lines

In the beginning of the 1990s there was a decline in price of a cruise ship vacation, after a period under which many new ships were built. In order to fill the ships the cruise lines had to lower their prices, since then the prices has not really recovered states Klein (2006). To make up for the lower ticket prices the cruise lines has turned focus to the on-board activities in order to increase the passengers spending's on-board. Casinos and bars are where most passengers choose to spend their money and today they are taking up more on-board space than they did in 20 years ago. There are a number of different themes such as piano bars and wine bars. The on-board beverage price has increased during this time as well, from being sold at duty-free rates to have a profit of 80 per cent today. There is a larger acceptance among the passengers to pay extra for food and activities aboard; there are also an increasing number of different restaurants available and activities to participate in (Klein, 2006).

Another source of income for the cruise lines is the fact that ports gives them economic incentives when they call in to their ports (ibid). It can be a sum of money per passenger, tax relief or a discounted port fee, which is the case of Gothenburg where the cruise lines receive a 15 per cent discount after the sixth call to the port (Port of Gothenburg, 2013). Many ports

feel they do not get their share of the cruise tourism, but cannot raise the prices in fear of losing the calls to another, cheaper ports states Klein (2006).

Most cruise lines chose to register in places such as Panama, Bermuda and Bahamas to avoid paying taxes, between 2004 and 2011 Carnival Cruises paid 1.1 per cent tax to the American Government (Leonhardt, 2011). Another benefit of registration in those countries is to get away from the strict labour laws in Europe and North America (ibid).

Passenger's expenditures

In 2011 5.6 million passengers embarked a cruise from a European port, crew and passengers visiting European ports spent 3.44 billion euro, of which 1.72 billion euro were spent in ports of call according to ECCs annual study 2012. On average every passenger spent 99 euro per port, including the port of embarkation, in every port of call an average of 62 euro were spent by the passenger, while a crew member spent 21 euro on average per port of call. The average customer spends about 1 300 euro for their cruise, including ship and off-ship expenses for goods and services (Rodrigue & Notteboom 2013).

Gastronomy and shopping are activities often highlighted in the marketing of Gothenburg, but according to Stenberg (Interview 1) the cruise tourist prefer not to spend their money on food as it is included in their cruise ticket. All the cruise ships arriving in Gothenburg offers all-inclusive board where the passengers can add different types of drink packages (Interview 1).

Approximately one third of the cruise lines total incomes come from on-board sales but the onshore tours is an increasing source of income, between 50 and 80 per cent of the world cruise passenger choose to go on a tour according to Klein (2006). In Gothenburg the number of pre-booked tours is 37 per cent states Stenberg (Interview 1) and the passengers spend approximately 70 euro on a tour. A new trend can be seen among European passengers visiting European ports; they want to explore the cities by themselves because it is a cheaper alternative to the arranged tours (Interview 3). The change has begun to appear since the price of cruises has gone down and the clientele has shifted from rich pensioners, mainly from the United States, towards families and the working class. The tour operations needs to focus providing tours and activities which the passengers cannot do by themselves, argues Quas

(Interview 3), project manager on Stockholm Cruise Network, such as RIB-boat tours in the archipelagos. Most passengers prefer going on the tours in the morning and then going back to the ship where lunch is served which can result in logistical problems for tour operators and transfer providers, according to Quas (Interview 3). The passengers who decide to experience Gothenburg by themselves often visit Haga, “the old part of the city” where they walk around, have coffee at cafés, shopping in the city and visit the museums (Interview 7). The passengers usually have eight to twelve hours in the city and about six per cent of the passengers stay on board for different reason during the visit in Gothenburg (Interview 1).

Of the price the passengers pay for the excursions, only between half to one third goes to the tour providers, the rest goes to the cruise line according to Klein (2006). Royal Caribbean Cruises can earn as much as half a million dollars on tours in St Petersburg only. For the cruise line that is a win-win situation, because if the tour providers fail to live up to what the passengers expect to get for the money they paid for the excursion, the passengers will blame the port or the provider, not the cruise line that in the end earns the majority of the money (Klein, 2006).

According to a survey carried out by Gothenburg Cruise Network in 2011, cruise passenger in Gothenburg spent on average 55 euro while visiting the city. In Stockholm the passengers spend 100 euro during a day trip including excursion tickets and 300 euro when Stockholm is the port of embarkation, the turnaround port (Interview 3). Today, Gothenburg do not have turnarounds, which means it is not the start or the end of the itinerary. Being a turnaround port is more profitable as the passengers tend to stay for longer using other services such as hotels, restaurants and transportation services, something that Stenberg (Interview 1) emphasise the importance of. In order to become a turnaround port it is important to have a well-connected infrastructure and an airport with cheap tickets to the passengers’ home destination, something Gothenburg does not have (Interview 1; Hall, 2006).

How much the cruise passengers spend when arriving is also dependent on where on the cruise route Gothenburg is placed. Stenberg (Interview 1) states that it is preferred to be the first stop rather than last as the passenger generally spend more money in the beginning of the cruise. Whether a port will be visited as a first or last stop depends on geography and the planed rout, it could be difficult to change.

Totally 66 cruise liners operating 196 cruise ships in Europe of which 41 cruise lines with 120 ships were domiciled in the region with a capacity of approximately 143 000 berths (ECC, 2012).

Maintenance and shipbuilding

In 2011 the cruise industry generated direct expenditures of 15 billion euro, of which 3.8 billion euro were spent in construction of new ships and the maintenance and renovation of existing ships with European shipyards (ECC, 2012).

Between 2000 and 2009 86 new cruise ships were constructed and contracted. With such an increase of available berths there is a risk that the supply will exceed the demand, which might create economic difficulties for the cruise lines (Holloway, 2006). Nothing of this has yet been visible in the industry; the number of passengers is still increasing as it still is such a small part of the total tourist industry (Rodrigue, Notteboom, 2013).

The shipbuilding has declined in Europe since the 70's because of the lower cost competition from the Far East, but the European industry has been more successful in retaining market share in several specialist sectors. The most important sector for the European shipyards is the construction of cruise ship, a sector in which the European industry has been the world leader the past 40 years. All oceanic cruise ships under construction today are being built in European yards, except two according to ECCs 2012 review.

The ship yards are located in Finland, Germany, Italy and France and they are the markets most important suppliers. Germany and Italy are the industry leaders sharing 80 per cent of the total orders. Although ship yards in countries outside Europe have the capacity and technology to build cruise ships, they often lack in project management ability, skill or the desired balance of labour and expertise needed in order to deliver a cost-efficient result within the required budget and the contracted delivery time. On the other hand Chinese and Korean yards are famous for studying the market frequently (ECC, 2012).

Maintenance is a large cost for the cruise lines as they only make money while operating. Docking a ship for a week will be a large loss, due to that the ships are pushed hard and the

cruise lines try to avoid the maintenance as long as possible. This type of cost savings are the reasons for the recently reported disasters such as a Carnival cruise ship was a drift after an engine fire, 240 km of the Mexican coast (Walker, 2013).

Labour relations

The workers at sea do not have a union to fall back on so a cleaner could work 12 hour shifts seven days a week for as little as 120 euro per week. There is no job security for the worker either; many fail to inform that they are sick in fear of losing their jobs (Walker, 2013). On AIDA Cara, a cruise ship with 100 per cent German passengers the crew worked between four to six months at the time and they came from 12 different countries. The crew with higher positions came mainly from Europe while the crew with lower positions mainly came from low-income countries in Asia (Interview 7).

European administrative staff with a total of 5 000 European nationals and the crew of the cruise lines, who consist of 52 000 European nationals, were together paid 1.3 billion euro in salaries plus benefits by the cruise lines in 2011 (ECC, 2012).

Environment

The climate is prioritized in the Port of Gothenburg's agenda and contributed to a better environment in different ways. The port was in year 2000 the first in the world to offer a high voltage connection for commercial maritime. For the cruise lines the harbour offers them to drop off of all sorts of waste, handling the ships' grey and black water and as well as connection to the high voltage power (Port of Gothenburg, 2013).

From the first of January 2015 the fuel costs' will increase for cruise lines and other ships operating in the Baltic Sea as the International Maritime Organisation (IMO), a specialised agency from the United Nations require lower levels of sulphur from today's 1 per cent to 0.1 per cent in Emission Control Areas (ECA) according to their regulation 14. According to EU directive 2005/33/EC ships are already required to use the less polluting fuel while berth in EU harbours and in inland waterways in the region. Gothenburg Cruise Networks spokesperson from the Port of Gothenburg, Bjärving (Interview 2) expressed her concern

regarding the new legislation which implies an uncertainty of the cruise industry in the future, while Stenberg (Interview 1) had a more positive view. She believed cruise lines would have to change their behaviour, and as Gothenburg has a very short harbour entrance compared to Stockholm, it would be less expensive to visit Gothenburg as the pilot fee will be less. In Stockholm on the other hand Quas (Interview 3) was not worried, she rather believed it might affect the smaller ports as the cruise ships would have to slow down the speed in order to save fuel and money and therefore not be able to stop in as many ports.

The Cruise Industry in Europe

EU legislations and its impact on the Cruise industry

The European Union has gradually unified the regulation for both cargo and passenger ships. The first of January 1992 the European Council (EC) introduced a law which aimed to eliminate the barriers of providing maritime services within Member States, meaning a ship from one Member State could go between two ports in another Member State. For some member states mainly in the Mediterranean area the liberalization was gradually introduced and fully established 2004, with Greece as the last nation to apply (EU, 2007).

In 2004 further legislations was introduced in order to reduce technical barriers and administrative costs for cargo and passenger ships between EU countries. The aim was to ensure a high level of safety on board and to protect the environment (EU, 2011). The legislations only applies for ships flying the flag of a EU Member State, which rarely is the case of the cruise ships as they generally are registered in no-tax-nations (Leonhardt, 2011).

The Baltic Sea Destination

The development of the Baltic Sea Destination started as a regional development program in the 1990s, at the time tourism had limited importance but the economic ties between the nations grew stronger as the trade and traffic was liberated. In 2004 the network Cruise Baltic founded with a focus of developing the Baltic Sea region as a competitive cruise destination and to attract cruise tourism to the region, the network includes 26 destinations in 10 countries (Cruise Baltic, 2013).

The northern European region is the fourth most popular cruise area, after the Caribbean, the Mediterranean and Alaska and it is one of the fastest growing cruise destinations states Hall (et al. 2009). The northern European capitals and the west coast of Norway are the destinations mainly visited and in the arctic regions Iceland and Greenland are popular destinations while St Petersburg is the main attraction of the Baltic Sea (ibid).

In 2011 the region was visited by 3.9 million passengers, which was an increase by 12.8 per cent compared with 2010, 2 361 port calls were made according to the 2012 market review carried out by Cruise Baltic. One of the reasons for the regions increasing popularity is the large range of culture and history. As Cruise Baltic state in their brochure, the region consists of some of “*the oldest monarchies to some of the youngest democracies*”. In addition to the regions rich history, the fact that the cities are very safe and the level of English is high among the natives is something, which is highlighted in the marketing. Both factors very appreciated by the American passengers (Cruise Baltic, 2013).

The Gothenburg Destination

The number of nights spent in hotels in Gothenburg increased with 3.8 per cent 2011, it was for the 20th year in a row the tourism increased in the city according to Göteborg & Co. There is a problem with measure tourism in number of hotel nights as all visitors does not spend the night, and there are also locals who might be staying at the hotels so the picture might not be completely correct (Smith, 1998). It also creates a problem when comparing it with the cruise tourism as the cruise tourist does not stay the night.

In order to develop Gothenburg as a destination there is a collaboration between private and public companies as well as the politicians, where Göteborg & Co coordinate the marketing and are in charge of developing Gothenburg as a tourism, meeting and event city. Their vision is to be the preferred choice as a city region for potential visitors:

“One of Europe’s most pleasant and attractive city regions to live in, work in and visit” (Göteborg & Co, 2013)

Gothenburg is a rather new cruise destination and looking at the number of cruise ships arriving to the Port of Gothenburg it shows an increasing number of cruise calls, from 9 in 2000 till 52 in 2011. Until 2009, when the Gothenburg Cruise Network project was launched, the number of arrivals varied between 10 and 20 cruise calls per year, with a steady number of passengers of around 10 000 persons. From 2009 there has been an increase of approximately 10 cruise ships per season and the number of passengers has increased till 65 000 per year (Göteborg & Co, 2013; Interview 1).

In a survey carried out by the English Historic Towns Forum it is stated which factors tourists find most important for the city they are visiting (Page, 1997). Cleanliness of a town was highly regarded, and 95 per cent of the cruise tourists arriving in Gothenburg are satisfied with the cleanliness and 88 per cent are overall satisfied with Gothenburg as cruise destination (GCN, 2011). What the passengers appreciate the most are the green areas and natural features in the city (97 per cent satisfaction rate), which is regarded as the third most important feature of a tourist destination. Another important factor for the tourists is the mix of retailers. Visitors are generally looking for something unique from the destination but unfortunately the trend in many cities seems to go towards a more uniformed setup of shops (Page, 1997). Nordstan is one example of that, the shopping centre mainly hosts chains both when it comes to retailers but also cafés and convenience stores while Haga is seen as more unique in the eyes of the cruise passengers (Interview 1 & 6).

Gothenburg Port

Gothenburg Port is the largest industrial port in Scandinavia with approximately 11 000 ports of calls of which 52 ports of calls were from cruise ships in 2011 and generated less than two per cent of the port's revenue. In Stockholm 263 cruise ships called in to the port and the number was 309 in St Petersburg during 2011. Gothenburg qualifies as a large cruise ship port with little margin, (50-199 calls per year is considered large) and Stockholm and St Petersburg as X-large ports (Cruise Baltic, 2012).

Depending on the size of the vessel the ships could anchor in Frihamnen in the centre of the city but the maximum length is 230 meters. Ships no longer than 340 meters stay at the Arendal quay while the largest cruise ships call to the Scandia Port where there are no

limitations of size. Gothenburg Port does not have shipbuilding or maintenance of the cruise liners, but if something happens with the cruise ship while staying in Gothenburg there are resources for maintenance (Port of Gothenburg, 2013; Interview 2).

In order to lay a foundation for good growth there was a restructuring, separating parts of the port from the municipality. The Port of Gothenburg is still owned by the municipality and possesses the land, the keys and the wharves. They are also responsible for the strategic development while it is private corporations who handle the daily cargo. It is a structure used by the majority of the world's largest ports. With specialized terminal operators which improve the prospects for effective handling while port company ensures the port's long-term and comprehensive development (Port of Gothenburg, 2013; Interview 2).

A comparison of the top five attractions in three Baltic destinations

Top 5 attractions in 3 Cruise Baltic destinations		
Gothenburg	St Petersburg	Stockholm
Scandinavia's largest amusement park	St. Michael's Castle	Stockholm city hall
Universeum and Volvo museum	Church of the Savior on Spilled Blood	Medieval city centre
Scandinavia's largest shopping mall	Mariinsky Theatre	The royal palace
City parks	Peterhof Castle	The island Djurgården
The archipelagos	Saint Isaac's Cathedral	The warship Vasa

(Source: Göteborg & Co, 2013; Rates to go, 2013; Visit Stockholm, 2013)

As shown in the table above the three harbour cities have quite a different range of attractions. St Petersburg has historical landmarks and monuments and is in fact a UNESCO world heritage city (Rates to go, 2013). Stockholm has both historical and commercial attractions. Gothenburg does not focus on attracting tourists through castles or monuments like St Petersburg or Stockholm, argues Lyngstam (Interview 5). Instead Gothenburg offer more of an experience, with museums, the largest amusement park in Scandinavia, city parks, Nordstan the largest shopping mall in Scandinavia and archipelago landscape (Göteborg & Co, 2013). Further Lyngstam (Interview 5) believes Gothenburg can use its industrial culture and world famous brands such as Volvo to attract tourists. The Volvo museum is located just by the Arendal quay where some of the larger cruise ships have their port of call. A museum just outside the port terminal differ Gothenburg from both Stockholm and St Petersburg (Interview 5). In order to get a full experience guided tours are provided from the quay

through the Volvo museum and from there in to the city centre, with the slogan “*The friendly city by the Sea*” (interview 1).

Cruise ships are mainly visiting Gothenburg during the summer months but when visiting Gothenburg around Christmas the passengers gets to experience Gothenburg as the Christmas city, with markets, light shows and “*lucia tåg*” (interview 1). Cold weather and Christmas markets is nothing exclusive for Gothenburg for this time of year, but provided by most destinations in the Baltic Sea, an on board “*lucia tåg*” is however not offered in the other two ports (Göteborg & Co, 2013).

The fact that Gothenburg is a very green city is popular among the passengers according to the 2011 survey carried out by GCN. It is a popular attraction the passengers can enjoy for free while castles in St Petersburg are subjected with an entrance fee and therefore generate more revenue to the city (Rates to go, 2013). An advantage for Gothenburg is to have Scandinavia’s largest amusement park, Liseberg as cruises are becoming more and more popular as a family holiday (Interview 1). Stockholm also has an amusement park, Gröna Lund but Stockholm is more famous for their historical heritage such as the medieval city centre, the war ship of Vasa and the royal palace. (Visit Stockholm, 2013)

Top five attractions in two harbours outside the Baltic region

Top 5 attractions in Bergen and Vancouver	
Bergen	Vancouver
Hount Floien	Stanley Park
Fish Market	Granville Island
Hansa Bryggen	China Town
Building, streets and alleys	Gastown
Fjords	Grouse Mountain

(Source: Virtual Tourist, 2013; About, 2013)

Bergen, a harbour city on the west coast of Norway with spectacular nature, it is “*the gateway to the fjords of Norway*” (Cruise Norway, 2013). Since Bergen has a world famous natural landscape with the world famous fjords they have an advantage when it comes to attract tourists, compared with Gothenburg. Hurtigruten is one of the oldest cruise routes in the

world and has Bergen as a turnaround port very beneficial in order to attract cruise tourists (Hurtigrutenresan, 2013).

Vancouver is ranked as one of the most beautiful and liveable cities in the world by the *Economist's Global Liveability Survey*. Vancouver is famous for the Grouse Mountain, Stanley Park and its mix of cultures to mention a few (Port metro Vancouver, 2013). They also have a larger home market than Gothenburg and have therefore a more visitors. It is a turnaround harbour, which is positive for the tourism since the passengers usually spend one to two nights at a hotel in the city. Another advantage that Vancouver has is an international airport with good connections (McCalla, 1998).

Networks

Cruise Baltic

The relationship between the Baltic countries has been close since the 14th and 15th century when the Baltic region created an integrated trade network called the League of Hanseatic Towns. It corresponded to the most significant trading area in Northern Europe and made it easier to spread science, culture and art between the coast cities (Cruise Baltic 2013). There have been some political and historical issues between the nations throughout time but today the relationships are good, and in 2004 the network Cruise Baltic started with the Danish tourist organization Wonderful Copenhagen as a leading partner the intention of the cooperation was to unify the cities and to create a stronger image for the Baltic Sea destination (interview 3). The network can be defined as a regional strategic network with a unified goal to provide an integrated and sustainable growth strategy for the cruise tourism in the Baltic Region. Another aim is to improve the harbour services and to organize international marketing of the Baltic cruise concept. To create a matching standard of the ports the more experienced members such as Copenhagen and Stockholm helped develop the newer cruise destinations (Interview 3). According to Quas (Interview 3) the cruise lines appreciate that the ports are working together cross border, something which is not as common in other cruise regions.

The members are the ten countries surrounding the Baltic Sea with 26 ports altogether, the cruise tourism within the region has grown with over 50 per cent since the 2000. It is 44 partners in the network, many of them are local networks from the ports, but there are also

members like SAS and Scandic Hotels, who are found in several cities in the different nations. When promoting the Baltic Sea destination at the major trade fairs, Cruise Baltic has a stand where the partners can choose to join for an additional fee of approximately 440 euro (Interview 2).

Their first project was partly financed by the European Union (EU). It was launched between 2004 and 2007 and the goal was to increase the cruise ship passengers visiting the cities with 20 per cent during this period, a goal they managed to achieve. Today the network does not receive financial aid from the EU but as the project had such a successful outcome the members decided to continue the corporation and to finance it together. (Interview 3) The economic benefits of promoting the region as one destination has been an important factor for the members, according to Lemmetyinen (2009) the larger port might be able to promote themselves but this way the cake will be larger and everybody will receive a larger slice.

Lemmetyinen states that negotiation as a form of coordination distinguishes Cruise Baltic from other RSNs and has helped to diversify their product. One of the pitfalls of destination marketing is the risk of losing the identity and the uniqueness of the destination and rather promotes the same attractions as other actors. But Cruise Baltic has used their diversity and developed themes such as *Nordic Lights & Mild Climate* and *Kings & Tsars*, which are unique for the Baltic destinations (Cruise Baltic, 2013).

Prior to the cooperation every destination worked on their own and competed with each other, they later discovered that if they cooperated the competitive advantage as a destination would increase and that they could benefit from economy of scale in marketing and other areas. As “10 countries on a string” they now compete against other cruise destinations such as the Mediterranean region (Lemmetyinen, 2009).

The good corporation and the high standards of as well ports, standards and regulation is one of the reasons why IMO choose the area to be one of the first to lowering the levels of sulphur in the fuel believe Stenberg (Interview 1).

Gothenburg Cruise Network

Gothenburg Cruise Network started off as cooperation between the Port of Gothenburg and Göteborg & Co in 2008, in order to exploit the possibilities of the increasing numbers of cruise calls and to promote Gothenburg as a tourist destination (Interview 1).

Except Göteborg & Co and The Port of Gothenburg there are thirteen members from different sectors, mainly retailers, events providers and museums, and transportation companies:

Gothenburg Cruise Network		
Name	Location	Description
Göteborg & Co	Gothenburg	Co-founder of GCN
Port of Gothenburg	Gothenburg	Co-founder of GCN
GAC Sweden	Gothenburg	Shipping agency
Seascope Torus	Stockholm	Tour operator
Volvo Museum	Gothenburg	Museum showing Volvo products
Interbus	Gothenburg	Buss rental company
Taxi Göteborg	Gothenburg	The local taxi company
Nordiska Kompaniet	Gothenburg	Retailer
Nordstan	Gothenburg	The largest shopping mall in Scandinavia
Ola Nesje	Lysekil	Souvenir provider
Liseberg	Gothenburg	Scandinavia's largest amusement park
Stinsen Sightseeing	Gothenburg	Sightseeing train in Gothenburg
Göteborgs Operan	Gothenburg	The Gothenburg Opera House
Hard Rock Café	Gothenburg	Internationally known restaurant chain
Volvo Cars Visitor Centre	Gothenburg	Visitors center of Volvo Cars

(Source: Gothenburg Cruise Network, 2013)

The companies in the network are competing for the passengers' time and money, since the passengers have no more than twelve hours in the city, they do not have the time to visit all the museums, shops and tours during their visits (Interview 1).

Gothenburg Cruise Network's vision is that Gothenburg should be perceived as a cruise destination with the world's best welcome and be one of the most alive harbours in Scandinavia. They want to be known as "The friendly city by the sea" (Interview 1)

The members of Gothenburg Cruise Network

The members of the Gothenburg Cruise Network are meeting twice a year and the members pay an annual fee of 1600 euro as GCN wants serious and active members (Interview 1).

In a cruise network a certain type of companies is especially important to have as member and a shipping agent is one of them (Interview 4). A shipping agency or shipping agent is a person or agency in charge of managing shipments and cargo in ports and harbours worldwide on behalf of cargo companies. In some parts of the world, the agents are referred to as port agents or cargo brokers (Maritime Know How, 2013).

GAC is one of the world's largest shipping agencies, who represent more than 3 500 principals and attending over 60 000 vessels annually worldwide. They operate in 40 different countries, with over 9 000 employees with the head office is placed in Dubai. GAC Sweden is a part of GAC shipping and was formerly Transweco Projects and Chartering, a part of the Lehmann Nordic group (GAC, 2013).

GAC Sweden has not benefited from the membership in GCN as no new clients have been signed throughout the corporation. But they wish to support Gothenburg as a cruise destination and they are the ship agency who has the most experience of the cruise industry in Gothenburg (Interview 4). Berntson (Interview 4) states that they wish to put Gothenburg on the map, and therefore want to be an involved partner in the network; they believe that it is important to have a ship agent within the network. There are around 30 ship agencies in Gothenburg but none of the world's two largest ones has operations in the port (Interview 4).

In St Petersburg the cruise lines are forced to use Inflot as their shipping agent, as they have their headquarters in there. Inflot's main clients are cruise lines while GAC have a wider range of clients. 2012 Inflot had operations in 39 countries (Inflot World Wide, 2012). Since the cruise liners are forced to use Inflot as a ship agent in St Petersburg they often choose to use Inflot or their sub agents in other ports in the Baltic Region, mainly because it is comfortable to use the same shipping agent at several destinations. It is unfortunate for Gothenburg, as Inflot do not have operations here, or a subagent (Interview 4). Their subagents usually come from Stockholm or Norway and do not have the same profound knowledge of the destination and harbour as the local ship agencies, even though GCN provides them with the information needed (Interview 4). Using agents from other areas result in a leakage, meaning that the revenue created is ends up in another region but Gothenburg (Page 1997)

In Helsinki GAC receives around 200 ports of calls every year and as the cruise lines prefer to use the same agent in as many ports as possible Berntsson (Interview 4) hope more cruise lines will choose to use their services in the future. Today GAC Sweden is the agent of two cruise liners, Fred Olsson and Carnivals, which results in three ports of calls 2013. The cruise lines chose freely which agent to use and it is therefore difficult for GCN to influence their choice (Interview 4).

The Volvo Museum on the other hand has benefited from their membership in the network. Since the cruise ships started to arrive at Arendal port they have increased the numbers of visitors on the museum, in average 300 of the passengers visits the museum during one port of call states the director of the Volvo museum (Interview 5). Guided tours in the museum are arranged for the passengers, after the museum the guide bring them sightseeing on a bus in to the city centre. VIP tours for the higher staff are also provided, free of charge. Every crew member can enter the museum for free and use the Wi-Fi (Interview 5). The director of the Volvo Museum sees both the passengers and the crew as potential Volvo car buyers and they arrange happenings such as showing and test-driving the newest models but the passengers also get to test drive the vintage cars (Interview 5).

Other entertainment providers who are members of GCN are Liseberg, Scandinavia's largest amusement park, and Gothenburg Opera house. Liseberg has their focus on families while the Opera House arrange guided tours behind the scene for the passengers (Interview 1).

Nordstan, the city mall in Gothenburg and the largest shopping mall in Scandinavia is one of the retail members of GCN. Nordstan appreciate the cooperation with GCN and Larsson (Interview 6), the market director at Nordstan, believe they receive value for the annual membership fee. Between five and ten of the stores in the mall notice when there is a port of call informs Larsson and tourists is one of their main target group. In order to satisfy the tourists and the costumers they have extended their opening hours and are accepting different currencies. Desigual is a store that notices the port of calls more than the others; the cloths store is very popular among the Germans states Larsson. Nordstan receives 37 million visitors, so cruise ship passengers are not that noticeable considering the number of visitors over a year (ibid).

Seascope Tours is one of two tour operators who focus on cruise tourism in Sweden and they are located in Stockholm. The other Swedish tour operator, Baltic Gateways, is located in Malmö and not a member of GCN but a member of Stockholm Cruise Network (Interview 3). Both offer different sighting tours in archipelagos and the city of Gothenburg. GCN can see advantages by with having a local tour provider (Interview 1).

Interbus and Taxi Göteborg are the two transport companies in the Network. Inter bus has a good collaboration with the Volvo museum (interview 5).

Network relationship

Cooperating in networks is a common strategy within the tourist sector and in the cruise industry there are several layers. Starting at the global level, the network Cruise Lines International Association (CLIA) is found representing the interests of its members. They have over 100 executive partners and their goal is to:

“...promote policies and practices that foster a safe, secure and healthy cruise ship environment; educate and train its travel agent members; and promote and explain the value, desirability and affordability of the cruise vacation experience”.(CLIA, 2013)

At a regional level the European Cruise Council (ECC) is working to promote the interests of the cruise operators within the European Union (EU), while Cruise Baltic is promoting the interests of the Baltic Sea destination (ECC, 2012; Cruise Baltic, 2013).

As two giant cruise lines dominates the market and the numbers of ports are uncountable, the bargain power is definitely to the cruise lines advantage and even though the cruise lines need a port, they have plenty to choose from (Interview 1). That is one of the reasons why cooperating in networks are beneficial at all levels. Stockholm is one of the largest destinations in the Baltic Sea and SCN has been cooperating with the cruise lines during a longer period of time, it seems like they have a somewhat closer relationship with the cruise lines than the smaller, newer networks (Interview 3). To increase the number of cruises in the Baltic Sea region and improve its attractiveness, representatives from SCN and CCN together

to create a regional cruise network, Cruise Baltic consisting of members from the ten countries surrounding the Baltic Sea (Interview 3).

At the local level are the ports, most ports has a network of port and municipality representatives, shipping agents, tour operators and representatives from local shops and leisure establishments (Göteborg & Co, 2013). The interaction between the public and private sector is important in Gothenburg Cruise Network in order to achieve their common vision for Gothenburg as a destination. The public sector is represented by Göteborg & Co and The Port of Gothenburg while the remaining partners within the network represent the private sector.

Comparing GCN, which is a rather new network in a new cruise destination; with Stockholm Cruise Network (SCN) there is a large difference in number of members as well as types of members. Several hotels and restaurants are members in SCN as well as the airport. According to the project manager, Quas (Interview 3) at SCN it is beneficial to work together with Swedavia, Arlanda Airport, in order to ensure the logistics and the service required by the arriving and departing passengers. Stockholm receives roughly 50 turnarounds per season, a number they are trying to increase, in order to do that a close cooperation with surrounding service providers such as airports and hotels are important argues Quas, in GCN there are no members from these sectors.

When SCN started in 2001 they looked at the structure of Copenhagen Cruise Network (CCN), they started off with approximately ten members, like GCN today, and have now grown to around 30 members (Interview 3).

The role of the regional network differs from the local in the sense that the regional network is cooperating cross borders to set up port service standards. The strong cross border cooperation is something, which surprises the cruise lines according to Quas (Interview 3), working together creates synergy and lifts the region she argues.

Discussion

The aim of this paper is to gain a better understanding of Gothenburg as a cruise destination through looking into the corporation within the Gothenburg Cruise Network as well as their corporation with Cruise Baltic. To return to our research questions: *How is the cruise industry embedded in the Gothenburg destination? What is the role of the local and regional networks?* We will hereby discuss them further and conclude our finds.

Discussion

Throughout our work we have realised the difficulties of defining and measuring tourism and to define a destination as Smith argued (1988). Regarding the cruise industry, which is only a small part of the total tourist industry; the problem with measuring becomes somewhat easier as the number of passengers is easily counted.

In order for Gothenburg to become a successful destination, Bohlin and Elbe (2007) argues that three attributes are necessary, attractions, infrastructure and supporting services. To create an attraction Leiper (1990) notes that a tourist, a sight and a maker are necessary; applying this to the cruise tourism in Gothenburg is somewhat problematic, as most of the passengers do not choose the cruise in order to see Gothenburg. Both Leiper and Hall argues for the importance of information about the destination in the tourists home town, here we see an area where Gothenburg could do more, on the other hand one could see the cruise tourists as informants. It is shown in the survey GCN carried out that the passengers are happy with the city and could hope they would be billboards, promoting the city.

In 1995 Leiper identified three types of attractions, Main Attraction, Secondary Attraction and Tertiary Attractions, where St Petersburg could be classified as the route's main attractions, the reason why the passengers choose to cruise the Baltic Sea. Stockholm and Copenhagen could be classified as secondary attractions, if choosing between two itineraries both going to St Petersburg, whether the cruise ship calls in to Stockholm or Copenhagen might be what tips the passenger over to choose one trip over the other. Gothenburg could be classified as a tertiary attraction, not known before the trip, but many passengers are pleasantly surprised by the city shows a survey carried out by GCN, while the visit in St Petersburg not always lived up to the expectations. With happy tourists GCN hopes it will create a knock on effect, and

that the tourists will either visit the city again or tell friends and relatives about their experience of the city (Interview 1).

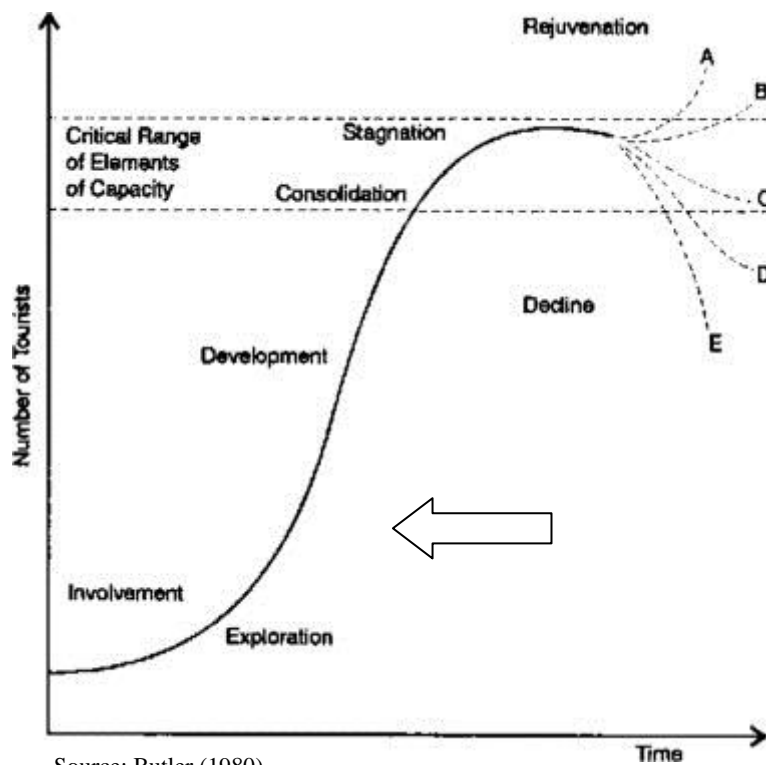
While in Gothenburg the passenger enjoys the commercial attractions as well as the non-commercial attractions. To increase the revenue of the passengers the commercial attractions has to be consumed by them rather than the non-commercial, or commercialising the non-commercial attractions for the cruise passengers. City parks, architecture and beautiful nature are all examples of non-commercial facilities. We believe it would be problematic to commercialise non-commercial attractions, especially if one wish to single out the city tourists from the locals. Successful examples could be the boat tours in the archipelagos or the buss sightseeing through the region. Here the cruise passengers pay for something that would be available for them for a much smaller fee if they had more time and knowledge of the area. The trend among the passengers seems to go towards exploring the city by themselves states Quas (Interview 3), which generates less revenue to the tour operators. But as none of the tour operators are located in Gothenburg and their revenue is leaking from the region, the fact that the passengers prefer not to go on tours is positive for the destination.

Some of the attributes most appreciated with Gothenburg by the cruise passengers is the cleanliness, the green parks and promenades and the friendliness of the citizens according to the GCN survey. Taking a fee for entering parks for instance might change the visitor's view of the city and might not make their experience as memorable and pleasant. As it is now the vast majority passengers are satisfied with their experience of the city, which hopefully make them come back or recommending it to friends and family.

A problem with the cruise tourism is that it is not the passengers who are needed to be attracted by the city in the first place but rather the cruise lines. If the cruise lines do not call in to the Port of Gothenburg the passengers will not arrive either. It is not an easy task to attract the cruise lines; there is a great power imbalance between the gigantic cruise lines and the smaller ports. In order to set up a meeting with a representative from the cruise lines it has to be scheduled in advanced no spontaneous contact is possible. A larger, more popular port such as Stockholm does not experience the same problem as the smaller ports (Interview 3). It could be due to a larger competition for the quay space during the high season.

The increasing competition between ports and regions could result in that they lose their uniqueness argues Müller (2007). We therefore agree with Lyngstam (Interview 5) that Gothenburg should not promote castles and historical buildings but rather promote what differ them from other cruise ports. GCN want to be the “*Friendly city by the sea*” which is not a completely unique slogan, and in order to not lose the city’s identity it might be a good focal point for the future.

Applying the Tourist Area Life Cycle model to the cruise industry any decline has yet not been detected, there are several possible answer to that, either the industry is still in a development phase, going from an exclusive form of holiday for the wealthy and elderly towards a popular family holiday. It could also be that there is no TALC curve as there is no specific destination, cruises takes different routes and there are several different types of cruises, from the small and exclusive to the floating resorts with something for everybody. Yet there are no study carried out in this area so a definite answer will have to wait.



If applying Butler’s model on the cruise industry in general, rather than on a specific destination we have seen that the number of passengers are increasing every year. And as it is still a small and rather new niche of the total tourism sector and cruising is getting more and more popular among travellers we believe it is still developing and a segment of the tourist

sector which many European tourists yet not experienced, earlier it was wealthy senior couples going on cruises but today it is becoming more available for the everyday family.

One of the problems though with Butler's model is that it does not give any explanations but rather describe the stages. Many Mediterranean destinations are examples of the rise and fall as a destination, but we can also see a renewal phase where the cruise tourism plays a large role to increase the number of visitors.

Applying Butler's models on city destinations could be problematic, as he identifies phases where the local economy is getting more and more dependent on the tourists. We have difficulties to believe that neither Stockholm nor Gothenburg will ever be so dependent on the tourists that it will be the city's main source of revenue.

To increase the revenue of a port city, the port should be receiving turnarounds rather than ports of call, as a turnaround passenger tend to spend more than twice as much as a port of call passenger. Hall, Bohlin and Elbe argue for the importance of good infrastructure in order to become a popular destination, and here we note that Gothenburg is lacking of a well-connected airport. It is important to be well connected with all parts of the world, especially with the United States and Germany as it is from there most cruise passengers arrive. Further they identify other important factors for a turnaround destination is supportive services such as hotels and restaurants, which we believe is not a problem for Gothenburg. Even though a port has all the necessary attributes to become a turnaround port the decision is still made by the cruise lines to suite their own needs.

Many governments sees tourism as an important source of income, which can help creating jobs and revenue for the destination argues Law (2007). Regional Strategic Networks are created to develop the destination; Cruise Baltic is an example of a RSN whose role is to develop the Baltic Sea destination and unifying the port service standards in the member ports. They are focusing on improving the overall reputation of the region and to make sure the cruise lines get what they expect when calling in to a port. Working together and helping each other improve will hopefully generate an increased number of cruise ships in the region. Enlarging the cake will make sure every member receive a larger slice.

There could be a disadvantage with cooperating to close within the network such as little input from actors outside the network, but as there are several layers in the cruise sector we believe new inputs will be received when meeting with other networks in trade fairs and annual meetings.

In Stockholm Cruise Network we found members from the hotel and the restaurant sector, as well as the airport, members, which are lacking from the Gothenburg Cruise Network. We could see an advantage with having these members in the network especially when wanting to increase the number of turnarounds. The passengers of the exclusive cruises expect exquisite service with all the little extras, skills that Stockholm Cruise Network has educated their members in. We could also see an advantage in using a local shipping agency and a tour provider as they would have a better knowledge of the region and the economic benefit will end up in Gothenburg instead of other cities.

Going on a cruise is an experience which starts already in the booking stage argue Andersson (2007). Offering the customers an experience rather than a service can increase the revenue of the provider states Pine and Gilmore (1999). It is important to create a unique and memorable experience for the cruise passengers arriving in Gothenburg so that they promote it by word of mouth or come back themselves.

Many cruise lines provide themed experiences for their passengers such as gay cruises or art cruises. To enhance the experience the local cruise network could arrange themed activities for the passengers when arriving in the port.

Conclusion

The cruise tourism in Gothenburg is a rather small part of the total tourism. Looking at the first hand economic impact per passenger it is on average 55 euro per person which in the 2010 season with approximately 50 000 passengers would generate 2 250 000 euro.

Comparing that number with 2.6 billion euro, which was the total turnover by tourist, the same year in the region it shows that the cruise tourism is a very small part of the Gothenburg tourist industry and the impact thus becomes rather small. The global cruise industry is a small niche of the global tourist industry and it tends to be the cruise lines that earn the big money rather than the ports.

Passengers tend to spend more in the hub ports so in order to increase the economic impact in the region Gothenburg needs to be an alternative for the cruise lines. To become an attractive turnaround port, a better connection to the destination is needed in form of a better connected airport.

As cruises is a rather new phenomenon in Gothenburg and is yet not embedded in the Gothenburg tourist destination. As stated above the economic impact is not that noticeable and the Volvo Museum is one of the only members who has really benefited from the increasing number of cruise ships.

Cooperating in networks is common within the tourist sector as it is such a diverse sector or not a sector at all. For port cities cooperating in local networks help attracting the cruise lines as the network can work on a unified front both from a port perspective and a tourist perspective. It has been proven effective as since the network started the number of arriving cruise ships has increased steadily.

The regional networks are equally important as the cruise lines see the whole region as a destination, instead of single ports. To cooperate between the ports and create unified standards and help each other to develop creates a synergy effect, which benefits every member.

The role of a local network differs slightly from the roll of the regional, development is still the aim, but the means differ. While the regional network focuses on creating an attractive destination where the standards of the ports are the same, the local network is focusing on attracting the cruise line to their port by standing out from the other ports in the region.

Further research

A suggestion of further research would be what we failed to do, examine the perspective of the cruise lines, and find their view of Gothenburg as a cruise port. There is little research done about the cruise industry so we believe all further research would be important.

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	Name	Company	Position	Date
1	Stenberg	Göteborg & Co	Project Manager of Gothenburg Cruise Network	2013-03-13 & 2013-05-02
2	Bjärving	The Port of Gothenburg	Energy & Cruise Manager	2013-04-16
3	Quas	Visit Stockholm	Project manager of Stockholm Cruise Network	2013-05-16
4	Berntson	GAC Sweden	General Manager Shipping Services	2013-04-22
5	Lyngstam	Volvo Museum	Director	2013-05-02
6	Larsson	Nordstan	Market Director	2013-04-10
7	Crew,Aida Cara	Aida Cara	Tour Manager	2013-05-17

Appendix

Appendix 1

Interview with Gothenburg Cruise Network:

What is your role in the network?

How did the network start? Why was it and why was it necessary? What is the aim and purpose with the network?

What is your strategy with your network?

Is there an operational or strategic network? How do you work?

How did the cruise industry developed in Gothenburg?

What do Gothenburg / Gothenburg Cruise Network offer the cruise liners to make them interested in the destination?

Many destinations in the Caribbean offer financial incentives to attract more ships do Gothenburg sometimes do this to?

How is the process of attracting a shipping company to come here?

What attracts the cruise liners here in Gothenburg?

What has the network contributed to the development of the cruise industry?

What has been the economic impact on the region? Is it profitable?

The port's revenues are easy to see, but not the municipality. Are there any figures on how much the region serves the cruise industry in Gothenburg?

How does the City of Gothenburg benefit of the cruise boats? Where does the revenue come?

What does the network say about Gothenburg as a tourist destination?

Who paid the development of Arendal? (Port or municipality?)

How has the cruise tourism developed in Gothenburg?

Appendix 2

Interview with the Port of Gothenburg:

How long have you been working in the Port of Gothenburg?

What is your role in the network?

Where do the port charges go?

What are the costs of having a boat here? Are there different prices for the different quay spaces?

How does the organization of the Port of Gothenburg look like?

Does the Port offer the cruise ships shore power? How does the port work with environmental issues?

Do you feel that seasonal variation is a problem?

What percentage of the total number of ships coming to Gothenburg port are cruise ships?

How much of the port's revenue comes from the cruise ships?

How much do the port earn in total on a cruise ship? Where does the revenue come from? (Port charges or other?)

What costs arise for the City of Gothenburg when a cruise ship comes here?

Is it more expensive for a cruise ship to enter the port than a conventional cargo ship?

What services do you offer? Which port resources do you offer boats?

Is it cheaper / more expensive if the cruise ships have more passengers, or the same price?

How has the price development on port of call charges looked like since the first cruise arrived at the port?

Has margin on your income changed (up / down) over the years?

Are cruise ships generally a good deal for the port? Can cruise projects turn with benefit?

Is there Maintenance & Shipbuilding for Cruise Ships in Gothenburg?

Who determines the prices for port charges? Has The Baltic Cruise Network something to say? Is there an agreement within the region?

Is there any ship bunkers provisions or fuel here? If not, do they know what resources that are offered? What resources do you offer cruise liners?

Appendix 3

Interview with Stockholm Cruise Network:

Can you tell us about your network? When did it start? How did it start etc?

What is the benefit of having the airport as a member? How do the hotels & restaurants work for cruise tourism?

Has does your collaboration work with Cruise Baltic? And with Gothenburg Cruise Network?

What do you feel is the biggest difference between Gothenburg and Stockholm as cruise destination?

Can you tell us about your relationship with the companies within your network?

What are you doing to attract them the cruise liners to Stockholm?

Is Stockholm a turnaround port or a port of call?

What do you consider to be Stockholm's main attraction? What do you press on?

Do you think the new environmental regulations will affect you?

Appendix 4

Interview with GAC Sweden:

Can you tell us about how you work with the ships?

How is your cooperation with Gothenburg Cruise Network?

How do you think that the collaboration work? How has it developed?

Have you got more ships after you joined the cruise network?

What does the network mean for you business?

How did you get in touch with the network?

What is your vision / goal of the collaboration?

Do you think you are able to influence decisions / development of the network?

Are you members of the Cruise Baltic?

How much do you pay to be part of the network?

Are you agents to all cruise calls in Gothenburg?

(Which companies do you compete with?) Are there many other "Ship agencies' business in Gothenburg?

Are you the biggest on the market? Or are there bigger Ship agencies than you?

What proportion of the ships that you are agents for are cruise ships?

How much of your total business are as agents to cruise calls in Gothenburg?

Appendix 5

Interview with the Volvo museum:

Does the number of visitors increase at a port call?

If so, is this increase significant for you business?

How is your cooperation with Gothenburg Cruise Network?

Do you accept foreign currency, if so, which ones?

How much do you pay to be part of the network?

The visitors, do they have a pre-sale ticket that they bought on board? How do you sell yourselves for passengers?

How many of passengers average visits the museum per cruise ship? How many of those who come are from the crew?

Do you think it's worth the money for being a member in Gothenburg Cruise Network?

Do you have the same price for cruise visitors as other visitors? Are there special offers?

What proportion of sales would you estimate that cruise passengers contribute to?

What does your network mean for you business?

Appendix 6

Interview with Nordstan:

How your cooperation with Gothenburg Cruise Network?

Do you notice the port of calls?

Do you feel that you get value from the membership fee?

How many visitors do you have per year?

Do you accept foreign currency in your stores?

How do you work to adapt to tourism?

Appendix 7

Interview with a crew member at Aida Cara:

How do you promote Gothenburg as a destination for your passengers?

How is your contact with the Port of Gothenburg?

What are important factors for a port of call? Necessary attributes?

What is a general passenger opinion about Gothenburg?

Where are the passengers generally from?

Are all your staff German?

How does the crew shifts look like?

Do you as a crew have time to visit the city? If so, what's your opinion?