



Views from Banana Coast, Honduras



Pressure builds for sustainable cruise product

Two articles recently posted in cruise industry publications have raised the issue once again as to whether the decision to build new berthing facilities to accommodate the larger cruise ships is a move that's too little and too late to keep Cayman a viable cruise destination in the years to come. Others counsel that a relationship between destinations and cruise partners must be a balanced one. Business Editor Lindsey Turnbull and Journalist Joe Shooman report.

In his analysis of what makes a sustainable successful cruise tourism destination, Henry Yaniz, an FCCA member from the Tobago Department of Tourism writes in *Cruising Magazine* (First quarter 2010) that "cruise destinations die from suicide, not murder."

Specifically, Yaniz argues that not all destinations understand the goal of cruise tourists, which he says is to visit and

learn about the destination of their choice while cruising.

"It is not clear to me that the stewards of these same cruise destinations share the clarity of this simple and straightforward goal and many times are seen to embark upon a path toward 'destination suicide,'" he writes.

Destination suicide can take many forms, Yaniz states, such as port facilities left unmodernised, ground transportation not improved (e.g. taxis inadequately supervised, policed or regulated) and unattractive and outdated tourist attractions.

Yaniz says that some destinations implement costs and fees without a thought to value or their positioning within the global arena.

"Take a page from the cruise lines' book. Invest, innovate and adapt – it worked for them, it will work for you," he urges.

Emma Graham-Taylor, a cruise director for the Cayman Islands Tourism Authority, chief operating officer of The Image Group Director and secretary of the Association for the Advancement of Cruise Tourism comments: "The writer makes some salient and pertinent points and I think it is in

every destination's interests to read this and ask themselves: "When I read this does it describe our product and our attitude?" If the honest answer is "yes" then we are fortunate to have Henry Yaniz care enough to offer us an "intervention!"

"When I read this article, which is clearly intentionally written without naming any names, I found myself actively looking for the word Cayman in the article and I think that in itself is telling."

Highlighting one destination's push to innovate, in June of this year the W. Caribbean Seatrade Insider looks at the development of the Banana Coast in Honduras.

According to Michael Pawlus, director of revenue planning for The Yachts of Seabourn who, as an executive with Norwegian Cruise Line years ago, was an early proponent of the island of Roatan, states: "It's the next evolution of this area of the world."

Banana Coast is Honduras' first major mainland cruise port and is scheduled to open in 2012 in the town of Trujillo. It aims to combine the natural attractions of Trujillo, a town with a population of 30,000

located on Honduras' northern coast, with high-quality passenger facilities and amenities. Cruise lines are already taking an interest as a potential destination to diversify their Western Caribbean itineraries.

According to the article, the Banana Coast development is a partnership between the Municipality of Trujillo, local landowners led by Life Vision Properties and Miami-based Global Destinations Development and is scheduled to receive its first cruise passengers in 2012, while discussions with several lines are under way.

The destination has launched its official website at www.bananacoast.com with information about the project, the town, its history and culture, things to do in the region and a photo gallery.

The article goes on to say that while ships initially will anchor and tender passengers, there are plans to eventually to build a dock capable of accommodating two post-Panamax vessels simultaneously near downtown Trujillo.

Implications for Cayman

Robert Hamaty, president of Tortuga Rum Company and a director of Association for

the Advancement of Cruise Tourism says Cayman needs to look at the points made in these articles as the Island slips from once being the No. 4 cruise port in the Caribbean.

Brynnley Davies, owner of The Image Group, says that the combination of these two articles sends a very powerful message to Cayman, which needs to be clearly understood by the general public.

"Henry's article basically states that you need to continually improve and transform yourself as a cruise destination or die. Cayman has made no real improvements to its cruise infrastructure, destinations or guest experience in the last 10 years. We need to recognise this because the cruise lines have become increasingly frustrated that we are not focused on their business and we are not focused on being guest-centric, continually improving the guest experience," he says.

Davies says the second article on Honduras shows that competition continues to increase in the western Caribbean and that Cayman now faces real competitive threats to its cruise business.

"This competition is already having an effect on our business. As an example, the Norwegian Epic's inaugural Western Caribbean itinerary bypasses Cayman and goes instead to Costa Maya, Cancun and Roatan, a relatively new cruise port. The Epic is NCL's new flagship and the fact that we are not getting its business speaks volumes about how NCL views us and how we manage our cruise business," he says.

Davies says Cayman has seen a gradual but continual decline in cruise tourism and the loss of business is felt every day by small and large businesses alike.

"It has been good to see the government take rapid action on the creation of berthing facilities but this will take considerable time to come to fruition," he confirms.

In the meantime, Davies believes Cayman needs to see government take decisive action to move us away from the "suicide" approach. One of the major things they could do is appoint a director of cruise tourism mandated to bring about changes in how we operate across the board and act as a central conduit of information to the cruise lines.

Hamaty adds: "To add to the issue, budget cuts that affect tourism are also attempting suicide."

Graham-Taylor furthers this point by saying: "In times of economic crisis it is easy to pick on tourism when budget cuts need to be made. Tourism employs a huge number of blue collar workers and people with lots of life experience and less formal education than those in other industries and those people are often transient and would rather move on than fight. The important fact is, though, that tourism offers jobs



Cruisers at the harbor in downtown George Town



Cruisers in downtown George Town

for everyone. If run correctly it can keep unemployment rates down and offer those that might not be 'employable' elsewhere a lifeline and a livelihood. It also keeps cash in the local economy, which is desperately needed in a downturn. If we cut back on tourism investment, however, the effect is immediate and far reaching in that local economy.

"With regard to Cayman investing in and managing better its tourism product and services, the phrase 'you have to spend money to make money' was never truer. Today's consumer/holiday maker expects a higher standard (and, the effect is immediate and far reaching in that local economy. 'We have every opportunity to maximise our competitive advantage (Cayman is safe, clean, beautiful, modern, etc), but if we just assume that this is enough and don't move with the times and the competition, then we are literally committing suicide, just as Mr. Yaniz says."

Corporate behemoths

Josef Forstmayr is the new president of the Caribbean Hotel and Tourism Association, which was founded in 1962 and represents the entire spectrum of the hospitality industry's private sector including 36 national hotel associations across the Caribbean region, comprising some 125,000 rooms, 850 hotels and 600 supplier and associated companies. The cruise industry is comprised of a powerful cabal of a few corporate behemoths who must be dealt with effectively in order for destinations to benefit. It's something that Forstmayr is well aware of.

"The cruise industry is incredibly important to all our islands. They tend to be seen as feeding directly into the economy by the sheer mass that descends upon you and the

guests' usage of local taxis, attractions and shopping. Therefore, they carry tremendous political weight." The association president feels that current Cayman facilities are favourably comparable to his home country of Jamaica, with superior infrastructure, a better in-port experience and controllable attractions, but the interactions are out of our control (due to the population size) whilst you are very much in control there. So we look at you quite enviously how you are able to deal with it," he says.

The association chief points out that there is also something of an imbalance of taxation at the moment, which is increasingly becoming part of a wider discussion. "It's hard to tax the cruise partners. They just don't like it and they will fight you until the cows come home. I don't know how Cayman has resolved it but in Jamaica we feel that they're not paying their fair share – but we do wish them to come. It's a tough subject. They operate in a duty free environment, which is incredible, outside of any legislation including labour legislation.

"There is no way that you can take on the cruise industry in a confrontation. They are way too focused in their needs, they are way too small as a group to be diverted and divided and ruled, they have a single purpose and they will always succeed in their lobbies because they can move very quickly and therefore governments will cave in very quickly," he observes.

Balanced relationship

Sounding a pragmatic note, Mr. Forstmayr says that the Caribbean Hotel and Tourism Association is committed

to reaching out to the cruise industry and establishing a much more balanced working relationship with the destinations of the Caribbean. It's something that he hopes all destinations will be able to achieve.

"What I wish is for the cruise industry to see it as a more equitable partnership, depending again on where they operate. Some islands have managed to do that; some islands are very happy with all the benefits that they're deriving, that they're able to make the cruise industry contribute into the public investment. Not into their own berthing facilities and the facilities at the port, but into the public investment in the country.

"Some islands have done it really well, others have not succeeded. That's what I'd like to arrive at: a better understanding. I would like to reach out to the cruise industry; I would like to make them see us not as somebody to fight against but somebody to work with to see how we can derive the best benefits. Because they are the reality and we need to get more out of them."

Referring to investment in large infrastructure projects, the experienced luxury hotel boss notes that Cayman and other small country-islands with a relatively small population have a difficult job in providing, or improving infrastructure to service a large influx of people who are on-island for a very limited period.

"That's hard to take; it's hard to invest and at the end of the day you'd hope that the cruise industry would come to the table with a balance of investment that would benefit the people. Be it hospitals, be it maintaining or building schools, they can take some of that [revenue they generate] and put it back [into the destination]."

Build it, they'll come

While the Caribbean region has seen one of the greatest booms in stayover tourism numbers the Cayman Islands has been left behind writes journalist Basia Piore McGuire.

The way to make Cayman more attractive is to make provision for a longer runway and a place for super yachts to berth.

"Looking at the issue of extending the runway, how can we expand our tourism market if we don't move beyond the same four or five traditional hubs in the USA?" asks Dragon Bay Developer Michael Ryan.

"If we are to expand our market to Europe, the Far East and the Middle East, where there are plenty of people who would like to come here, we have to improve our airport. For instance Barbados' market is almost entirely based on long haul flights from the UK and Europe. And yet even places like St. Lucia and Haiti have better runways and airports than Cayman – it's embarrassing."

He acknowledges it is well known he is not a big fan of cruise tourism but does recognise its place in Cayman's tourism product.

"However, if we are going to have it, we need to attract the best boats, and make it attractive to disembark here. You are not going to do that by having visitors taking a tender to a terminal where they are baking in the hot sun and getting hassled by tour operators."

He notes that Cayman's market has not grown in a decade.

"While we have 200,000 to 250,000 unique stayover visitors per year, we have a million cruise passengers; these are the people who spread by word of mouth Cayman's reputation, for good or ill, around the market-place," he says.

"We need to improve our product if we don't want to slip further and further in the cruise market and if we want to improve our image to attract new investment and visitors."

Floating some ideas

Ryan says to move forward Cayman has to look at itself and ask where we have an unique advantage for the international community to see us as one of the choice places to visit.

"A terrific opportunity is opening up. Until now, we have not been part of the luxury yacht market, even though 85 per cent of all super yachts are actually registered in Cayman," says Ryan.

That's due to geography, as Cayman is outside traditional cruising areas like the eastern Caribbean and the Mediterranean.

He says a lot of the people who own these yachts go to places where they can find first class facilities and the reassurance they can put their boat in a safe place. The Bahamas, St. Maarten, St. Lucia, BVI, USVI are all expanding to improve their facilities.

"However, with Cuba opening up, thanks to Obama, it has changed everything for us with regard to that market," says Ryan.

"It's one thing we can actually thank Obama for."

Specifically, Cuba is opening up for yachting, and these yacht owners will be interested in visiting its beautiful south coast.

"Suddenly we find ourselves in a central location, right in the middle of Cuba, the Yucatan and the eastern Caribbean. Cayman's traditional position as a hub can be recaptured," he says.

He notes there are a lot of people with \$20 million to \$50 million yachts that would see a great benefit to visiting Cayman.



Mike Ryan

"They would love to cruise to Cuba, but there is no way they would leave their yachts or their jets there," he says. "They could instead leave their boats in Cayman and use Cayman as a base for the western Caribbean."

He says a longer runway and a deepwater channel to the North Sound are both needed for this idea to work. But something else is needed as well.

"We don't need new laws, or new regulations for this to happen. We need courage," says Ryan.

He cites past Cayman figures like Vassel Johnson, Big Jim Boddin, and Captain Kirkconnell, who, in his words, "got things done."

"These days, we have been so busy analysing ourselves, navel gazing so long, suddenly we find ourselves sitting still.

An initiative like this needs



Gina Ebanks-Petrie

courage, and honesty, all wrapped up together with a vision for growth," says Ryan.

"The problem is, huge decisions are being made based on what's being said on talk shows! Instead, let's have a debate based on the facts; not on emotion. If the facts state that this is a good idea, then let's do it. If not, then not," he continues.

"We are not breaking new ground here. We have hundreds of other places that have done exactly the same things we are discussing, to look to for what does and doesn't work, we need to use the best practices model."

A National Conservation Law has been publicly discussed and is slated to go to the Legislative Assembly this year.

Department of Environment Gina Ebanks-Petrie has said that if the conservation law was in place, the North Sound dredging project would trigger an environmental impact assessment, which would provide solid evidence on whether there was a market for mega yachts in Cayman and any ensuing economic benefits, as well as look at potential environmental impacts on the Sandbar.

"We could look at this in a way that was objective, not speculative and subjective and the people charged with the making the decision – Cabinet – would have that information, but the public also would have that information."