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PORT OF TURKU GROWTH POSSIBILITIES IN CRUISE
INDUSTRY

Degree Program in International Business
2019

Port of Turku growth possibilities in cruise industry

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Degree Program in International Business

November 2019

Number of pages: 39

Appendices: 2

Keywords: Cruise industry, Port of Turku, the Baltic Sea, cruise itinerary

This thesis was made for Port of Turku to study their growth possibilities in cruise industry. The aim was to find common factors that are preventing cruise ships from coming to Turku. Different options and possibilities to enhance the business could be concluded through the information gathered from theoretical publications and interviews.

For the theoretical part, the data was collected mainly from online sources since theoretical books from this industry are still made very few. The theory is summing up all the main areas that need to be covered when planning a cruise. These areas are technical needs for ship and the port, itinerary planning and costs. In addition, it goes through the overview of the cruise industry, port's competitive advantages, benchmarking as well as business-to-business marketing. For analyzing the opportunities, the thesis introduces SWOT and risk matrices.

The empirical part was executed by analyzing Port of Turku in the light of the theory part. Its aim was to evaluate different possibilities and considerations for future developments. The empirical part was conducted as an interview to collect data from possible customers that could share their opinion about Port of Turku and its pros and cons. Based on those interviews, there was created four development options; promotion day, cruise package, new unique options for cruise passengers and influencer collaboration.

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1 INTRODUCTION

The cruise industry has been growing heavily in the past few years in all areas. The Baltic Sea is not different and all the major ports in that area have faced massive change in their tourist flow. In the Baltic Sea, the major cities such as Stockholm, Saint Petersburg, and Helsinki are having long lists of port calls each year. However, the smaller ports such as Port of Turku are not having as big of a share as the counterparts. The reasons and possibilities to enhance the flow are studied in this thesis.

Many cities around the Baltic Sea are generating huge tourist flow by cruises that are known worldwide. Berths are booked years in advance, new ships are built every year and vaster range of ships are sailing with the same routes and destinations. Often these destinations are determined because of the touristic values and their suitability of the cruises' itineraries.

This thesis starts with naming the purpose and objectives of the project and continues with the general outlook of the cruise industry in the world as well as in the Baltics. After that, the technical demands of both ship and the port are explained. The sixth paragraph focuses on itinerary creation. The theoretical part ends with explaining the costs and competitive advances of port and explaining the methods used for the empirical part.

The empirical part is using the knowledge from the theoretical part and draws conclusions from interviews to introduce possible improvements for Port of Turku. It is explaining four different strategies that could be used on their own or combine together to achieve bigger influence. The empirical part is also considering the risks of those options. At the end of the empirical part, there are the considerations and conclusion paragraphs.

2 PURPOSE OF THE PROJECT

This project is focusing on possibilities to create more tourist flow in Port of Turku. Meaning that more cruise ships would be interested and come to the harbor than now. This would benefit Port of Turku directly when there is more traffic and through that more fees are paid. In addition to that the city of Turku and companies around Turku would benefit from the increasing number of tourists spending money in the city.

The purpose is to find out what are the most efficient ways to reach the cruise companies to raising their interest in the outbound ports as well. Since Port of Turku is located slightly further away from the open sea it needs more time for piloting. However, its uniqueness and off the beaten path -experience could be the key to faster peace of calls.

3 OBJECTIVES OF THE PROJECT

The main objective is to find out the biggest issues concerning to change already existing itineraries or create new itineraries for passenger ships to come to Turku. Through these key elements, the improvement points can be identified, and the problems can be tackled, as well as create more reasons and alluring matters for the cruise companies.

The idea is to search possibilities for Port of Turku to attract more cruises and through that more tourism and money for the port and the city. Finland has been improving the tourism rates in the past years in Helsinki and Lapland, but also Finnish archipelago has been coming increasingly popular and it has been assumed to be the so-called next Finnish bucket list destination.

3.1 Research questions

The main question is **what are the reasons why cruises are not coming to Turku and how to have more calls to Turku?** To find out the answers the focus should be on questions: **How cruise liners decide their itineraries? What are their technical**

needs for the harbor and to execute the trip? Which types of marketing reach the cruise principals the best? How Port of Turku is marketing itself at the moment? What Port of Turku has to offer for cruise liners?

3.2 Boundaries of the project

This project will not include sustainability issues concerning the cruise industry. The reason is that sustainability is one large subject itself and would widen this project too much. It is also not a focus area when it comes to marketing or business relations. The paper will also not include ferry traffic and cargo shipping. They are another business industry and they differ significantly when compared to the cruise industry. The biggest differences are cruise liners' irregularity and customer base.

This thesis does not focus on the business to consumer (B2C) market area since it is more important to focus on business to business matters. The port is more interested in serving its own customers, who are cruise ships. Also, the technical issues are more important matters when it comes to the decision about whether the ship is coming to the port or not.

3.3 Conceptual framework

Figure 1 is showing the conceptual framework of the cruise industry. The cruise industry needs to think of ships' technical needs, rules and regulations, and tourists. Technical needs consist of fuel, food, and water, staff, economical balance and infrastructure. Fuel is a necessity for the ship to move forward, but it needs to be also considered in a sense how many times it needs to be filled during the cruise and where it can be done. This leads to the fact that the distances between ports need to be economically balanced. Food and water do not only occupy space but are also heavy and necessities. They need to be counted. Staff needs to be educated and there must be people enough to reach the best service. Also, ships need to be designed to the waters they are sailing but also fulfill the needs of staff and customers.

There are different rules and regulations concerning the shipping industry and they are even heavier when it comes to cruises, which involve more people, than cargo shipping. There are general rules on how much time the staff is supposed to work at once, everyone in the ship needs to have a place in a lifeboat and how the waste needs to be handled. There are also specific laws for different waters such as the Baltic Sea.

Tourist cruises refer to experiences and vacays, as their customers want to have value for the money they are using. They choose their cruise based on their or their friend's previous experiences and recommendations but also based on the destinations which are included in the itinerary. The more money they are using the more they are expecting to have value.

After these three aspects and information gathered the cruise liners choose their destinations. The chosen ports are usually the best ones in the area. Also, marketing affects to the decision. The pricing must be competitive, and the destination needs to be attractive enough for the cruise principals to choose it. In this case the focus is on Port of Turku.

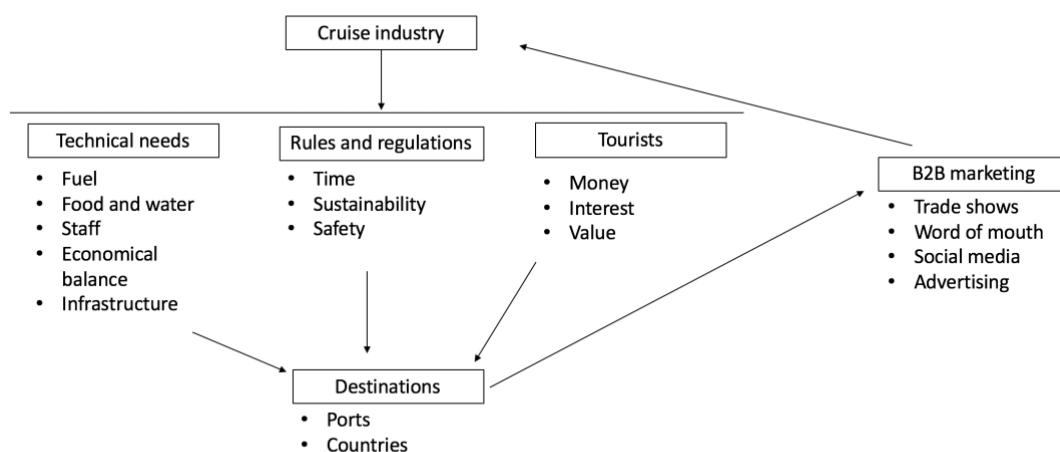


Figure 1. Conceptual framework for cruise industry.

3.4 Implementation and ethical issues of the project

The paper will be qualitative research since the information concerns only Port of Turku and the interview answers will be lower in numbers than quantitative research

would need. Also, the purpose of this project can be achieved better and more reliably when the target is not to gather numerous answers but to find the most important opinions and information.

There are books that are explaining and introducing the business and markets in cruise and shipping industries and these books will be utilized to the theoretical background. However, this project will also need information from the companies which are working on the field to have real-life knowledge and experience. This information will be gathered by conducting interviews. These interviews are made with companies that have cruises in the Baltic Sea as well as Port of Turku. In these interviews, valuable data for the empirical part can be gathered.

The ethical issue in this project is the companies' secrets. It is important to secure them but still have valuable information and data. To ensure that the companies interviewed are not mentioned by their names and the data will be written in a form that they are unrecognizable from it. Gathered data will not be given to competitors.

4 CRUISE INDUSTRY IN GENERAL

When speaking about cruises in Turku it is important to understand that the known companies of Silja Line and Viking Line are not considered as cruise lines in this case. The definition of a cruise ship is that the ships are built purely for leisure time and they are usually having several ports of calls. However, there are also exceptions to that for example when the ship is repositioning. (The Audiopedia 2017.) Silja Line and Viking Line are built to be ocean liners and their main goals are to ship cargo and people between Finland, Sweden and Estonia rather than to maintain people's free time. Those liners are working under the schedule for cargo. (Website of Tallink Silja Line 2019; website of Viking Line 2019.)

The cruise industry has been growing strongly past few years. In 2017 the industry made a new record with 25.8 million global passengers. It increased with over one million from the previous year. There are more ships being built and new innovative

solutions are offered for passengers. Also, theme cruises and other specialty cruises are more popular than ever before. The Caribbean is the biggest market area followed by the Mediterranean. (The Florida-Caribbean Cruise Association 2018.)

According to CLIA (Cruise Lines International Association), upcoming trends are “instagrammability”, total restoration, achievement over experiences, on-board smart tech, conscious travel, accessibility, young travelers, nomads, and solo travelers as well as off-peak destinations. Many of these can be connected to each other; nomad life has been growing through smart tech and through that the possibility to work from distance, the world is more open for the younger generation and solo traveling has been increased among them. People have also found value and peace in off-peak destinations. (Cruise Line Industry Association 2018, 6-16.)

The ownership in the industry is very concise and there are only four companies which are having the biggest share. These companies are Carnival Lines, Royal Caribbean, Norwegian Cruise Line, and MSC Cruises. They take approximately 96 percent of the whole industry share. The conciseness can be explained by the fact that these companies also own many smaller companies as subsidiaries which explains also the market share situation. In this manner, companies are keeping their differentiation within high-end cruises to exotic destinations. (Rodrigue & Notteboom 2013, 38.)

4.1 From selection to call

Depending on a situation the first step is to choose a home port. If the ship is relocated to a new area the company needs to choose the home port from where the cruise starts and where it will end. The choice depends on the port’s infrastructure, the capacity of passengers of the city and the services on the port. If the cruise ship is already having a home port since it is not relocating and having cruises only during the high season this step will not exist in a normal circulation. (Wang, Wang, Zhen & Qu 2016.)

The second step is to decide the ports of call. Although passengers come to spend time on a cruise ship the selection of ports to visit matters. The attractions are creating value for passengers and their cruise choice is highly depending on ports of call. Usually,

these ports are relatively close to each other. The other demand is that the infrastructures need to be suitable for the size and passenger number of the ship. After the itinerary is decided it is time to make a schedule for it. This defines where the ship will be on which day and how long. Geographical distance is having a significant impact on this. (Ibid.)

When all this is done the company sells the cruise and prepares for the cruise by making orders for supplies. Depending on the port policies, the crew will inform ports in advance what services they need. For Port of Turku average informing time is 24 hours in advance despite the fact that the port is expecting to have the information two days in advance (Pekanheimo 2019). After that, the ship comes and stays in port the time they have planned and continues their trip.

During the stay at the port, passengers have the option to visit the city. They can either do it by themselves or with a guide on specific, offered excursions. These excursions are usually offered by the cruise company, but they are buying the actual services from the excursion service providers. (Navarro-Ruiz, Casado-Díaz & Ivars-Baidal, 2019.) At Port of Turku, the excursions vary from museums to Meyer Turku -shipyard and smaller cruises from Turku to Naantali. Excursions can be also planned together with the shipping company if they have special suggestions. Passengers have time to book their trips almost until the last minute. The excursions are executed in collaboration with Visit Turku, which is the main source of offered activities for cruise companies. However, Visit Turku usually offers these services through the travel agency that the cruise company is using. (Mata, 2019.)

4.2 Cruise industry in the Baltic Sea

The Baltic Sea is coming more and more popular in the cruise business and it is the largest market area in northern Europe. The Baltic Sea is generating a capacity of 6,30 million passenger nights in the area. The trend has been growing from past years. The biggest ports in the area are Copenhagen, Rostock, Stockholm, and Saint Petersburg, which are also the leader ports in the whole northern region. The Baltic Sea is the second biggest cruise area in Europe after the Mediterranean. The cruise industry

brought 405 million euros in revenue in 2017 to Finland. (Cruise Line Industry Association 2018, 2-12.)

The popularity of the Baltic Sea has risen for various reasons. The countries are relatively unknown when it comes to travelers. Although there are many who have visited Nordics and Russia there are still many who have not visited yet. The location is ideal for ships in a sense of safety. The sea is sheltered which makes it calm compared to bigger oceans despite the vicious storms which may occur. There are also good connections to the homeports of cruise ships in Europe because of land logistics. (Dowling 2006, 134-135.)

The size of the sea makes navigation easy and the routes are fast. There are smaller islands such as Gotland and Bornholm which are positioned in a way that they are supporting the navigation. The islands are enabling multiple options to stop and create more interesting places for tourists to visit. The sailing time is shorter when the ports are closer to each other. (Ibid.)

4.3 Situation in Port of Turku

Port of Turku has been operating since the 17th century and it has been improving its operations during the years. Moving to 20th-century passenger and cargo ships began to be more popular and efficient. Turku also built a railway connection to the harbor to improve it even more. Currently Port of Turku has strong place in cargo shipping and shipbuilding. Port of Turku offers vast services also for cruise ships' crew and passengers. The city is close, and it has easy access to well-functioning public transport. (Website of Port of Turku 2019.)

During summer 2019 three cruises were coming to Turku (website of Port of Turku 2019). These are MS Serenissima which is cruising from Stockholm to Copenhagen through Saint Petersburg (website of Zegrahm Expeditions 2019) and two cruises from AIDAaura, which is a German cruise operator and has different itineraries around Northern Europe (website of Aida 2019).

4.4 Rules and regulations

The Baltic Sea has rules and regulations as any other sea area. Some of the laws are stricter since the area is closed from other seas. In the Baltic Sea, the vessels have to be shown in a vessel traffic system (VTS). This obligation is written in vessel traffic service act and is a must for all vessels that are more than 24 meters long. The system aims to safer navigation, increase its efficiency and prevent the harms for nature caused by the vessels. Other regulations for sailing in the Finnish Baltic Sea are the same as in any other seas and agreements do not require extra licenses to sail in the Finnish Baltic Sea unless the vessel is used in military purposes. (Koivurova, Ringbom & Kleemola-Juntunen 2017, 84-85.)

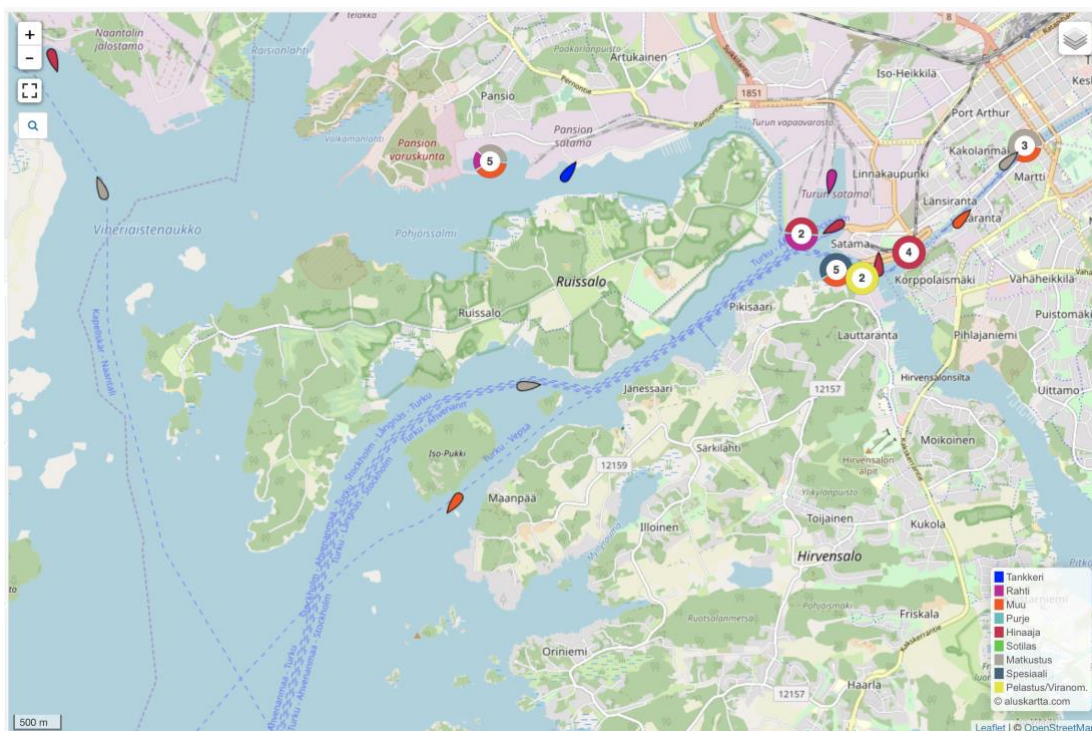
Since the Baltic Sea has fragile biodiversity, International Maritime Organization (IMO) has declared in liaison with the common agreement of maritime law that the vessels have to have minimal emissions. (Ibid, 82.) For example, ballast water management is stricter in the Baltic Sea than in the bigger and open oceans; ballast water is carried in ships for balance, stability and structural integrity (Marine Online 2016). The general regulations of changing ballast water cannot be met in the Baltic Sea since the area is smaller and because of that, the Baltic Sea has its own regulations. Depending on the route the vessel is using, ballast water can be changed before the North-East Atlantic area. (HELCOM 2014, 22.) The Baltic Sea is also more regulated regarding the emissions of sulfur oxides. In Europe, sulfur in fuel must be under 0,5 percent in 2020. (UNCTAD 2016, 82.)

5 TECHNICAL NEEDS FOR SUCCESSFUL CALL

One of the most important issues concerning the port suitability is the depth and length of berths. Cruise ships have a low draft since they are not carrying cargo but people. The cruise industry is more about the volume than weight. For example, the biggest cruise ship Oasis of the Seas, the draft is 33 feet (approximately 10 meters) whereas container ship can require 46 feet (approximately 14 meters). (Rodrigue & Notteboom 2013, 36.) In Port of Turku, the depth is 7,5 to 10 meters and the maximum length is

230 meters (website of Port of Turku). Considering these limits, ships that could call to Port of Turku are for example Viking Star and Fred Olsen Boudicca (website of Viking cruises, 2019; website of Fred Olsen, 2019).

When the vessel is arriving at Turku, it needs to come through the archipelago. Archipelago creates limitations for the ships' width and turning spaces. The lane between Ruissalo and Hirvensalo is less than a kilometer wide and vessels do not have too much space to turn. This can be seen as a bright blue line in a map in Picture 1. (Website of Aluskartta 2019.) The maximum size of the ship is 230 meters long, 33 meters wide and 10 meters deep. There is room for small changes, but all those cases are considered carefully and separately. (Pekanheimo 2019.)



Picture 1. Ship lane to Port of Turku. (Website of Aluskartta 2019).

Freshwater is usually made from seawater by a generator that pumps water from the ocean and with evaporation method makes it drinkable. (Chopra 2017.) However, there can occur problems in technical machines and ports should prepare for that. Port of Turku offers also freshwater service by 2,75 euros per cubic meter. (Website of Port of Turku 2019.) In Port of Turku, the need for freshwater depends highly on the ship. Some ships are taking water only little at a time and others want to have more at once. (Pekanheimo 2019.)

Wastewater is not to be led to ocean and thus there are six disposal points in Port of Turku to empty the tanks and other waste. The stations are located in Linnanaukko. These stations can be ordered for international catering waste (food waste from outside of Europe), dangerous waste, oily waste, and black and grey water waste. Currently, there are no disposal opportunities for ballast water or cleaning the tanks. (Website of Port of Turku 2019.)

Usually, ships are generating electrical power with their engines but when they are onshore there can be limitations on that. The cruise ports are usually nearby city centers and therefore under noise limitations. In addition to that running engines creates more emissions. (Bernacchi 2017, 2.) Hence power capacity in the port is important for the ship to be able to have electricity enough on shore. The amount can go up to 13 to 14 megawatts while even the biggest cities do not consume as much. (Rodrigue & Notteboom 2013, 36.)

The port must be able to keep their schedule and be capable to have constant passenger movement. Also, the importance of port service facilities cannot be emphasized enough. (Pallis 2015, 29.) Below in Table 1 can be seen all the facilities that are offered or expected to be offered in a good cruise port. Based on Table 1, Port of Turku has good services to offer for cruise ships.

	Entrance & berth facilities	Cruise ship & services	Passenger services
Generic Facilities	Manoeuvrability	Dedicated cruise ship piers	Separation of pier uses in port
	Draught	Berth reservation process	Pedestrian paths
	Berth dimensions	Tug boats	Tourist information
	Anchorage	Pilotage	Cleanliness
	Bollards	Fuel services	Immigration quickness
	Fenders	Fresh water services	Port aesthetics
		Food and drink/ beverages	Ship to coach quickness
		Waste reception facilities	Sufficient availability of coaches/ taxis
		Quality of shipping agents	
		Speed of ship clearance	
Home-port only		Stakeholders cooperation (port and other local stakeholders)	
			Presence of passenger terminal
			Parking facilities (short & long term)
			Shops
			Passenger throughput range
			Security procedures
			Availability of baggage storage

Sources: Vaggelas & Pallis (2010); Policy Research Corporation (2013).

Table 1. Expected cruise port services and facilities. (Pallis 2015).

6 ITINERARY CREATION

Besides the technical needs of ships, cruise lines are also looking for other matters when choosing their destinations. There are five factors that are affecting to the choice; position compared to the popular itineraries, tourist attractiveness of the port and city, accessibility to the region or destination, port facilities as well as services and port fees. The position is one of the most important factors. Ships are counting their speed and time preferences which are also affecting to fuel consumption. The ideal travel speed is 18 knots for 14 hours which equals 252 nautical miles in overnight distance. (Pallis 2015, 29-30.)

Cruise industry sells itineraries and as consequence of this they need to count their optimal speed and distance between the locations. The actual itinerary planning starts after market analysis which is conducted to evaluate current demand and supply. Companies also compare already existing routes and competitors in the area to have a hint of how the business is working at that moment. Based on that they can start creating cruises that can differentiate themselves from others. (Rodrigue & Notteboom 2013, 35.)

Typically cruises last seven days since it is the most profitable time. Most of the cruises start and end to same location which makes it easy for passengers but also for the company. This port is called turn port. (Rodrigue & Notteboom 2013, 35.) If the port is working as a turn port but also as a port of call, it is a hybrid port. (Lekakou, Pallis & Vaggelas, 4) Ports of call that are the visited ports during the trip, can be divided into three subcategories; destination cruise port, getaway cruise port and balanced cruise port. The destination ports are usually locations that offer cultural value for customers and the cities are well known tourist locations such as Venice and Saint Petersburg. However, this is not the only reason a port being destination cruise port, the other reason can be safety. Especially in developing countries safety issues has risen in past few years and the threats are mainly outside of the port area. This has been noticed for example in Mexico and Morocco. (Rodrigue & Notteboom 2013, 40.)

Gateway ports serve only for technical reasons, not because of the cultural value for the tourist. These ports enable trips to other destinations, such as Rome which is not a

seaside city. In the middle of these two ports are balanced cruise ports that are not destinations but offer still more than gateway ports. Tourists can either stay on that location or participate for an offered excursion. (Ibid.)

The port selection is easier for cruise ships than cargo ships. Cruise ships are more flexible, but they are also lighter than cargo ships. That enables the access for many ports that would be too shallow for cargo ships. (Rodrigue & Notteboom, 8.) However, there are other matters that are more important for cruise ships than for cargo ships, one of them being passport control and other issues related to customs or any other matter that comes along people. These can be health issues or risks that are impossible to know in advance. (Gibson 2006, 78.)

6.1 Itinerary types

There are different types of itineraries. The itinerary can be perennial, seasonal or repositioning. Perennial itinerary means cruises that are going all year on the same route. To be able to do this the demand must be stable and the weather should be enabling the cruises. The number of cruises done may vary but the main feature on perennial itineraries is that it is offered all year around. A good example of this type is the Caribbean cruise. There are itineraries that are ongoing all year around since the weather and demand allows that. (Rodrigue & Notteboom 2013, 36.)

Seasonal itineraries are created for the areas where the weather is not as stable as in cruises that are offered in perennial itinerary types. This means that the market potential and demand are specific for a certain season which most of the cases are summer. The areas with biggest seasonal demands are North-Europe during the summertime and Australia as well as South-Africa during the winter. (Ibid.) Port of Turku belongs to this group.

Repositioning cruises are strongly connected to seasons. When the cruise season ends in the northern hemisphere the ships are sailing to the southern hemisphere. Cruise companies offer these cruises at cheaper price since customers need to book flights

back home. This way ships are not sailing empty and they can be relocated to places that have more demand. (Ibid.)

6.2 Cruise vessel selection

The type of cruise vessel selected on the itinerary depends on the ports during the trip, the style of the cruise and availability of the ship. Usually, on niche products, the vessels are smaller and more compact compared to the ships used in cruises that have more demand and also the customer base is wider. The smaller the vessel is the more its itineraries are changing, and they can be located to different areas based on demand and weather. These cruises are more luxurious and have a couple of hundred people on board at once. The biggest advantage of these types of vessels is flexibility. (Rodrigue & Notteboom 2013, 37.)

When talking about bigger cruise ships, such as Allure of the Seas or Freedom of the Seas the difference is significant. The cruises are marketed to bigger audiences with a capacity of thousands of passengers. Also, their itineraries are not that flexible with the only a maximum of two different routes. However, the vessel size is not always the biggest reason to choose it to the route. Also branding, offers, customer base, pricing, costs, and technical considerations matter. (Ibid.)

7 COSTS IN PORTS

The costs in ports are divided into three categories; port-calling costs, terminal-handling costs, and concession pricing. Port-calling costs refer to all services offered for the vessels. They can vary from piloting to waste handling. In cruise ships' cases, terminal handling means customs clearance whereas concession pricing refers to acquiring the terminal. The more transparent and easier to calculate the costs are, the easier it is to choose the port. (Meersman, Strandenæs & Van de Voorde 2014, 2-3.)

Ports can decide their pricing method from four different options. The first option is cost-plus pricing which is the easiest option to calculate; all the costs are put together

and added an average margin. Another option is to price by market. In market-based pricing, the idea is to compare the competitors and find out what they are charging. The third option is value-based pricing where the price is set with a presumption of the value which customers have from the services. Performance-based pricing is also an efficient option in some cases. (Meersman, Strandenes & Van de Voorde 2014, 19; Pettit & Beresford 2018, 432.) In performance-based pricing, the port receives money based on the service performance. It ensures that the customer does not pay extra and if issues arise, they can be reduced from the price. (Shapiro 2002.)

It is hard to base the pricing in ports to only one of these options and therefore the most used framework is linear pricing structure. It uses easily evaluated units such as the size of the ship. Non-linear pricing can be added after the linear prices. These can include for example efficiency. The main reason why pricing is hard for port operations is that they are heterogeneous when compared to others. It is hard to have package-type pricing when all vessels need individual services. However, the simpler the system is the better it is when comparing to the competitiveness. (Meersman, Strandenes & Van de Voorde 2014, 19; Pettit & Beresford 2018, 432.)

Port of Turku has its pricing policy shown on their website. It divides different services to their pages. The prices are shown in euros and they are presented with explanations and reasonings. Customers can find the policies easily and they can easily count approximate prices based on their knowledge of the vessel and needed services. (Website of Port of Turku 2019.)

8 PORT'S COMPETITIVE ADVANCES

Ports are competing to be included in itineraries. However, there are limitations as mentioned above and also ports can be marketed to different target markets such as luxury cruises or contemporary cruises. This means that the competition is tougher between those ports that are targeting the same market. (Pallis 2015, 46.)

Some ports are creating cooperation practices to keep up with the competition which is also a key strategy. By this cooperation, ports are establishing advantages and opportunities by organizational relationships. This is done for example by promoting the cruise destination area as a whole not by port. Connections in the area will allow information flow and knowledge to be available for everyone and through that have the benefits of the growing cruise industry. (Ibid.)

One of the competitive advances is performance; how well the port is capable to fulfill the needs of the cruise? In container ports performance is easier to measure when there are proper numbers to be used such as how quickly the port can unload the ship or how much there is space for containers. In the cruise industry, the performance is measured by type and quality of services as well as the customer experience both in port and destination. (Ibid, 45.)

Terminal facilities and infrastructure are evaluated in the quality of port services. Also, execution of the operations is evaluated. The better the flow and capacity are the better the port is usually evaluated. For the cruise ships' side, it is important that the passengers are safe, and they have good connections to the destination from the terminal. Furthermore, the clearance of ship and processing capacity during peak hours is key to success. For port effective use of space and safeness are vital performance aspects of evaluation. (Ibid.)

Customer experience is important indicator of port performance. The time spent in port, how well the port can handle the number of passengers and whether there are queues or not. These are all affecting the first expression and leave opinion for the customer who will eventually decide is the port worth visiting or not. After their evaluation they will tell about it to others and if the experience was not pleasant customers will not recommend the port for their friends. (Ibid.) The survey revealed that the major European ports offer usually for example also shops, an information point and cafes as the Table 1 also shows. (Vaggelas & Pallis 2010, 78).

9 BENCHMARKING

Benchmarking can be used in all forms of business as long as there is competition. The aim is to identify, understand and adapt the differences between the best company in the field to the one which is on a developing process. The benchmark company can be anywhere from the world as long as it is comparable from its customer base and product or service. Benchmarking can be used for motivating, learning and improving the already existing products and services in any area of the business. (Tuominen 2016, 5.)

However, there are also problems in benchmarking if it is not done carefully. There are always risks of comparing to the wrong company or wrong measures. The company might be slightly off the track from the comparing company or the customer flow is not comparable. There have been also issues with well-done benchmarking, but the head of the company is not investing in it, it cannot be sold to investors or it is not leading to any actions which cause worthless work. However, if the head is supporting benchmarking culture, benchmarking is well conducted, and it can be sold, it is a good tool for a company's improvement and growth. (Ibid, 139.)

9.1 Port of Mariehamn

Port of Mariehamn is a central gateway between Finland and Sweden. They are open for cruise ships all year around and they have approximately twenty calls per year. (Website of Port of Mariehamn 2019.) The main reason for the high number of calls is their location; it is on the route from Stockholm to Helsinki.

The reason why Port of Mariehamn is a good port to compare is that the surroundings are similar. The Finnish archipelago is such a unique place that it is hard to find similar market areas in other parts of the world. The closest one said could be the Caribbean but even that has not the archipelago and rough nature. The other reason is that it is not too big compared to Port of Turku. They have two berths for international cruise ships. Also, the size of berths is similar; 250 meters long and 8,5 meters deep. (Website of Port of Mariehamn 2019.) For Port of Turku, it is hard to compete with the geographical location, but size-wise Turku is competitive.

Mariehamn has been able to create an image of the cute and cozy capital of the Åland Islands (website of Culture Trip). This is the key when thinking of marketing. Tourists need to have a preconception of the destination to be able to have interest enough to visit the place. With Mariehamn, this has worked out since people are enjoying the stays there. To create a preconception about Turku, Port of Turku and the city of Turku need to do teamwork and start creating the image within the tourists.

9.2 Ports of Stockholm

As stated earlier, Ports of Stockholm is one of the biggest and most popular cruise destinations in the Baltic Sea. Only in 2019, the cruise calls have risen to 281 calls and 650 000 passengers and the number has been increasing every year. Ports of Stockholm have three different port areas for cruise ships which are Stadsgården, Skeppsbron, and Frihamnen. Frihamnen is the furthest one from the city and the other two are located in the city. In total, the ports have approximately 30 berths which can take vessels up to 400 meters long and 9,4 meters deep. (Website of Ports of Stockholm 2019.)

In comparison with Port of Turku, Ports of Stockholm are almost like a big brother for it. The city represents a similar history and living style, the archipelago is very similar, and gastronomies are close to each other. However, Ports of Stockholm have more capacity both in berths' sizes and in numbers. Furthermore, Stockholm as a location is more favorable for cruise ships. It does not need long sailing time through the archipelago as when arriving at Port of Turku.

Besides the size and location differences, Stockholm is also better known in the world. Stockholm as a city has its advantage of being the capital but they have also launched their marketing better as a whole country. Based on this Port of Turku and the city of Turku could aim toward the better-known city. To be a tourist destination the city does not have to be the capital city. Stockholm has created a well-marketed brand that would be worth targeting also for Turku. In general, Finland is less known than Sweden, which means that they have had louder voice in the world's markets. It is not impossible to do which means that Port of Turku and the city of Turku should add up

their collaborations with different travel companies and other related businesses and draw more positive attention.

10 BUSINESS-TO-BUSINESS MARKETING

Business-to-business (B2B) marketing is different compared to business-to-consumer marketing (B2C). The key element of business-to-business marketing is that the customer is an organization rather than an individual. (Brennan, Canning & McDowell 2011, 5.) Although, the buyer is an organization the buying process is personal. Companies send professional buyers to represent the firm and they are expecting the seller to have a tailored offer. Albeit the seller is selling the same product for many companies at a time. Personal contact is relevant since it creates trust and knowledge between the professionals as well as the companies. (Ibid, 11-12.)

Business-to-business marketing is derived. Companies buy goods to their needs rather than for their wants. The aim is always to be able to produce goods or services. Items, which are not a necessity, are not bought. Also, the amounts are higher, or the overall value of the contract is higher compared to business-to-consumer markets. This makes the decision making more complicated and extends the contract periods. The decision making is slower and more complex, not only because of the higher risks but also because of formalization and written rules. (Ibid, 11-13.)

10.1 Collaborative marketing

Many companies are trusting in partnerships and joint marketing methods. In some cases, it can be more effective as well as less money consuming. Furthermore, collaboration opens the possibility to have wider range of skills and competences that may be the key elements to successful business and marketing. A partnership is not only creating efficiency and a flexible budget but also better value for customers. It can create more innovative and valuable solutions when there are more resources money wise but also in knowledge. It can also fill the skill gap. (Humphries & Gibbs 2009, 22-27.)

The partnership is also creating the mass needed. When companies co-work in marketing they gain each other's customer bases and contacts. This also gives value for customers since they can utilize both of the companies' services. However, there is also co-operation between companies that are rivals. In that case, it is called co-opetition. This makes it easier to handle other competitors. It is done directly or ensuring that the other coalition is circumvented or stalled. (Ibid.)

10.2 Marketing in cruise business

Ports are marketing themselves mainly to other businesses which scale the methods and narrows the possibilities. The information needs to achieve the right people at the right time. Also, the industry is concentrated on a few bigger companies, as mentioned earlier. This complicates the ability to reach the deciding members. However, with good personal connections, it is easier.

Mostly ports are marketing themselves through the services they provide and information. Information is generally spread through professional magazines, conferences, trade shows and open days. However, the importance of personal communication cannot be overemphasized as the cruise industry is seen as a niche-marketing area. With services, it lays on the performance and pricing. It is important to give all the needed information easily and clearly so that the possible customer has a good first impression. (Chatzivasileiou 2014, 35-38.)

11 ANALYTICAL MATRICES

Different analytical matrices can be utilized to evaluate different aspects of the business. The chosen ones for this case are SWOT-analysis and risk analysis. These are explained below.

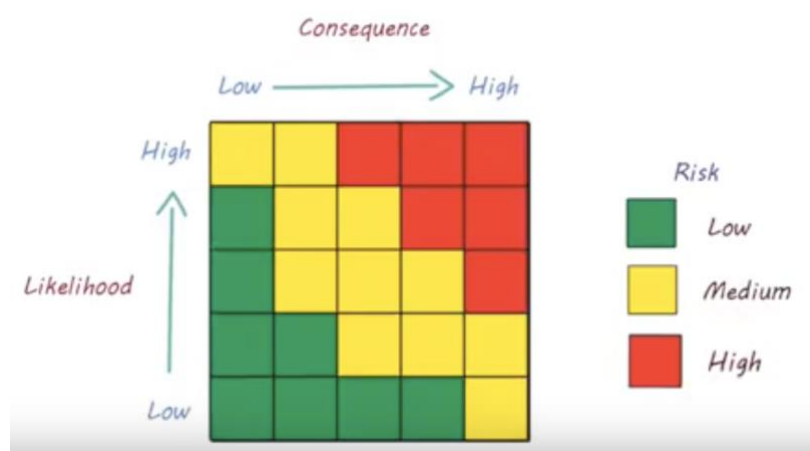
The idea of SWOT-analysis is to create estimations on becoming situations. It is a good tool to build a business plan or for improving the business. SWOT-analysis

stands for strengths, weaknesses, opportunities, and threats. These parts focus both inner and outer threats and opportunities. Through the analysis, the company can have conclusions that can improve their business either emphasizing the strengths or eliminating the weaknesses. (Viitala & Jylhä 2013, 49-50) The SWOT-analysis matrix is shown in Picture 2.



Picture 2. SWOT-analysis matrix. (Website of Professional Academy 2019.)

In risk matrix, the aim is to determine the overall risk by using consequences and likelihood. The matrix (Picture 3.) is color-coded to indicate the level of risk. If the likelihood and consequence meet at the green area the risk is low and if on red, then the risk is high and should be avoided. If the risk is on yellow the risk is medium and needs to be thought carefully through. (Let's Learn Public Health 2018.)



Picture 3. Risk Assessment Matrix. (Let's Learn Public Health 2018.)

12 EMPIRICAL DATA COLLECTION PROCESS

The empirical data was collected with qualitative methods. Qualitative research is typically comprehensive research where the information is collected during real situations. Most of the time the best method for that is to use human resources and knowledge from the work and skills of the interviewed or observed people. Furthermore, people are interviewed and observed rather than asked to fill any forms. A hypothesis is not that important matter but to reveal interesting and unpredictable details. The target group is specified and only those people are connected who are associating well to the research subject. Because the hypothesis is not emphasized, also a research plan is living through findings and it is changed if needed. The most important matter is to remember that the research for the subject is individual and unique and it is supposed to interpret that way. (Hirsijärvi, Remes & Sajavaara 2008, 160.)

The data was collected by interviews with cruise principals who are representing the cruise companies that either have called, are calling to Port of Turku or are possible companies to call Port of Turku in the future. Interviews were conducted individually, and the style was structured so that the questions and their order were already known. The questions were created in cooperation with Port of Turku and the thesis instructor.

13 PORT OF TURKU VALUE FOR CRUISE SHIPS

For cruise companies, Port of Turku is giving all the same services as the bigger and better-known ports. The difference is that when there are fewer ships coming to the given time and details for one ship can be greater and more accurate. As the other interviewed person said (Appendix 1.); Port of Turku has no faults on their infrastructure nor services, it is more about the destination uniqueness and long piloting time.

Table 2 shows the SWOT analysis for Port of Turku. The inner strengths are the services, which are mentioned already earlier, and availability. The reason that the availability is seen as a strength is that most of the cruise companies are booking their

berths years ahead. This creates risks since it is hard to forecast situations two to three years earlier; the economy can change, regulations may change as well as human and nature born catastrophes happen. However, the less-visited ports have berths available more which means that they do not have to be booked as much earlier and especially the smaller companies do not have to take the gamble. Other opportunities outside of the availability are the uniqueness as a travel and cruise destination, nature and gastronomy culture in the city. As said Port of Turku is not on too many itineraries which gives an advantage for those companies that want to provide off the beaten path-experiences for their customers. The history and the regular sights are not differing that much from the other old cities in the Baltic area but as long as there are created as unique activities as the location is, the interest should be arising within the tourists. As known Finnish nature is one of a kind and when compared to Helsinki or Stockholm the nature around Port of Turku is closer and more accessible than on the other cities that connected to culinary tastes that Finnish nature can provide will give certainly bigger difference compared to other destinations.

What comes to weaknesses of location and size, Port of Turku cannot do much. Nonetheless, if marketing is focused wisely the size will not matter since the competition is from the cruise companies that have smaller ships. Also, the size of the other ports is not changeable which means that the weaknesses and threats need to be accepted and compensate them with the strengths and opportunities that Port of Turku has available.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - Good services for ships and tourists - Availability 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - Location - Size
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - Uniqueness - Nature - Gastronomy 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - Bigger and more accessible ports

Table 2. SWOT analysis for Port of Turku.

14 INTERVIEW OUTCOME

The interview inquiry was sent to 15 different companies from which only two answered. The two answerers' titles are master mariner and director of port operations. The latter has visited Port of Turku and the city. The companies are well known and appreciated cruise companies both in the Baltics and in the other cruise areas. There were seven questions. The questions and answers can be seen in Appendix 1. The two different answerers are separated with different fonts. The answers are similar and the biggest difference lays on the approaching angle. One person answers purely on touristic side and the other more from the technical side.

The answers show that the biggest reasons not to come to Turku are the location and knowledge about the city in tourists' eyes. Since Stockholm and Turku are similar cities with their history, archipelago, and culture, adding the location compared to other destinations, Stockholm becomes the first choice. It is well-known within the tourists and it has a lot to offer for all people. However, what comes to Port of Turku, there are also offered good experiences. They just seem to be a bit hidden and are not that unique that they could be. Marine museums and old towns are great, but they can all be seen in any other Baltic destinations as one of the interviewees stated. The other reasons, why ports such as Saint Petersburg and Stockholm are popular, are the safeness, easy accessibility from port to the destinations and their different cultures; Russian prosperity and Scandinavian modern simplicity.

Also, ten cruise passengers were interviewed in Port of Turku. The questions were about given information, how did they explore Turku and if with a guide, was she or he good, did they have time enough and what would they enhance in Turku from the touristic side. They were German passengers who were all visiting Turku for the first time. Many of them were experiencing Turku by themselves and did not book any excursions which means that the city should offer activities that are easy to find without a guide. They all gave thanks for the shuttle service which is going from the ship to city but most of them were hoping a piece of more detailed information about the activities and attractions. One family, for example, hoped to have a detailed booklet about the architecture and history of the buildings. Also, several of them mentioned that the map, which was given at the port, could be better. The current map is two-

sided from which one side is a general map from the city center and numbers showing the most popular and the best-known attractions. However, the explanations of the numbers are on the backside along with a map showing cycling routes. This was seen impractical as they needed to flip sides constantly to see which number marks which attraction. No one said specific hopes for improving the actual activities. The next chapter will present improvements and new aspects for Port of Turku.

15 POSSIBLE IMPROVEMENTS FOR PORT OF TURKU

Port of Turku cannot change their location and as the interviews show the port itself has all the needed services and infrastructure which means that Port of Turku needs to do other improvements to increase their position in the industry. Port of Turku could be more visible for the cruise companies and tourists. The visibility could be improved with different marketing and collaboration methods that are introduced on the next two chapters.

15.1 Marketing

At the moment Port of Turku is attending to Cruise Europe conference and once a year to trade show to create contacts. In the trade show, they have the same stand with Cruise Finland. On the stands Port of Turku has its representation and leaflets. Social media is also part of the marketing and personal communication as Marita Anstead, a business developer, mentioned in our meeting. She also mentioned that they could widen the promotion from the current state.

Since marketing needs to be well structured in such a niche industry as the cruise industry is, one option could be to organize a promotion day. Port of Turku could contact and invite the key decision-makers from cruise companies that are suitable for Port of Turku. The consideration needs to be made carefully since all the ships are not fitting to the berths. During the promotion day, Port of Turku can show multiple touristic options that they can offer and show their capability and advances. However, if this option is seen too risky since the representatives are rivals to each other, Port of

Turku could consider inviting cruise principals individually to visit their site and the city. This would mean more work but also deeper and more personal communication. Uniqueness is the key for destinations and ports of call, and they need to be recognized and utilized as the interviewed professionals mentioned. This option would show the cruise principals and other professionals their options in real life rather than only on paper. This would be also on the line with the fact that all the decision-makers do not know Port of Turku personally as the other interviewee mentioned.

The risks (matrix can be seen in Appendix 2) in this type of marketing events are that the audience is not showing up or that they still cannot see the potential that Port of Turku has to offer. To avoid the risks to happen Port of Turku should send the invitations early enough and to the right people in each company. Also asking the respond will ease the planning and give security of having people in the event. Once the guests have arrived, it would be important to show the best side of all parts. Imagine what are the most appealing factors in the port for the crew and ship. After that show all the best and most unique spots in Turku, leaving the regular once behind. It is hard to forecast people's minds and as hard as anyone is trying there might still be individuals that simply do not like what they see. Therefore, the risk of failing is always existing.

15.2 Collaborations with other ports

The other option could be to create a readymade cruise package to offer for shipping companies. There could be co-operation with other smaller or even some of the bigger ports in the Baltic area. The advantage of this marketing method would be that the ports would all gain customers and they would share the money used to marketing. For shipping companies, the advantage would be that they are buying the cruise as a package. They would not need to plan the route or make arrangements. The idea is the same as when tourists buy a package trip to Thailand. To make this option as appealing as possible the ports should make close collaboration and put their best effort into it in all aspects. The most important side for cruise companies is the economic side which means that the distances and timetable should be planned very carefully. During the

cruise, ports can offer their best shore excursions and gastronomic experiences. For cruise companies, this would be a turnkey opportunity.

As an example, one package could be made in collaboration with Stockholm, Mariehamn, Vaasa, and Umea. According to the interviews, Stockholm is one of the best-selling destinations in the Baltics and this could be utilized in the collaborative package. While the other ports are not as well-known, they certainly have touristic value with their history and differences as cities. These cities are also positioned well compared to each other and during the sailing, passengers could see the beautiful roughness of the Finnish and Swedish coastal lines. Especially Turku, Vaasa, and Umea would gain valuable tourist flow from this type of cruise since they are not the primary cities to fly. Port of Umea and Port of Vaasa also have similar capacities in size-wise to have calls as Port of Turku (website of Kvarken Ports, 2019). This type of package would be suitable for smaller and specialized cruises. This package would also fit into the seven-day itinerary that would give the best economic value for cruise companies.

This option is the riskiest one as it would tie money and working hours into it. However, it can be also the most effective one if it is well-executed. It would physically show what the smaller ports have to offer and give inspiration for cruise companies to utilize different routes rather than all the same ones that big companies are using. The risk matrix (Appendix 2) shows that this option is on high yellow which means that the timing and money used from the budget need to be allocated well. Nonetheless, the cruising business needs to be shaken to have a change in the typical routes. As the professionals both mentioned, either of the companies has plans to come to Turku. With this niche product companies could become more interested in more off the beaten path -destinations.

15.3 Collaborations with other companies and influencers

The third option could be conducted in collaboration with companies around the Turku area and Visit Turku. Uniqueness is the key to attract tourists to the area, as cruise principals mentioned. When compared to Turku and Stockholm or Mariehamn the

differences are not that great. That is why Port of Turku should focus even more on uniqueness and use the assets that it has, which are not found in those other two cities. One of the assets is Aura-river. A few activities that could be offered also for tourists are canoeing along the river and one very special activity could be hot tubing in the river. There is not that many cities around the Baltic Sea where they are offered and especially sauna is an activity from what Finland is known. These would also give activities for the people who are experiencing the city on their own.

The other special tour that came up in the interview was different types of gourmet and brewery tours. Turku area has many top Finnish restaurants and Turku is the food capital city of Finland. Turku has many different types of restaurants for all budgets and tastes. The restaurants are fan faring the local food and natural sources of ingredients. (Laine, 2019). This should be taken into account when planning the excursions. Finnish food is known from its pureness, and since most of the cruises are coming during summer, the fresh ingredients are on their best. Known chefs could have cooking classes or nature and herbs could be combined in an excursion for example.

The risks (Appendix 2) in collaborations with other companies are smaller since the financial investment is shared and most of the time excursions are booked beforehand which means that they do not take money if there are not participants enough. However, the investment lies in establishing the connections, creating the brochures and planning the schedule. In turn, the activities that are for passengers that are exploring the city on their own, the advantage is that other tourists can use the services as well which diminishes the risks.

Social media is a good way to grow knowledge about destinations and while paying for influencers to visit and share their opinions about Turku might not seem the best way for Port of Turku, they could add the cruise in the deal. Port of Turku could pick for example two or three international travel influencers and pay them a cruise that is coming to Turku and ask them to share their opinion on social media. If they have influencing power enough the knowledge would increase and demand could slowly start rising.

The problematic side of this option is that the demand is rising slowly and that, again, opinions are hard to predict. Also, it needs money to be invested and proper cruises are not the cheapest ones. However, the risk could be shared with the cruise company that would also gain visibility through the influencers. The position in the risk matrix can be seen in Appendix 2.

16 CONSIDERATIONS

Since Port of Turku already has good services and there is not space to build bigger or more berths the solution needs to stand on marketing and reach the correct decision-making people. The options showed in chapter 15 are giving an opportunity to combine strategies.

From the theoretical part can be seen that Port of Turku has competitive services and possibilities to serve cruise ships that are sized up to 230 meters long and 10 meters deep. Port of Turku has all the needed capacities and infrastructures for a successful call which is also stated on cruise principals' interviews. They stated that currently the biggest reasons not to call to Port of Turku are the geographical reasons and the knowledge of the destination compared to Stockholm.

As Port of Turku cannot change the location, they must compete with other advantages they have; uniqueness, available berths, and experiences. However, the differentiation is hard to make alone and it takes time in such a niche industry as the cruise business is. It is hard to forecast the changes to happen and on the other hand, it is hard for the passengers to show which ports are the must-destinations on their own. To show that they need the whole tourist community behind them to increase the volume of calls to one port. There are also as many opinions of all destinations as there are visitors.

All in all, the cruise industry is a business where all aspects are affecting each other. When one destination becomes less popular, there most likely will be some other place coming more popular as in any other type of travel. The world and people live and phenomena with it. Customers are more demanding, and they want to see places that

are not yet overly touristic and that is definitely the advantage for the city of Turku and through that for Port of Turku.

17 CONCLUSION

The questions listed at the beginning of the thesis considering the cruise industry and the position of Port of Turku in it were answered. The biggest reasons why cruise ships are not coming to Port of Turku are the location that needs a long piloting time and that Stockholm is a very similar destination, but it has more visibility in touristic matters, it is bigger and has more attractions and activities.

Cruise liners decide their destinations mainly based on touristic value and location. Location cannot be too far from the previous port visited since the companies want to give as many opportunities to experience new activities for their customers. Touristic value also shapes the ideas in their customers' heads and when a known place is on an itinerary plan the sales are higher than on those itineraries that have more off the beaten path -locations.

Ships need to have correct sized berths that are deep enough. They need to have possibility to fill their tanks with fuel and freshwater if needed. Garbage disposal and wastewater disposal are also main needs for big ships that have hundreds of people traveling in it. Since most of the cities also have a noise limitation the port should offer electricity, so it does not need to be generated with engines.

Port of Turku is marketing itself in trade shows and in industry magazines. This is spot-on marketing since it is reaching the key professionals who are making the decisions. However, to have more demand in cruises calling to Turku the city needs to be more visible and more interesting in tourists' eyes. This can be made by using different types of collaborations and improving the experiences that Port of Turku and the city of Turku have to offer. Besides the touristic value, Port of Turku can offer great and individual services for cruise operators and help them to give the best value for their customers.

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Interview questions and answers

- What are the TOP3 cruise ports in the Baltic Sea?
 - St Petersburg
 - Stockholm
 - Copenhagen

 - *St. Petersburg/Russia*
 - *Stockholm/Sweden*
 - *Gdansk/Poland*

- Why?

Safeness, Nordics, a lot to see, no challenges to get around, St Petersburg's different culture compared to other Baltic destinations

Mainly touristic matters (I am not a tourism professional; I am Master Mariner) and Stockholm because of the nice Skerries approach connected with a well-known beautiful city center and touristic attractions

- What are the main factors in choosing the cruise port of calls?

Quest experience is the most important since it effects on our customers' overall opinion of the cruise. Also, venues matter since they effect to the successfulness of the call

Technical feasibility, the infrastructure of port (coaches, etc.), the pier is close to the city, especially for us: no big ships at the same time with our call, and definitely touristic matters (what kind of tours can be offered)

- What services there are available in a good cruise port of call?

Learning experiences, historical and cultural value for tourists. At the moment gastronomically themed and one of a kind -experiences are the selling points among tourists.

Bunker, garbage disposal, coaches to the city center if the pier is far away

- How would you consider the suitability of Port of Turku to your company's current itineraries or future plans?

We do not have immediate plans to come to Turku and frankly said we are not even looking for it actively since the geography is a problem which cannot be changed.

There are currently no plans in the future to call Turku. Turku is up to now not really well-known in Germany and has a very long Skerry approach that takes a lot of time in the itinerary. You can compare Turku with Stockholm and e.g. for a 14-day cruise, it would be too much to include Stockholm AND Turku. I know that our tourism professionals currently will always prefer Stockholm compared to Turku. The name "Stockholm" is easy to sell for German Tourists.

- What would you consider to be good/bad in Port of Turku?
There is interesting and old history. However, it seems to be used similarly as in any other Baltic city and through that is not creating uniqueness and differentiate Turku.

Unfortunately, I don't know the port by myself.

- What would you enhance in Port of Turku to increase their suitability as a cruise port?
I hope to see more unique and distinct tours and sights that Turku could definitely offer. Also, Finland has great and well-known brands such as Alvar Aalto and Iittala that could draw attention and create diversifying experiences when used wisely.

This is not really good for me to answer as I am a Master Mariner. From the technical point of view, there are no disadvantages to other big ports. I guess the port has to increase its attractiveness as a city or should position itself either for small or big ships. But that is only my point of view.

Risk analysis matrix for improvement possibilities

		2.		
1.				
3.	4.			

1. Promotion day
2. Cruise package
3. Collaboration with companies
4. Collaboration with influencers