

# KEY POINT PAPER

## Views on the development of cruise shipping in Hamburg

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### ■ CURRENT FRAMEWORK CONDITIONS

The coronavirus crisis poses unprecedented challenges to the world. In addition to the health and social implications, the economic effects of the global pandemic are serious. This is particularly true for the entire tourism and event industry. The cruise industry has come to a standstill worldwide with the start of the shutdown.

The responsible authorities and companies of the Free and Hanseatic City of Hamburg (FHH) immediately sought dialogue with all major German seaports in spring 2020. Operational guidelines were jointly adopted in order to offer shipping companies the most uniform conditions possible in all ports. This also ensured that all German seaports could remain open and that reliable conditions applied for the completion of the last cruises with passengers, the subsequent lay-up of the ships and the layoff or replacement of crews.

In the summer of 2020, Hamburg was then the first port to facilitate the swift relaunch for cruises. In close cooperation with shipping companies, authorities, the Robert Koch Institute and other northern German coastal states, the shipping companies have developed hygiene and safety concepts to protect passengers and crews as best as possible. Based on this, many cruise lines resumed cruise services from Hamburg in the summer, initially with somewhat modified products (shorter 'Blue Cruises' without shore excursions), and tested the acceptance of the new offers. A total of 83 cruise ships (incl. layups) called at the port of Hamburg in 2020. This is quite a lot in direct comparison to other cruise ports, but in relation to the values of the previous year (2019) it amounts to only about one third of the calls or one tenth of the passengers.

Hamburg also actively used the shutdown phase to implement important projects for the future (successful trial of shore power supply on the EUROPA 2, commissioning of the Baakenhöft terminal) and the permanent enabling of food donations from the cruise to the Hamburger Tafel.

### ■ MARKET DEVELOPMENT OUTLOOK

Given the positive experiences under significantly changed framework conditions, a cautiously optimistic look ahead is possible, despite further lockdown phases. However, full market normalisation is likely to take several years (similar to aviation) and is also closely linked to the widespread availability of a vaccine. Until then, cruise operations will be resumed as best as possible by means of mandatory coronavirus tests for all passengers and employees, as far as the infection situation allows. After several vaccines have been approved in the meantime, they must first be widely applied in the population.

Assuming stable preferences and corresponding consumption possibilities of the target group, it can be assumed that there will be a pent-up demand, which will initially be concentrated mainly in the DACH region as a source market. The recovery of the lower price segment is marked by great uncertainties in this context, since losses of purchasing power and also a possible reluctance to travel in large groups are difficult to forecast. It can be expected that the premium segment will recover much faster. Assuming that the major shipping companies ('Big Five') remain in the market and air charters can be re-established, a resurgence in demand with corresponding inoculation of the population could be assumed to happen by the second half of 2021 in the best case scenario. However, the market volume is expected to remain at a somewhat lower level than in 2019 until 2024, similar to the adjustment mechanisms in the aftermath of the financial market crisis. In addition, a shake-out in global fleet capacity is to be expected. It is therefore necessary to present the medium and long-term development options for Hamburg as a cruise location.

## ■ TARGET VISION: SUSTAINABILITY AND VALUE CREATION

In the context of the Senate's cruise initiative and the expected stabilisation of the market, the signatories are committed to the further development of Hamburg as a cruise location. Cruise shipping is already an important pillar of Hamburg as a business location with a high level of added value (approx. €400 million). With its diverse shipping and travel services, Hamburg can cater to the holiday motives of different target groups, contribute to the tourist experience of the port with programmes and events that are unique worldwide (Hamburg Cruise Days, Port Birthday) and is of great importance to the economy as a location for shipping companies and service providers as well as corresponding trade events (Seatrade Hamburg). The importance of the cruise industry for prosperity and employment in Hamburg is to be further strengthened.

Hamburg's role as a pioneer and driving force for sustainable cruise shipping must be strengthened and expanded. Under this premise, Hamburg is becoming one of the leading locations for cruise shipping through targeted initiatives to increase sustainability and expand the variety of services. Hamburg creates the framework conditions so that the industry's partners can shape the future of cruise tourism through innovation and the expectations of Hamburg's residents for a port close to the city are taken into account. Passenger shipping (just like freight shipping) fulfils its responsibility for future generations within the framework of internationally agreed climate targets. In this context, cruise shipping will continue to expand its role as a driver of innovation in shipping (such as in the field of wastewater treatment, waste management, alternative energy supply, etc.), focusing on emission-neutral cruise shipping as a goal.

The overarching goal for Hamburg as a cruise location is:


**Hamburg will be the No. 1 sustainable cruise destination in Europe!**

Hamburg will be the leading cruise port in Europe in terms of diversity and sustainability!


Sustainable action means combining the needs of today's generations with responsibility for the generations of tomorrow. Hamburg is committed to incorporating the principle of sustainability in the development of cruise shipping—environmentally, socially and economically.

## ■ STRATEGIC FIELDS OF ACTION

In the course of an intensive discussion process between the authors of this paper, four strategically particularly important fields of action were identified which have a significant influence on the long-term success of Hamburg as a cruise location in terms of the objectives developed. These fields of action form the framework for concrete projects and measures.

<b>FOFA 1</b>	<b>FIELD OF ACTION 1 - CRUISE SERVICE &amp; INTELLIGENCE</b>
	<p>Hamburg is a cruise-specific knowledge location and offers a comprehensive range of specific services. Partners in the industry benefit from cooperations and alliances and shape the future of the cruise industry through innovation. Hamburg continues to expand its pioneering role in the field of 'green cruise shipping' and is establishing continuous dialogue with competitor ports to this end.</p>

Hamburg is stepping up its efforts to pool the knowledge and expertise of a wide range of players with a direct or indirect connection to cruise shipping and thereby develop into a 'Cruise Hub'. The basis for a better transfer of know-how is created through cooperation with universities and institutes and in close alliance with other cruise locations. In addition to attracting more cruise-related companies and networking them with the service providers already based there, Hamburg will especially help established cruise shipping companies, start-ups and scientific experts in finding direct access to each other and jointly develop innovative solutions. Hamburg is striving to become a centre of excellence in cruise shipping with regard to training and qualification as well. With 'Hamburg Cruise Net e.V.', the city provides the framework and platform for an intensive sharing of experiences.

<b>FOFA 2</b>	<b>FIELD OF ACTION 2 – PORT INFRASTRUCTURE DEVELOPMENT</b>
	<p>Hamburg offers an efficient and future-proof cruise infrastructure. This includes attractive and demand-oriented terminal capacities as well as innovative and sustainable mobility concepts.</p>

Hamburg will ensure an efficient and future-proof cruise infrastructure. This includes, in particular, an expansion of the terminal-related infrastructure (berths for ocean-going and river cruise ships as well as yachts; buildings, transport infrastructure) in line with requirements, which 'Cruise Gate Hamburg GmbH' supports and implements with specialist expertise and in coordination with the 'Hamburg Port Authority AöR'. In addition, efficient and complex land and water-side processes (passenger handling, baggage and delivery logistics) are effectively ensured by the terminal operator, and a holistic and sustainable mobility concept for optimising the connection of the terminals to the modes of transport for arrivals and departures is provided or introduced. The possibilities for the digitalisation of processes should be fully exploited here.

### FOFA 3



### FIELD OF ACTION 3 – MARKETING & DESTINATION EXPERIENCE

Hamburg is a marquee port ('must-see-port') in Northern Europe. As a well-known and emotionally appealing destination, Hamburg is placed on the itinerary for all Northern Europe cruises and is perceived as an attractive and unique destination.

In order to further develop Hamburg as a cruise location in the medium and long term, the demand for cruises from Hamburg must be significantly stimulated. Hamburg is therefore presented globally as an attractive and sustainable destination for cruise passengers through a strong and emotionally appealing presence. The travel motives of this target group are specifically addressed and coherently served. With CGH in particular, the city benefits from a valid and steadily growing international network of shipping companies and route planners, which are regularly approached for customer retention as well as new customer acquisition. The cruise destination is also marketed to an international audience through existing contacts with the international trade press. Cooperation with other destinations in Northern Europe will also be further strengthened in order to position the cruise region as a whole. For example, CGH is already a member of Cruise Europe. Through target group-oriented pre- and post-programmes, cruise passengers are turned into Hamburg guests and vice versa. Appropriate marketing measures for cruise passengers support the creation of value at the location. Hamburg is also being marketed nationally and Europe-wide in these target groups in order to increase its attractiveness for smaller ship units in the industry (river cruising, yachting, boutique ships).

### FOFA 4








### FIELD OF ACTION 4 – PUBLIC RELATION & SOCIAL RESPONSIBILITY

Hamburg is internationally known as an attractive cruise port in Northern Europe. The cruise industry is accepted and positively perceived by the population in the Hamburg metropolitan region.

The Port of Hamburg is located in the heart of the city in the direct vicinity of growing residential quarters. The city is increasingly developing towards the water; commercial and cruise ships are present in the cityscape. At the same time, there is a growing and justified public expectation that the cruise industry should also take the requirements of sustainable development adequately into account. In this area of tension, cruise-related public relations work must be consolidated and the acceptance of the industry improved through transparency and appropriate measures. In this context, the added value of cruises for Hamburg as a location should be made clear, the activities of private and public actors in this field should be presented and the suggestions and concerns of the population should be addressed.

## MEASURES

In the context of the defined fields of action, initial measures are outlined below.

<p><b>■ Promoting Cruise Clusters &amp; Innovations</b></p>	<p><b>FOFA 1</b></p>
<p>The framework conditions for the innovative further development of the cruise industry in Hamburg are to be improved by intensifying cooperation with universities and start-ups. Hamburg Cruise Net serves as the networking platform for the cruise sector. This platform is to be developed sustainably and continuously.</p>	
<p><b>■ Further Strengthening of the Economic Power</b></p>	<p><b>FOFA 1</b></p>
<p>FHH and the business community should create the conditions by means of potential analyses in order to further strengthen the cruise-related service sector through targeted establishment strategies of Hamburg Invest. For this purpose, corresponding recommendations are derived from a market survey and implemented by the responsible stakeholders.</p>	
<p><b>■ Developing Training &amp; Study Opportunities</b></p>	<p><b>FOFA 1</b></p>
<p>In order to further develop the existing training and study programmes related to the cruise industry in Hamburg, the needs of the companies must be regularly surveyed and translated into suitable activities. The offers must be presented systematically and marketed in a target group-oriented way. First of all, the framework conditions for initial training on board in accordance with the German Vocational Training Act (BBiG) are to be created and the range of studies (Cruise BA/Master) supplemented.</p>	
<p><b>■ Ensuring Shore Power Supply</b></p>	<p><b>FOFA 1 + 2</b></p>
<p>In order to further reduce CO2 and NOx emissions in particular during berthing times in the Port of Hamburg, shore power supply for cruise ships is currently also being projected at terminals CC1 (HafenCity) and CC3 (Steinwerder). This can make a significant contribution to improving air quality in Hamburg; the shore-side power plants are to be built and put into operation quickly. In order to avoid distortions of competition and ensure the greatest possible acceptance, Hamburg will take a leading role in international cooperation with associations and ports (IAPH, BPO).</p>	 

■ **Making Terminal Capacities Efficient**

The cruise industry has great growth potential for Hamburg, especially in the European source market. In order for Hamburg to be able to participate appropriately in the growth of the cruise market, terminal capacities must be designed to meet the demand. The need for the handling of very large cruise ships should be continuously examined and further development should be implemented in line with requirements. Infrastructure development should also take adequate account of the growing river cruise and yachting segments.

**FOFA 2**



■ **Multiple Use of the Terminals**

In order to increase the use of the terminals and thus generate additional revenue, all terminal areas and rooms will be opened for the additional use of events, conferences, concerts and corporate functions.

**FOFA 2**



■ **Developing a Sustainable Mobility Concept**

The efficiency of the land-side processes in particular must be further optimised and improved with the involvement of the public transport operators and other companies. Decision-makers in politics and administration should work together with the companies to develop innovative and sustainable concepts, especially for better connectivity of the terminals, and thus work towards an improvement. The same applies to the handling of cruise passengers at the main station and airport hubs. Hamburg's intercontinental connections play a central role in the quality-oriented further development of the business and tourism location.

**FOFA 2**



■ **Consolidating Cooperation German & European Cruise Ports**

The good cooperation between the northern German ports is to be continued after the Covid 19 pandemic. Common goals and, if necessary, event formats will be developed for this purpose. Greater cooperation between the ports of the main shipping route from Hamburg in the North Sea (former 'Atlantic Alliance') should be explored.

**FOFA 1**



■ **Improving the Transparency of Data on Pollutants & Emissions**

To ensure transparency, the available data on emissions, waste management and water purification at the City of Hamburg and selected shipping companies will be presented in a comprehensible form.

**HF 2**



**Boosting Cooperation Destination & Shipping Companies**

In addition to the location-related value creation, the port-related value creation must also be intensified through suitable measures. The aim here is to further develop the cooperation between the destination and shipping companies systematically through attractive pre- and post-programmes and other marketing measures. Appropriate measures such as a 'Cruise Card' with suitable discounts for tourist and gastronomic offers in Hamburg or incentives to return to Hamburg support the creation of value at the location.

**FOFA 3**



**Assuming Social Responsibility**

FHH supports the Seafarers' Lounges at the terminals so that the cruise ship crews can receive good care in their free time and can handle errands such as transferring money back home. It is ensured that the framework conditions for food donations by the cruise industry to the Hamburger Tafel are further developed. At the same time, corresponding commitment is promoted among the companies.

**FOFA 4**



**Developing the Port & Terminals into Tourist Attractions**

The maritime attractions in the port and the terminals should be developed and staged as a joint "Port World" experience area. Smooth, hassle-free transport connections between the various hotspots in the harbour and the city are a fundamental prerequisite for creating a cohesive experience area. Due to the growing tourist interest in individual explorations, themed tours are being developed that can be customised through digital solutions and combined with different sights. Through targeted marketing (such as the further development of the "Hamburg App" of Hamburg Tourismus GmbH), passenger flows can be streamlined and individual offers can be created automatically. Targeted offers for passengers are developed in cooperation with hotels and tourist hotspots.

**FOFA 2 + 3**



**Improving Acceptance through Targeted Public Relations**

The initiatives and plans of the industry and the city in the area of sustainability as well as the importance of cruises for the economy and work in Hamburg should be presented through suitable and easily accessible formats. In addition to the diverse offers of the shipping companies (ship tours), further options ('Behind the Scenes of Cruising') should be developed to make the industry's initiatives more transparent. In addition, events that primarily contribute to the tourist experience of the port (such as Hamburg Cruise Days) are to be expanded to include a contextual discussion on the future of the cruise industry.

**FOFA 2 + 3**

