Seeking for a Better Fitting: Understanding the Tour Operators for Cruises on Sao Miguel Island

Sandra Dias Faria, Ruben Andrade, and João Couto

Abstract A good management/organization of the entire cruise system, which helps in adequate marketing of the destination and proper development of the ports' infrastructure, would result in a functional environment for the tourist. Further, these measures would positively influence the attractiveness of the destination [Gračan (Pomorski zbornik 51:103–116, 2016)]. As far as entertainment is concerned, cruise ships are very similar to each other, creating more and more on-board activities, shopping and other quality services, as well as the sale of products and services on land. These can be all summarized in one common factor: being considerably more expensive on-board than when purchased off the ship [Clancy (Cruise ship tourism. CABI, 2017)]. Therefore, this study focuses on the role of tour operators of large nautical cruises in activity on Sao Miguel Island (Azores, Portugal), in order to understand their commercial adaptation to the type of tourism expanding in the archipelago, as well as discusses the advantage of the existence of a Commercial Office to concentrate all the offers of all tour operators in Ponta Delgada's port.

Keywords Cruise tourism · Tourism destination · Clustering initiative · Strategic management

1 Introduction

Over the last few decades, tourism has shown continued and diversified growth, making it one of the largest economic sectors in the world. Maritime Tourism is a branch of comprising many activities, such as sports, namely, recreational navigation, which includes all the large size equipment provided with sail prepared for a cruise, and nautical sports ranging from light sailing, such as windsurf, surf, body

S. D. Faria (✉) · R. Andrade · J. Couto
University of the Azores, Ponta Delgada, Portugal
e-mail: sandra.mc.faria@uac.com

A. Kavoura et al. (eds.), *Strategic Innovative Marketing and Tourism*, Springer Proceedings in Business and Economics,
https://doi.org/10.1007/978-3-030-12453-3_50

boarding, rafting, kayaking, water skiing, motor boating, sport fishing, deep sea fishing, and diving.

Maritime Tourism also embraces leisure activities through boat trips, which are divided into those with small boats, mostly used for local excursions; those with medium-sized boats destined for river or coastal traffic, which may or may not be prepared for overnight stay of passengers; and finally those with large vessels, where belong the Nautical Cruises that cross the oceans and dock in several ports around the world [1]. Cruising has become one of the fastest growing tourism sectors. It is an industry intensely chosen for its ability to create a unique experience [2].

For large-scale nautical cruises, Portugal, Lisbon, and Funchal are the most sought-after ports (approximately 200 cruises a year), and to a lesser extent are other ports throughout the country, including the Ponta Delgada port with less than a hundred cruises per year. Activities and tourist attractions represent an important component of not only the cruise tourist experience, but also of the image conveyed by the destination, since it will induce the tourist's opinion and, consequently, affect the word of mouth factor; since activities such as excursions represent a significant part of their revenue [3].

2 Agglomeration and Collaborative Strategies

Tourism is a highly agglomerated industry. Most visibly, traditional, sun, sand, and beach package tourism typically clusters in sharply delimited local zones. These tourism zones can be observed, for example, in well-known Mediterranean tourist destinations such as Antalya, Turkey; Ayia Napa, Cyprus; Sousse/Monastir, Tunisia; or Palma de Mallorca, Spain [4].

Considering the high relevance of agglomeration economies in the tourism sector, there is a strong case for refining agglomeration-oriented approaches of regional development, such as cluster policy and smart specialization, in view of their application to tourist destinations [5].

Adopting a stakeholder position, it is valid to see a destination as an open-social system formed by interdependent and multiple stakeholders. The observed interdependence can be explained through several causes. The first cause stands as the scarcity of the financial resources required to generate an adequate budget for the development of a tourism marketing strategy capable of communicating messages about the destination, persuading tourists to visit the destination as an alternative of others. The second cause is related to the level of the destination's presence in the network. In a networked society, the impact from sudden disasters and events is felt much more intensely. The third cause is related to the paradox present in the tourism industry, where we see a fragmentation of supply simultaneously with the "all-in-one experience" model. Despite the perspective of each agent, destinations are dependent on the ability to find the balance between sharing and accumulating either resources or knowledge [6].

Over time, the interest in this concept with regard to tourist destinations has intensified. Hence, this justifies the need to revisit the literature on organizational coopetition matters. Most of the existing models report the basis of coopetition to be the behavior of the agents, it being a reflection of the different tendencies to cooperate or to compete [7]. Other authors present models focusing on the different positions and contexts in the productive chain, capable of breeding coopetition [8–10]. Nevertheless, it is important to emphasize the importance of the resource heterogeneity of the companies involved, since it constitutes the driving force of the coopetition relations. In cases where the company operates alone, this heterogeneity may translate into competitive advantages, but in cases where access to these resources depends on a joint effort, coopetition presents itself as the solution, since the resources are not available to all [8]. As a result, the critical success factors in management strategies based on coopetition are a recent research object, as well as the effect of coopetition on the level of competitiveness of a region or destination [11, 12].

3 Case Study: Tour Operators in the Cruise Activity in Ponta Delgada

In terms of methodological approach, this study was carried out through a qualitative research method, in which the data resulted from semi-structured interviews with 23 questions, of collaborators of tourist animation companies, with activity in Ponta Delgada, covering different sectors such as cultural tours, excursions, pedestrian trails, and marine activities. Several data were collected regarding the activity of tourist cruises registered in Sao Miguel since the opening of the current cruise terminal in Ponta Delgada to the present time. The interviews took place in the beginning of 2018, covering a purposive sample with one company of each type.

In pursuit of the objectives of this study we decided to resort to qualitative research, through the elaboration of case studies about seven companies that act on the tourist market on the Sao Miguel Island, and more exactly in Ponta Delgada, having been selected since it represents different typologies. Two companies act with a broader offer, which includes some diversity of customer activities and four companies that are more specialized. With these companies we wanted to address in detail the opportunities and challenges of this market and the possibilities for improvement of the service provided.

Analyzing the tour operator's activity, we can verify as regards the spoken language that all are dominated by English. It should be noted that Portuguese and English are the only ones dominated by the company in Case 2 and Case 4. With regard to the company in Case 7, there is the addition of the French language. The companies in Case 1 and Case 5, in addition to all the aforementioned, also speak German and Spanish, respectively. As for the company in Case 3, in addition to their mother languages—English and French—they speak two more languages—Spanish

Table 1 Companies' characterization: TripAdvisor

	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7
Rating			5.0	5.0	4.5	4.5	5.0
Comments			61	40	309	828	6
Great (%)			92	85	79	64	100
Very good (%)			6	13	12	25	0
Medium (%)			1	2	3	7	0
Weak (%)			1	0	1	2	0
Terrible (%)			0	0	5	2	0

and Italian. The company in Case 6 is one that has a greater linguistic diversity, with housing employees who predominantly speak French, Spanish, German, Italian, Dutch, and Estonian.

In view of the global phenomenon that is the Facebook social network, one would expect that all the companies in this study would be present on this platform. Analyzing the interviews outcomes, we can conclude that only a company, Case 1, is not present in this social network. However, in other platforms, like Instagram, you can only find four of the seven companies under study. With regard to YouTube, five of the seven companies used this platform as a means of disseminating their videos, sharing them on social networks.

Only five of the seven companies are present on the TripAdvisor comment platform, highlighting Cases 5 and 6 by the number of comments they have (see Table 1).

All the companies in the study have their own website, where one can book their products/services. Only five of the seven companies use other agencies to disclose their products/services as a means of increasing their reach to tourists. Regarding the dissemination of their products/services on the online booking sites Viator and GetYourGuide, only three of the seven companies use the former to disclose their services, whereas only one of the seven companies uses the latter platform.

As for marketing campaigns, they are utilized by six of the seven companies, Case 7 being the exception, which due to its size would make the costs of such campaigns higher than the benefits. With regard to the six companies that invest in marketing campaigns, these are held at a regional as well as a national, and four of the six companies extend their campaigns internationally.

Through Table 2, it is possible to verify that only three of the seven companies in the study have some activity in common, namely the companies in Cases 3, 4, and 6-T01—All Terrain Tours and T20-Other Activities. The companies in Cases 4 and 6 have yet another common activity, that is, T02-rides on mountain bikes, 4-wheel motorcycles, and others. From another perspective we can see that five of the seven companies can be considered as specialized in a particular activity, whereas the other two companies, namely those in Cases 4 and 6, may be considered as general companies, offering a more diversified range of products/services.

According to the interview, five of the seven cases of companies do not have specific products for tourists from cruises, so they make slight adjustments to their

Table 2 Companies available services

	C1	C2	C3	C4	C5	C6	C7
A01—Travel agency	✓						
B01—Rent-a-car					✓		
M01—Boat rental						✓	
M03—Boat tours						✓	
M04—Canoeing, windsurfing, etc.						✓	
M05—Diving		✓					
M06—Diving center		✓					
M07—Diving school		✓					
M09—Diving equipment		✓					
M10—Touristic and sport fishing							
T01—All terrain Tours			✓	✓		✓	
T02—Mountain biking, 4-wheel Motos				✓		✓	
T10—Trekking						✓	
T11—Speleology, mountaineering, etc.						✓	
T17—Sightseeing Tours				✓			
T18—Event organization				✓			
T20—Other activities			✓	✓		✓	

existing products/services for this type of customers, since they are not their target market. The company in Case 1, in addition to its scope, operates directly in the sale of products on board the ship, so all its products are directed to that market. On the other hand, the company in Case 4 has a product/service that is used solely for customers coming from cruises.

Since tourism through cruise ships is expanding in the Azorean market, one would expect a completely different result than was exposed by the companies' responses. Analyzing the data, six of the seven companies in the study stated that they do not want to bet on this target market, because they would need to be able to restructure their products/services for these types of customers. In contrast, the company in Case 5 revealed that the creation of packages with "target" products/services for tourists from cruises is under development.

When asked about the improvements needed for the activity, the companies highlighted the lack of tourist animation with the arrival of a cruise ship, which would not give the opportunity the tourist to get to know a little of the local culture. Another aspect mentioned are the installations that are not adequately suited to the different practices of the different tour operators, as well as the difficulty of access to the marinas at certain times of the year. A common concern of some operators is the other companies that offer activities that compete with those provided by the tour operators, for example, excessive fishing or fishing in natural reserves, which harms diving activities.

It was also mentioned that there is a deficiency in the signaling or indications transmitted to tourists by the ports entity as to the exact location of the different tour operators with their offers. This phenomenon leads to another difficulty: the disorganization of the tour operators in their designated area.

In fact, when tourists arrive in this area they are often approached in an "aggressive" manner, pressured to acquire a certain product, which hinders the business of tourism. There is also the difficulty in initiating certain businesses, as the incentives provided to the entities are scarce or reduced, thus creating a barrier to the entry of new players.

Through the interviews with these seven companies, it was possible to perceive their sensitivity to the image of the city of Ponta Delgada, which they argue is something to take into account by the town Council itself, and therefore there should be an increased concern with the schedules of solid waste collection from the city, which sometimes prove insufficient, resulting in a bad image for the city.

Finally, one of the largest concerns of some tour operators is the question of whether it is advantageous to come from the cruises to the Azores destination and to take into account the commercial balance, that is, the fact that since cruise tourism is often bought in "all inclusive" arrangements, these tourists do not consume as many products as air tourists.

On this issue, one of the companies highlighted the difficulty in satisfying all applications when there is more than one ship in Ponta Delgada, due to the shortage of some types of equipment; on the other hand, the question arises: can the revenue from accommodating the additional tourists compensate the companies if they make large investments to buy more equipment, considering that this type of passage by Ponta Delgada is a seasonal activity? There is a lack of more marine reserves or areas only for tourism activities, which also leads to a lack of supervision by the authorities in relation to these areas.

In view of the need of some companies for suitable areas for parking or dissemination of their products/services, some operators reference the need for the municipality to provide more specific areas for this purpose.

Another key point of any business is correct licensing; that is something that has been pointed out as very difficult, since it is not a single process, with several requirements being necessary until it is approved. Another point still to be highlighted is the lack of specialized staff to carry out licensing activities.

Two of the companies in the study pointed out that it would be interesting to have a common sales point for all companies, so it is easier for all tour operators to display and sell their products/services.

As previously mentioned, there is some difficulty on the part of the tour operators to reach the tourists from cruises, since tour operators are located at a specific area; that is, if the tourist does not pass from that common point, the tour operators do not think they can sell their products/services.

In the part of the population who are frequent cruisers, there is a greater predominance of people of a more advanced age, often with reduced mobility, and it is necessary to have certain aid accessories. However, the infrastructure is not totally suitable for their purpose, and there is no product/service provided by the municipality for this type of people with reduced mobility.

Finally, there is a poor maintenance of the facilities, which can lead to accidents for any type of passers-through, whether these are tourists or not—for example, the maritime pontoons that serve as access to the boats for activities related to nautical tourism.

4 Discussion and Conclusions

Several articles present the opinion of tourists and the population, but this study is based on the perspective of tour operators, showing the impact of this type of tourism on their activity, as well as the relevance of this touristic market, and the opportunities and challenges. In this way, it is possible to learn about the Maritime Tourism on the island of Sao Miguel at the Ponta Delgada port and the improvement measures that can be undertaken in the infrastructure and human resources.

Utilizing the data provided by the company *Portos dos Açores SA*, it is possible to identify the growth rate of the tourist cruise lodges in Ponta Delgada, as well as the main players who choose this port as a stopover, and also draw the profile of these nautical cruises. Through a qualitative research method, we interviewed the tour operators, and it is possible to comprehend if the cruises market segment offers advantages leading to investment in specific packages for maritime passengers, as well as the opportunities and gaps faced on expansion of this type of tourism and the difficulties that may arise [13].

In addition, it is also possible to understand the opinion of tour operators regarding the development of collaborative strategies that can help promote and organize their activities, as for example the construction of a Commercial Office, where they can exhibit their services—an initiative that tour operators were very interested in and are in favor of its creation. They are in favor of this creation because they concluded that there is a lack of organization regarding the sale of products/services in *the Portas do Mar* terminal, namely on the upper platform.

These interviews also show us the marketing strategies of these operators, namely, their online platforms presence, whether they have a website of their own and if their employees are fluent in other languages, and it was clear that only a small number of people are trained in other languages in order to increase the spectrum of tourists who visit Ponta Delgada, and there does not exist client orientation so that the client feels welcome.

Among the points mentioned is that there is no creation of packages with products/services for customers coming from cruises, with only an adaptation of the existing products/services for these tourists. This allows one to conclude that tour operators are not geared towards this target market.

New forms of cooperation are emerging between cruise ports and agencies, which include marketing and promotion strategies to attract cruise lines and the inclusion of these ports in their itineraries [14]. Coordination with other actors, such as local actors, in order to increase interest in the destination is also relevant. In this way, there should be greater fundraising in order to develop the maritime tourism sector, by investing in the port facilities as well as in the services offered to the maritime passenger [14].

The interviewees also referred to the fact that there is some concern from tour operators about the garbage left by cruises when they dock in Ponta Delgada. The lack of biological and geological reserves by responsible entities is another issue, since these reserves can encourage an active tourism and tourists looking for a taste of nature to come and explore the reserves, and finally there is the lack of non-target structures for people with reduced mobility or special abilities needs.

This study emphasizes the importance of the port of entry in Sao Miguel, the port of Ponta Delgada, which until now has not been as valued as the airway, since it is a more recent development area for the region, but with potential expansion. All the companies have said that they do not have strategies to address the difficulties previously pointed out and refer to the need to develop a collaborative strategy between the Port of Azores Authority, the municipality, and the tour operators to discuss and address these problems and improve the quality of the services offered to cruise tourists.

Future research on this issue should focus on analyzing the tourist perspectives regarding their scale in Sao Miguel and the facilities and services provided at the cruise terminal but also in the city, and evaluate the offers and services provided by local tour operators and identify improvement measures that could be implemented.

Acknowledgments We gratefully acknowledge the financial support to the project ACORES-01-0145-FEDER-00008 from AÇORES 2020, through FEDER—European Union.

References

1. Gamito TM (2009) Desenvolvimento da economia do mar turismo marítimo. Nação e defesa
2. Polat N (2015) Technical innovations in cruise tourism and results of sustainability. Procedia Soc Behav Sci 195:438–445
3. World Tourism Organization and Asia-Pacific Tourism Exchange Center (2016) Sustainable cruise tourism development strategies – tackling the challenges in itinerary design in South-East Asia. UNWTO, Madrid
4. Benner M (2013) Towards a policy to promote tourism clusters. MPRA paper no. 43924, Munich Personal
5. Benner M (2017) Smart specialization and cluster emergence: building blocks for evolutionary regional policies. In: Hassink R, Camberley DF (eds) The life cycle of clusters: a policy perspective, 1st edn. Edward Elgar, Cheltenham, pp 151–172
6. D'Angella F, Go FM (2009) Tale of two cities' collaborative tourism marketing: towards a theory of destination stakeholder assessment. Tour Manag 30(3):429–440. https://doi.org/10.1016/j.tourman.2008.07.012
7. Lado AA, Boyd NG, Hanlon SC (1997) Competition, cooperation, and the search for economic rents: a syncretic model. Acad Manag Rev 22:110–141
8. Bengtsson M, Kock S (2000) Coopetition in business networks – to cooperate and compete simultaneously. Ind Mark Manag 29:411–426

9. Garraffo F (2002) Types of coopetition to manage emerging technologies. In: II Annual conference of Euram on: “Innovative Research Management”. Track: “Coopetition strategy: towards a new kind of interfirm dynamics”, Stockholm, May, pp 9–11
10. Luo Y (2004) A coopetition perspective of MNC-host government relations. J Int Manag 10 (4):431–451. https://doi.org/10.1016/j.intman.2004.08.004
11. Chin K, Chan BL, Lam P (2008) Identifying and prioritizing critical success factors for coopetition strategy. Ind Manag Data Syst 108:437–454
12. Della Corte V, Sciarelli M (2012) Can coopetition be source of competitive advantage for strategic networks? Corp Ownersh Control 10:363–379
13. Kvale S (1996) Interviews: an introduction to qualitative research interviewing. Sage, Thousand Oaks, CA
14. Pallis AA, Rodrigue JP, Notteboom TE (2014) Cruises and cruise ports: structures and strategies. Res Transp Bus Manag 13(1):5. https://doi.org/10.1016/J.RTBM.2014.12.002