GRAND CAYMAN CRUISE BERTHING FACILITY

Potential Impact on Cruise Passenger Onshore Visitation and Spending

MINISTRY OF DISTRICT ADMINISTRATION,
Toursim and Transport

Prepared for
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DISCLAIMER

Passenger Velation and Sparing Analytics
expanded their port facility. This difference shows up in the five and 10-year growth statistics for the
destination without a porting facility. In fact, over the past 5 to 10 years the other four destinations have
seen a major decline between Grand Cayman and the other four destinations. This Grand Cayman is the only

Table 1 – Five Largest Cruise Destinations in the Caribbean - 2014

<table>
<thead>
<tr>
<th>Destination</th>
<th>Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Cayman</td>
<td>1,609,555</td>
</tr>
<tr>
<td>St. Martin</td>
<td>2,001,499</td>
</tr>
<tr>
<td>U.S. Virgin Islands</td>
<td>2,083,680</td>
</tr>
<tr>
<td>Culebra</td>
<td>3,409,585</td>
</tr>
<tr>
<td>Bahamas</td>
<td>4,804,170</td>
</tr>
</tbody>
</table>

During 2014, the Caribbean Tourism Organization reported that 1,609,555 cruise passengers ar-

departure point for shore excursions and/or to the George Town shopping district.

Currently, cruise ships calling at Grand Cayman are required to anchor at one or two offshore anchorages. This means that passengers will be able to anchor at one of two offshore anchorages. Thus, cruise passengers on

cruise ships will be able to disembark at the pier and walk to the
dock, another area that is able to berth at the CCB. GEORGE TOWN Terminals. The proposed CCB consists of two piers that combine a accommodates
cruise ships calling at Grand Cayman are required to anchor at one of four offshore

the attributes of cruise passenger versus visits and spending.

of the development of the proposed Cruise Berthing Facility (“CBF”) in George Town harbor on

http://www.datatop.com
2015.

This year’s Economic of Cruise Tourism to the Destination Report reviews the 2014/2015 cruise industry.

The 2014/2015 cruise year is defined as the 12-month period from May 2014 through April 2015.

As shown in Table 3, passenger disembarkation rates among the four destinations fell within a narrow range between 85.4% in Cozumel to 90.4% in St. Maarten. However, one destination stands out.

Table 2 – Five Largest Cruise Destinations in the Caribbean – Growth from 2009 and 2004

<table>
<thead>
<tr>
<th>Location</th>
<th>2004</th>
<th>2009</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Cayman</td>
<td>5%</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>St. Maarten</td>
<td>6%</td>
<td>65%</td>
<td>59%</td>
</tr>
<tr>
<td>U.S. Virgin Islands</td>
<td>4%</td>
<td>32%</td>
<td>28%</td>
</tr>
<tr>
<td>Caribbean</td>
<td>16%</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Bahamas</td>
<td>4%</td>
<td>48%</td>
<td>44%</td>
</tr>
</tbody>
</table>

The 2014/2015 cruise year was marked by significant challenges for the cruise industry. Despite these challenges, the industry continued to grow, with passenger numbers increasing significantly.

Table 3 – Passenger Disembarkation Rates for 2014/2015 Cruise Year

<table>
<thead>
<tr>
<th>Location</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cozumel</td>
<td>85.4%</td>
</tr>
<tr>
<td>St. Maarten</td>
<td>90.4%</td>
</tr>
<tr>
<td>U.S. Virgin Islands</td>
<td>85%</td>
</tr>
<tr>
<td>Caribbean</td>
<td>90%</td>
</tr>
<tr>
<td>Bahamas</td>
<td>85%</td>
</tr>
</tbody>
</table>

The report concludes with an analysis of the potential impact of the CEP on cruise passenger numbers and provides recommendations for the future of the industry.
lack of a berthing pier in Grand Cayman has had several negative impacts:

These data on the attributes of cruise passenger visits and expenditures clearly show that the

<table>
<thead>
<tr>
<th>Destination</th>
<th>1Q 2019</th>
<th>1Q 2020</th>
<th>1Q 2021</th>
<th>1Q 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Cayman</td>
<td>$28.90</td>
<td>$24.50</td>
<td>$23.20</td>
<td>$24.70</td>
</tr>
<tr>
<td>Three Destinations</td>
<td>$43.43</td>
<td>$41.34</td>
<td>$40.73</td>
<td>$42.00</td>
</tr>
<tr>
<td>U.S. Virgin Islands</td>
<td>$15.00</td>
<td>$15.00</td>
<td>$14.75</td>
<td>$16.00</td>
</tr>
<tr>
<td>St. Martin</td>
<td>$19.75</td>
<td>$19.00</td>
<td>$19.50</td>
<td>$20.00</td>
</tr>
</tbody>
</table>

Table 4 - Destination Passenger Spend Attributes - 2014/2015 Cruise Year

In St. Martin, the average passenger spend per visit was $40.75, lower than the average of $46.00 in Grand Cayman. The highest rate of $19.75 in St. Martin. When adjusted for hours spent, the difference between the two destinations is lower than any other destination. It is 23% lower than the average of $22.00 in Grand Cayman. As shown in Table 4, the average spend per passenger in Grand Cayman is lower than any other destination.

<table>
<thead>
<tr>
<th>Destination</th>
<th>Average Per Hour</th>
<th>Average Per Visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Cayman</td>
<td>$2.90</td>
<td>$24.70</td>
</tr>
<tr>
<td>Three Destinations</td>
<td>$3.10</td>
<td>$33.00</td>
</tr>
<tr>
<td>U.S. Virgin Islands</td>
<td>$2.75</td>
<td>$27.50</td>
</tr>
<tr>
<td>St. Martin</td>
<td>$3.00</td>
<td>$30.00</td>
</tr>
</tbody>
</table>

Table 3 - Destination Visit Attributes - 2014/2015 Cruise Year

The time it takes to tender back and forth between the ship and the tender pier under the deck of the cruise passengers is an important factor in the total visit time. The average tender time is 5 minutes. The tender time required for passengers to tender back and forth between the ship and the tender pier is 4 minutes. The average tender time for passengers to tender back and forth between the ship and the tender pier is 4 minutes.

Table 2 - Destination Passenger Spend Attributes - 2014/2015 Cruise Year

The average tender time is 5 minutes. The tender time required for passengers to tender back and forth between the ship and the tender pier is 4 minutes. The average tender time for passengers to tender back and forth between the ship and the tender pier is 4 minutes.

Table 1 - Destination Passenger Spend Attributes - 2014/2015 Cruise Year

The average tender time is 5 minutes. The tender time required for passengers to tender back and forth between the ship and the tender pier is 4 minutes. The average tender time for passengers to tender back and forth between the ship and the tender pier is 4 minutes.
tion to hours increasing to the average for the three destinations with batching periods, the average passenger visit is increased by 15% above the base and an increase of US$2.5 billion. A mogelijk improvement is that in each hour of 4.65 hours, total passenger expenditures would increase to US$1.927 million, compared to the base. Under the most conservative assumption of an increase in average hours

Table 5 shows the impact on cruise passenger visits and expenditures for the three scenarios:

1. **Low Impact Scenario:** At a minimum, the average hours that cruise passengers will spend at the port will increase by 0.5 hours. The changes in passenger visits and expenditures are negligible for this scenario.

2. **Medium Impact Scenario:** Medium impact assumes the average passenger visit spent at the port will increase by 1.25 hours, and there is a significant increase in passenger visits and expenditures, leading to a 25% increase in cruise passenger visits and a 25% increase in passenger expenditures.

3. **High Impact Scenario:** In this scenario, it is assumed that the average hours that cruise passengers will spend at the port will increase by 2.5 hours, leading to a 50% increase in cruise passenger visits and a 50% increase in passenger expenditures.

### Impact Analyses on Cruise Passenger Visits and Spend

The three impact analyses, average and total spend during the visit, will increase and be more in line with spending rates in the United States. Thus, it is reasonable to assume that following the development of the CBF cruise passengers will spend more time ashore and per hour at the three destinations.

1. **Over 5- and 10-Year Periods:** The growth in the three destinations will be significant, comprising a significant proportion of the total passenger visits and spend.

2. **Cruise Passengers Spend Less Time Ashore:** Cruise passengers will spend less time ashore at the three destinations, which will impact the overall spend per passenger.

3. **Cruise Passengers Visiting Grand Cayman Spend Less per Passenger and Per Hour:** While passengers in any of the three destinations with batching periods.
Table 6 - Impact of CBF on Passenger Visits and Expenditures - 5% Increase in

Table 5 - Impact of CBF on Passenger Visits and Expenditures

Higher than the base and an increase of US$109.4 million raises the base and an increase of US$109.4 million.

Table 4 - Impact of CBF on Passenger Visits and Expenditures

Table 3 - Impact of CBF on Passenger Visits and Expenditures

Table 2 - Impact of CBF on Passenger Visits and Expenditures

Table 1 - Impact of CBF on Passenger Visits and Expenditures

Table 6 - Impact of CBF on Passenger Visits and Expenditures - 5% Increase in

Table 5 - Impact of CBF on Passenger Visits and Expenditures

Table 4 - Impact of CBF on Passenger Visits and Expenditures

Table 3 - Impact of CBF on Passenger Visits and Expenditures

Table 2 - Impact of CBF on Passenger Visits and Expenditures

Table 1 - Impact of CBF on Passenger Visits and Expenditures
at least 6% in the low and medium impact scenarios and by 9% in the high impact scenario.

With the 5% increase in visits in each scenario, total passenger expenditures would increase by

Passenger Retention and Spending Analytics

Grand Canyon
forces (such as economic and financial conditions, competitive environment, technology, etc.)

Market studies and trend analyses: detailed description of markets (defined as products, re-

used for forecasting, trend analysis and development/convergence analysis.

Statistical and econometric modeling: developing quantitative models relating market and product

economies.

Economic impact studies: through analysis of industries and consumption behavior and their

EISect:

ct demand, prices, costs of goods and services, perceived product attributes, and customer set-

Market Research: design and implementation of primary market research instruments using rele-

BREA provides the following services:

- Surveillance: BREA has provided specialized consulting support to various organizations.

- Demand: BREA’s, product demand, economic trends, consumer behavior and policy issues.

- Fully, consulting assignments provide critical insights and insight into market dy-

- Products: Leisure, retailing, gambling, business services, entertainment marketing and others.

- Consulting: BREA has provided specialized consulting support to various organizations.

- Support planning, sales and marketing with clear organizational.

- Approached results in comprehensive and actionable metrics, and advanced statistical and modeling techniques. This

- unique market analyses integrate economic, financial, and demographic trends with primary

- BREA specializes in custom market analyses for clients throughout the private and public sectors.