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**Department of Postgraduate Studies
Business Systems in Tourism & Hospitality**

MASTER STUDY PROGRAMME

Development of new cruise products

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1. INTRODUCTION

1.1 Introductory Remarks

The last half of the last century has been characterised by a rapid technological development of the society, development of standard of living and fast pace of life. Work and stressed life is a common everyday characteristic. Tourism, a form of organised annual vacation, is increasingly changing its standard form of holidays and is developing the offer which is in accordance to the demand and is aimed to satisfying other human motives which have replaced the standard holidays. The needs for adventures, for experience of nature and of new environment, are dominating tourist motives which give to tourism a multidisciplinary aspect. The process is followed by the development of new kinds of tourism, and the sea and other water areas and their tourist capacities are becoming more significant in the structure of tourist traffic¹.

Nautical tourism is a new economic phenomenon which future is still ahead. Its multiple effects nautical tourism reveals new, meaningful living conditions, urbanization and arrangement of living space, a series of activities that are directly or indirectly related to the overall tourist offer. Because of a significant share of the total economy, and especially because of necessary capacity building for its realization of unexploited marine and coastal resources, nautical tourism is attracting more and more attention worldwide. Development of nautical tourism will intensify the construction of special purpose ports, which may cause negative changes in the area if it is not systematically planned.

Understanding of coastal areas as an integrated marine and land area includes its balanced development. It has to be sustainable in the long term, highlighting the importance of responsible management of natural resources, while that space is one of the most important resources. It should be in mind that the space can't be treated as a non-renewable natural resource because, once used for an activity, it becomes, because of legal, social and economic reasons, hardly available for other activities. This

¹ T. LUKOVIĆ: *Sukobljene ili sukladne strategije razvoja Europskoga...342 Pomorstvo, god. 23, No. 2 (2009), p. 341-356*

highlights the importance of this criterion in the determination of priorities in selecting the macro and micro locations for the construction ports for nautical tourism.

One of the main characteristics of modern naval ships for the cruise is reflected in the fact that the ship becomes a destination in itself. So today are more and more dominated entertainment boats - pleasure for everyone. Distinct feature of the dynamics of demand for this kind of service and variety of structures passengers lead to detailed market segmentation which shipping companies established market niches by specific interests of passengers. In this way, their efforts are directed on devising supply for satisfying various needs. Special types of cruises - cruise around the world, theme cruises, adventure cruises (expeditionary and research, cruising sailboats, and other specialized ships), as well as a mini cruise, river cruise and segment of "incentive" cruises and conferences - are now more frequent in the market and attract a great interest travelers. It is the diversity of species of marine cruises allows travelers with special interests to find a space for themselves, but also gives certain uniqueness the ship itself. Also, this diversification goes in favor removing and overcoming stereotypical images that are still related to the cruise.

The construction of new, larger cruise ships and the general growth of supply capacity and market expansion have resulted in price reductions in certain segments of cruises offers so that they become available to an increasingly wider number of potentially users. Average consumers of round trips are no longer pensioners - today they are mostly couples, people of about fifty years, with a university education and above-average incomes, which lead to the round trip the entire family, and it is estimated that the average retirement age in the next period will be gradually reduced.² Since cruise stopped being only for "privileged" and became a product of mass tourism, it's more frequent occurrence the type of repeat cruisers, even on the same itinerary. This fact has an impact on the following: first, it reduces the number of passengers that get off the ship in destinations that are visited, secondly, passengers must constantly be offered something new (on boat and destinations), so that those who are on repeat journeys were also satisfied, and third, must be designed new itineraries, intended for special preferences of individual market segments.

² Cruise Lines International Association: <http://www.cruising.org>

Considering that today's ships, especially the big ones, their primary destination is on a cruise ship, visiting ports are becoming secondary destinations.³ In these ports as a rule only a part of the crew and the passengers get off the ship and temporarily stays on the mainland. This proportion varies greatly and, according to the literature, ranging from 15% to 100%, when it comes to the passengers. Because the part of the crew must always remain on board from the ship usually comes down to one-third up to two thirds of the members of the crew. The most common activities of visitors from cruise ships that are visiting the destinations are sightseeing the destination and its tourist attractions including going on trips in the surroundings, shopping in local stores, consumption of food and beverages in restaurants. Excursions and sightseeing tourist attractions in destinations / ports that are visited are an important part of many itineraries. Those trips are an important source of income for shipping companies because the price of excursions that they charge to passengers is only one third to maximum one half of the cost paid to the organizers of the excursions in the destination. Although the proportion of passengers who go on organized excursions and sightseeing varies depending on the destinations some sources state that 50 to 80% of travelers goes to the excursions / sightseeing.⁴

1.2 Subject of the Research

The subject of research is the development of cruising destinations, expansion to new markets and introducing new products. Through this work we will see what are the advantages and benefits of this tourism offer; how has experienced bloom and which companies have the leading position in the market.

The different impacts on tourism destinations of this segment of the travel industry are analyzed. The study includes the discussion of economic, social, environmental and cultural effects. It is consider the development of international cruising and exploration

³ Dowling, R. K. (2006.). „The Cruising Industry“. U *Cruise Ship Tourism*, Editor Ross K. Dowling, CAB International, p. 8.

⁴ Klein, R. (2006.). „Turning Water into Money: The Economics of the Cruise Industry“. U *Cruise Ship Tourism*. Editor Ross K. Dowling, CAB International, p. 264.

able to steer toward an acceptable way of doing business in order to preserve the nautical tourism.

It is also analyzed river trips on the Danube and their impact to the surroundings, new ideas for the development of river tourism in Serbia.

1.3 Purpose and Objectives of the Research

The main objective of this paper is to analyze the development of cruise tourism and cruise travel. The purpose of research is to introduce the characteristics of the tourism market for the development of cruise tourism.

The secondary objective of this paper is the sustainable development of cruise tourism and tourist destinations included in the cruise tourism. The aim is to explain ways in which nautical tourism affects the environment and the ecology of the sea.

It is also explained development of river tourism on the Danube and new trends that can be used in future.

1.4 Hypothetical Framework of the Research

The main hypothesis is that the future development of the cruise industry is based on the potential of new markets, new products and new tourism segments. During the last twenty years, the U.S. market became the mutual market. The leading cruising companies try to find new generating markets (Great Britain and Germany) and to offer modern cruise products. There are new types of cruising travel, thematic trips, river trips, etc.

The auxiliary hypothesis is that it is possible to achieve sustainability of cruise industry by introducing an environmentally responsible business that equally supports the sustainable development of both types of tourist destinations in the cruise tourism - cruise ships and coastal and island destinations included in the cruise tourism.

The research work of this paper focuses on the sustainability of tourism on the Danube, the possibilities for the development of new products in Serbia, including navigation on the Danube.

1.5 Methods and Research Process

Scientific method is a way of systematic, critical, controlled and repeatable process of acquiring new skills necessary for identifying, defining and solving scientific problems. To meet the basic methodological requirements in the course of the study this study used a variety of research methods and verification processes in order to collect relevant data (existing literature, reports, documents, publications, statistics, etc.); to analyze the existing data on cruise tourism in the world; quantitative and qualitative content analyze.

First step was collection of literature on the methodology of scientific research and cruise industry from variety of sources; afterwards, the research literature, through the stages of discovery, describes and explains in systematic and structured way the research results.

In the research work was used benchmarking. During the secondary research we came up with the existing offer abroad on the Danube and we compared what is Serbia lacking in order to create new products which will attract new tourists.

PART ONE - Modern new trends in the cruising industry

2. Development of cruise ship companies

Nautical tourism is a form of tourism that takes place on the water. The name is derived from the Greek word *naus* (Latin *navis*), which means a boat. In a broader sense the meaning is tied to the marine, sailing, boating, etc..

Global nautical products consist of two main subgroups:

- Sea and activities related to the sea
- Still waters (rivers, lakes) and activities related to the still waters.

The main groups of products:

- Individual sailing on rivers and lakes by boat owners - small boats for 2 - 4 persons.
- Charter - sailboats rental - small and medium-sized ships 4 - 12 people.
- River cruise - an organized trip by the tour operator and destination management company (DMC) - a voyage along inland waterways, often stopping at multiple ports along the way. Since cities and towns often grew up around rivers, river cruise ships frequently dock in the center of cities and towns⁵. They take on large ships designed for groups of 20 people and up to 300 people.⁶

2.1 Early origins

Nautical tourism has started to develop from the beginning of maritime activities. In history, conquest was not the only reason for, but also out of curiosity, adventure, and even just for fun, as evidenced by numerous records (Homer's epic journey described in the "*Odyssey*"). Mediterranean and Greece at that time was the center of maritime navigation and rowing competitions in the water on the occasion of various events were

⁵ http://en.wikipedia.org/wiki/River_cruise; seen on Saturday, February 1, 2014.

⁶ Tourism Development Strategy of the Republic of Serbia, seen on Wednesday, May 29, 2013.

held in Rome, Egypt, China, and the experience gained at sea took the Arabs and transfer them to Spain. At the time of great discoveries, the center of maritime becomes Portugal where in the middle of the 15th century was established the first naval school and the observatory, and in 16th century appeared the first nautical charts (the first world map was a map of Leonardo da Vinci in 1515.). Over time, the Italian cities Genoa and Venice became naval powers in the Mediterranean, from where this activity spread to England. In the early 18th century in England was established the first yacht club, and the first competition was held on the River Thames in 1715. and it is traditionally held until today. At the end of the 18th century, there was the first transoceanic cruise and during the 19th century developed travels for sports and entertainment reasons. In the early 20th century (in 1907. and in 1912.) are organized the first international regatta competition (Algeria - Monaco). In '30s the largest (length 40 meters) and the most spectacular yachts of all time were built by wealthy yachtsmen, specifically designed for the racing competitions, such as, for example, America's Cup, which was maintained in 1930, in 1934 and in 1937.

After the stagnation during the war, in the period after World War II, traveling (especially intercontinental) take place by ships. In the 60s dynamics of tourism trends on ships for pleasure and recreation is rapidly increasing, and these movements gain mass character, which led to the formation of the modern nautical tourism. However, the development of air traffic leads to great popularization of international and domestic tourist travel and discovering new destinations and facilities, resulting in the rapid development of business of tour operators. The first package arrangements for the holidays were aimed to link the markets of Great Britain, Germany and Scandinavia to destinations in Spain, Italy, France, Greece and other countries.

Sea cruises provides maritime, transport and tourist service spread to the whole world.⁷ During its development, the maritime cruises are experiencing great changes - from boring and old-fashioned ways of traveling intended for consumers with high spending power, are becoming an attractive form of rest, which offers voyage for pleasure and fun, dedicated to all segments of the market. Cruises are becoming an important phenomenon of the 70's of the 20th century, when cruising companies are

⁷ Ban, I. (1995). „Svjetsko tržište pomorskih krstarenja (I.)“, *Economic Thought and Practice*, No. 2, Faculty of Tourism and Foreign Trade, Dubrovnik, p. 180.

starting to build new ships primarily for maritime cruises as entertaining and rest tourism product. So 80's, and especially 90's, maritime cruises seems even more and more important.⁸

To significant changes in the market of maritime cruises is coming 60's of the last century for the development of air traffic and a decline in demand for maritime transport. Due to appearance of airplane cruising company got into difficulties. Transport of passengers by sea could not compete with air transport. Companies that have managed to survive in the market are included in their offer in the winter time sea cruises in regions with favorable climatic conditions. Because of the favorable climate, as a region for maritime cruises, begin to develop the Caribbean islands. At that time it was insufficiently affordable due to lack of hotel capacity and weak connections with major tourist centers in the U.S..⁹ At the time, on the cruises people went for sailing on a ship that allows visiting interesting ports and still not enough known tourist attractions. The ambiance on board was strictly formal, separate passengers depending on the type of cabins that are used, and the prices were unavailable for American family with average income. Cruising is mostly lasted 7 or 14 days, and only the older consumers had the time and money for this type of holiday. There were not many passengers on cruises. Cruises are perceived as an unusual way of traveling in the places of interest, but at the same time have meant a certain social status. The quality of the ship for passengers was less important, more attention was given to the harbor sightseeing. Although the cruising companies in their slogans promised entertainment aboard, it is mostly lacked.¹⁰

In late 60's and early 70's in the United States were founded cruising companies that develop new marketing strategy and their offer based only on a cruise as a tourist product. In order to adapt to market conditions, which are constantly changing, many cruising companies have become aware of the need of development of effective marketing strategies. In order to adapt to market conditions, which are constantly changing, many shipping companies have become aware of the need of development of effective marketing strategies. It will "specify what (goals that should be achieved), where (to which the market to focus), how (what resources and activities allocated to

⁸ Mancini, M. (2004). *Cruising, A guide to the Cruise Line Industry*, Delmar Learning, New York, p. 8.

⁹ Ward, D. (2006). *Complete guide to Cruising & Cruise Ships 2006*, Berlitz Publishing, London, p. 23.

¹⁰ Dickinson, V. (1997). *Selling the Sea, An Inside Look at the Cruise Industry*, John Wiley & Sons, Inc., New York, p. 38

each product / market in order to take advantage of favorable market opportunities and minimize threats), to achieve competitive advantage".¹¹ Cruises stop being a transport service, and it is becoming a cruising that offers new experiences and entertainment on board.

However, the energy crisis of the 70's influenced that tour operators who have already expanded its operations in remote destinations confront with the need maximum control of costs and the problem of maintaining price competitiveness and existence in the tourism market. This situation is considerably helped to create the arrangements that include other means of transport, as well as combined package arrangements. In the 80's of last century nautical tourism experienced renaissance when it starts to be noticed its importance and economic power, which has led to today's travels are one of the most competitive, and even the most profitable segments of the tourism. Along with the cruise, it was developed and individual, recreational sailing, either by using its own ships either with rented (charter).

North American market of maritime cruises began its rapid development in 1966. with the establishment of a cruising company *Norwegian Caribbean Line*¹². In 1987. company changed its name to *Norwegian Cruise Line*. In the same period were founded the cruising companies *Royal Caribbean Cruise Line* (1969.) and *Carnival Cruise Line* (1972.). They gave their stamp to the development of modern concept of cruising. They have remained to this day and have become a leading company in the market. The cruising company *Norwegian Cruise Line* is considered to be pioneer in the development of modern maritime cruise. That company has transformed the old maritime cruises ships, built mainly for overseas shipping, which was offered at the end of 60-ies in the regional market of South Florida, into a modern resort product on newly built ships specifically designed for cruising the Caribbean islands. Its fleet of four modern ships went an entire year on the same itinerary with the port of embarkation in Miami.¹³

¹¹ Renko, N., (2005) *Strategije marketinga*, Naklada Ljevak, Zagreb, p. 17

¹² Cartwright, R., Baird, C. (1999), *The Development and Growth of the Cruise Industry*, Butterworth – Heinemann Oxford, p. 36

¹³ Dickinson, V. (1997). *Selling the Sea, An Inside Look at the Cruise Industry*, John Wiley & Sons, Inc., New York, p. 24.

An important role in the development of the modern conception of cruises had a cruise company *Carnival Cruise Line*, founded by Ted Arison. The company has been offering a casual and carefree family vacation at sea, which was the successful competition for resorts in Florida and the Caribbean.¹⁴ Realizing that there is great potential for the development of maritime cruises within the consumer segment of middle and lower purchasing power and younger population, who had no prior contact with the cruise, Ted Arison has developed a new concept of cruising sailing for fun in an informal atmosphere. Segment of the middle and lower consumer spending power has provided the opportunity for aggressive growth because it is much larger segment of consumers with high incomes. Price for cruises offered by *Carnival* was acceptable for all age groups. In order to attract new customers, the company launches ships which offers relaxation, entertainment, rest, fun, sports and other activities that tourists can find in traditional resorts on the mainland, and promote their ships as fun ships. A new concept of entertaining and relaxing cruises intended for the mass market is remarkably different from previous known in the consumer consciousness. After the introduction of another ship in 1976, the *Carnival* goes one step further and change the order of embarkation to the port in Miami. That both ships would not be found in the same port at the same time, they provides embarkation on Sundays, which at the time was unimaginable because of the generally accepted view that the demand for such itinerary (Sunday to Sunday) is very small.¹⁵

The new strategy has experienced great success on the North American market first, and then on the others and provided a company *Carnival Cruise Line* leadership role in the global maritime market cruises, which is kept by today. This strategy was followed by other shipping companies. The ship has stopped being way to transport and became a floating hotel - destination, and cruise tourist product that provides relaxation and fun, with a wide variety of content on board. Cruise companies have identified a potential new segment of consumers and developed new programs of cruising. Market segmentation has become crucial to the survival and development of shipping companies. Carefully planned marketing strategy was imperative for successful

¹⁴ Swarbrooke, J., Horner, S. (1999). *Consumer Behavior in Tourism*, Butterworth Heinemann, Oxford, p. 323.

¹⁵ Dickinson, V. (1997). *Selling the Sea, An Inside Look at the Cruise Industry*, John Wiley & Sons, Inc., New York, p. 33.

business in the global market of maritime cruises. They are developing thematic cruises adjusted to certain groups of consumers.

Number of passengers on cruises in just ten years has increased by 190%, from 500 000 passengers in 1970, to 1.4 million passengers in 1980.¹⁶ Cruises are becoming a mass phenomenon, intended for all segments of consumers, regardless of age and socioeconomic status. Larger ships are building, which have air condition for regulation high temperatures and moisture, stabilizers, great attention is paid to the safety of passengers and crew as well as hygienic. The quality and offers of content depends on the category of the ship and the target segment of consumers. The dynamic growth of demand for maritime cruises is recorded from the mid 80's, with the establishment of new companies, building new ships, targeting consumers in other segments, adjusting offers and other elements of the marketing mix for requirements of the passengers - tourists.

The introduction of the so-called *fly-cruise* program, has contributed to the development of the industry of cruises and also led to a change of the sequence of loading port. The cruise companies have quickly become aware of the advantages of air transport industry, and have developed a *fly-cruise* program, which include transport by plane to port of embarkation, cruise and return by plane to the passenger places of residence. Demand for such programs has grown as the price covers the cost of the cruise package and transport to the port of embarkation and disembarkation. Cruise company leased the seats on the plane (which lowered the price of the flight), and some had their own charter flights. In this way, they could enter into new, farther, geographical markets and closer the port of embarkation to distant large urban centers. Arrangement that includes transportation by plane and cruise has enabled for ships to be near the area of cruise and to shorten the stay on board. In that way they developed mini cruises that last for 2-3 days. In the 80's, with the increasing popularity of fly-cruise arrangements, schedules of embarkation ports are being changed.

Cruise companies are developing competitive marketing strategies and identify opportunities to achieve further growth within existing business: increasing market share using its current products (market penetration strategy), develop new markets for its

¹⁶ Hobson, J.S.P. (1993). „Analysis of the US Cruise Line Industry“, *Tourism Management*, Vol.14, Issue 6, Elsevier Science Ltd., Amsterdam, p. 454

current products (market development strategies), development of new products potentially interesting to current markets (product development strategy) and product diversification. Promotions were mostly directed to consumers who have already been on a cruise, gave discounts and other benefits to loyal passengers, offered membership in various clubs that guarantee to constant consumers more convenience on another cruise trip, they submitted their information to home address about new offerings, special offers, discounts and so on. In this way they created a database on the characteristics of the target groups, their preferences and habits that helped them in making decisions about the product policy and other elements of the marketing mix.

The market of maritime cruises, according to the socio-economic characteristics of travelers, segmented into:

1. The mass market - consumers with low purchasing power. Cruises are shorter, larger capacity ships (over 1,200 passengers), with a fully organized program of on board entertainment and nightclubs. Annual revenue passengers are between \$ 20,000-39,000, and the average cost of travel per day per person is \$ 125-200, depending on the duration of the cruise and cabin category.

2. Medium market - consumers are medium purchasing power. This group of consumers has the largest market share. Cruise ships are the size from 500 to 2,200 passengers and ship capacity from 700 to 1,000 passengers. Annual revenue passengers range from 40,000 to \$ 59,000 and the average cost of travel per day per person is between \$ 200-350.

3. Luxury market - consumers are high purchasing power. They cruise on smaller ships, capacity of 700 passengers, with a higher number of staff per passenger, larger cabin and more space. Annual revenue passenger exceeding \$ 60,000, and the average cost of travel per day per person is higher than \$ 350.

4. Special market - consumers are looking for adventure and exclusivity on vacation. They cruise on small ships and large yachts. Boats are usually capacity of 50 passengers and -150 are especially equipped, for example, equipment for diving, etc.. In this group are also included sailing ships.

In the 90's was created the image of cruising as a rather expensive and luxury products for people who have never been on a cruise. Exclusivity and formality of the ship are accentuated in commercials showing the passengers in formal clothes on a cruise, luxury rooms on the ship, superior service and formal dinners. This image was also created with the names of ships, which often contain words such as Crown Majesty, Prince, Queen, etc.. Even 52.8% of potential customers, according to research conducted by independent chain of travel agencies specializing in selling cruises (*Cruise Holiday*), reported that they had a high price of the cruise.¹⁷ Besides a result of using the strategy of penetration was reducing the share of new passenger in the total number of passengers. So in the 70's and 80's, when the number of passengers grew rapidly, their share was a 65-75%. In the 90's the share of new passenger decreases and according to the evaluation of CLIA (*Cruise Line International Association*) in 1994. was higher than 40%. Precisely these new passengers of previous years created permanent members who went on the cruise again.

Although the demand for the cruises since 1980. is increasing, in the 90's (since 1994. till 1995.), the growth and decline of the number of passengers on the North American market slows down. According to Dickinson this is a result of using the marketing strategy of market penetration of most cruise companies in order to achieve greater market share in the existing market. Peisley¹⁸ said that the main cause of this state in the cruise market is slowing down the investments of shipping companies in new capacity - the ships, and the *World Tourism Organization* agrees.¹⁹

In order to provide better placement, shipping companies were linked and began to work closely with distribution channels, especially with travel agencies. In early 90's even 98% of booking carried out through the agency, and they represented the most important distribution channel.²⁰

Cruise companies and CLIA are strengthening cooperation with agencies in order to better promote and develop the cruise market. Many agencies have specialized only

¹⁷ Dickinson, V. (1997). *Selling the Sea, An Inside Look at the Cruise Industry*, John Wiley & Sons, Inc., New York, p. 157.

¹⁸ Peisley, T. (1998). „The North American Cruise Market“, *Travel & Tourism Analyst*, No.4; *Travel & Tourism Intelligence*, London, p. 2.

¹⁹ World Tourism Organization, (2003), *Worldwide Cruise Ship Activity*, Madrid.

²⁰ Hobson, J.S.P. (1993). „Analysis of the US Cruise Line Industry“, *Tourism Management*, Vol.14, Issue 6, Elsevier Science Ltd., Amsterdam, p. 454.

in selling cruises due to the increasing demand for cruises and commission incomes larger than from sales of other travel arrangements as well as good organization of the booking.

Mass cruises are becoming more represented and some large companies as *Carnival Cruise Line*, *Royal Caribbean Cruise Line*, *P & O (Peninsular and Oriental Steam Navigation Company)*, are building their commercial success exactly on the concept of mass. Offer is increasingly focused on entertainment facilities on board and classic style cruising, which means more luxury, more ports in which landing, sightseeing and cultural and historical sights. Such an offer is the result of a variety of demand and maturity of carrier cruising that are trying to satisfy all demands in the market competition. In support of this contention is the fact that themed cruises are increasingly offering. This form offers is not new on the market, but it is becoming increasingly common and diverse.²¹

In the period since 1980 to 1996 the number of cruise passengers worldwide grown from 1.8 million to over 6.5 million people, has increased more than 3.6 times, and the average annual rate of 8.4%. In the same period, total foreign tourist traffic grew at a rate of only 4.5%. The demand for international tourist cruises had a similar growth in the period in 1996 until 2000 year.²²

2.2. Characteristics of cruising destinations, types of cruises and cruise ships

Cruise trips have the longest tradition in Europe, in the Mediterranean (particularly the shores of the Aegean and the eastern coast of the Adriatic Sea). According to statistics, most of the boaters in the Mediterranean comes from Germany, Austria and Switzerland. However, one should not neglect the importance of nautical tourism in the region of Great Britain, Belgium, the Netherlands, Norway and Sweden. This study states that the European market of cruise travels in the period from 1993. until 2005.

²¹ Ban, I. (1995). „Svjetsko tržište pomorskih krstarenja (I.)“, *Economic Thought and Practice*, No. 2, Faculty of Tourism and Foreign Trade, Dubrovnik, p. 27.

²² G. Radović, (2006). "Nautički turizam i planiranje marina", *Faculty of Tourism and Hotel Management in Kotor, University of Montenegro, Podgorica*, p. 26 - 27.

grew at an average of 13% per annum, which is much faster than the North American market. In the last ten years the capacity of ships in European waters increased from the average 557 to 954 beds. The largest ships sailing Europe in 1996. had 1,808 beds, and in 2006. had 3,114 beds. The most important European emissive market is the UK, which accounted for about 33% of the total number of cruise passengers in the 2005.. The following the German market (20%), then the markets of Italy, Spain and France with a total joint participation of 35%. The highest growth in the period of 2003 - 2005 recorded the Italian market - the number of passengers from Italy is increased in 2005. by almost 50% compared to 2003. and hit half a million.

Cruising trips are now designed as a luxury floating hotels and resorts where the stay is filled with a variety of facilities and numerous entertainment, sports, recreational and cultural activities, so represent mobile / floating resort and the primary destination, and all the ports in which are disembarking became secondary destination. These cruises are usually associated with docking ship in one or more ports, in which the passengers and crew disembark for sightseeing tour, or" for leisure, entertainment, vacations, etc.". ²³ Radovic define a round trip or cruise as" transport of people by boat according to predetermined timetable and program a series of sports, entertainment, health and other activities and services provided to the passengers on tourist travel in order to vacation, leisure and recreation". ²⁴

From the point of ports and destinations they visit, tourists from the ships are recorded as a one-day visitors, even when the ship spends more time on the same port, as the overnight stay is realized on board as foreign territory in towards the state of the port is located. Depending on the length of the arrangement, cruises can be divided into short (7, 14, or 21 days) and long (21 days to several months). The average duration of the cruise in the 2004. was 9.7 nights, while the most popular cruises in the category of 5 to 7 days (46%), from 8 up to 14 days (40%), and between 1 and 5 days (6%).

Increased development trend of nautical tourism, which is based on individual navigation - using their own water resources and their renting (charter) led not only to an increase in the number of ships, but also to the mass construction of specialized ports

²³ Group of authors, (2007). *Study on Sustainable Development of cruise tourism in Croatia*, Tourism Institute, Zagreb, p. 3

²⁴ G. Radović, (2006). *"Nautički turizam i planiranje marina"*, Faculty of Tourism and Hotel Management in Kotor, University of Montenegro, Podgorica, p. 26.

for them. Today nautical tourism is especially developed along the coasts of Europe, North America, Japan, Hong Kong, Australia and the South Pacific Islands. The sharp development was recorded in Italy, France, Spain, Greece and Turkey, where they built a different kind of reception, vessels and marine facilities of numerous complementary infrastructures.

The largest increase in river tourism and new forms of holiday are expected in the so-called new European destinations (Serbia, Slovakia, Hungary and Romania) where this type of product is still underdeveloped.

When it comes to further development of nautical tourism the following trends have expressed:

- Reducing the rate of growth in demand in the U.S. market.
- High growth in demand in the European markets, especially Italian, German, French and Spanish markets. Growth in demand will be focused primarily on the Mediterranean.
- Changes in the demographic structure of demand: increasing the participation of young population in traveling
- Lower purchasing power.
- Increase the number of repeated trips and increase the need for more specialized offerings.
- The decrease of prices for travel and technological progress and shortening the average duration of the trip.
- An increase in the average size of the ship - the floating hotel resort, which implies greater concern for the environment and the safety of passengers.
- Increase the number of ports included in the cruise due to market expansion.

Maritime cruises include all four characteristics of tourism - transport, accommodation, attractions and tour operators - and therefore are the main competitors of stationary tourism. Share of maritime cruise sector at the global level achievements of tourism is 1.6% of the total number of tourists or 1.9% of the total number of nights. In contrast revenues cruise companies represent the 3% of total tourism revenue. ²⁵

²⁵ Kester, J. G. C. (2002). „Cruise Tourism“, *Tourism Economics*, Vol. 9, p. 337 - 350.

According to the *World Travel and Tourism Council*, passengers on cruises spend 30% less than on the destination. Floating hotels that bring daily visitors contribute to the overall of tourism revenue. In addition, they are creating new jobs, both in direct and in indirect activities which are related to the consumption of employees in the service sector of cruise tourism.

Cruises have slightly specific impact on society than conventional tourism because above all is different behavior of tourists / travelers and their needs. The increasing number of tourists from cruise ships, especially in smaller urban areas requires increasing number of guides, vendors, bus drivers, and other similar service occupations. Migrations are starting from rural to urban areas in search of labor and better salaries. There is a change in social values with higher levels of social change. Increase the number of people in one day requires greater engagement of the police, both in traffic and in the insurance of passengers as the great mass of passengers attract crime. In some areas may also occur prostitution and other illegal activities. With naval cruises are often linked and spread of various diseases, like the famous *Norovirus*. Although cruisers are trying to contain the spread of the virus on board by various measures and isolation of passengers, sometimes it is difficult to prevent because the passengers are unwilling to be in quarantine while on vacation. In any case, public health authorities require review from all the ships at the port of arrival in order to determine the situation and implement appropriate measures to combat the spread of the disease to the local population. There is also the influence of language on the local population because the passengers are used mostly English. It can certainly be a positive because communication in a foreign language is a part of learning.

Too big numerical relations of passengers towards the local population negatively affect passenger satisfaction with destination that arises from the negative attitude of locals towards passengers. A good example is Venice, where the ratio of visitors and locals in the city center is 89.4:1, while the wider area is 27.6: 1. Also, visitors purchase real estate - holiday houses and with increased demands raise real estate prices. The

result is a migration of the local population that has less than 70000.²⁶ The ratio of these two sociological groups, travelers and locals can be shown through:²⁷

- the nature and size of their social, economic, and cultural diversity;
- numerical relation,
- allocation and transparency in increasing the number tourists
- the speed and intensity of development of cruise tourism
- the expansion of trade and employment.

In this context, one can speak of Doxey's irritation index of locals to tourists / travelers. The locals go through several stages:

- Euphoria (following the initial development of tourism),
- Apathy (as tourism develops, it becomes a part of life)
- Discomfort (tourism makes difficult their everyday lives and causes problems)
- Antagonism (when that relationship turns into a conflict and when it is spread an anti touristic behavior).²⁸

The crucial detail makes the behavior of passengers from cruise ship that combined with their large number of additionally act on the crowd. A good example is Venice. Behavior of the visitors is regulated by the tourism code which includes:

- Visitors should use the map with attractions, in an attempt to get them geographically separated. Venice became a cultural Disneyland or a living museum with a minimum population,
- Tourists must navigate the right side of the street to avoid crowds and allow a good flow of people.

²⁶ Page, S. J. (2007). *Tourism Management, Case study: Managing the tourist impact in Venice*, Elsevier LTD, p. 418. – 423.

²⁷ Douglas, N. Douglas, N. (1996). „The social and cultural impact of tourism in Pacific“, u Hall, C. M. i Page, S. J., *Tourism in Pacific: Issues and Cases*, London, International Thomson Business Press, p. 51.

²⁸ Doxey, G. V. (1975). *A causation theory of visitor-resident irritants: Methodology and research inferences*, presented at the *Proceedings of the Travel Research Association 6th Annual Conference*, San Diego California, Travel Research Association

They also introduced a special regulation for St. Mark's Square, which prohibits lying on the sidewalk, street, picnics, throwing plastic bottles onto the floor, cycling, inappropriately dressed and walking in bathing suits. Penalties are in the amount of 50€.

3. The biggest markets

3.1 Characteristics of U.S. Cruise Industry

A large area of North America is the largest market in the world of cruising. Most respectable companies have their offices in Florida, so it was not a strange fact that two-thirds of the world's cruise passengers coming from North America. It can be divided into five destinations: Caribbean, Alaska, northeastern America, Pacific coast of Mexico and the Mississippi River. In 2007, there was 10.6 million passengers, in the end of 2008, capacity amounted to 10.9 million passengers, while the early 2009, Capacity increased by 660 700 passengers. In 2010, the number of passengers was 14.3 million. Of the total population of North America, 18% of them were on the cruise. In 2007, generated revenue of \$ 19 billion, that is \$ 32 billion contribution to the U.S. economy. In 2011, the cruise line industry generated more than \$ 40.4 billion to the U.S. economy and created 347.787 jobs in the U.S. Also in 2011, CLIA member lines carried 16.3 million passengers, an increase of 10.1 percent, and 9.8 million passengers embarked at U.S. ports. The 24% of all Americans have cruised.

The most famous cruise companies with headquarters in U.S. are: *American Cruise Lines, Carnival Cruise Lines, Celebrity Cruises, Disney Cruise Line, Norwegian Cruise Line, Holland America Line, Princess Cruises, Orient Lines, Royal Caribbean International, Windstar Cruises.*

3.1.1 Caribbean

Caribbean attracts more passengers than any other cruise destinations in the world. Interest to North American travelers to the Caribbean area is great because of their proximity - the big demand was noticed especially after 11 September 2001. in order to be closer to home because of the way they feel safer. This area with more than 7,000 islands can be divided into Eastern, Western and Southern Caribbean, which are formed the itinerary. Bahamas and Bermudas are geographically outside the area, but are included in the Caribbean itinerary.

3.1.2 The West coast of North America and Hawaii

When it comes to this destination, mostly refers to the Mexican coast (Ensenada, Acapulco, Cabo San Lucas, Mazatlan, Puerto Vallarta) as the destination of different itineraries that depart from Los Angeles, Long Beach and San Diego. This includes itinerary of three, four or seven days. The port for the cruise through the Panama Canal is Acapulco. Often these destinations are mentioned together with Alaska because some Itineraries depart to that destination.

3.1.3 Alaska

Cruise season in Alaska is limited due to weather conditions and so begins in May and ends in late September or early October. Because of its ecological areas and regulations associated with it, it can hardly be compared to any other destination. In fact, there are limits with exhaust emissions at ports in certain areas (such as Seattle, Juneau). Companies are aware of this, which is reflected in the specification vessels (turbine facilities with very low exhaust emissions) that are passing by. The increase in oil prices affects to seek compromise and use cheaper fuel by installing diesel engines on turbine ships known as the "clean ships" (clean ships). Specificity is also the fact they are just two starting port of the itinerary (Seattle and Vancouver).

3.1.4. East coast of North America

The tradition of passenger ships that sailed the east coast between New England and New York (Fall River Line), and later a bigger ships, voyaging from Europe - New York, continued to today's cruisers. As well as season in Alaska, it is limited by weather conditions, and lasts from late spring to late fall. The most itineraries are those who depart from New York to Montreal and one to Bermuda archipelago. Port through which pass the itinerary from New York to Montreal are Newport, Boston, Bar Harbour, Saint John, Halifax and Quebec City. Further south port included in the itinerary are

Philadelphia, Baltimore, Charleston and Norfolk, which has upgraded the existing port infrastructure with \$ 36 million invested.²⁹

3.2 European market of cruise travel

The largest cruise market in 2011 was the US, followed by the UK and Germany. Recently, the European cruise market has been outpacing the North American market in terms of growth in the number of cruise passengers, with Germany representing the fastest growing market in the world.

For many years, cruising was viewed as an almost exclusively US pursuit, and while European ports sought to service the sector as best they could, operators had little interest in looking how to attract visitors from outside their traditional demographic.

Cruise tourism in Europe impacts all of the major aspects of the industry, including: ports of embarkation, ports-of-call, shipbuilding, ship maintenance, provisioning, sales and marketing, the staffing of cruise ships and administrative facilities.

Over 6 million European residents booked cruises in 2011, a 9.0% increase over 2010. In 2011, Europeans represented nearly 30% of all cruise passengers worldwide, compared with 22% ten years earlier. Nearly 5.6 million passengers embarked on their cruises from a European port, a 7.1% increase over 2010. Approximately 4.8 million (85%) were European nationals. The vast majority visited ports in the Mediterranean, the Baltic and other European regions and generated 27.8 million passenger visits during 2011, a 9.7% increase over 2010 (Table 1). Cruise lines visited a total of around 250 European port cities including the Black Sea and Atlantic Isles. In addition, an estimated 14.3 million crew also arrived aboard cruise ships calling at European ports during 2011.³⁰

²⁹ Mancini m. (2004), "Cruising: A Guide To The Cruise Line Industry", Second Edition, Delmar Thompson Learning, Los Angeles, p. 96.

³⁰ Source: www.global.cruising.org, seen on Monday, May 13, 2013.

Table 1: European Cruise Passengers by Source Country, 2011

Country	Passengers	Share of Total
UK/ Ireland ①	1,700,000	27.5%
Germany	1,388,000	22.5%
Italy	923,000	14.9%
Spain	703,000	11.4%
France	441,000	7.1%
Scandinavia	259,000	4.2%
Benelux	159,000	2.6%
Switzerland	121,000	2.0%
Austria	104,000	1.7%
Other EU + 3	382,000	6.1%
Total ②	6,180,000	100.0%

Source: *www.global.cruising.org* (seen on Monday, May 13, 2013.)

For Europe's cruise industry, 2012 has been a difficult year. Southern Europe is in a state of economic crisis, with both Greece and Spain accepting bailout packages in return for years of government austerity. Northern Europe, while faring better, could hardly be described as thriving. Consumer confidence is low – a malady made worse by January's Costa Concordia disaster, and while suppressed continent-wide demand has been countered by aggressive discounting, the collapse of the Eurozone, a not unthinkable prospect, could have a catastrophic effect on what has been an industry success story.

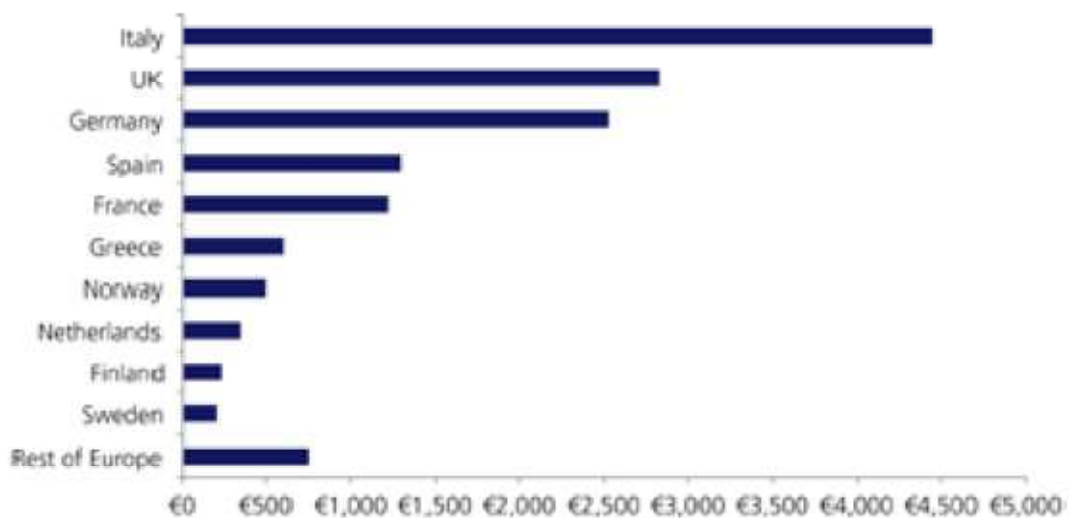
The top ten countries accounted for 94.5% of the cruise industry's expenditures throughout Europe.

1. Italy, as the leading center for cruise ship construction in Europe and the largest cruise embarkation and destination market, benefited from €4.45 billion in direct cruise industry expenditures, a decrease of 2% from 2010.

2. The UK is the largest source market for cruise passengers in Europe with over 1.6 million residents taking cruises during 2011. It was also the second largest market in terms of cruise industry direct spending with €2.8 billion, a 10.1 % increase over 2010.

3. Germany is the second largest passenger source market in Europe and also the second largest market for cruise ship construction and maintenance. Spurred by a 13% increase in both cruise ship construction at German yards and passenger and crew spending at German ports, total direct spending by the cruise industry in Germany rose by 9.5% from 2010 to €2.5 billion in 2011³¹ (Chart 1.).

Chart 1: Cruise Industry Direct Expenditures by Country, 2011, Millions



Source: <http://global.cruising.org> (seen on Monday, May 13, 2013.)

3.2.1 The Mediterranean as the cruise destination

- In 2011 a total of 171 cruise ships were active in Mediterranean waters with a capacity of 221,419 lower berths with an average of 1,295 berths per ship.
- Collectively these ships carried a potential 4.08 million passengers on 2,958 cruises, offering a total capacity of 33.79 million per-nights, giving an average cruise length of 8.3 nights. A further 465,000 potential passengers cruised the Atlantic Isles.

³¹ Source: www.global.cruising.org, seen on Monday, May 13, 2013.

- The Mediterranean market in 2012 was expected to attract around 30.7 million guests per-nights, caused by the withdrawal of some North American capacity, together with the aftermath of the *Costa Concordia* disaster.

3.2.2 Northern Europe

In 2011 a total of 102 cruise ships were active in Northern European waters with a capacity of 111,188 lower berths with an average of 1,090 berths per ship.

The Northern European market grew by around 15% in 2011 and is expected to expand further in 2012 to around 13.2 million per-nights and to continue to grow in 2013. The Baltic is the largest segment in the Northern Europe market, generating about 3.6 million passenger port visits in 2011 and around 4 million in 2012.³²

3.2.3 UK Market

UK cruise industry figures for 2012 released by the *Passenger Shipping Association (PSA)* at the *World Travel Market* estimate that 1.72 million Brits was on ocean cruise, 20,000 passengers more than the 1.70 million carried in 2011. Long term orders stretch out at an even higher level to 2015, representing more than \$12 billion of investment in new ships over the next three years alone. For 2013, the *PSA* is predicting a growth of more than 2% in UK cruises to 1.76 million passengers, on the back of continued investment in new and refurbished cruise ships, a strongly competitive market, and the continued popularity of ex-UK port cruises.³³

The most famous cruise companies with headquarters in UK are: *Cunard Line*, *Fred. Olsen Cruise Lines*, *European Waterways*, *Island Cruises*, *P&O Cruises* and *Thomson Cruises*.

³² Source: www.global.cruising.org, seen on Monday, May 13, 2013.

³³ Source: <http://www.cruisebusiness.com>, seen on Monday May 13, 2013.

3.2.4 German Market

German cruise market had a double digit annual growth rate (13.8%) in 2011. There were nearly 1.4 million German cruise passengers in 2011 as the German cruise market consolidated its position as the second largest market in Europe, increasing its share from 22% to 23%. The revenue generated in the German cruise market increased by 14.8% to nearly 2.4 billion €. The average cruise duration dropped slightly from 9.3 nights in 2010 to 9.2 nights in 2011. The German market is dominated by German-speaking brands that include the market leader *AIDA Cruises*, *Hapag-Lloyd Kreuzfahrten*, *Peter Deilmann*, *Phoenix Reisen*, *Plantours Kreuzfahrten*, *Sea Cloud Cruises*, *Transocean Kreuzfahrten* and *TUI Cruises*. 60% of the German market travelled on German vessels and 40% on international vessels. The Mediterranean and Atlantic Islands account for 47% of the market while Northern Europe accounted for 25%.³⁴

Over the last 20 years, the number of Germans taking a cruise holiday has made an upsurge from just 235,000. It is expected further growth in 2013. Ocean cruises were the major success story last year, with passenger numbers rising 11.2% to nearly 1.4 million and revenues up 11.3% at 2.6 billion €. The average price remained stable with the Mediterranean, North Sea, Baltic and Caribbean proving the top destinations once again.

In contrast, the river cruise market declined 5.4% to 437,000 passengers, with revenues falling 8.2% to 455 million €. A slump in Nile cruises was the key reason, along with tighter visa regulations for entering Russia and higher value-added tax for this niche. However, river cruise operators remain optimistic. Five new vessels dedicated to the German market went into service last year.

³⁴ Source: <http://www.afcc-croisieres.fr>, seen on Monday May 13, 2013.

3.2.5 The Italian Market

Italy, the third largest cruise market in Europe after the UK and Germany, grew by 4% in 2010 to reach 922,000 passengers. The Mediterranean is the most popular destination for the Italian market accounting for 82% of passengers. Italy is one of the most concentrated markets in Europe with *Costa* and *MSC* having a commanding share of the market.

Italy has always been very seasonal – not just for cruising but for all its domestic and outbound tourism. Traditionally the vast majority of cruises were booked for the five months from mid-May to mid-October. That this season is now being extended is one of the main reasons for the rapid growth in passenger numbers, although it is demographically older for the winter market. The combined efforts of its two leading brands *Costa* and *MSC*, which are both in the middle of large increase in the number of ships, ensured that the Italian market grew even more than Germany and passenger numbers have now increased more than 50% in just four years – and doubled in six. *Costa* remains the market leader but the emergence of *MSC* and the new interest of international brands has made the marketplace more competitive, and helped set it en route to well over 800,000 passengers for 2010. The tragic *Costa Concordia* accident on January 13, 2012 has inevitably overshadowed any other developments in the Italian cruise market over the past couple of years. It is likely that the Italian cruise market will not be fully back to normal much before 2014.³⁵

³⁵ Source: <http://www.ashcroftandassociates.com>, seen on Monday, May 13, 2013.

4. New products

The current offer of cruise travel has reached its maximum, in order to attract new tourists it is necessary to introduce new types of cruising.

4.1 Entertaining cruises and fun ships

The term fun cruises can include all those cruises which is the fundamental objective holiday, recreation, entertainment, sightseeing and visiting ports. Cruising for pleasure today is a mass phenomenon, and most of the passengers decides exactly for this type of cruise. The ship does not mean only mode of transportation or a vessel which transports passengers but became an independent destination. By ship are visited interesting areas, however the ship itself offers something for each passenger. Nowadays are prevailing party boats - pleasure for everyone because the structure of the passengers is extremely diverse in all socio-demographic and economic characteristics (gender, age, preferences, travel motivations, income, marital status). The concept of offers what it is today on cruises, and is related to ship as a destination, is possible to achieve on the large ships with sufficient space to meet the most varied requirements of the passengers. On such large ships, special attention is given to areas for different purposes, and everything is subordinated to the passengers. Almost anything that involves entertainment, leisure, recreation and various catering services and other facilities is offered to passengers on board. It is also one of the main reasons of increasing the representation of large ships in the world fleet for cruising.

4.2 Cruises around the World

Given the number of passengers who chose to go on cruise around the world, this type of cruise has doubled in twenty five years period (1980-2004.). Analyzing the proportion of the total number of passengers, sees that their number decreases (from 3.0% in 1992. to 1.7% in 2001. and 2.4% in 2003), and the reasons are primarily in a

limited number of people who have enough time and money to decide on a long journey. According to the CLIA for the year 2001, the number of passengers who have decided on long trips (more than 18 days), compared with 1980 is increased by 100%, while the number of cruises lasting 2-5 days increased by as much as 639,5%. In 2000. were registered 13 ships (12,234 beds) with realized approximately 1,270,000 passengers / night. Considering the country of origin of passengers, the most numerous are the Japanese, North Americans and Germans. Studies have shown that most of the passengers on cruises around the world have already cruised, they are opting for a cruise around the world each year, or at least every second or third year, that they are mostly older and reservations made in advance to take advantage of discount benefits at the early booking.³⁶

Cunard company is conducted the research in 1984. trying to develop a profile of their passengers on cruises around the world. They were passengers with the cruise experience, travelers that enjoys on the ship, older and more affluent, that give priority to itinerary in relation to the reputation of the shipping company, and the choice for cruises around the world was primarily a result of recommendations from friends, although an important role in that decision had travel agents, media and shipping company itself.³⁷ Leading shipping companies that organize cruises around the world are: *P & O Cruises*, *Cunard*, *Crystal Cruises*, *Delphin seereisen* and *Phoenix Reisen*. It is believed that the rule of British and American shipping companies is often to embark passengers during the first ten days of the year, while German passengers are usually boarded before Christmas. The Japanese company *NYK* with the ship *Asuka* their passengers boarded early April. Leading port for this type of cruise is *Southampton* - used for loading three ships - *Aurora*, *Oriana* and *Saga Rose*. The second is *Port Everglades* (USA) and *New York* and *Genoa* have slightly smaller circulation while other ports lag behind in traffic.

Analyzing the direction of travel can be concluded that the itineraries are somewhat similar. With the exception of the Japanese *Asuka* (which embark passengers in Yokohama, and disembark in the port of Kobe), traveling around the world often start in one of the major European and North American ports, and move to the east or west.

³⁶ B. E. Marti, (2004). „Trends in world and extended-length cruising (1985-2002)“, *Marine Policy*, Vol. 28, No. 3, p. 199 – 211.

³⁷ R. A. Santangelo, (1984). „What`s Happening in the Cruise Industry“, *Journal of Travel Research*, Vol. 23, No. 2, p. 5

In most ships are moving in the direction of the west (a European port) sailing the Caribbean and the Panama Canal and then south to Australia, then north to Southeast Asia and the Indian Ocean, continuing further across the Red Sea, Suez and the Mediterranean to the port of discharge.

4.3 Theme Cruises

With the growth of the cruise market there is a need to passengers who are traveling again offer a new product and this can be achieved by offering new itineraries and a variety of destinations. Almost all cruise companies increasingly offers theme cruises focused on market segments that have common interests, such as music, sports, cooking, history, and archeology. *Carnival* has a ship *Paradise* exclusively intended non-smokers, *Holland America Line* offers Caribbean cruises with projection of films from the 1940s or a wine tasting.³⁸ Synonym for thematic cruises becomes *Disney Cruises*, a market segment in which this company is oriented are the families (50 - 60%), the third age passengers and travel for honeymooners and couples. On offer themed cruises and cookery, many companies are offering themes such as diet food, food for diabetics and healthy food.³⁹ Noticing that a significant proportion of its passengers are those of Latin American origin, *Carnival* believed that he could overtake the competition by designing a product for those travelers. So the ship *Carnivale* is renamed *Fiestamarina* with crew who speaks Spanish and with Latin American cuisine. It quickly became clear that the response of passengers is not as expected so in 1994. they canceled all operations. *Carnival* is realized that Latin American passengers simply did not wish their own product because most of them were content to be part of *Carnivals* existing ships. Since the beginning of 1970 *Carnival Cruise Lines* really stand out "Fun Ship Marketing Philosophy", putting the ship in the first place as a destination and the entertainment on it, while the ports of call of secondary importance.⁴⁰

³⁸ World Tourism Organization, (2003). *Worldwide Cruise Ship Activity*, Madrid, p. 49.

³⁹ M. R. Escoffier, (1995). „Food Service Operations in the Cruise Industry“, *FIU Hospitality Review*, Vol. 13, No. 1, p. 24 – 25

⁴⁰ R. H. Dickinson, (1995). „'Fun Ship' Marketing Philosophy“, *FIU Hospitality Review*, Vol. 13, No. 1, Spring, str. 1. – 2. i L. Miller, (1996). „Carnival's Fantasy Class Cruise Ship: Ticket to Success“, *FIU Hospitality Review*, Vol. 14, No. 2, p. 45.

Some examples of individual themed cruises which were offered by members of CLIA 2003 was: *Crystal Cruises* on the ship *Crystal Symphony* offers 11-day jazz cruise from Montreal to New York and cruise of yoga, health and fitness facilities from Montreal to Fort Lauderdale, and *Crystal Harmony* offers a 17-day cruise from San Francisco to Fort Lauderdale with film Festival on program. Many companies invite celebrities to make cruising more interesting and attractive. So *Carnival Cruise Lines* on the ship *Carnival Victory* hosted on a week-long cruise famous race car driver and a program designed autobiographical content with lectures, screenings race, sharing gifts. Some shipping companies are directed only to certain segments of travelers (singles, families with children, young people). *First European Cruises* on the ship the *European Vision* offered seven-day cruising for singles from Venice to Dubrovnik, with intense social gatherings especially noted games that were based on astrological signs and horoscope.

Cuisine is an inexhaustible theme to many shipping companies and on such ships often guest appearances the most famous chefs who are trying to share their skills with passengers. *Radisson Seven Seas* on the ship the *Seven Seas Voyages* offered 11-day cruising with theme "The Mediterranean menu and music" from Paris to Monte Carlo, and *Silversea Cruises* has to its two ship - the *Silver Shadow* and *Silver Cloud* - offered cruising to the topic cookery and wine tasting. Company *Seabourn Cruise Line*, which has since its beginnings stressed that, does not sell cruises, but it offers a unique experience,⁴¹ on his ship *Seabourn Pride* organized a food and wine festival on 13-day cruise from New York to Nassau, which included a variety of culinary performances and wines tastings from prominent American vineyards. Many shipping companies are used the theme as art and history as background for thematic cruising - *Swan Hellenic* is offered cruise under the name "The Romans in the Renaissance" with a visit to the historic town of Lecce impressive Baroque architecture, the arboretum in Trsteno and the Franciscan monastery in Dubrovnik.

⁴¹ A. N. Vladimir, (1995). „Seabourn Cruise Line: A Case Study in Achieving Quality“, *FIU Hospitality Review*, Vol. 13, No. 1, p. 11.

4.4 Adventure cruising on specialized ships

Adventure cruises are usually divided into three segments - expedition / research, sailing cruises and cruises with specialized ships.

The first kind of expeditionary/research cruises are generally associated with hard to reach areas, and the most popular itineraries are certainly North and South Pole. The offer includes 63 ships with about 5,500 beds. The demand for this type of cruise can be described as modest, but not insignificant. So the Antarctic each year attracts 63,000 Americans and Canadians. For ships that perform these cruises is characteristic that does not belong to the leading companies (with the exception of *Orient Lines*), in particular stand out *World Cruise Company*, *Abercrombie & Kent Tour Explorer*. *Clipper Marine Expeditions* and *Quark Expeditions* are known for offering cruises on the Arctic, Greenland and Antarctica, and uses Russian icebreakers.

The second group is cruising with sailboats such as *Wind Star* or *Windjammer*. World offer includes 19 ships with a total of 2,300 beds. The famous sailing ships as *Wind Star*, which was introduced to the market in 1986, then *Wind Song*, in 1987. and *Wind Spirit*, in 1988. as well as *Club Med 1* and *Club Med 2*. It is unavoidable to mention *Star Clippers Company* and its three sailing ships - *Star Clipper*, *Star Flyer* and *Royal Clipper*.

Other specialized cruise ships make a separate segment of adventure cruises and itineraries with their focus on soft adventure. Two shipping companies that are leaders in this market are the ship *Orient Lines*, *Marco Polo* and the *Swan Hellenic* ship *Minerva*. For each of the three segments indicated adventure cruises are characterized by relatively small ships an average capacity of 102 passengers. The largest of these groups is the ship *Marco Polo*, with 848 beds. If this boat was excluded from the analysis, then the average capacity of the fleet reduced to 95 passengers. As for the ship category, the majority of this fleet consists of ships standard or economy class. As for the base ports of this segment of the cruise, the fact is that they are, as it comes to the smaller ships, ports unsuitable for large ships. Many of these boats have no common base ports that are used. In some places, however, the choice is very narrow and limited to only one port (the Galapagos Islands, the Great Barrier Reef). The Balkan market

best known company is Katarina line. The ships for Katarina line Croatia cruises are those mainly built of wood, suitable for groups or individuals consisting of 20 to 40 passengers and visiting the numerous Croatian islands (1185) on the 5 basic routes. For Croatia cruises we provide guaranteed departures from May to October from Opatija, in the north, and Split and Dubrovnik in the south with excellent rates. Cruises are also excellent opportunity for combination for stays in hotels for leisure, post congress or corporate visits to the Croatian coastline. They organize a unique concept that combines cruising and cycling on the mainland.

4.5 Mini Cruises - Ferries

Mini cruises or extended ferry cruises are also a form of sea cruises. Numerous ferries converted to cruise ships so that the space for vehicles was replaced with passenger cabins. Especially popular cruise are from the northeastern ports of United Kingdom to Scandinavia and northern Germany. This trend began in the 1960s and 1970s, when opportunities on ship were modest and today are being sold as a product in itself. Ship *Black Prince* of company Fred Olsen Lines, actually started with two first names and a double role. In winter is used as a cruise ship *Black Prince*, and in the summer, under the name of *Venus*, maintaining ferry service between Scandinavia and the UK for the company *Det Bergen D / S*. Since 1986, is converted into only intended cruise ship.⁴² In the mid 1970s Swedish company *Tor Line* sought to fill the newly built two ferry *Tor Britannia* and *Tor Scandinavia* on the lines from Immingham and Felixtowe to Gothenburg just offering mini cruises out of season, which immediately proved to be successful so has developed into a year-round supply.

⁴² R. Cartwright, C. Baird, (1999). *The Development and Growth of the Cruise Industry*, Butterworth – Heinemann, p. 242. – 243.

4.6 "Incentive" and conferences

"Incentive" and conference make a separate segment of the cruise. Reasons for which cruising has become a product suitable for the development of this segment lies in the fact that this form is still considered a novelty and it is an all-inclusive forms. Can be booked up to 18 months before departure and can be rented the whole ship and exceptional advantage and accommodation of all delegates in the close area. Nature of the "incentive" cruise includes a wide spectrum - from various conferences, various seminars or business meeting to free space without a set program. Rent of the entire ship is leaving the organizers the ability to change the itinerary, ship design, and warranty and a sense of exclusivity and privacy. This is mostly realized on slightly smaller ships such as the cruise ship *Sea Goddesses*, *Cunard* company. This company estimates that 15 percent of their total business makes this segment. Groups are usually up to 50 passengers with itinerary from four to seven days. It is interesting that major companies in Japan encourage those trips, known as the study-tour. They shall include cruises of shorter duration and aimed at education and staff training and their better mutual understanding and friendship. Valuable example of this type of cruise company *Celebrity Cruises*, and she has on ship room that can accommodate 242 people so it is used as a theater or conference hall. It is equipped with the latest audio-visual system, the simultaneous translation cabins, rooms for multimedia presentations, video conferencing and other benefits.

4.7 River cruise

A river cruise is a voyage along inland waterways, often stopping at multiple ports along the way. Since cities and towns often grew up around rivers, river cruise ships frequently dock in the center of cities and towns. River cruise ships are smaller than ocean-going cruise ships, typically holding 90-240 passengers (though there are ships that take only 5 passengers, and others can carry 1,000 passengers). Due to their smaller size and low draft, river cruise ships can go where ocean cruise ships cannot, and sometimes to where no other transport is practical: rivers are an excellent way to reach some attractions, for example in Russia, China and the Peruvian Amazon.

During river cruises the countryside is usually in view, so they are especially relaxing—and interesting—to those who prefer land nearby. River cruises usually last from 7 to 15 days, although some can last 3 weeks or longer. Some river ships resemble 5-star hotels, with sun decks, dining rooms, lounges, fitness facilities, swimming pools, casinos and other entertainment. Most cruises have a variety of onboard and onshore activities. The latter include guided tours to historic and cultural sites, visiting local attractions, museums and galleries, and other points of interest. Guides give a running commentary while sailing.

A river cruise provides travelers a unique way to travel. According to Douglas Ward, "A river cruise represents life in the slow lane, sailing along at a gentle pace, soaking up the scenery, with plentiful opportunities to explore riverside towns and cities en route. It is a supremely calming experience, an antidote to the pressures of life in a fast-paced world, in surroundings that are comfortable without being fussy or pretentious, with good food and enjoyable company."⁴³ Mr. Ward continues: "A river cruise is very different from an ocean cruise. For a start, you are in almost constant sight of land and stops are far more frequent than they are at sea. The vessels are like small, friendly, floating inns, whereas ocean-going ships tend to be bigger, flashier, busier and livelier, the crew practiced in the art of moving up to 4,000 people from one port to another and getting them on and off the ship. In contrast, when your river cruise vessel docks you simply walk up the gangway and into the town or city—in many cases the

⁴³ D. Ward, (2006, 2007), *Insight Guide to Great River Cruises*, The Book Depository, UK, p. 15

dock is located right at the heart of things. Despite these differences, however, most people who enjoy ocean cruising and the relaxing rhythm of life afloat are attracted to river cruises as well."⁴⁴

Popular river cruises include trips along the Nile, the Amazon, the Mississippi, the Yangtze, the Mekong, the Danube, the Loboc River, the Rhine, the Seine, the Volga, the Douro or the Po river in Italy. There are several dozen river cruise companies ranging from single-ship businesses to large shipping companies operating dozens of river cruise ships.

The best river cruise companies are:⁴⁵

1. *Ama Waterways River Cruises*
2. *Avalon Waterways River Cruises*
3. *Grand Circle Travel River Cruises*
4. *Tauck River Cruises*
5. *Uniworld River Cruises*
6. *Viking River Cruises*

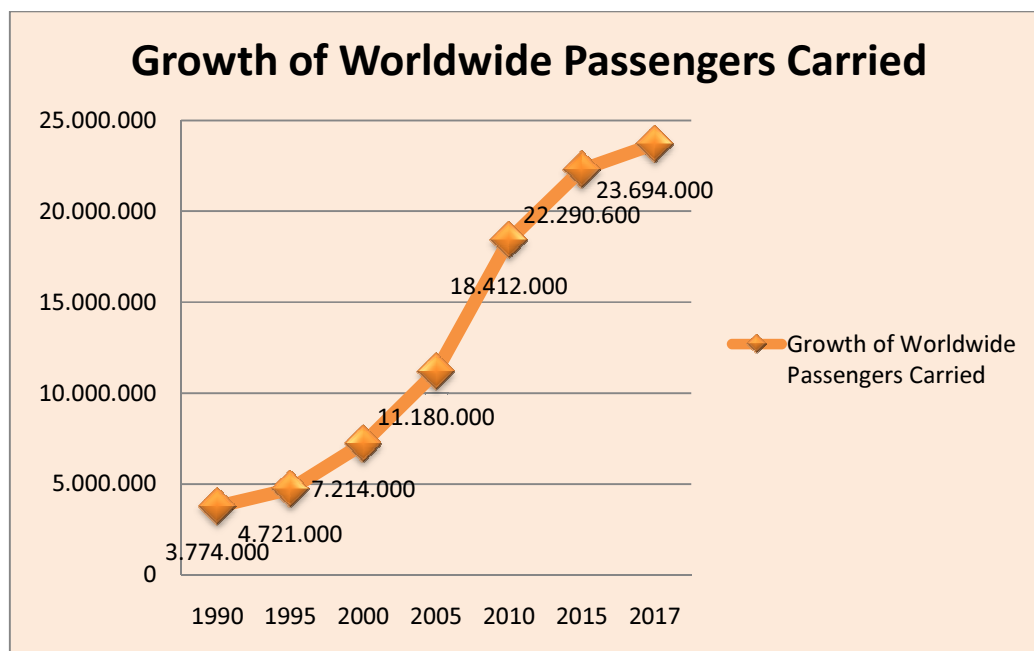
⁴⁴ D. Ward, (2006, 2007), *Insight Guide to Great River Cruises*, The Book Depository, UK, p. 15

⁴⁵ Source: www.cntraveler.com, from Saturday, 11th of May 2013

5. Future development of Cruise Line Industry

The market talks to each other, influences each other. So progress gets amplified. The more people who have ocean cruised, the more who will tell others, the more who will want to take an ocean cruise too. Growth strategies to date have been driven by larger capacity new builds and ship diversification, more local ports, more destinations and new on-board/on-shore activities that match demands of consumers.

Chart 2: Growth of Worldwide Passengers Carried



Source: www.cruisemarketwatch.com (seen on Saturday, 11th of May 2013)

Worldwide, the cruise industry has an annual passenger compound annual growth rate of 7% from 1990 – 2017. (Chart 2).⁴⁶

⁴⁶ Source: www.cruisemarketwatch.com, from Saturday, 11th of May 2013

Table 2: New Ships in 2014 and 2015.

2014-2015 New Ships			
Line	Ship	Date	Lower Berths
Princess	Regal Princess	Spring 2014	3.600
NCL	Norwegian Getaway	Spring 2014	4.000
TUI Cruises	Mein Schiff 3	Spring 2014	2.500
Viking Ocean Cruises	Unnamed	Spring 2014	888
Royal Caribbean	Unnamed	Fall 2014	4.100
Costa Cruises	Unnamed	Fall 2014	3.000
P&O Cruises	Unnamed	Spring 2015	3.611
AIDA Cruises	Unnamed	Spring 2015	3.250
Royal Caribbean	Unnamed	Spring 2015	4.100
Viking Ocean Cruises	Unnamed	Spring 2015	888
TUI Cruises	Mein Schiff4	Spring 2015	2.500
Holland America	Unnamed	Fall 2015	2.660
NCL	Breakaway Plus	Winter 2015	4.200
Total			39.297

Source: *www.cruisemarketwatch.com* (seen on Saturday, 11th of May 2013)

The industry is also expanding rapidly internationally. Only 53% of the target North American market (or 24% of the whole U.S. population) have ever taken an ocean cruise. A total of 6 new ships were added in 2013 with a total passenger capacity of 14,074. From 2014 to 2015, a net of 13 more new cruise ships will come online adding 39,297 lower births or 8.7% to passenger capacity. The ships from 2014 to 2015 will add \$3.2 billion in annual revenue to the cruise industry (Table 2).

5.1 Cruise destinations market

Based on third quarter 2011 results and fourth quarter estimates, we are forecasting that a record 16+ million passengers cruised in 2011, with 11.2 million North American guests. The industry's growth is headlined by the Caribbean, which continues to rank as the dominant cruise destination, accounting for 39.8% of all itineraries in 2011, versus 41.3% in 2010, 37.02% in 2009, 37.25% in 2008, 41.02% in 2007 and 46.69% in 2006. Passenger numbers continue to remain consistent and high for the Caribbean, despite other rising cruise destinations.

In 2013, the growth of the cruise industry continues as we enter an era distinguished by an additional 11 innovative, feature-rich ships, international ports-of-call and convenient departures from proximal embarkation cities. The current cruise ship order book from 2013-2016 includes 26 new ships (14 ocean-going vessels and 12 riverboats/coastal vessels) from *FCCA and/or CLIA Member Lines*, with over 48,000 berths and a capital investment of value of over \$9.5 billion. The industry's success is headlined by the Caribbean, which continues to rank as the dominant cruise destination, accounting for 37.3% of all global itineraries in 2013. The Caribbean continues having the leading share of cruise industry capacity, although there has been growth in all global cruise regions. Mediterranean market share is 19.9%, Europe is 9.8%, Asia is 3.6%, Australia, New Zealand and South Pacific is 4.1%, Alaska is 5.4%, South America is 3.4% and other programs has 16.5% (Table 3.).

Table 3: 2013 Deployed Capacity Share

Region	2013 Deployed Capacity Share
Caribbean/Bahamas	37.3%
Mediterranean	19.9%
Europe w/o Med	9.8%
Asia	3.6%
Australia/New Zealand/S. Pac	4.1%
Alaska	5.4%
South America	3.4%
Other Programs	16.5%

Source: *2013 Cruise Industry News Annual Report* (seen on Saturday, 11th of May 2013)

Top destinations for 2012:⁴⁷

1. Alaska
2. Caribbean
3. Mediterranean/Greek Islands
4. European rivers
5. Panama Canal
6. Europe
7. South America
8. Hawaii
9. South Pacific
10. Baltics/Scandinavia

⁴⁷ Source: *www.cruising.org*, Market Research for 2012, seen on Saturday, 11th of May 2013.

Top destinations for 2013:⁴⁸

1. Caribbean
2. U.S. rivers
3. European rivers
4. Southeast Asia
5. South Pacific
6. Canada/New England
7. Australia/New Zealand
8. South America

The most attractive destinations change every year. In 2012, the Caribbean was in second place on the list, and in 2013, on the first. Alaska dropped from the list of top destinations in a year, and river cruises are more and more represented. Journey to the East are increasingly in demand, Asia, New Zealand, Australia. South America remains one of the most popular destinations.

⁴⁸ Source: www.cruising.org, Market Research for 2013, seen on Saturday, 11th of May 2013.

5.2 Offering new destinations, new generating markets

A major cruise industry trend has been the globalization of destinations and itineraries as cruise lines open new geographic markets and provide exciting new experiences for first-timers and loyal cruisers.

1. Asia, for example, which leads the world in international tourism growth, is accelerating in exotic port offerings and itineraries:

- More and more homeports in Asia are now capable of serving large, luxury liners – of note: the number of international liners arriving in Shanghai's specialty port for luxury ships was 62 in 2012 and is expected to jump to 150+ in 2013.

- *Princess Cruises* is introducing the largest disposition ever by a global cruise line in the Japanese market when it brings *Sun Princess* to Japan for a spring-to-summer season of cruising in April 2013. The new program features nine cruises on seven different itineraries operating April through July of next year from both Yokohama and Kobe.

- *Costa Cruises* continues to expand its offerings in the Far East. Until October 2013 *Costa Victoria* will depart from Hong Kong, Shanghai and Tianjin for short cruises to Taiwan or South Korea, Japan and Vietnam.

2. *Azamara Club Cruises* is featuring 40 new ports including Beijing (Xingang), Shanghai (Haitong) and Jinhae, South Korea in the Far East; as well as charming Amasra (Safranbolu), Turkey, and 2014-Winter Olympic host-city Sochi, Russia in the Black Sea.

3. *Crystal Cruises* is offering cruises to/from Reykjavik, Iceland and a La Spezia, an Italy maiden call and a *UNESCO World Heritage* site. The line will also visit Iberia/Morocco- during Seville's La Feria de Abril festival.

4. Other exotic itineraries include *Holland America Line's* 50-Day Australia Circumnavigation & Great Barrier Reef route; *Seabourn's* addition of Antarctica cruising and landings to its popular Patagonia cruises; and *Silversea's* Galapagos programs onboard their new ship, *Silversea Galapagos*.

5.3 Big brand entertainment

CLIA member lines are continuing to expand entertainment options through partnerships with big brand names, especially in new onboard games, shows and activities.⁴⁹

1. *Crystal Cruises* is launching a new alliance with *Hollywood's Magic Castle*, with magicians from the world-famous private club coming aboard to showcase and teach secret magic tricks in an intimate setting. The line also is partnering with the renowned *USC School of Cinematic Arts*, which brings sophisticated movie-making education onboard, enabling guests to create *iMovies* on their *iPads*.

2. Additionally, *Carnival Cruise Lines* is introducing a new *Hasbro, The Game* show activity, which offers larger than life adaptations of popular *Hasbro* games such as *Operation*, *Connect 4*, *Yahtzee*, *Monopoly* and others presented in a TV format popular in the 1970s. Kids love the excitement of the game show while parents feel a sense of nostalgia for the games and shows they grew up with.

3. An exciting new “*Dancing with the Stars*” experience will be featured on board *Holland America* ships. Six theme cruises in 2013 and early 2014 will feature “*Dancing with the Stars*” events including dance lessons, a chance to meet the dancers, ask questions and take photos, and a dazzling production starring celebrities.

2. In collaboration with *PLAYBILL*, the theatre’s most recognized institution for over 125 years and a name synonymous worldwide with *Broadway*, *Regent Seven Seas Cruises* is introducing a “*Spotlight on Theatre*” voyage that will star two-time Tony Award winner Patti LuPone, Tony nominee Norm Lewis and two-time Tony Award nominee Howard McGillin as they sing their hit songs.

⁴⁹ Source: www.f-cca.com, seen on Saturday, 11th of May 2013.

5.4 Technology

Cruise lines are increasingly outfitting their ships with the latest high-tech products and services – in passenger areas, as well as behind the scenes.⁵⁰

- *Royal Caribbean* introduced *iPads* in every stateroom aboard *Splendour of the Seas* last year and the line's *Wayfinder* system has won multiple awards for technology excellence – onboard activities, real time updates, and customized directions and routing are at guests' fingertips with plasma and LCD touch-screen signs throughout *Oasis of the Seas* and *Allure of the Seas*.

- Last year *Norwegian* introduced the *Norwegian iConcierge Smart Phone App*. The app allows *iPhone*, *iPad*, *Android*, and *Windows7* users to interact with *Norwegian Epic's* onboard guest information and service systems during their cruise.

- *Carnival* offers a new experience on *Carnival Breeze* – “*Thrill 5D Theater*”. Watch 3D-formatted films with special effects like squirting water and bubbles, vibrating and shifting seats and wind and scent that thrill and excite viewers.

- *Disney Dream's* inside staterooms feature a “*Magical Porthole*” that gives guests a real-time view outside the ship via high definition cameras placed on the ships exterior.

- *Crystal Cruises* “*Fast-Track Check-In*” utilizes a new barcode on each guest cruise ticket and a new ticket scanning system that eliminates 100% of ship check-in procedures in port terminal waiting areas - quickly and efficiently transitioning guests from dock to security.

Cruise lines continue to develop Energy-saving technology:

- LED and compact fluorescent lighting – Several cruise lines have already made the switch to energy saving lighting, including *Carnival*, with compact fluorescent and LED bulbs installed fleet-wide at a potential savings of approximately \$100,000 annually in energy cost per ship.

- Reverse Osmosis for fresh water – *MSC Cruises' Divina* recently introduced a revolutionary reverse osmosis system for fresh water production that consumes 40% less power.

⁵⁰ Source: www.f-cca.com, seen on Saturday, 11th of May 2013.

PART TWO - Sustainability of cruise industry

6. Economic importance of nautical tourism

Given that today the ships, especially large ones, their primary destinations is on cruises, ports to be visited are becoming secondary destinations⁵¹. Tourism is quickly and irreversibly changing economic and social situation of the world. According to research, its contribution to the gross national product in tourist countries ranges from 6 to over 10%. Tourist phenomenon (as well as nautical and tourist traffic) is a long time ago transformed into a serious socio-economic activity, which affects almost all aspects of social and economic life of certain areas. With the nautical tourism, are used and charged natural attractiveness and other available nautical tourism resources. Through nautical tourist market of demand encourages the development of other industries and activities. Through the spending of boaters (especially foreign) are managed many direct and indirect effects on individual economic subjects and the economy of the country in general.

6.1 The direct impact of nautical tourism

The immediate benefits of boaters spending have business entities that directly sell products or services to boaters, such as:

1. the ports of nautical tourism, that are selling nautical and touristic services to boaters;
2. tourist and commercial enterprises, service shops and other entities that provide services to boaters;

⁵¹ Dowling, R. K. (2006.). *The Cruising Industry. U Cruise Ship Tourism*, Editor Ross K. Dowling, CAB International 2006., p. 8.

3. the shipbuilding and shipping companies, craft shops that produce and sell boats, carry out their overhaul and repairs, service and maintain boats and provide various other services to the boaters.⁵²

6.1.1 The influence of nautical tourism in the business of nautical ports

The modern marina is a fundamental form of nautical tourism ports. It is a very complex object which offers boaters a wide range of services, nautical, sports, recreational and entertainment. Capital invested in the construction of marina has a higher profitability rate than investment in other types of tourism. In the ports of nautical tourism, there are numerous of nautical and tourist services such as: service connection for ships with water supply, distribution of fuels and electricity, maintenance and servicing of boats, rental boats and mediation in their sales, sailing schools and training for skippers and boat management, providing weather forecasts and various information navigators, phone services, souvenirs and duty-free goods and a variety of other services. The most favorable effects of nautical tourism are achieved in yacht chartering to boaters who prefer cruising in a rented than in their own boats (Picture 1).

⁵² Klein R., (2003). *Cruising Out of Control: The cruise industry, the environment, workers, and Maritimes*. Canadian Center for policy alternatives-Nova Scotia. <http://www.policyalternatives.ca>

Picture 1: Cruise ships docked at Charlotte Amalie in St. Thomas



Source: Photo: By Kitty Bean Yancey, USA TODAY; seen at <http://www.usatoday.com/story/cruiselog/2012/09/28/port-crowd-calculator/1600199/>; on Tuesday 5th November 2013.

6.1.2 Impact of nautical tourism in the business and development of service activities

In the nautical tourism are being realized numerous catering, retail and other similar services. It stimulates the development of a tourist offer, restaurants, retail, hairdressing and other activities that are necessary to satisfy the needs of boaters. Therefore, in nautical ports are opened numerous restaurants and commercial objects and a variety of other activities. In the ports of nautical tourism should be organized trading network which is capable to supply boaters the necessary food and hygiene items, such as: bread, milk, dairy products, vegetables, fruits, fruit juices, meat, fish, soap, detergents, toothpastes and other products.

6.1.3 The influence of nautical tourism in the business of shipbuilding

Nautical tourism can benefit the development of the shipbuilding companies (especially small shipbuilding), industry and trade, if they are in the production function and maintenance of vessels and equipment for nautical tourism. In addition to selling boats, more and more ships are built for charter. Lately there is a growing demand for larger and more luxurious vessels, such as cruise ships and tours and luxurious yachts (Picture 2). The demand for smaller sports and luxury boats, speed boats and sailboats (with or without motor) does not fall behind. Building boats for nautical tourism in compared to the vessels for other purposes, proved to be far more profitable. So the selling price of one cubic meter of tanker is \$ 3000, while a cubic meter of yacht sells for \$ 30,000.

Picture 2: Meyer Werft postcard of Pride of Hawaii building in Papenburg.



Source: seen at <http://www.simplonpc.co.uk/NorwegianJade.html>, on Tuesday 5th November 2013.

6.1.4 The influence of nautical tourism in the business and development of shipping and repair companies

The shipping companies included in the nautical tourism, lately also recorded dynamic growth. So the U.S. company for the organization of Carnival cruises with headquarters in Florida in 1994 realized income of \$ 1.8 billion, of which, the profit amounted to \$ 380. Due to the large number of different types of vessels and propulsion motors, there is a need for a number of different repairs, spare parts, paint, machinery, tools, and workers of different professions and specialties. Since most of these works can't be done in the marines, it is necessary small shipbuilding, which provides a chance to get through the construction of new vessels and providing various services to tourists-sailors including of nautical and tourism offer. Small shipbuilding offers to sailors a large variety of services such as: a technical service boat repairs, renovation and reconstruction of vessels, intervention after disasters, drawing, examination and preserving works and current repairs, emergency maintenance services for occasional work and other (Picture 3).

Picture 3: Cruise ship repair



Source: Seen at: <http://www.seaspan.com/shipyards/cruiseship.php>, on Tuesday 5th November 2013.

6.2 The indirect effects of nautical tourism

The indirect effects of nautical tourism have companies that don't sell their products and services directly to nautical, but through an intermediary. For example, construction workers are building marinas and other facilities for companies that provide services to boaters. Shipbuilding companies produce vessels for sport and recreation and spare parts that sell boaters through trade companies and craft shops. Construction of marine and other of nautical and tourism facilities can positively affect overall communal infrastructure of the local community and increase the number and quality of various services. This is primarily related to the construction or substantial improvement of sewerage system, water supply, roads, telephone and power lines, opening of different services, improving the quality of service in a variety of activities. All of this can contribute to the tourist services and tourist image of the area, or narrow or wider area. Also, the marina well integrated into the existing urban facilities, may be a new element of the tourist attractions.

The special role of nautical tourism has on the employment of the active working population. According to research, today nearly one in eight employed workers is in the world of tourism and passenger transport, with a tendency to increase that number.

7. The influence of nautical tourism on the environment

Damaging effects on the environment that are performed by cruisers are reflected on the harmful effects while cruisers are sailing the seas and oceans, and the harmful effects performed while they are anchored in ports of tourist destination.

There are two key impacts such as impacts associated with the operational activities of the cruisers, and the resulting impact activities of guests / passengers.

Examples of the negative impact of cruise industry on the underwater ecosystem of tourist destinations (as cruisers sail the seas and while they are anchored in ports) are reflected in the following ways:

- Pollution of seas and oceans ecosystems, ports and coastal places,
- Destruction of coral reefs while anchoring (particularly small cruise ships)
- Emissions of heavy metals that act as air and water pollutants,
- Creation of health problems among the local population due to the interaction with guests / passengers
- Creating pressure on sanitary / communal locations used to dispose waste in tourist destinations due to the volume of waste.

Cruise ships have been described as "floating cities" and like cities, they have a lot of pollution problems. Their per capita pollution is actually worse than a city of the same population, due to weak pollution control laws, lax enforcement, and the difficulty of detecting illegal discharges at sea. Cruise ships impact coastal waters in several US states, including Alaska, California, Florida, and Hawaii.

All cruise ships generate the following types of waste:

- "Gray water" from sinks, showers, laundries and galleys
- Sewage or "black water" from toilets
- Oily bilge water
- Hazardous wastes (including perchloroethylene from dry-cleaning, photo-processing wastes, paint waste, solvents, print shop wastes, fluorescent light bulbs, and batteries)

- Solid wastes (plastic, paper, wood, cardboard, food waste, cans, and glass)
- Air pollution from the ship's diesel engines

A 3,000-passenger cruise ship (considered an average size, some carry 5,000 or more passengers) generates the following amounts of waste on a typical one-week voyage:

- 1 million gallons of "gray water"
- 10,000 gallons of sewage
- 25,000 gallons of oily bilge water
- Over 100 gallons of hazardous or toxic waste
- 50 tons of garbage and solid waste
- Diesel exhaust emissions equivalent to thousands of automobiles⁵³

In addition, these ships take in large quantities of ballast water, which is seawater pumped into the hulls of ships to ensure stability. This water is typically taken in at one port and then discharged at the ship's destination, which can introduce invasive species and serious diseases into U.S. waters. A typical release of ballast water amounts to 1,000 metric tons.

The environmental impact of shipping includes greenhouse gas emissions and oil pollution. Carbon dioxide emissions from shipping is estimated to be 4 to 5 percent of the global total, and estimated by the International Maritime Organization (IMO) to rise by as much as 72 percent by 2020 if no action is taken.⁵⁴

The First Intersessional Meeting of the IMO Working Group on Greenhouse Gas Emissions⁵⁵ from Ships took place in Oslo, Norway on 23–27 June 2008. It was tasked with developing the technical basis for the reduction mechanisms that may form part of a future IMO regime to control greenhouse gas emissions from international shipping, and a draft of the actual reduction mechanisms themselves, for further consideration by IMO's Marine Environment Protection Committee (MEPC).⁵⁶

⁵³ http://www.beachapedia.org/Cruise_Ship_Pollution, Seen on Friday 12th October 2013.

⁵⁴," Vidal, John "CO₂ Output From Shipping Twice As Much As Airlines". *The Guardian* (London).

⁵⁵ International Maritime Organization, London (2008). "Working Group Oslo June 2008"

⁵⁶ SustainableShipping.com (2008). "IMO targets greenhouse gas emissions." (London: Petromedia Group).

7.1 Ballast water

Ballast water discharges by ships can have a negative impact on the marine environment.

Cruise ships, large tankers, and bulk cargo carriers use a huge amount of ballast water, which is often taken on in the coastal waters in one region after ships discharge wastewater or unload cargo, and discharged at the next port of call, wherever more cargo is loaded. Ballast water discharge typically contains a variety of biological materials, including plants, animals, viruses, and bacteria. These materials often include non-native, nuisance, invasive, exotic species that can cause extensive ecological and economic damage to aquatic ecosystems.⁵⁷

Nutrients can enter the marine ecosystems through waste water and can lead to eutrophication and of ecosystems changes. Viruses and bacteria of human origin, if they enter into ecosystem, may lead to transmission of infectious diseases on the flora and fauna (Picture 3).

Picture 3: Ballast water



Source: seen at <http://www.seavision.org.uk/did-you-know/new-technologies/did-you-know-ballast-water>; on Tuesday 5th November 2013.

⁵⁷ "International Convention for the Control and Management of Ships' Ballast Water and Sediments". International Maritime Organization. Seen on Saturday, 13th October 2013.

7.2 Sound pollution

Noise pollution caused by shipping and other human enterprises has increased in recent history. The noise produced by ships can travel long distances, and marine mammals may rely on sound for their orientation, communication, and feeding, can be harmed by this sound pollution⁵⁸

The Convention on the Conservation of Migratory Species has identified ocean noise as a potential threat to marine life.⁵⁹ For example, in Yakutat Bay in the last 10 years has been an increase in cruise traffic 10 times, while the number of seals decreased by two thirds (Picture 4).

Picture 4: People for Puget sound organization.



Source: seen at <http://seattlefederation.blogspot.com/2010/03/puget-sound-pollution-comments-deadline.html>, on Tuesday 5th November 2013.

7.3 Oil spills

Most commonly associated with ship pollution are oil spills. While less frequent than the pollution that occurs from daily operations, oil spills have devastating effects. While being toxic to marine life, polycyclic aromatic hydrocarbons (PAHs), the

⁵⁸ Human Noise Pollution in Ocean Can Lead Fish Away from Good Habitats and Off to Their Death, University of Bristol, August 13, 2010, Seen on Saturday, 13th October 2013.

⁵⁹ Noise Pollution and Ship-Strikes, UN Environment Programme-Convention on Migratory Species, Seen on Saturday, 13th October 2013.

components in crude oil, are very difficult to clean up, and last for years in the sediment and marine environment. Marine species constantly exposed to PAHs can exhibit developmental problems, susceptibility to disease, and abnormal reproductive cycles. One of the more widely known spills was the Exxon Valdez incident in Alaska. The ship ran aground and dumped a massive amount of oil into the ocean in March 1989. Despite efforts of scientists, managers, and volunteers over 400,000 seabirds, about 1,000 sea otters, and immense numbers of fish were killed.⁶⁰

7.4 Examples of deliberate pollution by cruise ships

Cruise ship pollution has gone largely unnoticed for years. But, a number of high profile court cases challenging polluting cruise lines have recently brought the issue to the public's attention. According the Government Accounting Office, foreign-flagged cruise ships were involved in 87 confirmed cases of illegally discharging pollution into U.S. waters between 1993 and 1998. There were also 17 alleged incidents documented outside U.S. waters bringing the total in those 6 years to over 100.

More recently, in July, 2002, Norwegian Cruise Lines (NCL) pled guilty in a federal court in Miami, to U.S. charges arising from dumping oily bilge into the world's seas. NCL, one of the largest cruise line operator, pled guilty to lying in government-required sea logs and agreed to pay a \$1 million fine and to contribute \$500,000 to environmental organizations in Florida, according to the U.S. Department of Justice and the company.

In April of 2002, Carnival agreed to pay \$18 million and pleaded guilty to six felony pollution counts. Royal Caribbean was levied fines and penalties totaling \$33.5 million to settle ocean-dumping complaints from actions that occurred between 1994 and 1998. This includes a \$9 million fine for dumping polluted water off the coast of Miami.

Westerdam (Holland America Company) in 2001 was caught releasing wastewater while it was docked in the port of Juneau, and repeated a worse thing by dropping 76,000 gallons of sewage sludge obtained by deposition of waste water.

⁶⁰ Panetta, L. E. (Chair) (2003). *"America's living oceans: charting a course for sea change."* Electronic Version, CD. Pew Oceans Commission.

Crystal Cruisers ran over a written promise not to discharge partially treated waste water in Monterey Bay (marine protected area) and dropped 136,000 liters.

In January 2001. Zenith (Celeberty Cruisers) in Tampa, Florida fired 200 liter barrel with hazardous waste.

Regal Empress in Portland, Maine USA, dropped 760 liters of oil.

Regent Rainbow 1993 intentionally threw into the sea 40 plastic bags with garbage and it paid a fine of 250,000 U.S. dollars.

Cruisers are, especially the largest ones, are important environmental pollutants. Although the new technologies used in the construction of ships significantly reduce the negative impact on the market is still a great number of ships older generation, who do not have sophisticated equipment to reduce pollution.

7.5 International regulations

Some of the major international efforts in the form of treaties are the Marine Pollution Treaty, Honolulu, which deals with regulating marine pollution from ships, and the UN Convention on Law of the Sea, which deals with marine species and pollution. While plenty of local and international regulations have been introduced throughout maritime history, much of the current regulations are considered inadequate. "In general, the treaties tend to emphasize the technical features of safety and pollution control measures without going to the root causes of sub-standard shipping, the absence of incentives for compliance and the lack of enforceability of measures."⁶¹ Cruise ships, for example, are exempt from regulation under the US discharge permit system (NPDES, under the Clean Water Act) that requires compliance with technology-based standards. In the Caribbean, many ports lack proper waste disposal facilities, and many ships dump their waste at sea.⁶²

⁶¹ Khee-Jin Tan, A. (2006). *Vessel-source marine pollution: the law and politics of international regulation*. Cambridge: Cambridge University Press. Seen Tuesday, 15th October 2013

⁶² United Nations Environment Programme in collaboration with GEF, the University of Kalmar, and the Municipality of Kalmar, Sweden, & the Governments of Sweden, Finland and Norway. (2006). *Challenges to international waters: regional assessments in a global perspective [Electronic Version]*. Nairobi, Kenya: United Nations Environment Programme. Seen Tuesday, 15th October 2013, from <http://www.unep.org/dewa/giwa/publications/finalreport/>

7.5.1 CLIA regulations

The environmental standards that apply to the cruise line industry are stringent and comprehensive. Cruise lines operate within a comprehensive scheme of international environmental standards set by the International Maritime Organization (IMO). The International Convention for the Prevention of Pollution from Ships (MARPOL) sets strict standards for all commercial vessels to prevent ship-generated pollution. The cruise line industry meets or exceeds all applicable international, federal and state requirements.⁶³

There are strict standards for how clean the wastewater must be before it is discharged into the sea. In addition to the IMO standards, in early 2009, the Environmental Protection Agency (EPA) issued new and expanded rules under the Vessel General Permit System that regulate any and all forms of vessel discharge, including those not previously covered by the U.S. Clean Water Act. In many cases, the purified wastewater effluent from a cruise ship is cleaner than that of many municipalities.

Air emissions, including sulfur dioxide and nitrogen oxide, are also regulated at the international, federal and state levels. The vessel's flag State certifies that the ship meets the international emission limits. Similarly, going beyond what is required by regulators, new technologies being used by cruise lines further reduce sulfur dioxide, carbon dioxide, and nitrogen oxide emissions.⁶⁴

As of August 1, 2012, ocean-going vessels operating within 200 nautical miles of the mainland U.S. and Canada (except the Aleutian Islands) and Hawaii will be required to use fuel containing no more than 1% sulfur or comply via an equivalent method. By January 1, 2015, ships within this area will be required use fuel containing no more than .1% sulfur or comply via an equivalent method.

Every cruise line must stick to the International Maritime Organization's International Safety Management Code. This code requires documentation of environmental practices and a goal of continuous improvement.

⁶³ <http://cruising.org/regulatory/issues-facts/environment/regulations-and-compliance>, Seen on Wednesday 16th October 2013

⁶⁴ <http://cruising.org/regulatory/issues-facts/environment/air-emissions>, Seen on Wednesday 16th October 2013

CLIA's oceangoing cruise lines all have senior level staff responsible for environmental programs, which include among many other things, compliance with applicable international, federal and state environmental regulations.

Some of innovative programs are:

1. *Environmental stewardship videos for passengers:* Many cruise lines have produced videos for their guests to watch to learn about how they can do their part while aboard.
2. *Rigorous recycling programs:* Many lines have comprehensive programs and crew members who are specially trained and responsible for sorting, processing, storing, recycling, and the final disposal of garbage. Other recyclable items include: paper, glass, plastics, aluminum, scrap metal, fluorescent lamps, batteries, toner cartridges and cooking oil, among others.
3. *Energy saving LED light bulbs:* Halogen and incandescent light bulbs have either been replaced on many lines or are being replaced with LED and fluorescent lights, which last 25 times longer, use 80 percent less energy, and generate 50 percent less heat.
4. *High-Efficiency Appliances is to minimize their impact on the environment.*
5. *A new type of ice maker* which uses 65 percent less water than previous machines. By producing and pumping less water, more energy is saved.
6. *Ecological Hull Coatings:* By creating smoother hulls, we are reducing the amount of energy needed to travel through water. It is estimated that these smoother hull coatings will save as much as 5 percent of fuel usage for propulsion.
7. *Window Tinting* which keep the ships cooler and reduces the load on air conditioning.
8. *Propulsion and Hull Design* is a new approach to hull shapes and propulsion systems, which has resulted in significant energy savings.⁶⁵

⁶⁵<http://cruising.org/regulatory/issues-facts/environment/industry-initiatives>, Seen on Wednesday 16th October 2013.

8. Social and cultural effects

Cruise ships are between the most preferred types of vacation space. In this sense, it is important to understand what occurs in a vacation space. Specifically, in the space where coincides cruise passengers, stay- over tourists and residents. It has been observed that a highly concentrated tourism generates more negative perceptions from residents towards tourist.

For the social-cultural positive impacts, it mainly discusses the cultural exchange, social activities, labor issues and revitalization of culture and traditions and encouragement social involvement and pride. The cultural exchange would also increases the chances for people to develop mutual sympathy, tolerance and understanding. Therefore, cruise tourism could be a better way for the local people and visitors to exchange the cultural knowledge. Cruise tourism can add to the vitality of communities in many ways. For example, events and festivals of the local communities, they have been the primary participants and spectators. As for the labor issue, center on ecotourism and sustainable development (CESD) in 2006 made a research on Cruise Tourism in Belize; the results showed that Cruise tourism has promoted increased educational opportunities and training for local residents.⁶⁶ Tourism can generate positive impacts as it can serve as a supportive force for peace, foster pride in cultural traditions and help avoid urban relocation by creating local jobs.

For the social-cultural negative impacts, it mainly discusses the cultural clash, social-cultural environment and changes of local identity and values these three aspects. Cruise tourism would be a force for good in the world, but it will also lead to misunderstanding and conflicts⁶⁷. The social impacts of cruise vary from place to place but can be managed. The impact can be further limited by regulating the numbers and timing of visits to avoid disruptions of social and economic cycles. Cruise ships can pose a danger to the social-cultural environment when up to 5000 passengers arrive at once especially at smaller ports. Crowds disrupt usual routing and activities associated with

⁶⁶ Center on ecotourism and sustainable development (CESD) (2006) *Cruise Tourism in Belize: Perceptions of Economic, Social & Environmental Impact* [online]. Available at: http://www.responsibletravel.org/projects/documents/Master_Belize_report_Dec_4_FINAL.pdf. Seen on Wednesday 16th October 2013.

⁶⁷ Law, C. M., (2002) *Urban Tourism*. 2nd ed. Trowbridge: Cromwell Press, p. 190.

cruise tourism can themselves be a problem. Furthermore, center on ecotourism and sustainable development made a research on Cruise Tourism in Belize, the results showed that many respondents referred to a rise in crime, drug use and prostitution—an increase that they say corresponds to the huge growth in tourism with the advent of the cruise business.⁶⁸ Negative impacts are also: increasing migration in the port of tourist destination is causing problems of overpopulation; increase in noise due to the increased number of people in restaurants, discos, beaches, parks and similar places where are gathering more and more visitors; creating tensions between locals and tourists, which occurs as a result of fear of local people to lose their privacy and living space; the possibility of loss of traditional ways of life of the local population, due to the constant contact with tourists of different cultural heritage.⁶⁹

Criminal activities include those on board and those that occur on land and whose victims are visitors / passengers and crew members. Many tourist destinations were hosts to terrorist activities (Bali, Kenya, Egypt and Tunisia). Caribbean can be considered safe with respect to terrorist activities (Picture 5).

Picture 5: Ships in Port



Source: Seen at <http://urbact.eu/en/results/results/?resultid=32>, on Tuesday 5th November 2013.

⁶⁸ Center on ecotourism and sustainable development (CESD) (2006) *Cruise Tourism in Belize: Perceptions of Economic, Social & Environmental Impact* [online]. Available at: http://www.responsibletravel.org/projects/documents/Master_Belize_report_Dec_4_FINAL.pdf. Seen on Wednesday 16th October 2013.

⁶⁹ Benić Ivica, (2011) *Uticaj pomorskih krstarenja na turističku destinaciju, No.1, Poslovna izvrsnost, Zagreb, p.45.*

PART THREE – RESEARCH WORK

9. Sustainability of the Danube River

9.1 The Danube

The Danube is the second longest river in Europe, after the Volga. The river basin is 2860 km long. The river passes through or touches the borders of ten countries: Romania, Hungary, Serbia, Austria, Germany, Bulgaria, Slovakia, Croatia, Ukraine and Moldova. Its drainage basin extends into nine more (Picture 6). The Danube region is the centre of economy, culture and tourism. Along its course, the Danube is a source of drinking water for about twenty million people.

In recent years, there is a significant increase in interest in the Danube River, which is one of the most important European development potential and the starting point for many of the ideas and projects directed at integration of Europe. The Danube is the central European river traffic artery whose capacity will gain in importance in the medium to longer term, and the Danube basin is one of the capitals of European ecosystems that require urgent, internationally agreed conservation and protection measures.

Picture 6: Map of the Danube Cities



Source: <http://xoxol.org/danube/dd01-danube-cities-in-german-1820x1288.html>; seen on January 12, 2014

9.2 Ecology and environment

The Danube Delta has been a *UNESCO World Heritage Site* since 1991. The waters of the Danube, which flow into the Black Sea, form the largest and best preserved of Europe's deltas. The Danube delta hosts over 300 species of birds as well as 45 freshwater fish species in its numerous lakes and marshes.

The *International Commission for the Protection of the Danube River (ICPDR)* is an organization consisting of 14 member states (Germany, Austria, the Czech Republic, Slovakia, Slovenia, Hungary, Croatia, Bosnia and Herzegovina, Serbia, Bulgaria, Romania, Moldova, Montenegro and Ukraine) and the *European Union*. The commission, established in 1998, deals with the whole the Danube River Basin, which includes tributaries and the groundwater resources. Its goal is to implement the *Danube River Protection Convention* by promoting and coordinating sustainable and equitable

water management, including conservation, improvement and rational use of waters and the implementation of the *EU Water Framework Directive*⁷⁰.

The *ICPDR* was created to implement the *Danube River Protection Convention (DRPC)*. It is both a forum to allow its contracting parties to coordinate the implementation of the convention and a platform to review the progress they make. The key objectives of the *ICPDR* include the following:

1. Ensure sustainable water management
2. Ensure conservation, improvement and rational use of surface waters and ground water
3. Control pollution and reduce inputs of nutrients and hazardous substances
4. Control floods and ice hazards.

The *ICPDR* also facilitates cooperation between the Danube countries and the Black Sea region in issues requiring coordination, cooperates with other international organizations where appropriate, and addresses new challenges related to water management as they emerge.

When the *EU Water Framework Directive* (WFD, formally Directive 2000/60/EC)⁷¹ was adopted in October 2000, all countries cooperating under the *DRPC* (which includes 15 *EU* and non *EU* member states) decided to make all efforts to implement the Directive throughout the whole basin. The Non *EU* Member States also committed themselves to implement the WFD within the frame of the *DRPC*. In addition, the *ICPDR* serves as a coordination platform for the basin-wide implementation of the *EU Floods directive* (EFD, formally Directive 2007/60/EC)⁷².

⁷⁰ <http://www.icpdr.org/main/>; seen on Thursday, November 28, 2013.

⁷¹ <http://ec.europa.eu/environment/water/water-framework/>; Seen on Thursday, November 28, 2013.

⁷² http://ec.europa.eu/environment/water/flood_risk/; Seen on Thursday, November 28, 2013.

9.3 Historical

The Danube basin was the site of some of the earliest human cultures. The Danubian Neolithic cultures include the Linear Pottery cultures of the mid - the Danube basin. Many sites originate from the sixth to the third millennium BC - Vinca culture (Serbia) is sited along the Danube. The third millennium BC Vucedol culture (Croatia) is famous for its ceramics.

The Vinca culture is a Neolithic archaeological culture in Southeastern Europe, dated to the period 5500–4500 BCE. It is discovered by Serbian archaeologist Miloje Vasic in 1908, it represents the material remains of a prehistoric society mainly distinguished by its settlement pattern and ritual behavior⁷³.

The Vucedol culture flourished between 3000 and 2200 BC⁷⁴, centered in Syrmia and eastern Slavonia on the right bank of the Danube River, but possibly spreading throughout the Pannonian plain and western Balkans and southward. It was thus contemporary with the Sumer period in Mesopotamia, the Early Dynastic period in Egypt and the earliest settlements of Troy. Some authors regard it as an Indo-European culture. In modern times, Vucedol ceramics have become famous worldwide. A very characteristic bi-conical shape and typical ornaments evolved, in many cases with typical "handles" which were almost non-functional, but were key to understanding ornaments that had symbolic meanings, representing terms such as "horizon", "mountains", "sky", "underworld", "sun", "constellation of Orion", "Venus".

Alexander the Great defeated the Triballian king Syrmus and the northern barbarian Thracian and Illyrian tribes by advancing from Macedonia as far as the Danube in 336 BC.

The river was part of the Roman Empire's *Limes Germanicus*. The Romans often used the Danube as a northern border for their empire⁷⁵.

⁷³ Chapman, J. (2000). *Fragmentation in Archaeology: People, Places, and Broken Objects*. London: Routledge, p. 239.

⁷⁴ Dating as in Ian Shaw, ed., *A Dictionary of Archaeology*, 2002, and elsewhere; dating methods are discussed in Aleksandar Durman and Bogomil Obelic, *Radiocarbon dating of the Vucedol culture complex*, 1989.

⁷⁵ http://en.wikipedia.org/wiki/Danube#International_cooperation; seen on Tuesday November 19, 2013.

9.4 Navigation

The Danube Commission is concerned with the maintenance and improvement of the river's navigation conditions. It was established in 1948 by seven countries bordering the river. Members include representatives from Austria, Bulgaria, Croatia, Germany, Hungary, Moldova, Slovakia, Romania, Russia, Ukraine, and Serbia. It meets regularly twice a year. It also convenes groups of experts to consider items provided for in the commission's working plans.

The commission dates to the *Paris Conferences* of 1856 and 1921, which established for the first time an international regime to safeguard free navigation on the Danube⁷⁶.

The Danube is navigable by ocean ships from the Black Sea to Braila in Romania and by river ships to Kelheim, Bavaria, Germany; smaller craft can navigate further upstream to Ulm, Wurttemberg, Germany. About 60 of its tributaries are also navigable.

Since the completion of the German Rhine–Main–Danube Canal in 1992, the river has been part of a trans-European waterway from Rotterdam on the North Sea to Sulina on the Black Sea (3500 km). In 1994 the Danube was declared one of ten Pan-European transport corridors, routes in Central and Eastern Europe that required major investment over the following ten to fifteen years. The amount of goods transported on the Danube increased to about 100 million tons in 1987. In 1999, transport on the river was made difficult by the *NATO* bombing of three bridges in Serbia during the Kosovo War. Clearance of the resulting debris was completed in 2002, and a temporary pontoon bridge that hampered navigation was removed in 2005.

At the Iron Gate, the Danube flows through a gorge that forms part of the boundary between Serbia and Romania; it contains the Iron Gate I Hydroelectric Power Station dam, followed at about 60 km downstream (outside the gorge) by the Iron Gate II Hydroelectric Power Station. On 13 April 2006, a record peak discharge at Iron Gate Dam reached 15,400m³/s. The Iron Gate I Hydroelectric Power Station is the largest dam on the Danube River and one of the largest hydro power plants in Europe. The

⁷⁶ http://en.wikipedia.org/wiki/Danube_Commission; seen on Tuesday, November 19, 2013.

Romanian side of the power station produces approximately 5.65TWh annually, while the Serbian side of the power station produces 5.4TWh⁷⁷.

There are three artificial waterways built on the Danube: the Danube–Tisa–Danube Canal (DTD) in the Banat and Backa regions (Vojvodina, northern province of Serbia); the 64 km Danube – Black Sea Canal, between Cernavoda and Constanta (Romania) finished in 1984, shortens the distance to the Black Sea by 400 km; and the Rhine-Main-Danube Canal (about 171 km), finished in 1992, linking the North Sea to the Black Sea.

As "*Corridor VII*" of the European Union, the Danube is an important transport route. Since the opening of the Rhine–Main–Danube Canal, the river connects the Port of Rotterdam and the industrial centers of Western Europe with the Black Sea and, also, through the Danube – Black Sea Canal, with the Port of Constanta.

The waterway is designed for large-scale inland vessels (110×11.45m) but it can carry much larger vessels on most of its course. The Danube has been partly canalized in Germany (5 dams) and Austria (10 dams). Proposals to build a number of new dams to improve navigation have not progressed, due in part to environmental concerns.

Downstream from the Freudenberg dams in Vienna, canalization of the Danube was limited to the Gabčíkovo dam and dams near Bratislava and the two double Iron Gate dams in the border stretch of the Danube between Serbia and Romania. These dams have larger dimensions (similar to the dams in the Russian Volga River, some 300 by over 30m). Downstream of the Iron Gate, the river is free flowing all the way to the Black Sea, a distance of more than 860km.

The Danube connects with the Rhine–Main–Danube Canal at Kelheim, with the Donaukanal in Vienna and the Danube–Black Sea Canal at Cernavoda⁷⁸.

Apart from a couple of secondary navigable branches, the only major navigable rivers linked to the Danube are the Drava, Sava and Tisa. In Serbia, a canal network also connects to the river; the network, known as the Danube–Tisa–Danube Canals, links sections downstream⁷⁹.

⁷⁷ http://en.wikipedia.org/wiki/Iron_Gate_I_Hydroelectric_Power_Station; seen on Tuesday November 19, 2013.

⁷⁸ <http://www.icpdr.org/main/issues/navigation>; Seen on Tuesday November 19, 2013.

⁷⁹ <http://www.serbia.travel/nature/rivers-and-lakes/the-danube>; Seen on Tuesday November 19, 2013.

9.5 Tourism on the Danube

Important tourist and natural spots along the Danube include the *Wachau Valley*, the National park *Donau-Auen* in Austria, *Gemenc* in Hungary, the Nature park *Obere Donau* in Germany, *Kopacki rit* in Croatia, *Iron Gate* in Serbia and Romania, *the Danube Delta* in Romania, and the *Srebarna Nature Reserve* in Bulgaria.

The Danube Banks in Budapest are a part of *Unesco World Heritage* sites; they can be viewed from a number of sightseeing cruises offered in the city.

The Danube Bike Trail (also called the Danube Cycle Path or the *Donauradweg*) is a bicycle trail along the river. It is divided into four sections:

1. Donaueschingen-Passau (559 km)
2. Passau-Vienna (340 km)
3. Vienna-Budapest (306 km)
4. Budapest-Black Sea (1670 km)

The Sultans Trail is a hiking trail that runs along the river between Vienna and Smederevo in Serbia. From there the Sultans Trail leaves the Danube, terminating in Istanbul. Sections along the river are as follows.

1. Vienna-Budapest (323 km)
2. Budapest-Smederevo (595 km)⁸⁰

9.6 Cultural and natural heritage along the Danube

The variety of natural as well as cultural heritage along the Danube is huge. There are many castles and ruins such as Durnstein (AT), the castle of Devin (SK), a baroque castle in Godollo (HU) or the medieval fortresses Golubac (SER), Baba Vida (BG) and Enisala (RO). But also natural viewpoints such as the Danube source in Donaueschingen (DE), the Danube loop (AT), Iron Gate (RO/SR) or the rock formations of Belogradchik (BG) are indispensable sights hiking along the Danube. Furthermore,

⁸⁰ http://en.wikipedia.org/wiki/Danube#International_cooperation; Seen on Tuesday November 19, 2013.

feeders such as the Drave (CRO) or the Lake Belegu (MD) or mountain ranges such as the Carpathian Mountains (UA) form the landscape of the Danube basin⁸¹.

Many pretty towns along the Danube banks such as Osijek, Ilok, Novi Sad, Vidin or Russe also reflect the turbulent historic past. One could find great metropolis such as Vienna, Budapest and Belgrade, but also lively towns such as Linz, Passau, Bratislava, Constanța or Odessa which represent lively urban culture along the great river.

One of the greatest and most significant Mesolithic and Neolithic archaeological sites in Europe is Lepenski Vir (SER), located on the right coast of the Danube close to the Iron Gates. The settlements and objects to be discovered here are about 8000 years old.

More than ten sights along the Danube are included in the list of *UNESCO World Heritage*; amongst others the historical centre of Regensburg (DE), Wachau (AT), Vienna (AT) and Budapest (HU) but also outside the cities the Benedictine Abbey (HU), Palace of Galerius (SER), Thracian Tomb of Sveshtari (BG) etc.⁸²

-Route of Emperors and Kings

The “Route of Emperors and Kings” connects the diversity of European culture along the Danube and beautiful landscapes from the medieval city of Regensburg via Passau and Vienna to the metropolis Budapest. The Roman Limes – the impressive former frontier of the Roman Empire, which has been proposed as *UNESCO* world heritage – also follows the Danube. Many excavations and findings can be discovered in many locations along the river⁸³.

- Trajan's Bridge

Construction of the Trajan's Bridge (Picture 7) started under the rule of the Roman emperor Marcus Trajan. It was ceremonially opened in 105, during the march to the city of Decani. The overall length of the bridge was 1095.5 meters and until around the year 1000 it was considered the longest bridge ever built. The Trajan's s Bridge was located near today's village of Kostol near Kladovo on the Serbian and Turnu Severin on

⁸¹ <http://www.danube.travel/main-menu/danubetravel.1.html>; Seen on Thursday, November 21, 2013.

⁸² <http://www.danube.travel/main-menu/danubetravel.1.html>; Seen on Thursday, November 21, 2013.

⁸³ <http://www.strassederkaiserundkoenige.com/>; Seen on Thursday, November 21, 2013.

Romanian side. Today, the ancient bridge built by the most famous architect in that period - Apollodor from Damask – is considered one of the most important pieces of ancient Roman Empire. It was destroyed by order of the Emperor Aurelian (270–275) when Romans fled from the upcoming barbaric tribes⁸⁴.

Picture 7: Trajan's Bridge



Source: http://www.travel.rs/sr/wp-content/uploads/trajanov_most.jpg; seen on January 12, 2014.

- Vilkovo channels

Vilkovo merges the waters of the Danube and the Black Sea (Picture 8). The old part of the town is floating Vilkovo, which is also called “Ukrainian Venice”. Like in Venice, there are channels, called “erilki” instead of streets. “Gondolas” and motorboats are the main means of transport. When moving along the channels, tourists can see white pure small houses, small kitchen gardens fertilized by silt and small wooden bridges with the width of 1–2 meters. The bridge’s tops are not fixed and are removed

⁸⁴ http://en.wikipedia.org/wiki/Trajan's_Bridge; Seen on Thursday, November 21, 2013.

when boats are passing by. Furthermore this picturesque place, with its lipovanic settlement and unusual dialects is a worthwhile visit for every tourist⁸⁵.

Picture 8: Vilkovo Channels



Source: <http://www.shutterstock.com/pic-1433877/stock-photo-street-water-instead-of-asphalt-city-on-water-the-city-of-vilkovo-the-odessa-region-ukraine.html>; seen on January 12, 2014.

- Devin castle

The first written source of Devin dates back to 1223. The castle is built on a strategic position – directly on top of a cliff above the confluence of the Danube and Morava rivers. This location has served people for centuries – from the Celts to the Romans and the Goths and Lombard's. In the 15th century the castle belonged to a series of prominent aristocratic families. In 1809, Napoleon's army destroyed Devin castle. In the 19th century it became an important site for the Slovak National Awakening movement. Today the remains of the battlement of the renaissance fortress still jut out from the narrow cliff, providing the visitors with a marvelous view on the course of the Danube⁸⁶ (Picture 9).

⁸⁵ http://www.vilkovo.od.ua/en/tour_v_vilkovo/; Seen on Thursday, November 21, 2013.

⁸⁶ http://en.wikipedia.org/wiki/Dev%C3%ADn_Castle; Seen on Thursday, November 21, 2013.

Picture 9: Devin castle



Source: <http://en.wikipedia.org/wiki/File:Devin02.jpg>; seen on January 12, 2014.

9.7 The Danube Hike⁸⁷

-Hiking in Germany

Hiking with and without luggage along the Danube from Donaueschingen to Passau (DE) is a special product developed by the *ARGE Deutsche Donau*. Heavy luggage often is an impediment for hikers when making large tours. Therefore, a shuttle service delivers the hiker's backpacks to the next stage of the route. These tours include hiking experience, city flair, natural attraction and sometimes even cruising one stage.

- Hiking in Austria

The Donausteig in Upper Austria with its 450 km leads – mostly on both shores – from Passau (Bavaria) via Linz to Grein. On 41 loop-tours it is possible to discover the surroundings of the region. The Welterbesteig Wachau runs along both shores of the

⁸⁷ <http://www.danube.travel/main-menu/find-what-to-do-on-the-danube/go-biking--cycling.358.html>; Seen on Thursday, November 21, 2013.

Danube in Lower Austria between Melk and Krems, allowing hiking experiences in both directions on 180 km. On both trails hikers find standardized markings and signposts.

- Hiking in Slovakia

In Slovakia touristic walks are offered rather than hiking tours. Therefore, the combination of cruising and walking Devin castle can be mentioned as good practice example. Stopovers range from one to two hours and the visit to the ruins is made individually. Nevertheless, there are two different paths. The branch on the left side of the hill leads to the place where a Great Moravian church stood in the IX century. The second branch of the path leads to the conserved ruins of the middle and upper parts of the medieval castle.

-Hiking in Croatia

The city of Ilok offers theme routes within the city region. Even though not hiking along extensive walking trails, these tours offer a short city walk from the upper city part along the Danube and a longer excursion along the wine road of Ilok. Also Liska, the highest peak of the Vukovar-Srijem County (297 meters), can be found here, among the slopes of Fruska Gora. Vukovar, directly located along the Danube, offers a walking trail along the river until the water mouth of the Danube and the Vuka.

-Hiking in Hungary

"Discover the hills where the Danube bends" is a hiking tour provided by *Special Tours*, a Hungarian hiking tour operator. It lasts 13 days in which hikers experience the Danube and its surroundings from Esztergom to Budapest. The operator organizes local accommodation in double rooms and a luggage transfer from one accommodation to the next. Furthermore, hikers receive a detailed tour description and a map of the region.

- Hiking in Serbia

According to the *National Tourism Organization of Serbia*, two walking routes E4 and E7 cross the country. These routes offer tourists the possibility to discover the Eastern and Western part of Serbia walking along the most important sights and getting

to know the landscape and people. The E4 and E7 routes cover main attractions such as the Iron Gate on the Danube, cross the *Fruska Gora* National Park and lead along the famous Orthodox churches and monasteries. There are numerous opportunities to make short day hike excursions in all regions of *Fruska Gora* National Park.

- Hiking in Ukraine

Salix Tours offers ten-day hiking tours for a maximum experience of the Lower Danube region. Starting from Odessa, the tour includes walks along lakes, marshes and the Danube biosphere reserve. A huge variety of fauna and flora is presented and explained by the experienced tour guides. But also the channels of Vilkovo show the influence of the Danube in the region. Furthermore, people and country can be experienced in mainly private guesthouses.

- Hiking in Romania

The Romanian travel agency and tour operator *Tymestours* offers hiking and trekking tours in the Banat Mountains. These tours normally last up to three days and reward hikers with a unique view of the Danube Gorge. *Tymestours* plans the hiking trips individually – either for groups of tourists or even for business delegations that want to experience nature off the beaten tracks.

- Hiking in Bulgaria

Hike & Bike “*Beyond the Iron Gate*” is a hiking and biking offer by the Bulgarian hiking tour operator *Odysseia-in*. This tour leads through the Western Balkan Mountains in Bulgaria, along to the Serbian and Romanian riverbanks of the Danube to the Southwestern Carpathian Mountains in Romania. Even though this tour is not only dedicated to experiencing the Danube, it has to be mentioned as good-practice example for a cross-border package. Beyond borders it leads the hikers through the Danube area and its surroundings.

9.8 Cruising tourism on the Danube

Although it seems that river cruising is similar to that which takes place by sea, some differences are, however, noticeable. The ships that sail the rivers are much smaller than the maritime, because the river flows, due to the limited depth, can't accommodate larger vessels.⁸⁸

The most important cruising markets in Serbia are Western European countries. The largest number of travelers comes from Germany, France, Austria, Great Britain, the smaller number is from Switzerland, other European countries and from the United States. Tourist arrangements on the most luxurious ships cost up to 2 000€. In addition to lodging, food and other services on the boat is realized the most of the hotel spending. Tourist arrangements last from 6 to 24 days (5-23 nights), and the highest demand are tours that last an average of 15 to 17 days in one direction, with a longer or shorter stay in the about fifteen towns on the route.

The best cruise companies for cruising on the Danube are: *Ama Waterways*, *Avalon Waterways*, *Grand Circle Travel*, *Tauck*, *Uniworld* and *Viking River Cruises*.

-*Ama Waterways* offers cruises on the Danube named: The Blue Danube discovery, Melodies of the Danube, The Legendary Danube, Black Sea Voyage, Europe's Rivers & Castles, The Romantic Danube, Ultimate River Cruise, Magnificent Europe, The Grand Danube Cruise and Christmas Time Cruise.⁸⁹

-*Avalon Waterways* offers cruises on the Danube named: A taste of the Danube, Christmas on the Danube, Balkan discovery, Capitals of Central Europe, The legendary Danube, The blue Danube discovery, The Blue Danube to the Black Sea and The Grand Danube Cruise.⁹⁰

- *Grand Circle Travel* offers cruises on the Danube named: Old World Prague & the Blue Danube, Grand European Cruise, Christmas Markets along the Danube and Eastern Europe to the Black Sea.⁹¹

⁸⁸ Ban I., (1998), "River cruising, Economic Thought and Practice", Vol. 7, no. 7, p. 251 - 252

⁸⁹ <http://www.amawaterways.com/>; Seen on Friday November 22, 2013.

⁹⁰ <http://www.avalonwaterways.com/>; Seen on Friday November 22, 2013.

⁹¹ <http://www.gct.com/>; Seen on Friday November 22, 2013.

- *Tauck* offers cruises on the Danube named: The Blue Danube, Amsterdam to Budapest by Riverboat, Musical Magic Along the Blue Danube, Budapest to the Black Sea, Christmas Markets Along the Danube, The Danube Reflections, Grand European Cruise and the Blue Danube: Family Riverboat Adventure.⁹²

- *Uniworld* offers cruises on the Danube named: The Danube Discovery & Prague, Enchanting Danube, European Jewels, European Serenade, Grand European Discovery, Grand European River Voyage, Imperial Capitals of Europe, The Danube Holiday Markets, Enchanting Christmas & New Year's Cruise, European Holiday Markets and Grand Christmas & New Year's Cruise.⁹³

- *Viking River Cruises* offer cruises on the Danube named: Grand European Tour, Passage to Eastern Europe, The Romantic Danube, The Danube Waltz, and European Sojourn.⁹⁴

In addition to traditional forms of cruises, many companies offer specialized programs designed for different market segments based on the motifs of travel and specific needs (cultural programs, culinary, sports and wellness programs, family cruise, cruises concerning various events or celebrations, etc.).

9.9 Possibilities for the development of new products in Serbia

The Danube through Serbia can be divided into four regions:

1. Vojvodina plains
2. Belgrade - Iron Gate
3. The Iron Gate
4. Kladovo - mouth of Timoc

⁹² <http://www.tauck.com/>; Seen on Friday November 22, 2013.

⁹³ <http://uniworld.com/>; Seen on Friday November 22, 2013.

⁹⁴ <http://www.vikingrivercruises.com/>; Seen on Friday November 22, 2013.

Table 4: The Danube in Serbia - basic characteristics

The length of the Danube River in Serbia	588 km
Surface of the Danube River Basin	102.350 km ²
Maximum / Minimum width of the Danube	2,000 m (the Iron Gate Lake) 97/147 m
The average depth	3-17 m
The maximum depth	90 m (the largest river depth in Europe)
The main tributaries	Tisa, Sava, Tamis, Morava, Nera, Timoc
Bridges	10 (7 road, rail 1 and 2 combined)
Dams	2
Two-stage ship locks	2
Protected natural resources	Over 5099
Larger towns and villages	Belgrade, Novi Sad, Sombor, Smederevo, Veliko Gradiste, Golubac, Donji Milanovac, Kladovo

Source: *Tourist Organization of Serbia; seen on Tuesday, November 19, 2013*

The basic characteristics of the Danube trough Serbia can be seen in Table 4.

Ferry potential is enriched by a series of nature reserves (over 50 protected areas of special national and international importance), archaeological sites from the ancient epoch (Starcevo, Vinca, Lepenski Vir, Viminacium, Roman road, the remains of Trajan's bridge and Tabula Traiana and many Roman forts) and medieval fortresses (Bac, Petrovaradin, Kalemegdan, Smederevo, Ram, Golubac and the remains of the Turkish Fetislam near Kladovo). In the coastal area were lifted some of the most beautiful towns of the Old Continent, built many ports, bridges and dams, as well as a range of resorts, but also economic and infrastructural facilities which are, unfortunately, seriously jeopardize the biosystem of the river.

Nautical tourism is a development opportunity for Serbia which is great potential lies in the network of rivers of nearly 1600 km long and the Danube as a the backbone of connecting Serbia to Budapest and Vienna with river courses in highly developed countries of Western Europe. In the last few years, the cleaning of the river and the normalization of traffic on the sector of the Danube through Serbia, it is intensified

passenger traffic. A special impulse to the development of this type of tourism gave the opening of the Rhine-Main-Danube Canal and the possibility of tourism movement and modern cruise ships from the North Sea to the Black Sea. The largest part of the nautical tourism market of the *Corridor VII* on the territory of Serbia refers precisely to the international tourist cruises that include multi-day trips with ships that travel from Vienna via Budapest, Novi Sad and Belgrade usually sail to Constanta on the Black Sea. Also, navigation with larger or smaller vessels not only on the Danube but also its tributaries and the canal network is becoming increasingly important and extremely interesting source of tourist demand.

International shipping in Serbia was hampered after the *NATO* in 1999 destroyed all three bridges on the Danube in Novi Sad. With the assistance of the *European Union*, the Danube Commission, the Board of the *Corridor VII* and other institutions and organizations, the waterway was again passable. In 2001 Serbia, the *Danube Commission* and the *EU Commission* have reached an agreement that the pontoon bridge in Novi Sad, starting from the 2002, opens three times a week, so ships could sail along the whole Danube⁹⁵.

The Danube Bike Trail is a cycle path that connects nine Danube countries - all but Moldova. It is 2857 km long, beginning in Donaueschingen in Germany, and ending at the coast of the Black Sea, in Romania. Thousands of cyclists ride certain parts of this trail, so it is considered the most popular holiday cycle route in Europe.

Since it connects nine Danubian countries, the Danube Bike Trail offers a visitor exactly what these countries have to offer: flat plains and mountains, hills and vineyards, historical monuments and architecture, different geological features that can be seen only on the Danube banks⁹⁶.

Average stay of foreign tourists who sail the Danube in Serbia is one day. After customs and passport control, passengers have several hours of free time outside of the ship, and sightseeing tours and surrounding localities is usually a matter of the individual or facultative choice. For this proposal requires the existence of travel agencies, transportation companies, tour guides.

⁹⁵ http://www.emins.org/sr/aktivnosti/projekti/dunav/dunav_istrazivanje.pdf; seen on Thursday, November 21, 2013.

⁹⁶ <http://www.danube.travel/main-menu/find-what-to-do-on-the-danube/go-biking--cycling.358.html>; seen on Thursday, November 21, 2013.

In order to achieve competitiveness, it is necessary that the activities of many national and international institutions focus on basic principles for the establishment of international standards for the development and commercialization of products nautical to the tourism industry in the right direction. In an effort to provide a stable and consistent economic growth and attract foreign investment, Serbia has achieved a high level of cooperation with other Danubian countries through a number of common programs followed by the benefits of financial, legal and logistical nature which increase their attractiveness to foreign investment. It is important that in the following period defines as more new quality national and regional projects and conduct the assessment of financial assets necessary to establish more comprehensive methods of cooperation.

A prerequisite for any investment by private investors and the adoption of spatial regulatory plans and state and local communities would have to take on the role of financiers of certain projects and general tourism infrastructure that is impossible to create interest among private investors, such as, for example, transport infrastructure, solving the problem of waste, the system of tax incentives, tax stimulate and the creation of new tourism products in the Danube region, as well as new jobs in the tourism sector and related industries. The objective is to maximize stimulation of investors for investment in tourism sector it becomes competitive.

Investment plan, as an integral part of the *Strategy development tourism Republic of Serbia 2005-2015*⁹⁷, also includes the Danube region as a special priority and one of the most strategic directions of long-term development of our economy.

Passengers on river boats and cyclists are important target groups. Data are saying the following:

Cruisers:

- 2008 - 100 ships and 50 000 tourists in Belgrade.
- 2009 - 120 ships and 49 500 tourists.
- 2010 - 390 ships, 50 000 tourists and 16 000 crew members

⁹⁷ *Tourism Development Strategy of the Republic of Serbia from 2005 to 2015. The Ministry of Trade, Tourism and Services of the Republic of Serbia, Horwath Consulting Zagreb and Faculty of Economics, Belgrade, 2005," Official Gazette of Republic of Serbia ", No. 91/2006.*

- 2011 - 445 ships, 58 000 tourists from around the world and 18 000 crew members.
- 2012 - 471 vessels and over 55 000 tourists.⁹⁸

Cycling

The fourth stage "of the Danube cycling route" (Donauradweg), which leads from Budapest to the Black Sea, a distance of 1670 km, passing through Serbia.

Eco counter in Donji Milanovac until September 2009 counted over 3,500 cyclists that according to statistics in Germany are spending from 64.60€ to 100€ a day, depending on the length of travel.

The archaeological sites

Significant potential represents proximity to archaeological sites. Some of them are:

- Neolithic: Starcevo, Vinca, Lepenski Vir;
- Roman: Roman road in the Iron Gate, Viminacium, Tabula Traiana and many Roman fortifications;
- Medieval: Smederevo fortress, Golubac town, Vratna⁹⁹.

Even though statistic data is not available for every Danube-bordering country, according to a hiking study done by the Deutsche Wander Institute, the typical hiking tourist can be described as follows:

- Demographics: 48 years (m & f), higher income
- Length of tours: 9–14 km, 2.5–4 hours
- Hiking motives: nature, silence and relaxation
- Planning: Internet, recommendations, maps, hiking books
- Tours: circular routes and day-trips
- Paths: routes with many viewpoints and natural paths.¹⁰⁰

⁹⁸ <http://www.lukabeograd.com/PutnickoPristaniste/OPristanistu.html>; seen on Thursday, November 21, 2013.

⁹⁹ http://www.emins.org/sr/aktivnosti/projekti/dunav/dunav_istrazivanje.pdf; Seen on Thursday, November 21, 2013.

¹⁰⁰ <http://www.wanderforschung.de/WF/>; Seen on Thursday, November 21, 2013.

The current situation in Serbia:

-Assessment of future developments and improvements Serbian position in the international tourism market based on the resource base available for tourism development and the process of privatization which, although is delayed, still gives positive results in the field of tourism. The fact that Serbia represent objectively new destination on the European and regional markets can be an advantage in its market positioning. At the same time, we have in mind the expressed characteristics of modern tourist demand, the desire for new destinations and new experiences, need for a variety of activities during the trip, using several short vacations throughout the year and so on.

-The tourist offer of Serbia the emphasis should be put to: rest in nature, an active holiday in the countryside, roads of culture, cultural and historical monuments, as well as organized events. Nautical tourism in Serbia is one of the weakest elements of competition, suggesting that offer of nautical tourism is rather low, with poor technical equipment and inadequate profile of tourism products.

-Currently offers of our shipping companies and travel agencies are mostly limited to boat tours, which last only a few hours or longer, a day or two, with overnight stay in the buildings on the banks of the Danube because our ships do not have passenger cabins.

-Development of receptive international cruising in the destination considerably contributes to the equipment of location for receiving cruise ships and equipment of passenger terminals. In the area of international passenger port in Belgrade and Novi Sad are located the service of the Border Police, of the Customs and the Port. It can be said that the quality of tourist reception at these locations is on approximate level of the other Danube countries - in order to satisfy tourism needs is provided ancillary port services: sanitary facilities, electricity, public lighting, telephones, postal tellers, currency exchange office, cash machines, medical assistance service, offers of advertising and informational-promotional materials, souvenir shops, stores of goods, etc.

The activities necessary for the further development of nautical tourism in Serbia are:

- The intensive use of existing waterways and connection with waterways in Europe - involving our network of European floating waterway network through the Rhine-Main-Danube (the establishment of a single regulatory model of navigation).
- Restoration of the river fleet, with intensive involvement of local river shipyards.
- Tidying of Coastline and associated (navigational) infrastructure - restoration, enhancement, and maintenance of restoration of canals and other waterways.
- The construction of large nautical centers limits on the large urban areas (Belgrade, Novi Sad). Outside urban areas follow the nautical resort concept with an emphasis on recreational activities and water sports.
- Formation of traffic corridors that would merge the waterway, rail and road transport for the rational use of space, linking inter-regional units and the further development of large urban centers.
- Define, shape and promote the offer (hotel, gastronomy, local traditions and events, special interests, etc.) along the Danube and its main tributaries.
- Interactive linking of various tourist attractions and facilities in the Danube into a single multifunctional unit, in order to create an integrated tourism product and a secondary motive for coming to Serbia, and created the possibility of the opening the tourist destinations.
- Incentive the opening of local arts and crafts, offer the attractive souvenirs, products of local agriculture (wine cellar) and crafts (handicrafts).
- Improve the offer of excursions and the possibility spending during sightseeing.
- Balance the diverse offer throughout the year offering contents that will be recognizable and competitive compared to other destinations, in order to attract a particular segment of the market in different parts of the year, and achieve higher average spending of visitors from ships ashore.
- Establish a domestic organization which will deal with the river cruise tours or offer reputable international organizer of cruise trips from Europe to open its business base in Belgrade and from it start organizing river cruises for longer tours and for day excursionists.

By following the plan of investments, as an integral part of the *Strategies of Tourism Development of the Republic of Serbia 2005 - 2015*¹⁰¹, it has been implementing the investment programs from foreign countries and encourages new green field investments. This plan also includes the Danube region as a particular priority and one of the most strategic directions of long-term development of our economy. The strategy says that we should improve the tourist offer through the valuation of the tourism potential increasing the attractiveness of the area (development and utilization of tourism potentials of fortress on the river, national parks and protected areas), to design and implement thematic routes (wine roads, culture of the Roman emperors road, walking paths), to enable entering the Danube channel, integrate tourist product, etc¹⁰².

For a project of the *Ministry of Economy and Regional Development* - Thematic Route: "*Wine Route*", "*Roads of Roman Emperors*", "*Pedestrian paths*", countries of the Black Sea Initiative (Romania, Bulgaria) have shown interest in. In addition to this project, the ministry has a "Project Fortress on the Danube and starting point of Golubac fortress" and "*Project Fortress on the Danube - Golubac city.*"

On the other hand, the Ministry of Culture develops projects related to cultural heritage: Cultural Route – "*Fortresses on the Danube*"- Bac, Novi Sad (Petrovaradin), Belgrade, Smederevo, Veliko Gradiste (Ram), Golubac, Kladovo (Fetislam); and Cultural Route - "*The Roman emperors*"- Sremska Mitrovica (Sirmium), Belgrade (Singidunum), Kostolac (Viminacijum), Kladovo (Diana), Iron Gate (Tabula Traiana, Trajan's bridge) – all localities are on the Danube. All projects are supported by *UNESCO* and the *Council of Europe*.

It should be networked actors of contemporary art in the city on the Danube in order to promote the common European cultural values - co-production projects in the field of musical and theatrical, film and audio-visual and literary creativity.

¹⁰¹ Tourism Development Strategy of the Republic of Serbia 2005 - 2015, the Ministry of Trade, Tourism and Services of Serbia, Horwath Consulting Zagreb and Faculty of Economics, Belgrade, 2005," Official Gazette of RS ", no. 91/2006.

¹⁰² <http://www.dunavskastrategija.rs/sr/?p=58>; seen on January 11, 2014.

It should be supported the development of new and existing bike routes along the Danube ("*Eurovelo*" and "*Eurovelo 6*"). *Ministry of Economy and Regional Development* has a project of "Tracks of bicycling-pedestrian paths and embankments" Vinca - Fortress - Golubac city. Project of forming bike paths also has the municipality of Stara Pazova.

The strategy proposes branding the Danube as an attractive tourist destination for local and foreign tourists. *Republic Agency for Spatial Planning and the Government of the Autonomous Province of Vojvodina*, have the project "*Donauregionen +*", which developed the strategy of development across the Danube functional areas and which contribute to the formation of the Danube brand. The project of the nongovernmental organizations "*Aqua et Archeologia*", "*Danube Centre for Underwater Archaeology and History of Navigation*", and joint project of Raris and government agencies of Austria for the environment "*Sustainable mobility and tourism in the Danube region*" could also help in the development of the Danube brand.¹⁰³

Many international agencies organize river cruises with additional facilities in ports. *Katarina line* from Croatia organizes cultural and historical; Young and Fun Cruise for travelers under 35 years old; Slim, Fit and vital cruise; Hike and Walk cruises; cruises for gay people.¹⁰⁴

In Serbia, beside the usual attractions that can be visited, can be arranged tours of entertainment. Strangers would come to Belgrade and Novi Sad to experience the nightlife. Belgrade can satisfy every taste, from the bohemian atmosphere in taverns, across the live concerts on the rafts and clubs with house music. It can be organized culinary tour, where foreigners could try our national meals and specialties.

Two of the biggest festivals in Serbia are held in the summer: *EXIT* in Novi Sad and *Beer Fest* in Belgrade. *EXIT* has won first place in the biggest European festivals of the ceremony of the European festival awards for 2013 year, which was held at the Eurosonic Noorderslag in Groningen, The Netherlands. Exit left behind some of the biggest European festivals, such as the Belgian festival *Tomorrowland* and Hungarian *Sziget*. Audiences from all over Europe, together with *EFA* jury, consisting of prominent

¹⁰³ <http://www.dunavskastrategija.rs/sr/?p=58>; seen on January 11, 2014.

¹⁰⁴ <http://www.katarina-line.com/>; seen on January 11, 2014.

individuals from the world of the festival industry, shared votes have decided in the competition of 360 festivals across Europe - *EXIT* festival in Serbia is the best!¹⁰⁵

Belgrade *Beer Fest* is on average, the biggest beer festival in Southeastern Europe. Within 5 days, over 500.000 people visit the festival. The large number of visitors is mostly due to basic festival principles: free entrance, an exceptional music program, and a wide range of foreign and domestic beer brands.¹⁰⁶

Wine Routes, sightseeing of important monasteries and sacral objects, visits to farms, national parks, caves, lakes in the vicinity of the Danube should be more promoted. Also, besides hiking, walking and cycling, should be organized a horse riding (horse farm Karadjordjevo is located near the Danube), and for those with an adventurous spirit can be organized climbing, gliding, paragliding, flying with ultra light aircraft, motor flying, skydiving, ballooning, hunting.¹⁰⁷

It can be organized fishing. On the Danube is caught carp, perch, catfish, pike and all kinds of "white fish". In Kladovo is developed two types of fishing: sport fishing (various techniques of fishing from the shore: white fish, perch) and a professional fishing with net (catching catfish from a boat, a typical method of fishing in some areas of the Danube). Beska has a terrain suitable for fishing, great depth (15-20 m), with numerous backwaters and floodplains.

¹⁰⁵ <http://www.exitfest.org/sr/news/exit-proglasen-za-najbolji-evropski-festival>; seen on January 21, 2014.

¹⁰⁶ http://www.belgradebeerfest.com/active/en/home/o_festivalu.html; seen on January 21, 2014.

¹⁰⁷ <http://www.srbija.travel/>; seen on January 11, 2014.

10. Conclusion

Current trends in the international tourism scene caused such a technological, organizational and personnel development of the cruise that they are now conceived as a luxury floating hotels and resorts where the stay is filled with a variety of offerings in entertainment, sports, recreational and cultural activities and other facilities. These cruises are usually associated with berthing in one or multiple ports, where the passengers and crew descend on the mainland for a sightseeing tour or for pleasure, education and entertainment.

Cruises include all four characteristics of tourism - transport, accommodation, attractions and tour operators - and therefore are the main competitors of steady tourism. Floating hotels that bring daily visitors contribute to the overall tourism revenue. In addition, creating new jobs, both in direct and in indirect activities which are related to the consumption of employees in the service sector of cruise tourism.

From the foregoing in the paper, it can be concluded that the cruising and cruise industry is in expansion. Popularity of cruises as a sub branch of adventure tourism and types of nautical tourism expands and breaks through the tourism market around the world. It is currently experiencing its boom in the United States, with a trend of continuous improvement and innovation and with offers that would be tempting for consumers / tourists.

Time will definitely produce a new definition of nautical tourism, but it certainly will not be much further from the existing ones, that nautical tourism recognized as a unique phenomenon.

Modern nautical tourism its business focuses to the needs of consumers, because the success of modern business conditions can achieve only the tourist companies that create products that meet the needs of consumers. Due to the increasing demand for the arrangements of competitive business is imperative and requires a large investment and expertise.

Choice of destination is also one of the primary factors of cruise deals, and as shown in this work, the variety of them is essential and extremely important factor in the eyes of consumers.

Today nautical tourism shows an extreme increase in the world, as one of the most profitable forms of tourism offer. But there are many dangers behind the idyllic picture of expansion, development and prosperity; among them most focused attention is on environmental impact. It is very important not to lose sight of the environmental impact because it is a key factor for the sustainable development of every tourist destination and particularly those visited by cruisers.

Applying the procedures for meaningful management activities at the coast and the sea was accepted as the key to the preservation of the environment. Overall activity to prevent pollution and the devastation of the sea will not achieve better results without ecological culture of tourists. Equipment for the reception of garbage, waste, oily water, oil and chemicals should be placed in all the places where nautical and other tourists stay. Sewage discharges should be performed outside of marinas and harbors or into the sea through the purification device.

All efforts for the preservation and protection of the sea should be the subject of international control in order to preserve the associated ecosystems. Reports about it have to include the results of the program of monitoring (tracking), elements for assessment of human activities on the physical, chemical and biological field the sea. It should therefore be performed continuous measurements of sea water quality and innovative research for the prevention of marine pollution.

Any behavior that reduces the equilibrium of the system is considered to be unsustainable. However, to know whether the system is balanced or not, can be reached only after a disturbances with safely conclude the behavior of ecosystems. The most that can be given before the disorder is more or less successful impact. For Monitoring the impact of cruise tourism should do periodic environmental impact assessment and social impact assessment. Based on that would be fortified objectives, priority actions and the expected environmental and social impacts.

The main hypothesis of this paper is that the future development of the cruise industry is based on the potential of new markets, new products and new tourism segments and it has been confirmed.

It was also confirmed that in the last twenty years, the U.S. market has become a market leader. But the leading cruise companies have been able to generate new markets such as the UK, Germany and Italy.

In this paper are presented modern cruise products, new kinds of travel plans for the further development and expansion of the tourism market and the role of new technologies in the entertainment of passengers.

The results of the study confirmed the hypothesis that cruise tourism can have a positive or negative impact on the sustainable development of tourism, especially on tourist destinations included in this type of tourism.

The study also confirmed that it is possible to achieve sustainability of cruise industry by introducing an environmentally responsible business that equally supports the sustainable development of both types of tourist destinations in the cruise tourism - cruise ships and coastal and island destinations included in the cruise tourism.

Opportunities for development nautical tourism on the Danube River are great. Serbia has a lot to do to become competitive in with EU Countries. It is necessary to approach to foreigners the huge potential that Serbia owns and provide them with the benefits that they have in European ports. Serbia has great cultural, historical, natural and entertaining potential not used enough and that could attract new tourists.

The results of research work are: the Danube is sustainable and there are possibilities for the development of new products of river cruise in Serbia to attract new tourists.

All hypotheses in this research work are confirmed.

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