



BREA
PO Box 955
Exton, PA 19341

Phone: (610) 524-5973
Fax: (610) 363-9273
Website: www.breanet.com

ECONOMIC CONTRIBUTION OF CRUISE TOURISM IN MEXICO

*A Survey-based Analysis of the Impacts of
Passenger, Crew and Cruise Line Spending*

July 2007

Volume I Impact Analysis

Prepared for:

Florida-Caribbean Cruise Association

- And - The following partners:



11200 Pines Blvd.
Suite 201
Pembroke Pines, FL 33026
Tel: (954) 441-8881
Fax: (954) 441-3171
Info@f-cca.com
www.f-cca.com

Acapulco Airport
ACVB-Bancomer
Acuario Tours
API Bahias de Hautulco
API de Acapulco
API de BCS

API de Cabo San Lucas
Aviomar
Ensenada Cruise Village
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Puerto de Costa Maya

Puerto Vallarta Excursions
Travelex
Tropical Tours
Vallarta Adventure
Vallarta Shore Excursion

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EXECUTIVE SUMMARY

Business Research and Economic Advisors (BREA) was engaged by the Florida-Caribbean Cruise Association (FCCA) and participating cruise destinations, service providers and tour companies to conduct an analysis of cruise-related spending and its impact on the economies of the participating destinations. The participating destinations and their sponsoring organizations are shown in **Table ES-1**.

Table ES-1 – Participating Destinations and Sponsoring Agencies

Destinations	Sponsoring Agencies
Acapulco	Port of Acapulco Acapulco Airport Acuario Tours ACVB-Bancomer
Cabo San Lucas	Publicport Cabohuatulco API de BCS
Costa Maya and Cozumel	Puerto de Costa Maya
Ensenada	Ensenada Cruise Port Village
Huatulco	API
Mazatlan	Tropical Tours
Progreso	Aviomar
Puerto Vallarta	Vallarta Shore Excursion Vallarta Adventure Travelx Guias de Tourists Puerto Vallarta Excursions

Economic Impacts

Cruise tourism generated significant economic benefits to the Mexico economy. BREA conducted an analysis of cruise-related spending and its economic impact for ten cruise destinations in Mexico for the 2006-2007 cruise year.¹ The ten destinations are: Acapulco, Cabo San Lucas, Costa Maya, Cozumel, Ensenada, Huatulco, Mazatlan, Progreso, Puerto Vallarta and Zihuatanejo.

As shown in **Table ES-2 cruise tourism generated just over \$565 million² in direct expenditures, 15,990 jobs and \$93.5 million in employee wages** in Mexico during the 2006-2007 cruise year. Cozumel, Mexico’s largest cruise port, led all destinations with \$254 million in direct cruise tourism expenditures, accounting for 45 percent of the total. Three of the ten destinations had direct cruise tourism expenditures in excess of \$50 million. They were Costa Maya with \$69.8 million, Puerto Vallarta with an estimated \$52.7 million and Ensenada with \$52.6

¹ The economic contribution of cruise tourism in the ten Mexico destinations was estimated for the 12-month period from June, 2006 through May, 2007 which is referred to as the 2006-2007 cruise year throughout this report.

² All dollar denominated figures in this report are in U.S. dollars unless noted otherwise.

million. Combined these three accounted for 31 percent of total cruise tourism expenditures in Mexico. Thus, the top four destinations accounted for 76 percent of the total expenditures in Mexico.

Another three others benefited from more than \$25 million in cruise-related expenditure, Mazatlan with \$46.6 million, Cabo San Lucas with \$38.4 million, and Acapulco with \$29.1 million. The three remaining destinations were Progreso with \$11 million, Zihuatanejo with \$5.8 million and Huatulco with \$5.0 million in cruise-related spending. Combined, these six destinations accounted for 24 percent of the total cruise tourism expenditures in the ten Mexico cruise destinations.

Table ES-2 – Total Economic Contribution of Cruise Tourism by Destination, 2006-2007 Cruise Year

Destinations	Total Direct Cruise Tourism Expenditures (\$US Millions)	Total Employment	Total Employee Wage Income (\$US Millions)
Acapulco	\$ 29.1	820	\$ 4.6
Cabo San Lucas	\$ 38.4	1,100	\$ 6.7
Costa Maya	\$ 69.8	1,890	\$ 11.1
Cozumel	\$ 254.4	7,070	\$ 41.4
Ensenada	\$ 52.6	1,430	\$ 9.4
Huatulco	\$ 5.0	170	\$ 0.8
Mazatlan	\$ 46.6	1,450	\$ 7.6
Progreso	\$ 11.0	310	\$ 1.6
Puerto Vallarta	\$ 52.7	1,590	\$ 9.4
Zihuatanejo	\$ 5.8	160	\$ 0.9
All Destinations	\$ 565.4	15,990	\$ 93.5

The economic analysis of cruise tourism revealed the following impacts³ for the top six destinations, each with more than 1,000 jobs generated by cruise tourism:

- The rebuilding of the damaged port infrastructure caused by Hurricane Wilma in Cozumel resulted in a 20 percent increase in passenger and crew visits during the 2006-2007 cruise year. Consequently, Cozumel was able to resume its growth and maintain its leadership position among Mexico cruise destinations. Cruise calls to Cozumel generated \$254 million in total cruise tourism expenditures, 7,070 jobs and \$41.4 million in wage income.
- Costa Maya with over 700,000 cruise passenger visits was Mexico's second busiest cruise port and benefited from \$69.8 million in direct cruise tourism expenditures. The expenditures generated an estimated 1,890 jobs and \$11.1 million in wage income.
- Puerto Vallarta had the fourth highest volume of cruise passenger visits but the second highest per passenger spending rate and. As a consequence, cruise calls in Puerto Vallarta generated \$52.7 million in cruise tourism expenditures and total employment of 1,590 residents with wage income of \$9.4 million.

³ The terms economic contribution, economic impacts and economic benefits are used interchangeably throughout this report.

- Ensenada had the third highest volume of cruise passenger visits (612,000). This was almost 200,000 more passenger visits than Puerto Vallarta. But, Ensenada only had the seventh highest per passenger expenditures and thus fell just marginally behind Puerto Vallarta with \$52.6 in cruise tourism expenditures. This spending generated an estimated 1,430 jobs paying \$9.4 million in wage income during the 2006-2007 cruise year.
- Mazatlan, with the highest average passenger spend rate (\$126.29) and the sixth highest volume of passenger visits, had the fifth highest economic contribution. The \$46.6 million in cruise tourism expenditures generated an estimated 1,450 jobs paying \$7.6 million in wage income during the 2006-2007 cruise year.
- Cabo San Lucas had the fifth highest volume of cruise passenger visits and passenger spend rate. The \$38.4 million in cruise tourism spending in Cabo San Lucas generated 1,100 total jobs and \$6.7 million in wage income during the 2006-2007 cruise year.

Passenger, Crew and Cruise Line Expenditures

The economic benefits of cruise tourism at each destination arise from three principal sources:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

To develop estimates of the typical or average expenditures of cruise passengers and crew during their onshore visit, surveys were conducted by the FCCA member cruise lines that called at one or more of the ten destinations.⁴ A total of **14,500** passenger surveys and **7,117** crew surveys were completed and returned for tabulation.⁵

The passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

⁴ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Disney Cruise Line, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

⁵ A total of 10,793 passenger and 4,726 crew surveys were returned for the eight destinations (Acapulco, Cabo San Lucas, Ensenada, Huatulco, Mazatlan, Progreso, Puerto Vallarta and Zihuatanejo) surveyed in 2007 and 3,707 passenger surveys and 2,391 crew surveys were returned in 2006 for Cozumel and Costa Maya.

The surveys were conducted on board the cruise ships during the months of March, April and May of 2007.⁶ The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination. Additionally, the distribution of passenger and crew survey across the cruise lines reflected the distribution of passenger and crew arrivals by cruise line at each destination. On each cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination.

Passenger Visits and Expenditures

As shown in **Table ES-3**, the estimated 5.06 million cruise passengers that visited the Mexico destinations spent just under \$427 million for shore excursions and other goods and services during the 2006-2007 cruise year. Average per passenger expenditures ranged from a low of \$53.09 in Progreso to a high of \$126.29 in Mazatlan and averaged \$84.41 across the ten destinations.

Table ES-3 – Passengers Visits and Expenditures by Destination, 2006-2007 Cruise Year

Destinations	Passenger Onshore Visits (Thousands)	Average Expenditure per Passenger	Total Passenger Expenditures (\$US Millions)
Acapulco	225.0	\$ 87.41	\$ 19.7
Cabo San Lucas	405.0	\$ 78.98	\$ 32.0
Costa Maya	703.2	\$ 76.28	\$ 53.6
Cozumel	2,080.0	\$ 89.14	\$ 185.4
Ensenada	612.0	\$ 58.74	\$ 35.9
Huatulco	72.0	\$ 55.09	\$ 4.0
Mazatlan	315.0	\$ 126.29	\$ 39.8
Progreso	148.5	\$ 53.09	\$ 7.9
Puerto Vallarta	418.0	\$ 104.80	\$ 43.8
Zihuatanejo	76.5	\$ 60.00	\$ 4.6
All Destinations	5,055.2	\$ 84.41	\$ 426.7

Cozumel led all destinations with \$185 million in total passenger spending and accounted for 43 percent of all cruise passenger spending in Mexico. Five additional destinations had passenger expenditures in excess of \$25 million. Passengers spent \$53.6 million in Costa Maya, \$43.8 million in Puerto Vallarta, \$39.8 million in Mazatlan, \$35.9 million in Ensenada and \$32.0 million in Cabo San Lucas. Combined, these five destinations accounted for another 49 percent of the direct expenditures in Mexico.

⁶ The Costa Maya and Cozumel surveys were conducted during March, April and May of 2006. The protocol for distributing and administering the surveys in Costa Maya and Cozumel was the same as applied to the eight destinations surveyed in 2007.

The remaining four destinations accounted for 8 percent of total passenger expenditures with \$36.2 million. This spending averaged just over \$9 million per destination, ranging from \$4.0 million in Huatulco to \$19.7 million in Acapulco.

Passenger Expenditures by Category

Passengers were asked to provide their cruise party expenditures for a variety of categories as shown in **Table ES-4**. The per party expenditures in each category were divided by the average size of the expenditure party (2.26 passengers) to arrive at the average spend per passenger. This, in turn, was multiplied by the percentage (share) of all onshore visits to arrive at the weighted average spend per passenger. Total passenger expenditures by category is equal to the weighted spend per passenger multiplied by total passenger visits, 5.06 million passengers.

Table ES-4 – Average Passenger Expenditures (\$US) – Average Across All Destinations

Purchase Categories	Average Spend per Passenger	Share of All Onshore Purchasers	Weighted Average Spend per Passenger	Total Passenger Expenditures
Shore Excursions*	\$ 33.79	62.3%	\$ 21.05	\$ 106.4
F&B at Restaurants & Bars	\$ 15.08	52.4%	\$ 7.90	\$ 39.9
Clothing	\$ 19.91	49.9%	\$ 9.94	\$ 50.3
Local Crafts & Souvenirs	\$ 14.60	45.4%	\$ 6.63	\$ 33.5
Taxis/Ground Transportation	\$ 12.50	29.9%	\$ 3.74	\$ 18.9
Watches & Jewelry	\$ 95.35	29.6%	\$ 28.24	\$ 142.8
Other Purchases	\$ 20.00	23.5%	\$ 4.69	\$ 23.7
Retail Purchases of Liquor	\$ 16.72	9.1%	\$ 1.53	\$ 7.7
Telephone & Internet	\$ 3.53	2.3%	\$ 0.08	\$ 0.4
Entertainment/Night Clubs	\$ 41.13	1.4%	\$ 0.59	\$ 3.0
Electronics	\$ 8.52	0.2%	\$ 0.02	\$ 0.1
Total			\$84.41	\$ 426.7

* The average shore excursion expenditure is a weighted average of direct onshore and Internet purchases by passengers and the net payment of onboard purchases made to local tour operators.

The analysis of the passenger surveys showed the following major attributes of passenger on-shore spending:

- The typical cruise passenger spent an average of just over \$84 at each destination call during their cruise vacation with total passenger expenditures in Mexico approaching an estimated \$427 million during the 2006-2007 cruise year.
- More than 87 percent of passenger expenditures were made in five categories: watches and jewelry, shore excursions, clothing, food and beverages and local crafts. Combined, cruise passengers spent an estimated \$373 million in these five categories.

- The most popular expenditure in Mexico was for shore excursions with almost two-thirds of all passengers making such a purchase. Local tour operators received an average of \$33.79 per tour passenger directly from cruise passengers and cruise lines (**see note below table**). The weighted average expenditure was \$21.05 per passenger. Total payments to tour operators were an estimated \$106 million.
- The second most popular expenditure was for food and beverages with just over 52 percent of all passengers making such a purchase. The weighted average expenditure was \$7.90 per passenger. Total payments to operators of bars and restaurants were an estimated \$39.9 million.
- Approximately 50 percent of the cruise passengers purchased clothing at Mexican cruise ports. On average, visiting passengers spent \$9.94 on clothing at each port call. Passengers spent a total of \$50.3 million for articles of clothing.
- Passengers that purchased watches and jewelry in Mexico spent an average of \$95.35 on such purchases. Since only 29.6 percent of passengers purchased watches and jewelry the average jewelry expenditure per passenger was \$28.24. Total expenditures on watches and jewelry were an estimated \$142.8 million, the highest among the eleven categories of purchases.

Crew Visits and Expenditures

As shown in **Table ES-5**, the nearly 1 million crew members that visited the ten Mexico destinations spent \$46.9 million for goods and services during the 2006-2007 cruise year. Average expenditures per crew ranged from a low of \$39.28 in Ensenada to a high of \$59.71 in Acapulco. Unlike passengers, shore excursions are not a focus of crew spending; rather, crew expenditures are more heavily weighted toward food and beverages, local transportation and retail purchases of clothing and jewelry.

The analysis of the crew surveys showed the following major attributes of crew onshore spending:

- Cozumel led the Mexico destinations with an estimated 432,400 onshore crew visits. Crew spent an average of \$48.77 per visit and generated \$21.1 million in total onshore expenditures.
- Costa Maya had the second highest number of estimated crew visits with an estimated 171,200 crew visits. With the second highest per crew expenditure of \$50.25, crew spent an estimated \$8.6 million in Costa Maya.
- Ensenada was right behind Costa Maya with 160,000 crew visits but had the lowest average per crew expenditure of \$39.28. As a result, the crew visits to the destination generated the third highest level of crew onshore expenditures of \$6.3 million during the 2006-2007 cruise year.
- With an average expenditure of nearly \$60 per crew member, Acapulco had the highest average expenditure among the ten Mexico destinations. In Acapulco crew expenditures were concentrated on retail purchases of food and beverages, clothing, entertainment and local transportation. The 56,000 crew members that visited Acapulco spent an estimated \$3.3 million.

- Crew in Puerto Vallarta spent an estimated 2.3 million for goods and services. The average crew member spent \$40.24 in the destination and a total of 57,000 crew were estimated to have visited Puerto Vallarta during the 2006-2007 cruise year.
- Mazatlan had the third highest per crew expenditure of \$49.23. As a result the 44,300 crew visits generated 2.2 million in total onshore expenditures during the 2006-2007 cruise year.

Table ES-5 Crew Visits and Expenditures by Destination, 2006-2007 Cruise Year

Destinations	Crew Visits (Thousands)	Average Expenditure per Crew	Total Crew Expenditures (\$US Millions)
Acapulco	56.0	\$ 59.71	\$ 3.3
Cabo San Lucas	38.0	\$ 40.24	\$ 1.5
Costa Maya	171.2	\$ 50.25	\$ 8.6
Cozumel	432.4	\$ 48.77	\$ 21.1
Ensenada	160.0	\$ 39.28	\$ 6.3
Huatulco	9.3	\$ 40.24	\$ 0.4
Mazatlan	44.3	\$ 49.23	\$ 2.2
Progreso	21.4	\$ 40.24	\$ 0.9
Puerto Vallarta	57.0	\$ 40.24	\$ 2.3
Zihuatanejo	8.5	\$ 40.24	\$ 0.3
All Destinations	998.1	\$ 46.99	\$ 46.9

Crew Expenditures by Category

Crew members were also asked to provide their cruise party expenditures for a variety of categories as shown in **Table ES-6**. Per crew expenditure in each category was multiplied by the percentage (share) of all onshore visits to arrive at the weighted average spend per crew member. Total crew expenditures by category is equal to the weighted spend per crew member multiplied by total crew visits, 998,100.

The analysis of the crew surveys showed the following major attributes of crew onshore spending:

- The typical crew visitor to Mexico spent an average of \$46.99 at each destination call during their cruise call. As a result with total crew expenditures in Mexico were an estimated \$46.9 million during the 2006-2007 cruise year.
- Nearly 80 percent of passenger expenditures were made in five categories: food and beverages, watches and jewelry, clothing, local transportation and local crafts. Combined, crew spent an estimated \$36.8 million in these five categories.
- The most popular expenditure was for food and beverages at restaurants and bars with almost two-thirds of all crew making such a purchase. Local restaurants and bars received an average of \$31.47 per crew patron. The weighted average expenditure was \$20.00 per crew member. Total payments to these businesses were an estimated \$20 million.

- The second most popular expenditure was for local transportation with 36 percent of all crew visitors making such a purchase. The weighted average expenditure was \$4.02 per crew member. Total payments to transportation operators were an estimated \$4.0 million.
- Approximately 16 percent of the crew visitors purchased clothing. On average, visiting crew members spent \$4.94 on clothing at each port call. Crew spent a total of \$5.0 million for articles of clothing in Mexico.
- Crew members that purchased watches and jewelry spent an average of \$116.12 on such purchases. Since only 4.8 percent of the crew purchased watches and jewelry the average jewelry expenditure per crew member was \$5.56. Total expenditures on watches and jewelry by crew members in Mexico were an estimated \$5.6 million.

Table ES-6 Crew Visits and Expenditures by Destination, 2006-2007 Cruise Year

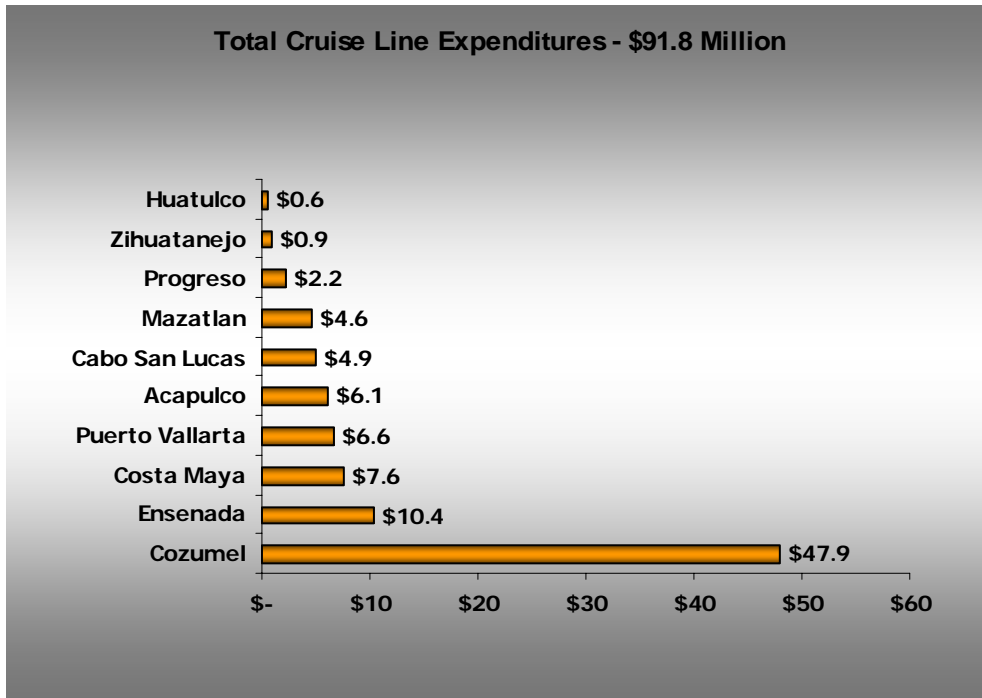
Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Weighted Average Spend per Crew	Total Crew Expenditures
F&B at Restaurants & Bars	\$ 31.47	63.6%	\$ 20.00	\$ 20.0
Taxis/Ground Transportation	\$ 11.28	35.7%	\$ 4.02	\$ 4.0
Telephone & Internet	\$ 8.44	17.2%	\$ 1.45	\$ 1.4
Clothing	\$ 31.96	15.5%	\$ 4.94	\$ 5.0
Other Purchases	\$ 36.57	11.5%	\$ 4.22	\$ 4.2
Local Crafts & Souvenirs	\$ 23.69	10.3%	\$ 2.44	\$ 2.4
Shore Excursions	\$ 13.37	5.9%	\$ 0.79	\$ 0.8
Entertainment/Night Clubs	\$ 24.78	5.4%	\$ 1.33	\$ 1.3
Watches & Jewelry	\$ 116.12	4.8%	\$ 5.56	\$ 5.6
Retail Purchases of Liquor	\$ 24.41	3.9%	\$ 0.95	\$ 0.9
Electronics	\$ 85.70	1.5%	\$ 1.29	\$ 1.3
Total			\$ 46.99	\$ 46.9

Cruise Line Expenditures

In addition to net payments to local tour operators, cruise lines also provided data for payments to ports for taxes and port services.

As shown in **Figure ES-1**, total expenditures for port fees and services varied considerably across destinations. This reflects the differences in the structure of port fees and the volume of cruise calls in each destination. In total, the cruise lines spent an estimated \$91.8 million in the ten Mexico destinations during the 2006-2007 cruise year for port fees and services.

Figure ES-1 –Cruise Line Expenditures for Port Services by Destination, 2006-2007 Cruise Year



The analysis of cruise line expenditures revealed the following impacts for the top seven destinations:

- Cozumel, with, by far, the largest number of cruise calls, led all cruise destinations in Mexico with \$47.9 million in payments by cruise lines for port fees and services. These expenditures accounted for just under 50 percent of total port payments by cruise lines in Mexico.
- Ensenada had the second highest total expenditures by cruise lines among the ten destinations with \$10.4 million.
- Costa Maya was third with \$7.6 million in cruise line expenditures for port fees.
- Acapulco and Puerto Vallarta had similar cruise line expenditures during the 2006-2007 cruise year, \$6.1 million and \$6.6 million, respectively. While Acapulco had fewer calls than Puerto Vallarta, it had a higher average rate structure.
- Mazatlan and Cabo San Lucas also had similar, but slightly lower, cruise line expenditures during the 2006-2007 cruise year, \$4.6 million and \$4.9 million, respectively. Cabo San Lucas had a higher number of cruise calls but a lower average rate structure than Mazatlan.

Passenger Attributes and Satisfaction

A total of 14,500 passenger surveys were completed and returned for tabulation. While the characteristics of passenger visits varied by destination, **Table ES-7** shows the major attributes of passenger visits across all destinations as derived from the passenger surveys.

The major attributes of cruise passenger visits are:

- Of the passengers who went ashore, 78 percent made at least one purchase while ashore.
- Just over 62 percent of the passengers that went ashore purchased a shore excursion. Sixty-nine (69) percent of those passengers who purchased a tour did so through the cruise lines and 31 percent purchased their tour onshore or through the Internet.
- The typical cruise party consisted of 2.26 passengers.

Table ES-7 – Major Attributes of Port-of-Call Passenger Visits – All Destinations

	Number	Percent
Total Respondents	14,500	
Number Ashore	14,345	98.9%
Percent Making Onshore Purchases:	11,168	77.9%
Average Size of Expenditure Party (Persons)	2.26	
Purchased an Onshore Tour	8,217	62.3%
Purchased Onshore Tour from:		
Cruise Line	6,189	69.3%
Onshore	1,532	30.7%
Internet	1,212	

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table ES-8**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise vacation to Mexico with a mean score of 7.2 (Very Satisfied) for “Visit Met Expectations”. As a result, cruise passengers were “somewhat likely” to recommend a cruise vacation to the Mexico destination that they visited (Mean Score: 6.1). The likelihood of such a recommendation did vary by destination. Cruise passengers that visited Cabo San Lucas and Zihuatanejo said that they were “very likely” to recommend a resort vacation to the respective destinations. In all the other destinations cruise passengers were “somewhat likely” to recommend a resort vacation.

Among other key conclusions concerning visit satisfaction were the following:

- “Guided Tours” (or Shore Excursions), and “Feeling of Safety Ashore” received the highest scores of all visit attributes, each with a mean score of 8.3. Thus, cruise

passengers felt very safe in Mexico's ten destinations and were very satisfied with their shore excursions.

- Cruise passengers also felt that employees that they interacted with throughout the ten Mexico cruise destinations were very courteous (a Mean Score of 8.2).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: initial shoreside welcome, historic sites, beaches, friendliness of residents, and local transportation.
- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for: the overall shopping experience, including the variety of shops and overall prices.

Table ES-8 – Passenger Satisfaction with Destination Visits* – Average for All Destinations

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.5
Guided Tour	8.3
Shopping Experience	6.5
Historic Sites/Museums	7.3
Beaches	7.2
Friendliness of Residents	7.7
Courtesy of Employees	8.2
Variety of Shops	6.8
Overall Prices	6.6
Taxis/Local Transportation	7.6
Feeling of Safety Ashore	8.3
Visit Met Expectations	7.2
Likelihood of Recommending Resort Vacation	6.1
Likelihood of Return for Resort Vacation	4.7

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

INTRODUCTION

This study analyzes the contribution of cruise tourism on the economies of ten cruise destinations in Mexico. Seven of these destinations, Acapulco, Cabo San Lucas, Ensenada, Huatulco, Mazatlan, Puerto Vallarta and Zihuatanejo are on Mexico's Pacific coast while three, Costa Maya, Cozumel and Progreso, are on the Caribbean coast. The study was funded by the Florida-Caribbean Cruise Association (FCCA) and the participating destinations. Utilizing onshore expenditure data collected from passenger and crew surveys and port service fees collected from the destinations and FCCA member cruise lines⁷, total cruise tourism expenditures were estimated for each of the participating destinations. The economic contribution of these expenditures for each destination was then estimated for the 12-month period beginning in June, 2006 and ending in May, 2007 utilizing national and state level economic data collected from the Instituto Nacional Estadística Geografía e Informática.

The Mexican Cruise Market

Mexico has developed into the world's largest cruise destination country. With cruise ports on the Caribbean and Pacific coasts, Mexico hosted nearly 6 million cruise passenger arrivals⁸ during the 2006-2007 cruise year. Approximately 60 percent of the cruise passenger arrivals occurred at Mexico's Caribbean ports, predominantly Cozumel, Costa Maya and Progreso. The remaining 40 percent of the passenger visits were at ports on Mexico's Pacific coast, most importantly Ensenada, Puerto Vallarta, Cabo San Lucas, Mazatlan and Acapulco.

While the capacity data published by Cruise Lines International Association (CLIA) does not separate Mexico's Caribbean ports from the rest of the Caribbean, it does provide data for Mexico's Pacific ports (Mexico West). These data for Mexico West illustrate the dramatic growth of the Mexican cruise market. The CLIA data show that the cruise industry had 1.17 million bed days deployed in the Mexico West market in 2001, accounting for about 2 percent of the industry's global bed day capacity and 4 percent of the combined Caribbean and Mexico West capacity.⁹ By 2006, the Mexico West bed day capacity had more than quadrupled to 5.21 million bed days. Thus, in 2006, Mexico West had increased its share of global capacity to 6 percent and its share of the combined Caribbean and Mexico West capacity to 12 percent. Thus, the growth of deployment in the Mexico West market during the past five years has been three times greater than the growth in global and Caribbean capacity.

CLIA also reported that the average cruise length during 2006 was 6.9 days. Thus, cruise ships operating in the Mexico West market had sufficient capacity to carry over 755,000 passengers in

⁷ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Disney Cruise Line, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

⁸ Throughout this report arrivals are distinguished from visits. Arrivals are the number of passengers (crew) onboard cruise ships that call at each destination. Visits are the number of passengers (crew) that disembark and visit each destination.

⁹ CLIA, [The 2006 Overview](#), Spring 2007.

2006. If the typical Mexico West cruise makes three port calls in Mexico that is equivalent to 2.3 million cruise passenger visits.

Passenger and Crew Arrivals at Participating Destinations

As shown in **Table 1**, an estimated 6.0 million cruise passengers arrived at the ten Mexican ports during the 2006-2007 cruise year. Adding the 2.6 million crew arrivals, the cruise industry brought over 8.6 million passenger and crew arrivals to the ten destinations during the 2006-2007 cruise year.

Table 1— Estimated Passenger and Crew Arrivals (Thousands) at the Mexico Cruise Destinations, 2006-2007 Cruise Year

Destinations	Passengers	Crew	Total
Acapulco	250.0	124.4	374.4
Cabo San Lucas	450.0	190.0	640.0
Costa Maya	879.0	342.3	1,221.3
Cozumel	2,600.0	1,081.0	3,681.0
Ensenada	680.0	400.0	1,080.0
Huatulco	80.0	31.0	111.0
Mazatlan	350.0	147.7	497.7
Progreso	165.0	107.0	272.0
Puerto Vallarta	440.0	163.0	603.0
Zihuatanejo	85.0	42.5	127.5
All Destinations	5,979.0	2,628.9	8,607.9

Source: Port Authorities, Cruise Lines and the FCCA

Cozumel led all destinations with 3.7 million passenger and crew arrivals, nearly 43 percent of the total. Another two destinations, Ensenada and Cozumel, had passenger and crew arrivals in excess of 1 million. Combined, these two destinations had 2.3 million passenger and crew arrivals and accounted for 27 percent of all arrivals among the ten destinations. The next two highest destinations, Cabo San Lucas and Puerto Vallarta, had passenger and crew arrivals above 600,000. Combined, these two destinations accounted for 14 percent of all arrivals with 1.2 million total arrivals. The remaining 5 destinations had a combined 1.4 million passenger and crew arrivals and accounted for 16 percent of total passenger and crew arrivals in Mexico.

DATA AND METHODS

To achieve the primary objective of this project, to estimate the contribution of cruise tourism to the economies of the participating destinations, the analysis was conducted in two phases. The first phase consisted of collecting data that could be used to estimate the direct spending generated by cruises in each of the destinations. This required that:

- i. surveys be designed and distributed for the purpose of obtaining passenger and crew expenditure data at each of the destinations;
- ii. data on total passenger arrivals and port fees be collected for each of the destinations; and
- iii. data on passenger carryings, payments to local tour operators, and payment of fees and taxes for port services be obtained from the cruise lines.

The second phase required that economic data, such as national income accounts, employment and income be collected for each destination and that economic impact models be developed that could be used to estimate the direct and indirect employment and income generated by the cruise tourism expenditures estimated in the first phase.

The following sections discuss the data and methods that were employed in both phases of this project.

Estimates of Total Cruise Tourism Expenditures

The total cruise tourism spending by passengers, crew and cruise lines is the source of the economic contribution of the cruise industry in each destination. Data on spending by each group had to be estimated from survey-based data in the case of passengers and crew expenditures and from data collected from ports and cruise lines in the case of cruise line expenditures.

Surveys of Passengers and Crew

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. (These surveys are contained in the following Appendix.) While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

The survey schedule was designed to generate a representative sample of cruise passengers by cruise line at each destination. Thus, each FCCA member cruise line with cruise calls at any of the destinations during the survey period was scheduled to have its passengers and crew surveyed at least once at each destination at which it had a port call during the survey period. The survey period commenced in the beginning of March and concluded at the end of May.

On any given cruise itinerary, passengers and crew were surveyed following a single call. The surveys were placed in passenger cabins and crew living quarters during the day of a designated survey. Passengers and crew, then, first viewed the survey upon their return from their onshore visit. They were asked to complete the survey in their quarters and to return the survey to a designated crew member. At the conclusion of the cruise, the surveys were returned to BREA for tabulation.

Over 50 survey distributions were conducted. A single survey distribution is counted as a distribution on a given day, on a single ship at a designated destination. Thus, the distribution of surveys on April 6 on the Carnival Pride in Cabo San Lucas would be considered a single distribution. Thus, on any given day surveys might have been conducted aboard multiple ships at different destinations.

Table 2 – Completed Passenger and Crew Surveys by Destination

Destinations	Passengers	Crew
Acapulco	1,619	1,311
Cabo San Lucas	1,754	238
Costa Maya	1,425	948
Cozumel	2,282	1,443
Ensenada	1,560	1,489
Huatulco	710	153
Mazatlan	873	641
Progreso	1,863	194
Puerto Vallarta	1,424	319
Zihuatanejo	990	381
All Destinations	14,500	7,117

As indicated in **Table 2**, a total of 14,500 completed passenger surveys and 7,117 completed crew surveys were collected over the three-month survey period.¹⁰ Given that the average size of the surveyed cruise parties was 2.26 passengers, the 14,500 completed passenger surveys represented 32,770 passengers. As also shown in the table, there were an insufficient number of crew surveys for five destinations: Cabo San Lucas, Huatulco, Progreso Puerto Vallarta and Zihuatanejo. As will be discussed in the analysis for each of these destinations, an average of crew spending based upon the aggregated surveys (1,285) for these destinations was used.

¹⁰ The Costa Maya and Cozumel surveys were conducted during March, April and May of 2006. The protocol for distributing and administering the surveys to Costa Maya and Cozumel was the same as applied to the eight destinations surveyed in 2007. The original survey data and analysis can be found in BREA's report, *Economic Impact of Cruise Tourism on the Caribbean Economy*, October 2006. This report was also prepared for the FCCA,

Data Collected from Participating Destinations

Each participating destination was asked to provide the following data:

- passenger and crew arrivals;
- cruise-related port fees, including passenger-based fees, navigation fees and charges for utilities, such as water, power and sanitary services; and
- port employment and wages (total and cruise-related).

These data were collected for the four-month period beginning in December 2006 and ending in March 2007. The passenger and crew arrivals data were used in the calculations for estimating the twelve-month total for passengers and crew arrivals visits. The cruise-related port fees were included in the estimates of direct cruise-related spending in each destination. And, finally, the port employment and wages were included in the estimation of the direct employment and wage impacts by destination.

Data Collected from FCCA Member Cruise Lines

Each FCCA member cruise line was asked to provide data on passenger and crew counts and their expenditures for services in each destination for each of the following categories:

- port fees and taxes; and
- the net value of passenger shore tours paid to local tour operators and the number of passengers purchasing such tours.

Again, these data were collected for the same four-month period and then used to develop the 12-month totals used in the economic impact analysis. The FCCA member lines generally accounted for almost all passenger arrivals at each destination. Thus, the responses from the FCCA member lines were used to generate various ratios that could be used in the estimation of total activity at each port. The passenger and crew counts were used to create ratios of passengers to crew so that crew arrivals could be estimated for each destination. Each cruise line and ship has a slightly different ratio and consequently, each destination has a slightly different ratio based upon the mix of ships calling at each destination.

The various port fees and passenger counts were aggregated across cruise lines to create per passenger ratios of total port fees paid at each port. The per passenger ratios were then multiplied by total passenger arrivals to estimate port payments in each destination.

Finally, the data on net payments to local tour operators and the number of passengers purchasing tours onboard the cruise ships were aggregated and an average net payment per on-board purchase was calculated for each destination. These ratios were used in the calculation of passenger purchases of shore excursions in each destination.

Estimates of the Economic Contribution

Given the direct spending estimates developed in Phase I, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination state from the Instituto Nacional Estadística Geografía e Informática. The economic data for each destination state included the following:

- national income accounts, i.e., gross production and value added by category and industry
- employment and unemployment, aggregate and by industry as available
- wages and personal income, aggregate and by industry as available
- population and other labor force statistics.

Utilizing all of these data, a set of economic impact models were developed for each destination. These models included gross production, employment and wage estimates for each destination state and were used in the estimation of destination-specific economic multipliers by major industrial sectors, i.e., agriculture, mining, manufacturing. These models were designed to reflect the economic structure of each destination, including the industrial composition of GDP, the wage share of GDP by industry and the average wage by industry, as well as, the relative importance of imports to each economy. As a result, direct and total employment and wage impacts were developed for each destination.

The destination states and the corresponding destination port are shown in **Table 3**.

Table 3 – Completed Passenger and Crew Surveys by Destination

Destination States	Ports
Baja	Ensenada
Baja Sur	Cabo San Lucas
Guerrero	Acapulco and Zihuatanejo
Jalisco	Puerto Vallarta
Oaxaca	Huatulco
Quintana Roo	Costa Maya and Cozumel
Sinaloa	Mazatlan
Yucatan	Progreso

These economic impact models are a statistical representation of each destination’s economy and were used to estimate the flow of the total cruise tourism expenditures through each destination’s economy. The expenditures of the passengers, crew and cruise lines have a **direct impact** on employment and wages for local residents employed by those businesses that provide goods and services to the cruise sector. These directly impacted businesses, in turn, purchase additional goods and services to support the production and sale of goods and services to the cruise sector, creating additional jobs and income. This **indirect spending** induces further

spending by other businesses in the local economy. The economic impact models quantify this flow of direct and indirect impacts for each of the participating destinations.

An important aspect of these models is the role of imports. Imports act as a leakage to the multiplier process. Thus, the greater the relative importance of imports to an economy the smaller are the indirect impacts relative to the direct impacts. The size of the economic impacts relative to the direct impacts is partially determined by the degree of economic development in a particular economy. This occurs because more developed economies import proportionately fewer goods which reduces leakages to other economies. For example, in analyses conducted by BREA of the economic impact of the cruise industry in the United States, the indirect employment impacts were 30 percent higher than the direct impacts, resulting in an implicit employment multiplier of 2.3. In each of the destinations analyzed for this study, the indirect impacts were always smaller than the direct impacts. This is due to the relatively high proportion of imported goods and services in these economies. As a consequence, the implicit employment and wage multipliers for each destination were significantly less than 2.0.

Appendix – Passenger and Crew Surveys

Samples of the passenger and crew surveys follow.

CONFIDENTIAL CRUISE PASSENGER SURVEY

The Florida-Caribbean Cruise Association (FCCA) is conducting a survey of cruise passengers who have visited Mexican destinations. The objective of this survey is to provide information to the FCCA and the Mexican destinations that will allow them to enhance visitors' experiences and quantify the contribution of cruise passengers to the economies of each destination and Mexico as a whole. **The survey should only take a few minutes to complete and your responses will be held in strict confidence.**

Today's Date: Month ___ Day ___ (Numbers Please)

Q1. How many hours did you spend ashore during your cruise ship call at Mazatlan today?

- 0 1 2 3 4 5 6 7 8 9 10+

(If 0, Go to Q12)

Q2. On a scale of 1 to 10, how satisfied were you with your initial shoreside welcome and services?

Extremely satisfied 10 9 8 7 6 5 4 3 2 1 Not at all satisfied 0 Not applicable

Q3. If you took a tour in Mazatlan, how did you purchase this tour?

- Through the cruise line Over the Internet Through an onshore vendor Did not purchase a tour/toured on my own

Q4. Did you make any purchases during your onshore visit today? Yes No (If No, Go to Q7)

Q5. Please record the value of all purchases (in U.S. dollars) that all persons in your cabin made during your **on-shore visit** to Mazatlan today. * **Do not include the cost of tours nor goods and services that were purchased onboard the cruise ship. (Enter whole dollars).**

Food and beverages at restaurants and bars: \$ _____	Tours purchased on shore or the Internet only : \$ _____
Taxis/Ground Transportation: (Do not include cost of sightseeing tours) \$ _____	Local Crafts and Souvenirs: \$ _____
Retail Purchases of Watches & Jewelry: \$ _____	Retail Purchases of Liquor: \$ _____
Retail Purchases of Clothing (incl. T-shirts): \$ _____	Retail Purchases of Electronics: \$ _____
Entertainment Venues/Nightclubs/Casinos: \$ _____	Telephone & Internet Communications: \$ _____
Any Other Purchases: \$ _____	

Q6. How many persons do the expenditures cover in Question 5? _____

Q7. On a scale of 1 to 10 how satisfied were you with each of the following in Mazatlan?

Extremely satisfied = 10...Not at all satisfied = 1

Guided Tour:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Shopping Experience:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Historic Sites/Museums:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Beaches:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Friendliness of the residents:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Courtesy of employees:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Variety of Shops:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Overall Prices:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Taxis/Local Transportation:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable

Q8. On a scale of 1 to 10, how safe did you feel as you traveled in Mazatlan?

Extremely safe 10 9 8 7 6 5 4 3 2 1 Not at all safe 0 Not applicable

Q9. Overall, and on a scale of 1 to 10, how did your visit to Mazatlan meet your expectations?

Greatly Exceeded 10 9 8 7 6 5 4 3 2 1 Fell far short

Q10. Based upon your experience in Mazatlan today, how likely are you to recommend a land-based or resort vacation in Mazatlan to a friend?

Extremely likely 10 9 8 7 6 5 4 3 2 1 Not at all likely

Q11. Based upon your experience in Mazatlan today, how likely are you to return to Mazatlan for a land-based or resort vacation within the next three years?

Extremely likely 10 9 8 7 6 5 4 3 2 1 Not at all likely

The following are to better understand demographic characteristics of cruise passenger visitors at each destination.

Q12. What is your gender? Male Female

Q13. In which age group do you fall? Under 20 21 to 30 31 to 50 51 to 65 over 65

Q14. Where is your permanent place of residence? US Canada UK France Other (please specify): _____

If the US/Canada, which state/province? _____ (please use 2 letter abbreviation)

Q15. Approximately, what is your annual gross (pre-tax) household income (in U.S. dollars)?

<input type="checkbox"/> Under \$50,000	<input type="checkbox"/> \$50,000 but less than \$75,000	<input type="checkbox"/> \$75,000 but less than \$100,000
<input type="checkbox"/> \$100,000 but less than \$150,000	<input type="checkbox"/> \$150,000 but less than \$200,000	<input type="checkbox"/> \$200,000 or more

If you have any comments you would like to make concerning your onshore experience, please write them on the reverse side of this survey.

Thank you very much for taking time to assist us and enjoy the remainder of your cruise.

CONFIDENTIAL CREW SURVEY

The Florida-Caribbean Cruise Association (FCCA) is conducting a survey of crew who have visited Mexican destinations. The objective of this survey is to provide information to the FCCA and the Mexican destinations that will allow them to enhance visitors' experiences and quantify the contribution of cruise passengers and crew to the economies of each destination and Mexico as a whole. **The survey should only take a few minutes to complete and your responses will be held in strict confidence.**

Today's Date: Month ___ Day ___ (Numbers Please)

- Q1. Did you leave the ship and visit Mazatlan today? Yes **(If Yes Go to Q3)** No
- Q2. Have you visited Mazatlan on any previous cruise calls in the past month? Yes No **(If No Go to Q8)**
- Q3. How many hours did you spend ashore during your visit today? 0 1 2 3 4 5 6 7 8 9 10+

Q4. Please record the value of all purchases (in U.S. dollars) that you made during your on-shore visit to Mazatlan today or for the most recent visit to Mazatlan in the past month. * **Do not include the cost of tours or goods and services that were purchased onboard the cruise ship. (Enter whole dollars).**

Food and Beverages at bars and restaurants: \$ _____	Tours purchased on shore or the internet only : \$ _____
Taxis/Ground Transportation: (Do not include cost of sightseeing tours) \$ _____	Local Crafts and Souvenirs: \$ _____
Retail Purchases of Watches & Jewelry: \$ _____	Retail Purchases of Liquor: \$ _____
Retail Purchases of Clothing (incl. T-shirts): \$ _____	Retail Purchases of Electronics: \$ _____
Entertainment Venues/Nightclubs/Casinos: \$ _____	Telephone & Internet Communications: \$ _____
Any Other Purchases: \$ _____	

Q5. On a scale of 1 to 10 how satisfied were you with each of the following in Mazatlan?
Extremely satisfied = 10...Not at all satisfied = 1

Guided Tour:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Shopping Experience:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Historic Sites/Museums:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Beaches:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Friendliness of the residents:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Courtesy of employees:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Variety of Shops:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Overall Prices:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable
Taxis/Local Transportation:	<input type="checkbox"/> 10	<input type="checkbox"/> 9	<input type="checkbox"/> 8	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	<input type="checkbox"/> 0 Not applicable

Q6. On a scale of 1 to 10, how safe did you feel as you traveled in Mazatlan?

Extremely safe 10 9 8 7 6 5 4 3 2 1 Not at all safe 0 Not applicable

Q7. Based upon your experience in Mazatlan, on a scale of 1 to 10 how likely are you to recommend a land-based or resort vacation in Mazatlan to a friend?

Extremely likely 10 9 8 7 6 5 4 3 2 1 Not at all likely

The following are to better understand demographic characteristics of crew visitors at each destination.

Q8. What is your gender? Male Female

Q9. In which age group do you fall? Under 20 21 to 30 31 to 50 51 to 65 over 65

Q10. Where is your permanent place of residence? US Canada UK France Other (please specify): _____

ECONOMIC CONTRIBUTION ANALYSIS

The economic contribution analysis measures the direct and total employment and wages generated by the cruise tourism expenditures in each destination. The analysis begins with the estimation of direct expenditures by passengers, crew and cruise lines in each destination for the 2006-2007 cruise year. These expenditures are entered as inputs to the destination-specific economic impact models to generate the direct and total employment and wage contributions of cruise tourism. This section provides an overview of the expenditures and economic contribution for each destination while a more comprehensive analysis for each destination is presented in the following section of this report.

Passenger and Crew Expenditures

The expenditure data collected from the passenger and crew surveys provided several pieces of data that were critical for the economic analysis. First, average per passenger and per crew spending figures for the 11 expenditure categories shown in **Table 4** were derived from the surveys.

Table 4 –Passenger and Crew Expenditure Categories

Expenditure Categories
Shore Excursions
F&B at Restaurants & Bars
Clothing
Local Crafts & Souvenirs
Taxis/Ground Transportation
Other Purchases
Watches & Jewelry
Retail Purchases of Liquor
Entertainment/Night Clubs
Telephone & Internet
Electronics

It should be noted that the expenditure component of the survey generated the per passenger expenditure of those tours that were purchased onshore and through the Internet. The net payment to local tour operators of tours purchased onboard cruise ships was estimated from data obtained from the cruise lines and then included with the passenger onshore expenditures.

As shown in **Table 5**, the cruise industry generated just over 6 million passenger and crew onshore visits during the 2006-2007 cruise year. It is these onshore visits that generate the local spending that creates employment and income in each destination.

Based upon data collected from the cruise lines, it was estimated that an average of 85 percent of cruise passengers disembarked at port calls across all destinations. This ranged from a high of 95 percent in Puerto Vallarta to a low of 80 percent in Costa Maya and Cozumel. As a result,

passenger onshore visits, which generate the local spending, are lower than passenger arrivals (passengers onboard cruise ships) as shown in Table 2.¹¹

Table 5 – Estimated Passenger and Crew Onshore Visits (Thousands) at the Participating Destinations, 2006-2007 Cruise Year

Destinations	Passengers	Crew	Total
Acapulco	225.0	56.0	281.0
Cabo San Lucas	405.0	38.0	443.0
Costa Maya	703.2	171.2	874.4
Cozumel	2,080.0	432.4	2,512.4
Ensenada	612.0	160.0	772.0
Huatulco	72.0	9.3	81.3
Mazatlan	315.0	44.3	359.3
Progreso	148.5	21.4	169.9
Puerto Vallarta	418.0	57.0	475.0
Zihuatanejo	76.5	8.5	85.0
All Destinations	5,055.2	998.1	6,053.3

Data from the cruise lines were used to estimate crew visits. These data indicated that a much smaller percentage of crew onboard cruise ships were able to disembark at each port-of-call. The survey data indicated that this figure averaged about 38 percent across all destinations and ranged from a low of 20 percent in Cabo San Lucas, Progreso and Zihuatanejo to a high of 50 percent in Costa Maya.

Finally, the passenger survey provided a breakdown on passenger purchases of tours or shore excursions. As indicated in **Table 6**, 19 percent of all cruise passengers purchased their shore excursions directly from local tour operators either on shore or through the Internet and 43 percent purchased their tour through the cruise lines. The remaining 38 percent of passengers did not purchase a tour or toured the destination on their own. The data in the table also shows a significant diversity in the percentage of passengers that purchase a formal tour across destinations and through what channel. For example, 78 percent of Acapulco passengers purchased a formal tour while only 50 percent of passengers in Cabo San Lucas did so. In terms of purchase channel, 52 percent of passengers in Huatulco purchased their tour through the cruise line while only 33 percent of Cabo San Lucas and Ensenada passengers did so.

These percentages were used in estimating the average expenditure per passenger for onshore excursions. The "Cruise Line" weight was used with the average per passenger payment to local tour operators as derived from the data provided by the cruise lines. The "Onshore or Internet" weight was used with average per passenger expenditures estimated from the passenger survey data.

¹¹ Passenger and crew disembarkations rates are based on data collected for Costa Maya and Cozumel during the 2005-2006 cruise year when passenger and crew surveys were conducted. These disembarkation rates may have been temporarily reduced due to the need to tender passengers following Hurricane Wilma, especially in Cozumel. We have not adjusted these figures so actual passenger and crew visits during the 2006-2007 cruise year may have been higher.

Table 6— Percentage of Passengers Purchasing Shore Excursions by Destination

Destinations	Purchased a Tour		Did Not Purchase a Tour
	Onshore or Internet	Cruise Line	
Acapulco	22.0%	56.0%	22.0%
Cabo San Lucas	15.9%	33.7%	50.4%
Costa Maya	15.8%	46.0%	38.2%
Cozumel	13.2%	41.6%	45.2%
Ensenada	31.6%	32.5%	35.9%
Huatulco	14.7%	51.9%	33.3%
Mazatlan	25.1%	41.0%	33.9%
Progreso	21.1%	46.0%	32.8%
Puerto Vallarta	17.9%	47.7%	34.5%
Zihuatanejo	15.7%	37.5%	46.8%
All Destinations	19.1%	43.2%	37.7%

As shown in **Table 7**, the more than 5 million cruise passengers that visited the ten Mexico cruise destinations spent just under \$427 million for goods and services during the 2006-2007 cruise year. Average per passenger expenditures ranged from a low of \$53.09 in Progreso to a high of \$126.29 in Mazatlan and averaged \$84.41 across all destinations.

Cozumel with the highest number of passenger visits and the third highest average passenger expenditure led all destinations with \$185.4 million in passenger expenditures and accounted for 43 percent of the total passenger expenditures in Mexico.

Costa Maya had the second highest number of passenger visits (703,200) and only the sixth highest average expenditure per passenger, \$76.28. Still, Costa Maya was second among the Mexican cruise destinations with \$53.6 million in passenger expenditures during the 2006-2007 cruise year and accounted for nearly 13 percent of the total passenger expenditures among the ten destinations.

Table 7—Passenger Expenditures by Destination, 2006-2007 Cruise Year

Destinations	Passenger	Average	Total Passenger
	Onshore Visits (Thousands)	Expenditure per Passenger	Expenditures (\$US Millions)
Acapulco	225.0	\$ 87.41	\$ 19.7
Cabo San Lucas	405.0	\$ 78.98	\$ 32.0
Costa Maya	703.2	\$ 76.28	\$ 53.6
Cozumel	2,080.0	\$ 89.14	\$ 185.4
Ensenada	612.0	\$ 58.74	\$ 35.9
Huatulco	72.0	\$ 55.09	\$ 4.0
Mazatlan	315.0	\$ 126.29	\$ 39.8
Progreso	148.5	\$ 53.09	\$ 7.9
Puerto Vallarta	418.0	\$ 104.80	\$ 43.8
Zihuatanejo	76.5	\$ 60.00	\$ 4.6
All Destinations	5,055.2	\$ 84.41	\$ 426.7

Puerto Vallarta had the fourth highest number of passenger visits (418,000) and the second highest average expenditure per passenger (\$104.81) behind Mazatlan. As a result, Puerto Vallarta was third among the Mexican cruise destinations with \$43.8 million in passenger expenditures during the 2006-2007 cruise year and accounted for 10 percent of the total passenger expenditures among the ten destinations.

Three more destinations had passenger expenditures in excess of \$30 million. Passengers spent an estimated \$39.8 million in Mazatlan, \$35.9 million in Ensenada and \$32 million in Cabo San Lucas. Combined, these three destinations accounted for 25 percent of the direct expenditures in the ten destinations.

The remaining four destinations accounted for 9 percent of passenger expenditures. This spending averaged just over \$9 million per destination, ranging from \$4.0 million in Huatulco to \$19.7 million in Acapulco.

As shown in **Table 8**, the nearly one million crew members that visited the ten participating destinations spent just under \$47 million for goods and services during the 2006-2007 cruise year. Average expenditures per crew ranged from a low of \$39.28 in Ensenada to a high of \$59.71 in Acapulco. Unlike passengers, shore excursions are not a focus of crew spending; rather, crew expenditures are more heavily weighted toward food and beverages, local transportation and retail purchases of clothing and jewelry.

Table 8—Crew Expenditures by Destination, 2006-2007 Cruise Year

Destinations	Crew Visits (Thousands)	Average Expenditure per Crew	Total Crew Expenditures (\$US Millions)
Acapulco	56.0	\$ 59.71	\$ 3.3
Cabo San Lucas	38.0	\$ 40.24	\$ 1.5
Costa Maya	171.2	\$ 50.25	\$ 8.6
Cozumel	432.4	\$ 48.77	\$ 21.1
Ensenada	160.0	\$ 39.28	\$ 6.3
Huatulco	9.3	\$ 40.24	\$ 0.4
Mazatlan	44.3	\$ 49.23	\$ 2.2
Progreso	21.4	\$ 40.24	\$ 0.9
Puerto Vallarta	57.0	\$ 40.24	\$ 2.3
Zihuatanejo	8.5	\$ 40.24	\$ 0.3
All Destinations	998.1	\$ 46.99	\$ 46.9

Not surprisingly, Cozumel, Mexico's dominant cruise destination, led the ten destinations with 432,400 crew visits and \$21.1 million in total crew expenditures.

Costa Maya, with the second highest number of crew visits (171,200) and per crew expenditure rate (\$50.25), had the second highest volume of crew expenditures, \$8.6 million.

Ensenada had the third highest number of estimated crew visits, 160,000, and the lowest average per crew expenditure of \$39.28. Still, the crew visits to the island generated the third highest level of crew onshore expenditures of \$6.3 million during the 2006-2007 cruise year.

With an average expenditure of nearly \$60 per crew member, Acapulco had the highest average crew expenditure among the ten participating destinations. In Acapulco crew expenditures were concentrated on retail purchases of food and beverages, clothing, entertainment and local transportation. Crew spent an estimated \$3.3 million in Acapulco during the 2006-2007 cruise year.

Crew in Puerto Vallarta spent an estimated 2.3 million for goods and services. The average crew member spent \$40.24 in the destination and a total of 57,000 crew were estimated to have visited Puerto Vallarta during the 2006-2007 cruise year.

Mazatlan had the third highest average crew expenditure of more than \$49. As a result, the 44,300 crew visits to Mazatlan generated \$2.2 million in total onshore expenditures during the 2006-2007 cruise year.

While spending obviously varies across destinations, we have estimated the average passenger and crew expenditures for a port call by a 2,000 passenger ship with 800 crew (see **Table 9**). During the typical call, such a cruise ship would generate 1,700 passenger visits (85 percent of passenger arrivals) and 304 crew visits (38 percent of crew arrivals). Passengers would generate \$143,497 (\$84.41 x 1,700) in onshore spending while crew would add an additional \$14,285 (\$46.99 x 304) for total onshore spending of \$157,782.

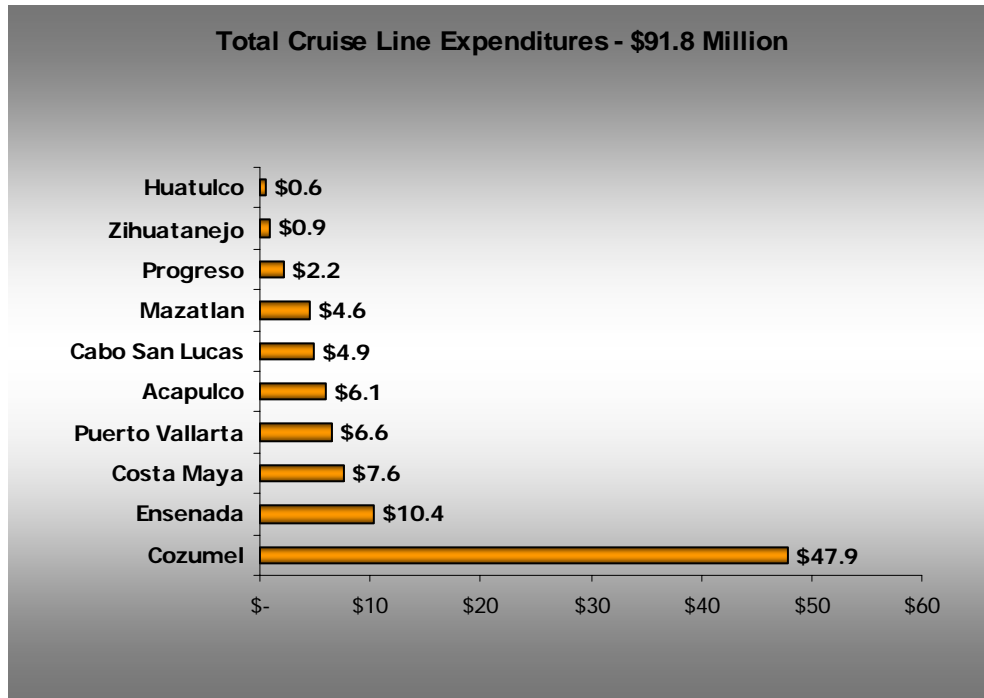
Table 9– Average Onshore Expenditures (\$US) of a Port Call by a 2,000 Passenger Cruise Ship

	Arrivals	Onshore Visits	Avg. Spend	Total
Passengers	2,000	1,700	\$ 84.41	\$ 143,497
Crew	800	304	\$ 46.99	\$ 14,285
Total	2,800	2,064	\$ 75.63	\$ 157,782

Expenditures by Cruise Lines

As discussed in the **Data and Methods** section of this report, the participating destinations and the FCCA member lines provided data on port fees and taxes paid by the cruise lines. Cruise lines also provided data for net payments to local tour operators for passenger shore excursions purchased onboard cruise ships. Net payments to local tour operators were discussed previously and were included in passenger expenditures for shore excursions.

Figure 1– Cruise Line Expenditures for Port Services by Destination, 2006-2007 Cruise Year



As shown in **Figure 1**, total expenditures for port fees and services varied considerably across destinations. This reflects the differences in the structure of port fees and the volume of cruise calls in each destination. In total, the cruise lines spent an estimated \$91.8 million in the ten participating destinations during the 2006-2007 cruise year for port fees and services.

Cozumel had the highest total expenditures by cruise lines among the ten participating destinations with \$47.9 million. Cozumel benefited from having the highest number of cruise ship calls.

Ensenada had the second highest total expenditures by cruise lines among the ten participating destinations with \$10.4 million. While having fewer cruise ship calls than Costa Maya, it had a higher fee structure. Costa Maya was third behind Ensenada with \$7.6 million in port fees paid by visiting cruise ships.

Acapulco and Puerto Vallarta had similar cruise line expenditures during the 2006-2007 cruise year, \$6.1 million and \$6.6 million, respectively. While Acapulco had fewer calls, it had a higher average rate structure than Puerto Vallarta.

Mazatlan and Cabo San Lucas also had similar, but slightly lower, cruise line expenditures during the 2006-2007 cruise year, \$4.6 million and \$4.9 million, respectively. Cabo San Lucas had a higher number of cruise calls but a lower average rate structure than Mazatlan.

Total Direct Cruise Tourism Expenditures

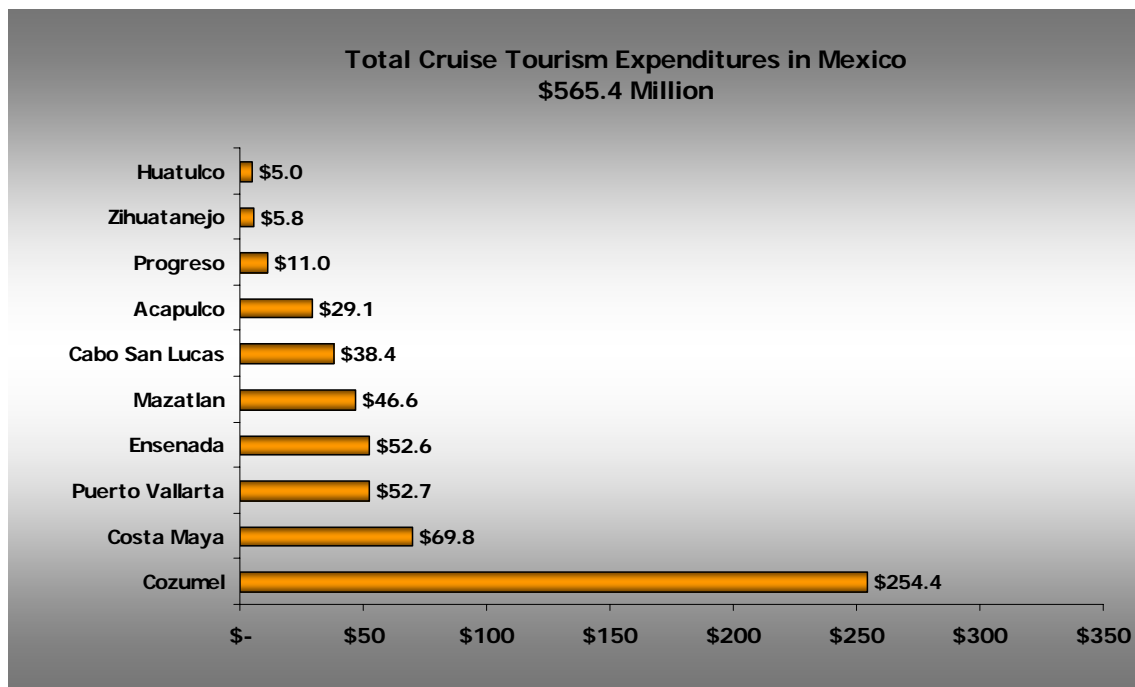
As shown in **Table 10 and Figure 2**, the 6.0 million passenger and crew visits generated an estimated \$473.6 million in spending for local goods and services in the ten destinations. The cruise lines added another \$91.8 million in spending for port services and other local goods and services, bringing total cruise tourism expenditures to \$565.4 million during the 2006-2007 cruise year.

Table 10– Total Cruise Tourism Expenditures (\$US Millions) by Destination, 2006-2007 Cruise Year

Destinations	Passengers	Crew	Cruise Lines	Total
Acapulco	\$ 19.7	\$ 3.3	\$ 6.1	\$ 29.1
Cabo San Lucas	\$ 32.0	\$ 1.5	\$ 4.9	\$ 38.4
Costa Maya	\$ 53.6	\$ 8.6	\$ 7.6	\$ 69.8
Cozumel	\$ 185.4	\$ 21.1	\$ 47.9	\$ 254.4
Ensenada	\$ 35.9	\$ 6.3	\$ 10.4	\$ 52.6
Huatulco	\$ 4.0	\$ 0.4	\$ 0.6	\$ 5.0
Mazatlan	\$ 39.8	\$ 2.2	\$ 4.6	\$ 46.6
Progreso	\$ 7.9	\$ 0.9	\$ 2.2	\$ 11.0
Puerto Vallarta	\$ 43.8	\$ 2.3	\$ 6.6	\$ 52.7
Zihuatanejo	\$ 4.6	\$ 0.3	\$ 0.9	\$ 5.8
All Destinations	\$ 426.7	\$ 46.9	\$ 91.8	\$ 565.4

Cozumel, Mexico's largest cruise port, led all destinations with \$254.4 million in direct cruise tourism expenditures. Three of the ten destinations had direct cruise tourism expenditures in excess of \$50 million. Costa Maya was second with \$69.8 million and was followed by Puerto Vallarta with an estimated \$52.7 million and by Ensenada with \$52.6 million. Another three ports benefited from more than \$25 million in cruise-related expenditure, Mazatlan with \$46.6 million, Cabo San Lucas with \$38.4 million, and Acapulco with \$29.1 million. Combined, these seven destinations accounted for 96 percent of the total cruise tourism expenditures in the ten destinations.

The three remaining destinations, Progreso with \$11 million, Zihuatanejo with \$5.8 million and Huatulco with \$5.0 million in cruise-related spending, accounted for the remainder of the cruise tourism direct expenditures.

Figure 2– Total Cruise Tourism Expenditures (\$US Millions) by Destination, 2006-2007 Cruise Year

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section, an economic impact model was developed for each participating destination. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. These models included gross production and employment and wage data. They were designed to reflect the economic structure of each destination, including the industrial composition of production, the wage share of production by industry and the average wage by industry.

Direct Economic Contribution of Cruise Tourism Expenditures

The direct economic contribution of cruise tourism in destination ports was derived from a broad range of activities including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and electronics; and
- expenditures by cruise lines in ports for port services.

The analysis of cruise tourism's direct expenditures shows that cruise ship calls brought 6 million passenger and crew visits to the ten participating destinations during the 2006-2007 cruise year and generated \$565 million in direct spending by passengers, crew and cruise lines. As shown in **Table 11** and **Figure 3**, the businesses that supplied the shore excursions and other

goods and services employed an estimated 10,150 employees and paid annual wages of \$58.3 million. While the impacts vary across destinations, nearly every \$56,000 in cruise tourism expenditures generated a direct job in the destinations and that 10.3 percent of cruise tourism expenditures ended up as income for the impacted workers.

Table 11 – Direct Economic Impact of Cruise Tourism by Destination, 2006-2007 Cruise Year

Destinations	Total Direct Cruise Tourism Expenditures (\$US Millions)	Direct Employment	Direct Employee Wage Income (\$US Millions)
Acapulco	\$ 29.1	550	\$ 3.1
Cabo San Lucas	\$ 38.4	700	\$ 4.2
Costa Maya	\$ 69.8	1,160	\$ 6.7
Cozumel	\$ 254.4	4,430	\$ 25.5
Ensenada	\$ 52.6	890	\$ 5.8
Huatulco	\$ 5.0	110	\$ 0.5
Mazatlan	\$ 46.6	990	\$ 5.1
Progreso	\$ 11.0	220	\$ 1.1
Puerto Vallarta	\$ 52.7	990	\$ 5.7
Zihuatanejo	\$ 5.8	110	\$ 0.6
All Destinations	\$ 565.4	10,150	\$ 58.3

With the highest passenger volumes and direct tourism expenditures, Cozumel led the ten destinations in the direct economic impacts of cruise tourism. With 4,430 jobs paying \$25.5 million in wage income, Cozumel accounted for 43 percent of the cruise industry's direct economic impact in Mexico. One direct job in Cozumel was generated for every \$57,000 in cruise tourism spending.

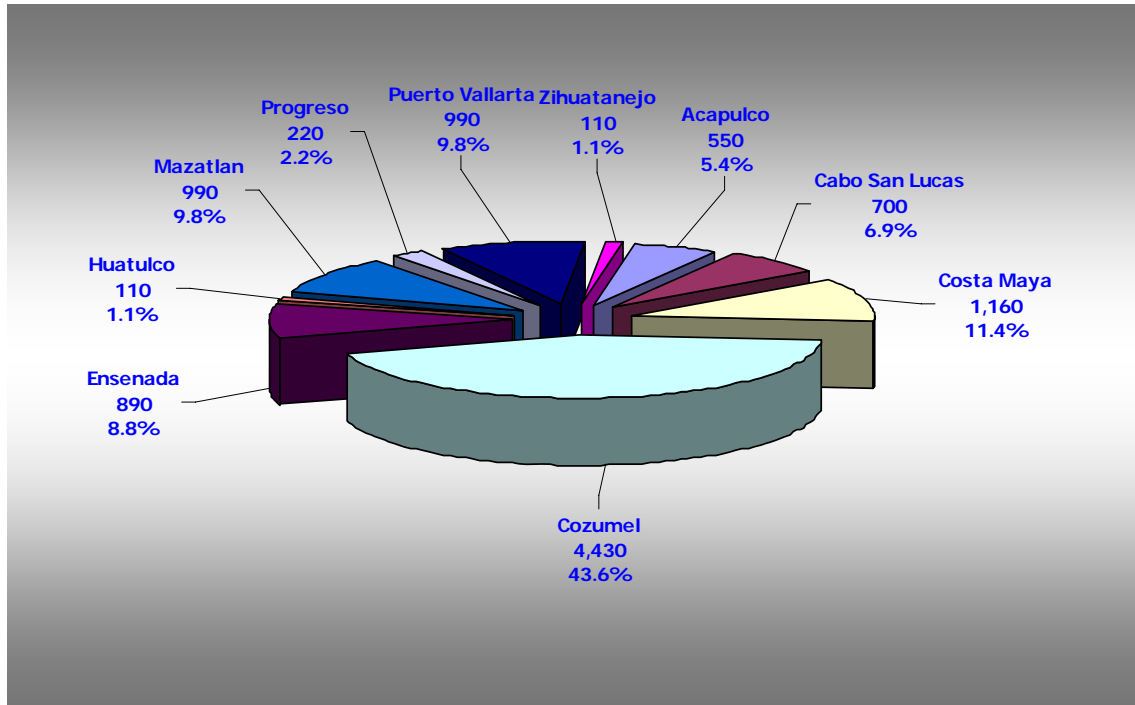
Costa Maya was the only other destination with a direct employment impact of more than 1,000 jobs. The direct cruise tourism expenditures of \$69.8 million in Costa Maya generated 1,160 jobs for the area's residents and \$6.7 million in wages. One direct job was created in Costa Maya for every \$60,000 in cruise tourism expenditures.

Both Mazatlan and Puerto Vallarta had a direct employment impact with 990 jobs. However, Puerto Vallarta with higher average wages generated a higher wage impact, \$5.7 million, than Mazatlan, \$5.1 million. Puerto Vallarta had the fourth highest level of total cruise tourism expenditures behind Cozumel, Costa Maya and Ensenada. With \$52.7 million in direct expenditures, one direct job was generated in Puerto Vallarta for every \$53,000 in cruise tourism expenditures in this destination.

Mazatlan, with the highest level of per passenger spending but only the sixth highest level of passenger and crew visits, had the fifth highest level of cruise tourism expenditures. The \$46.6 million in direct cruise tourism expenditures generated 990 jobs paying \$5.1 million in wage income during the 2006-2007 cruise year. One direct job in Mazatlan was created for every \$47,000 in direct cruise tourism spending.

Ensenada, with the third highest total of passenger and crew onshore visits but only the eighth highest per passenger spending rate, had the third highest level of total cruise tourism expenditures. Ensenada also had the fifth highest direct employment contribution and the third highest direct wage contribution. The \$52.6 million in direct cruise tourism expenditures generated 890 jobs paying \$5.8 million in wage income during the 2006-2007 cruise year. It required nearly \$59,000 in cruise tourism expenditures to create a direct job.

Figure 3 - Direct Employment Impact of Cruise Tourism by Destination, 2006-2007 Cruise Year



Cabo San Lucas ranked fifth in passenger and crew visits and per passenger spending. It required nearly \$55,000 of direct spending in Cabo San Lucas to generate one direct job. As a consequence, the \$38.4 million in direct cruise tourism expenditures generated 700 direct jobs.

Finally, the \$29.0 million in cruise tourism spending in Acapulco generated 550 direct jobs paying \$3.1 million in wage income during the 2006-2007 cruise year. One direct job was created for every \$53,000 in direct cruise tourism expenditures.

Total Economic Contribution of Cruise Tourism Expenditures

The economic contribution of cruise tourism expenditures is the sum of the direct, discussed above, and the indirect contributions. The indirect contribution results from the spending of the local businesses that serve the cruise sector for those goods and services that they require to conduct their business. For example, tour operators must purchase or rent vehicles and equip-

ment to transport passengers; fuel to operate their vehicles; utility services, such as electricity and water, for their offices; and insurance for property and employees.

The estimated indirect economic contribution was developed by destination by utilizing the economic impact models discussed previously. The size of the economic impacts relative to the direct impacts is primarily determined by the degree of economic development in a particular economy. This occurs because more developed economies import proportionately fewer goods and services which reduces leakages to other economies. For example, in analyses conducted by BREA of the economic impact of the cruise industry in the United States, the indirect employment impacts were 30 percent higher than the direct impacts, resulting in an implicit employment multiplier of 2.3. In each of the destinations analyzed for this study, the indirect impacts were always smaller than the direct impacts. This is due to the relatively high proportion of imported goods and services in these economies. As a consequence, the implicit employment and wage multipliers for each destination were less than 2.0.

As shown in **Table 12 and Figure 4**, the \$565 million in direct cruise tourism in Mexico generated total employment of 15,990 residents of the ten destinations and \$93.5 million in employee wages during the 2006-2007 cruise year.

Table 12 – Total Economic Impact of Cruise Tourism by Destination, 2006-2007 Cruise Year

Destinations	Total Direct Cruise Tourism Expenditures (\$US Millions)	Total Employment	Total Employee Wage Income (\$US Millions)
Acapulco	\$ 29.1	820	\$ 4.6
Cabo San Lucas	\$ 38.4	1,100	\$ 6.7
Costa Maya	\$ 69.8	1,890	\$ 11.1
Cozumel	\$ 254.4	7,070	\$ 41.4
Ensenada	\$ 52.6	1,430	\$ 9.4
Huatulco	\$ 5.0	170	\$ 0.8
Mazatlan	\$ 46.6	1,450	\$ 7.6
Progreso	\$ 11.0	310	\$ 1.6
Puerto Vallarta	\$ 52.7	1,590	\$ 9.4
Zihuatanejo	\$ 5.8	160	\$ 0.9
All Destinations	\$ 565.4	15,990	\$ 93.5

The rebuilding of the damaged port infrastructure caused by Hurricane Wilma in Cozumel resulted in a 20 percent increase in passenger and crew visits during the 2006-2007 cruise year. Consequently, Cozumel was able to resume its growth and maintain its leadership position among Mexico cruise destinations. Cruise calls to Cozumel generated \$254.4 million in total cruise tourism expenditures, 7,070 jobs and \$41.4 million in wage income.

Costa Maya with over 700,000 cruise passenger visits was Mexico's second busiest cruise port and benefited from \$69.8 million in direct cruise tourism expenditures. The expenditures generated an estimated 1,890 jobs and \$11.1 million in wage income.

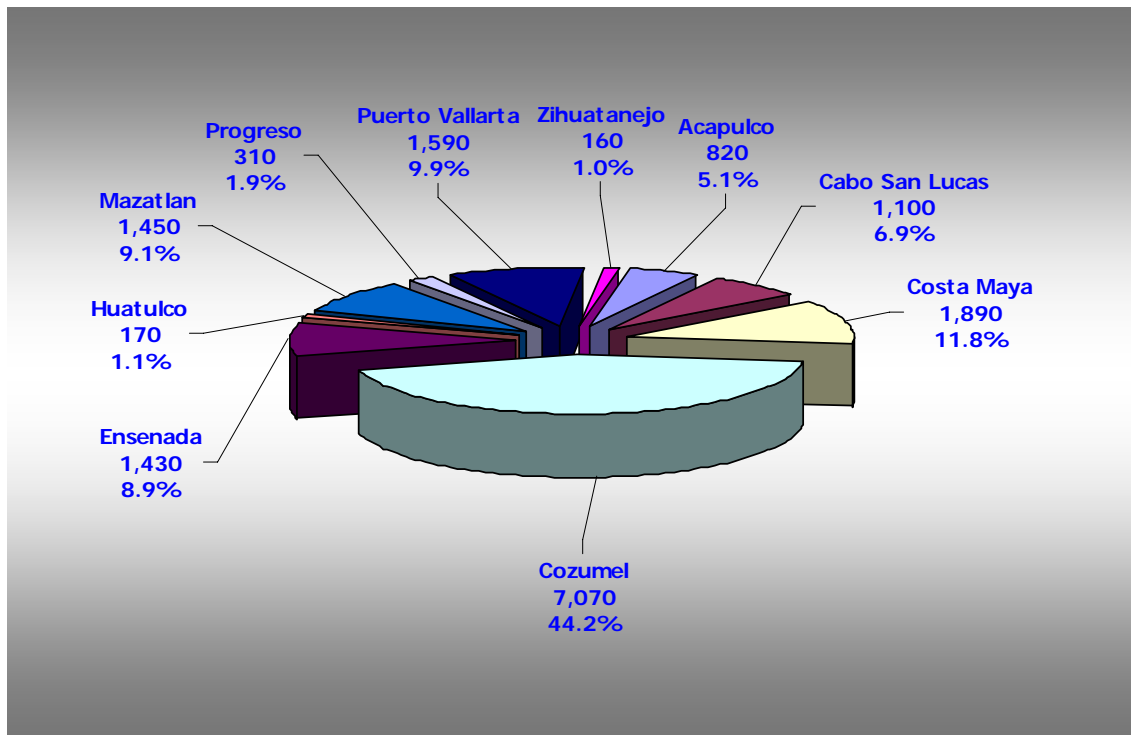
Puerto Vallarta had the fourth highest volume of cruise passenger visits but the second highest per passenger spending rate and. As a consequence, cruise calls in Puerto Vallarta generated \$52.7 million in cruise tourism expenditures and total employment of 1,590 residents with wage income of \$9.4 million.

Ensenada had the third highest volume of cruise passenger visits (612,000). This was almost 200,000 more passenger visits than Puerto Vallarta. But, Ensenada had only the seventh highest per passenger expenditures and thus fell just marginally behind Puerto Vallarta with \$52.6 million in cruise tourism expenditures. This spending generated an estimated 1,430 jobs paying \$9.4 million in wage income during the 2006-2007 cruise year.

Mazatlan, with the highest average passenger spend rate (\$126.29) and the sixth highest volume of passenger visits, had the fifth highest economic contribution. The \$46.6 million in cruise tourism expenditures generated an estimated 1,450 jobs paying \$7.6 million in wage income during the 2006-2007 cruise year.

Cabo San Lucas had the fifth highest volume of cruise passenger visits and passenger spend rate. The \$38.4 million in cruise tourism spending in Cabo San Lucas generated 1,100 total jobs and \$6.7 million in wage income during the 2006-2007 cruise year.

Figure 4 – Total Employment Impact of Cruise Tourism by Destination, 2006-2007 Cruise Year



The full details of the direct and total economic impacts for each destination are shown and discussed in the following sections of this report.

SURVEY RESULTS AND ECONOMIC ANALYSIS BY DESTINATION

This section presents an overview of the passenger and crew survey results and the analysis of the direct passenger, crew and cruise line expenditures for each destination. A more detailed analysis is presented for each destination than in the previous section, however, only a brief discussion of data and methods is provided.

Acapulco

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.¹² The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Acapulco, economic data for the state of Guerrero were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

¹² The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, an estimated 250,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.¹³ Of these, an estimated 225,000 passengers (90 percent) disembarked and visited Acapulco. Utilizing additional data provided by the visiting cruise lines, we have estimated that 124,400 crew were aboard the cruise ships and that 45 percent, or 56,000 crew, disembarked and visited the island. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$29.1** million (\$US) in cruise tourism expenditures in Acapulco during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 13 – Estimated Passenger Spending (\$US) in Acapulco, 2006-2007 Cruise Year¹⁴

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
Shore Excursions	\$ 91.24	78%	\$ 71.21
Clothing	\$ 36.12	50%	\$ 18.03
Local Crafts & Souvenirs	\$ 29.49	42%	\$ 12.50
F&B at Restaurants & Bars	\$ 31.44	37%	\$ 11.60
Watches & Jewelry	\$ 163.30	33%	\$ 53.81
Taxis/Ground Transportation	\$ 37.07	27%	\$ 10.11
Other Purchases	\$ 26.02	23%	\$ 5.87
Telephone & Internet	\$ 6.58	4%	\$ 0.28
Entertainment/Night Clubs	\$ 25.36	4%	\$ 0.93
Retail Purchases of Liquor	\$ 28.78	3%	\$ 0.91
Electronics	\$ 13.40	<1%	\$ 0.06
Total Spend per Cruise Party			\$ 185.31
Average Size of a Cruise Party			2.12
Total Spend per Cruise Passenger			\$ 87.41
Cruise Passenger Visits			225,000
Total Cruise Passenger Expenditures			\$ 19,667,250

Per passenger spending estimates were derived from the 1,597 surveys completed by passengers that went ashore during the survey period. As shown in **Table 13**, each passenger cruise party spent an average of \$185.31. The average spend per cruise party is the sum of the

¹³ The 2006-2007 cruise year includes the twelve months beginning in June, 2006 and ending in May, 2007.

¹⁴ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

weighted spending in each of the eleven categories. For example, 50 percent of the survey respondents reported spending an average of \$36.12 for articles of clothing in Acapulco. Spread over the 1,597 cruise parties that visited Acapulco, this represents an average of \$18.03 per party. On a per passenger basis, the average total expenditure was \$87.41. This represents the sum of per party expenditures, \$185.31, divided by the average size of a cruise party in Acapulco, 2.12 passengers.

As shown in Table 13, 78 percent of the cruise passengers that visited Acapulco purchased a shore excursion. Of these, 72 percent purchased their tour on their cruise ship and the remaining 28 percent purchased the tour onshore or through the Internet (see **Table 16**). The \$91.24 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$128.70 (or \$60.71 per passenger).

For the entire 2006-2007 cruise year, the estimated 225,000 cruise passengers who visited Acapulco spent a total of **\$19.7 million** (\$US) in Acapulco.

Per crew spending estimates were derived from the 1,311 surveys completed by crew members during the survey period. As shown in **Table 14**, each crew member spent an average of \$59.71 in Acapulco. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 71 percent of the survey respondents reported spending an average of \$30.57 for food and beverages. Spread over the 1,311 crew members that visited Acapulco, this represents an average of \$21.85 per crew member.

Table 14 – Estimated Crew Spending (\$US) in Acapulco, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 30.57	71%	\$ 21.85
Taxis/Ground Transportation	\$ 13.22	45%	\$ 5.97
Telephone & Internet	\$ 12.39	22%	\$ 2.67
Clothing	\$ 46.65	20%	\$ 9.50
Other Purchases	\$ 37.56	16%	\$ 6.10
Entertainment/Night Clubs	\$ 44.50	15%	\$ 6.82
Local Crafts & Souvenirs	\$ 18.13	10%	\$ 1.84
Shore Excursions	\$ 11.66	6%	\$ 0.66
Retail Purchases of Liquor	\$ 34.72	5%	\$ 1.59
Watches & Jewelry	\$ 41.34	4%	\$ 1.58
Electronics	\$ 49.57	2%	\$ 1.13
Total Spend per Crew			\$ 59.71
Crew Visits			56,000
Total Crew Expenditures			\$ 3,343,760

For the entire 2006-2007 cruise year, the estimated 56,000 crew who visited Acapulco spent an estimated total of **\$3.3 million** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$6.1 million** (\$US) in Acapulco during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 15 – Total Economic Contribution of Cruise Tourism in Acapulco, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	550	\$3.1
Total Economic Contribution	820	\$4.6

As shown in **Table 15**, the \$29.1 million in total cruise tourism expenditures in Acapulco generated direct employment of 550 residents of Acapulco paying \$3.1 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 820 jobs and \$4.6 million in wage income in Acapulco during the 2006-2007 cruise year.

Figure 5 – Total Employment Impacts by Sector - Acapulco

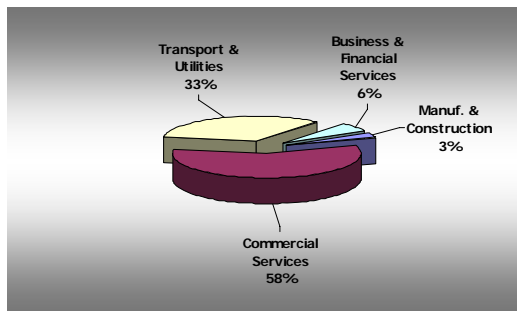
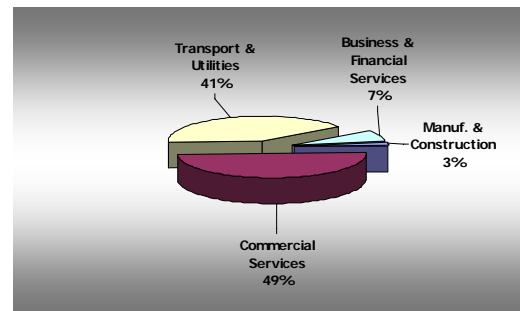


Figure 6 – Total Wage Impacts by Sector Acapulco



As shown in **Figures 5 and 6**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for 90 percent of the total impacts. This is not surprising since the direct impacts account for two-thirds of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and

ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 41 percent of the wage impacts but only 33 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.¹⁵

Passenger Surveys

A total of 1,619 passenger surveys were completed following cruise calls at Acapulco and returned for tabulation. **Table 16** shows the major attributes of passenger visits to Acapulco as derived from the passenger surveys.

- Of the 1,597 passengers who went ashore, 72 percent made at least one purchase while ashore.
- Seventy-eight (78) percent of the passengers that went ashore purchased a shore excursion. Seventy-two (72) percent of these purchased their tour through the cruise lines and 28 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Acapulco consisted of 2.12 passengers.

Table 16 - Major Attributes of Passenger Surveys - Acapulco

	Number	Percent
Total Respondents	1,619	
Number Ashore	1,597	98.6%
Respondents Making Onshore Purchases:	1,144	71.6%
Average Size of Expenditure Party (Persons)	2.12	
Purchased an Onshore Tour	1,246	78.0%
Purchased Onshore Tour from:		
Cruise Line	894	71.8%
Onshore/Internet	352	28.2%

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 17**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, somewhat satisfied with their cruise call at Acapulco with a mean score of 6.5 (Somewhat Satisfied) for “Visit Met Expectations”. This score was about 10 percent lower than the ten-destination average of 7.2 (Very Satisfied).

¹⁵ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

Among the key findings were the following:

- Cruise passengers felt that local employees were very courteous (Mean Score: 8.1). This category received the highest average score among passengers who visited Acapulco.
- Passengers felt very safe in Acapulco with the Safety category receiving an average score of 7.6.
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: initial shoreside welcome, guided tours, friendliness of the residents, local transportation and historic site/museums.
- Categories with average scores between 5.0 and 7.0 (Somewhat Satisfied) were given for: beaches, the shopping experience, including variety of shops and overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Acapulco to family or friends (5.2) but were not too likely to return themselves (3.6).

Table 17 – Passenger Visit Satisfaction* - Acapulco

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.1
Guided Tour	7.8
Shopping Experience	5.5
Historic Sites/Museums	7.0
Beaches	6.6
Friendliness of Residents	7.2
Courtesy of Employees	8.1
Variety of Shops	6.0
Overall Prices	5.7
Taxis/Local Transportation	7.2
Feeling of Safety Ashore	7.6
Visit Met Expectations	6.5
Likelihood of Recommending Resort Vacation	5.2
Likelihood of Return for Resort Vacation	3.6

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Overall, Acapulco’s passenger satisfaction scores were lower than the average for the ten Mexico destinations for each category. While, passengers were generally satisfied with their experience in Acapulco, especially shore excursions and overall safety in Acapulco, overall satisfaction could be improved by providing a better shopping experience for cruise tourists.

Passenger Demographics

Residents of the United States and Canada accounted for 89 percent of the responding passengers. Another 8 percent were from the United Kingdom. Acapulco's cruise passengers tended to be older than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 58 years with 81 percent of the respondents being over 50 years old. Acapulco passengers had an average household income of \$96,600, just slightly above the average for the ten Mexico cruise destinations, with 34 percent having over \$100,000 in household income.

Figure 7 – Passenger Age Acapulco

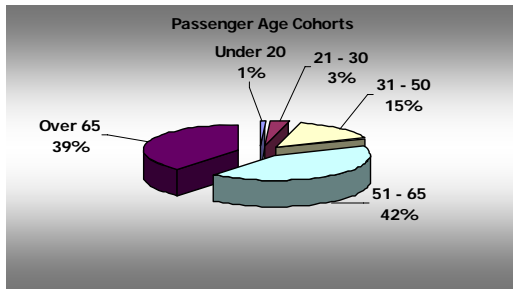
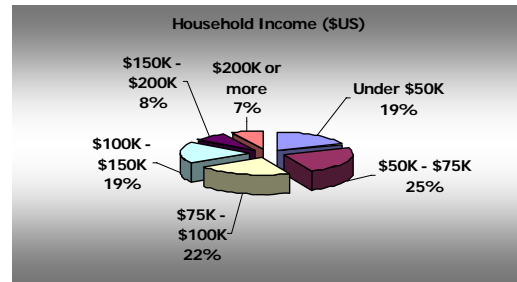


Figure 8 – Passenger Household Income Acapulco



Cabo San Lucas

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.¹⁶ The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Cabo San Lucas, economic data for the state of Baja Sur were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

¹⁶ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 450,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.¹⁷ Of these, an estimated 405,000 passengers (90 percent) disembarked and visited Cabo San Lucas. Utilizing additional data provided by the visiting cruise lines, we have estimated that 190,000 crew were aboard the cruise ships and that 20 percent, or 38,000 crew, disembarked and visited Cabo San Lucas. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$38.4 million** (\$US) in cruise tourism expenditures in Cabo San Lucas during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 18 – Estimated Passenger Spending (\$US) in Cabo San Lucas, 2006-2007 Cruise Year¹⁸

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
F&B at Restaurants & Bars	\$32.70	57%	\$18.51
Clothing	\$41.07	56%	\$22.93
Shore Excursions	\$86.54	50%	\$42.90
Local Crafts & Souvenirs	\$35.89	45%	\$16.05
Watches & Jewelry	\$177.30	30%	\$54.06
Other Purchases	\$78.88	19%	\$15.29
Taxis/Ground Transportation	\$18.71	18%	\$3.35
Retail Purchases of Liquor	\$38.85	10%	\$3.74
Telephone & Internet	\$12.70	2%	\$0.23
Entertainment/Night Clubs	\$55.31	1%	\$0.56
Electronics	\$50.50	0%	\$0.08
Total Spend per Cruise Party			\$177.70
Average Size of a Cruise Party			2.25
Total Spend per Cruise Passenger			\$78.98
Cruise Passenger Visits			405,000
Total Cruise Passenger Expenditures			\$ 31,986,900

Per passenger spending estimates were derived from the 1,736 surveys completed by passengers that went ashore during the survey period. As shown in **Table 18**, each passenger cruise

¹⁷ The 2006-2007 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

¹⁸ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

party spent an average of \$177.70. The average spend per cruise party is the sum of the weighted spending in each of the eleven categories. For example, 57 percent of the survey respondents reported spending an average of \$32.70 at local restaurants and/or bars in Cabo San Lucas. Spread over the 1,736 cruise parties that visited Cabo San Lucas, this represents an average of \$18.51 per party. On a per passenger basis, the average total expenditure was \$78.98. This represents the sum of per party expenditures, \$177.70, divided by the average size of a cruise party in Cabo San Lucas, 2.25 passengers.

As shown in Table 18, 50 percent of the cruise passengers that visited Cabo San Lucas purchased a shore excursion. Of these, 68 percent purchased their tour on their cruise ship and the remaining 32 percent purchased the tour onshore or through the Internet (see **Table 21**). The \$86.54 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$95.69 (or \$42.53 per passenger).

For the entire 2006-2007 cruise year, the estimated 405,000 cruise passengers who visited Cabo San Lucas spent a total of **\$32.0 million** (\$US).

Due to an insufficient number of completed crew surveys for this destination and four others, per crew spending estimates were estimated from the complete set of crew surveys for the five destinations combined.¹⁹

Table 19 – Estimated Crew Spending (\$US) in Cabo San Lucas, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$27.83	65%	\$18.10
Taxis/Ground Transportation	\$11.97	24%	\$2.86
Telephone & Internet	\$7.09	17%	\$1.20
Clothing	\$33.25	15%	\$4.84
Other Purchases	\$28.44	13%	\$3.81
Local Crafts & Souvenirs	\$19.24	13%	\$2.50
Shore Excursions	\$16.37	6%	\$0.94
Watches & Jewelry	\$60.21	5%	\$3.14
Retail Purchases of Liquor	\$24.26	3%	\$0.81
Entertainment/Night Clubs	\$38.13	2%	\$0.95
Electronics	\$66.90	2%	\$1.09
Total Spend per Crew			\$40.24
Crew Visits			38,000
Total Crew Expenditures			\$1,529,120

Per crew spending estimates were derived from the 1,285 surveys completed by crew members during the survey period at the five destinations combined. As shown in **Table 19**, each crew member spent an average of \$40.24 in the five destinations. The average spend per crew mem-

¹⁹ The five destinations for which the crew surveys were combined were: Cabo San Lucas, Huatulco, Progreso, Puerto Vallarta and Zihuatanejo.

ber is the sum of the weighted spending in each of the eleven categories. For example, 65 percent of the survey respondents reported spending an average of \$27.83 for food and beverages. Spread over the 1,285 crew members that visited the five destinations, this represents an average of \$18.10 per crew member.

For the entire 2006-2007 cruise year, the estimated 38,000 crew who visited Cabo San Lucas spent an estimated total of **\$1.5 million** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$4.9 million** (\$US) in Cabo San Lucas during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 20 – Total Economic Contribution of Cruise Tourism in Cabo San Lucas, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	700	\$4.2
Total Economic Contribution	1,100	\$6.7

As shown in **Table 20**, the \$38.4 million in total cruise tourism expenditures generated direct employment of 700 residents of Cabo San Lucas paying \$4.2 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 1,100 jobs and \$6.7 million in wage income in Cabo San Lucas during the 2006-2007 cruise year.

Figure 9 – Total Employment Impacts by Sector - Cabo San Lucas

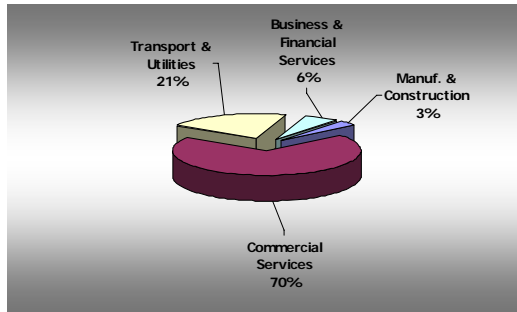
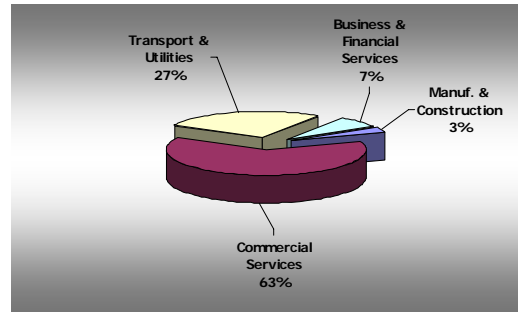


Figure 10 – Total Wage Impacts by Sector Cabo San Lucas



As shown in **Figures 9 and 10**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for about 90 percent of the employment and wage impacts.²⁰ This is not surprising since the direct impacts account for just over 60 percent of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 27 percent of the wage impacts but only 21 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 1,754 passenger surveys were completed following cruise calls at Cabo San Lucas and returned for tabulation. **Table 21** shows the major attributes of passenger visits in Cabo San Lucas as derived from the passenger surveys.

Table 21 - Major Attributes of Passenger Surveys - Cabo San Lucas

	Number	Percent
Total Respondents	1,754	
Number Ashore	1,736	99.0%
Respondents Making Onshore Purchases:	1,279	73.7%
Average Size of Expenditure Party (Persons)	2.25	
Purchased an Onshore Tour	861	49.6%
Purchased Onshore Tour from:		
Cruise Line	585	68.0%
Onshore/Internet	276	32.0%

²⁰ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

- Of the passengers who went ashore, 74 percent made at least one purchase while ashore.
- Fifty (50) percent of the passengers that went ashore purchased a shore excursion. Sixty-eight (68) percent of these purchased their tour through the cruise lines and 32 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Cabo San Lucas consisted of 2.25 passengers.

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 22**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Cabo San Lucas with a mean score of 7.6 (Very Satisfied) for “Visit Met Expectations”. This score was about 5 percent above the ten-destination average of 7.2. Furthermore, cruise passengers that visited Cabo San Lucas said that they were “very likely” to recommend a resort vacation to family and friends. The mean score of 7.1 for this category was the second highest among the ten destinations, falling just behind Zihuatanejo’s score of 7.5.

Table 22 – Passenger Visit Satisfaction* - Cabo San Lucas

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.6
Guided Tour	8.1
Shopping Experience	6.8
Historic Sites/Museums	6.6
Beaches	7.9
Friendliness of Residents	7.6
Courtesy of Employees	8.0
Variety of Shops	7.1
Overall Prices	6.3
Taxis/Local Transportation	7.1
Feeling of Safety Ashore	8.6
Visit Met Expectations	7.6
Likelihood of Recommending Resort Vacation	7.1
Likelihood of Return for Resort Vacation	5.8

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Among the key findings are the following:

- “Guided Tours” and “Feeling of Safety Ashore” received among the highest scores by passengers visiting Cabo San Lucas, 8.1 and 8.6, respectively. Thus, cruise passengers were very satisfied with their shore excursion and felt very safe in Cabo San Lucas.
- In addition, cruise passengers felt that the local employees were very courteous (Mean Score: 8.0).

- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: the initial shoreside welcome, beaches, local transportation, friendliness of the residents, and variety of shops.
- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for: the overall shopping experience, including overall prices, and historic sites.
- Passengers were very likely to recommend a resort vacation in Cabo San Lucas to family or friends (7.1) and somewhat likely to return themselves (5.8).

In general, Cabo San Lucas' passenger satisfaction scores were higher than the average for the ten Mexico destinations for each category. Cruise passengers were generally very satisfied with their experience in Cabo San Lucas and were very likely to recommend a vacation to this destination to family and friends. The only area in which passengers seemed less satisfied was the prices of the goods and services in Cabo San Lucas which seemed to reduce the score for overall shopping experience.

Passenger Demographics

Residents of the United States and the Canada accounted for 99 percent of the responding passengers. The average age of the respondents was 52 years, which was similar to the average for the ten Mexico cruise destinations, with 61 percent of the respondents being over 50 years old. Cabo San Lucas cruise visitors had an average household income of \$106,900, about 10% above the ten-destination average, with 44 percent having over \$100,000 in household income.

Figure 11 – Passenger Age Cabo San Lucas

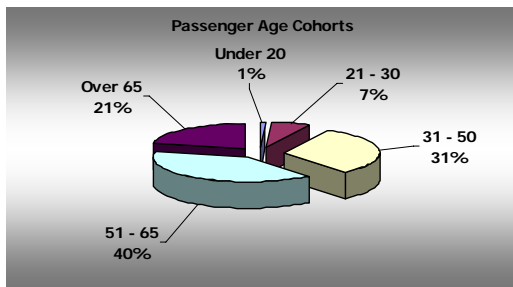
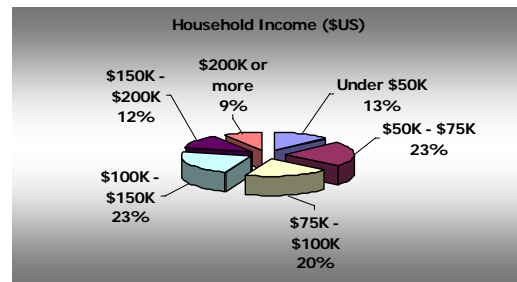


Figure 12 – Passenger Household Income Cabo San Lucas



Costa Maya

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.²¹ The surveys were conducted onboard the cruise ships visiting Costa Maya and Cozumel during the months of March, April and May of 2006.²² The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Costa Maya, economic data for the state of Quintana Roo were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

²¹ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

²² The surveys for Costa Maya and Cozumel were conducted in 2006 as part of an earlier study conducted in the Caribbean by BREA for the FCCA.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 879,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.²³ Of these, an estimated 703,200 passengers (80 percent) disembarked and visited Costa Maya. Utilizing additional data provided by the visiting cruise lines, we have estimated that 342,300 crew were aboard the cruise ships and that 50 percent, or 171,150 crew, disembarked and visited Costa Maya. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$69.8 million** (\$US) in cruise tourism expenditures in Costa Maya during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 23 – Estimated Passenger Spending (\$US) in Costa Maya, 2006-2007 Cruise Year²⁴

Purchase Categories	Average Spend per Party	Share of All Onshore Visits	Weighted Average Spend per Party
Shore Excursions	\$ 74.29	62%	\$ 45.91
F&B at Restaurants & Bars	\$ 27.00	60%	\$ 16.25
Local Crafts & Souvenirs	\$ 35.90	51%	\$ 18.14
Clothing	\$ 44.80	45%	\$ 20.30
Watches & Jewelry	\$ 228.80	26%	\$ 60.45
Other Purchases	\$ 35.70	23%	\$ 8.07
Taxis/Ground Transportation	\$ 15.50	19%	\$ 2.95
Retail Purchases of Liquor	\$ 41.00	7%	\$ 2.76
Telephone & Internet	\$ 9.80	2%	\$ 0.17
Entertainment/Night Clubs	\$ 60.00	1%	\$ 0.43
Total Spend per Cruise Party			\$ 175.43
Average Size of a Cruise Party			2.3
Total Spend per Cruise Passenger			\$ 76.28
Cruise Passenger Visits			703,200
Total Cruise Passenger Expenditures			\$ 53,640,096

Per passenger spending estimates were derived from the 1,403 surveys completed by passengers that went ashore in Costa Maya during the survey period. As shown in **Table 23**, each passenger cruise party spent an average of \$175.42 in Costa Maya. The average spend per cruise

²³ The 2005-2006 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

²⁴ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

party is the sum of the weighted spending in each of the ten categories.²⁵ For example, 60 percent of the survey respondents reported spending an average of \$27 at local restaurants and/or bars. Spread over the 1,403 cruise parties that visited Costa Maya, this represents an average of \$16.25 per party. On a per passenger basis, the average total expenditure was \$76.28. This represents the sum of per party expenditures, \$175.43, divided by the average size of a cruise party in Costa Maya, 2.3 passengers.

As shown in Table 23, 62 percent of the cruise passengers that visited Costa Maya purchased a shore excursion. Of these, 74 percent purchased their tour on their cruise ship and the remaining 26 percent purchased the tour onshore or through the Internet (see **Table 26**). The \$74.29 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$121.50 (or \$52.83 per passenger).

For the entire 2006-2007 cruise year, the estimated 703,200 cruise passengers who visited Costa Maya spent a total of **\$53.6 million** (\$US).

Per crew spending estimates were derived from the 948 surveys completed by crew members during the survey period. As shown in **Table 24**, each crew member spent an average of \$50.25 in Costa Maya. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 70 percent of the survey respondents reported spending an average of \$32.10 for food and beverages. Spread over the 948 crew members that visited Costa Maya, this represents an average of \$22.45 per crew member.

For the entire 2006-2007 cruise year, the estimated 171,150 crew who visited Costa Maya spent an estimated total of **\$8.6 million** (\$US).

Table 24 – Estimated Crew Spending (\$US) in Costa Maya, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Visits	Average Spend per Crew
F&B at Restaurants & Bars	\$32.10	70%	\$22.45
Taxis/Ground Transportation	\$10.00	33%	\$3.26
Clothing	\$29.50	16%	\$4.57
Local Crafts & Souvenirs	\$30.50	13%	\$4.09
Other Purchases	\$41.40	8%	\$3.23
Watches & Jewelry	\$147.90	6%	\$8.74
Telephone & Internet	\$11.70	5%	\$0.59
Retail Purchases of Liquor	\$26.50	4%	\$1.01
Shore Excursions	\$45.40	3%	\$1.29
Entertainment/Night Clubs	\$48.50	1%	\$0.51
Electronics	\$68.70	1%	\$0.51
Total Spend per Crew			\$50.25
Crew Visits			171,150
Total Crew Expenditures			\$8,600,288

²⁵ No passengers reported any purchases of electronics in Costa Maya.

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$7.6 million** (\$US) in Costa Maya during the 2006-2007 cruise year. Essentially all of these expenditures were payments for port fees and taxes and navigation services.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 25 – Total Economic Contribution of Cruise Tourism in Costa Maya 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	1,160	\$6.7
Total Economic Contribution	1,890	\$11.1

As shown in **Table 25**, the \$69.8 million in total cruise tourism expenditures generated direct employment of 1,160 residents of Costa Maya paying \$6.7 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 1,890 jobs and \$11.1 million in wage income in Costa Maya during the 2006-2007 cruise year.

Figure 13 – Total Employment Impacts by Sector - Costa Maya

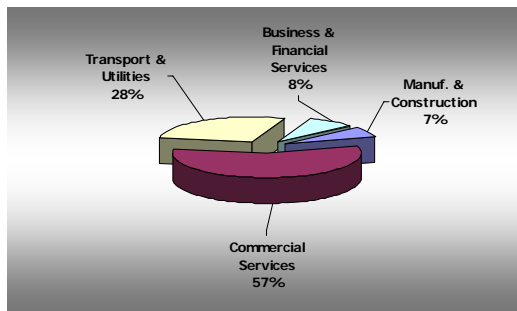
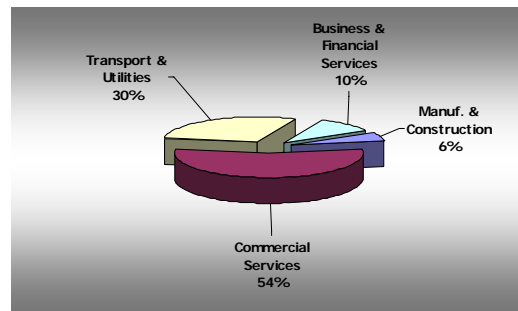


Figure 14 – Total Wage Impacts by Sector Costa Maya



As shown in **Figures 13 and 14**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for about 85 percent of the employment and wage impacts.²⁶ This is not surprising since the direct impacts account for just over 60 percent of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 30 percent of the wage impacts but only 28 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 1,425 passenger surveys were completed following cruise calls at Costa Maya and returned for tabulation. **Table 26** shows the major attributes of passenger visits in Costa Maya as derived from the passenger surveys.

- Of the passengers who went ashore, 80 percent made at least one purchase while ashore.
- Sixty-two (62) percent of the passengers that went ashore purchased a shore excursion. Seventy-four (74) percent of these purchased their tour through the cruise lines and 26 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Costa Maya consisted of 2.3 passengers.

Table 26 - Major Attributes of Passenger Surveys – Costa Maya

	Number	Percent
Total Respondents	1,425	
Number Ashore	1,403	
Respondents Making Onshore Purchases:	1,128	80.4%
Average Size of Expenditure Party (Persons)	2.3	
Purchased an Onshore Tour	867	61.8%
Purchased Onshore Tour from:		
Cruise Line	645	74.4%
Onshore/Internet	222	25.6%
Toured On Own/Did not Tour	536	

²⁶ The industry sectors include the following activities:

Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 27**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Costa Maya with a mean score of 7.5 (Very Satisfied) for “Visit Met Expectations”. This score was about 5 percent above the ten-destination average of 7.2.

Among the key findings are the following:

- “Guided Tours” and “Feeling of Safety Ashore” received among the highest scores by passengers visiting Costa Maya, 8.4 and 8.6, respectively. Thus, cruise passengers were very satisfied with their shore excursion and felt very safe in Costa Maya.
- In addition, cruise passengers felt that the local employees were very courteous (Mean Score: 8.2).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: initial shoreside welcome, historic sites, beaches, friendliness of residents and local transportation.
- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for: the overall shopping experience, including variety of shops and overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Costa Maya to family or friends (5.7) but not too likely to return themselves (4.2).

Table 27 – Passenger Visit Satisfaction* - Costa Maya

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.7
Guided Tour	8.4
Shopping Experience	6.6
Historic Sites/Museums	7.8
Beaches	7.3
Friendliness of Residents	7.9
Courtesy of Employees	8.2
Variety of Shops	6.9
Overall Prices	6.3
Taxis/Local Transportation	7.4
Feeling of Safety Ashore	8.6
Visit Met Expectations	7.5
Likelihood of Recommending Resort Vacation	5.7
Likelihood of Return for Resort Vacation	4.2

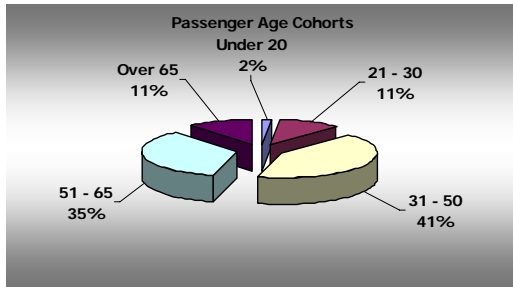
* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows:
Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5;
Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

In general, Costa Maya’s passenger satisfaction scores were in line with the average for the ten Mexico destinations. Like many destinations in Mexico, cruise passengers scored their shopping experience in Costa Maya lower than other aspects of their visit.

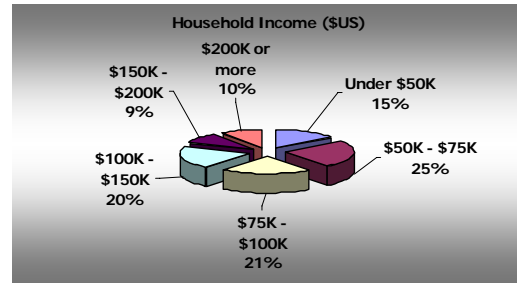
Passenger Demographics

Residents of the United States and the Canada accounted for 97 percent of the responding passengers. Costa Maya's cruise passengers tended to be younger than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 47 years with only 46 percent of the respondents being over 50 years old. Costa Maya passengers had an average household income of \$102,400, about 7 percent higher than the average for the ten destinations, with 39 percent having over \$100,000 in household income.

**Figure 15 – Passenger Age
Costa Maya**



**Figure 16 – Passenger Household Income
Costa Maya**



Cozumel

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.²⁷ The surveys were conducted onboard the cruise ships visiting Costa Maya and Cozumel during the months of March, April and May of 2006.²⁸ The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Cozumel, economic data for the state of Quintana Roo were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

²⁷ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

²⁸ The surveys for Costa Maya and Cozumel were conducted in 2006 as part of an earlier study conducted in the Caribbean by BREA for the FCCA.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 2.6 million cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.²⁹ Of these, an estimated 2.08 million passengers (80 percent) disembarked and visited Cozumel. Utilizing additional data provided by the visiting cruise lines, we have estimated that 1,081,000 crew were aboard the cruise ships and that 40 percent, or 432,400 crew, disembarked and visited Cozumel. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$254.4 million** (\$US) in cruise tourism expenditures in Cozumel during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 28 – Estimated Passenger Spending (\$US) in Cozumel, 2006-2007 Cruise Year³⁰

Purchase Categories	Average Spend per Party	Share of All Onshore Visits	Weighted Average Spend per Party
F&B at Restaurants & Bars	\$ 37.10	60%	\$ 22.25
Clothing	\$ 46.90	57%	\$ 26.76
Shore Excursions	\$ 88.00	55%	\$ 48.22
Taxis/Ground Transportation	\$ 27.40	45%	\$ 12.41
Local Crafts & Souvenirs	\$ 35.00	39%	\$ 13.67
Watches & Jewelry	\$ 196.40	38%	\$ 74.40
Other Purchases	\$ 49.60	24%	\$ 11.99
Retail Purchases of Liquor	\$ 24.60	10%	\$ 2.54
Entertainment/Night Clubs	\$ 71.60	2%	\$ 1.54
Telephone & Internet	\$ 6.30	2%	\$ 0.13
Electronics	\$ 24.00	<1%	\$ 0.03
Total Spend per Cruise Party			\$ 213.94
Average Size of a Cruise Party			2.4
Total Spend per Cruise Passenger			\$ 89.14
Cruise Passenger Visits			2,080,000
Total Cruise Passenger Expenditures			\$ 185,411,200

Per passenger spending estimates were derived from the 2,215 surveys completed by passengers that went ashore during the survey period. As shown in **Table 28**, each passenger cruise

²⁹ The 2005-2006 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

³⁰ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

party spent an average of \$213.94 in Cozumel. The average spend per cruise party is the sum of the weighted spending in each of the eleven categories. For example, 60 percent of the survey respondents reported spending an average of \$37.10 at local restaurants and/or bars. Spread over the 2,215 cruise parties that visited Cozumel, this represents an average of \$22.25 per party. On a per passenger basis, the average total expenditure was \$89.14. This represents the sum of per party expenditures, \$213.94, divided by the average size of a cruise party in Cozumel, 2.4 passengers.

As shown in Table 28, 55 percent of the cruise passengers that visited Cozumel purchased a shore excursion. Of these, 76 percent purchased their tour on their cruise ship and the remaining 24 percent purchased the tour onshore or through the Internet (see **Table 31**). The \$88.00 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$136.90 (or \$57.04 per passenger).

For the entire 2006-2007 cruise year, the estimated 2.08 million cruise passengers who visited Cozumel spent a total of **\$185.4 million** (\$US).

Per crew spending estimates were derived from the 1,143 surveys completed by crew members during the survey period. As shown in **Table 29**, each crew member spent an average of \$48.77 in Cozumel. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 47 percent of the survey respondents reported spending an average of \$45 for food and beverages. Spread over the 1,143 crew members that visited Cozumel, this represents an average of \$21.21 per crew member.

For the entire 2006-2007 cruise year, the estimated 356,390 crew who visited Cozumel spent an estimated total of **\$21.1 million** (\$US).

Table 29 – Estimated Crew Spending (\$US) in Cozumel, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Visitors	Average Spend per Crew
F&B at Restaurants & Bars	\$ 45.00	47%	\$ 21.21
Taxis/Ground Transportation	\$ 15.30	32%	\$ 4.89
Telephone & Internet	\$ 12.20	14%	\$ 1.65
Clothing	\$ 35.30	12%	\$ 4.38
Local Crafts & Souvenirs	\$ 25.40	9%	\$ 2.17
Other Purchases	\$ 64.90	7%	\$ 4.86
Watches & Jewelry	\$ 150.90	4%	\$ 6.69
Shore Excursions	\$ 13.10	4%	\$ 0.53
Retail Purchases of Liquor	\$ 25.40	3%	\$ 0.88
Entertainment/Night Clubs	\$ 40.90	2%	\$ 0.96
Electronics	\$ 72.00	1%	\$ 0.55
Total Spend per Crew			\$ 48.77
Crew Visits			432,400
Total Crew Expenditures			\$ 21,088,148

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$47.9 million** (\$US) in Cozumel during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 30 – Total Economic Contribution of Cruise Tourism in Cozumel 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	4,430	\$25.5
Total Economic Contribution	7,070	\$41.4

As shown in **Table 30**, the \$254.4 million in total cruise tourism expenditures generated direct employment of 4,430 residents of Cozumel paying \$25.5 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 7,070 jobs and \$41.4 million in wage income in Cozumel during the 2006-2007 cruise year.

Figure 17 – Total Employment Impacts by Sector - Cozumel

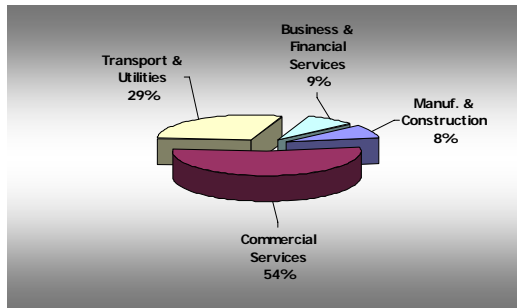
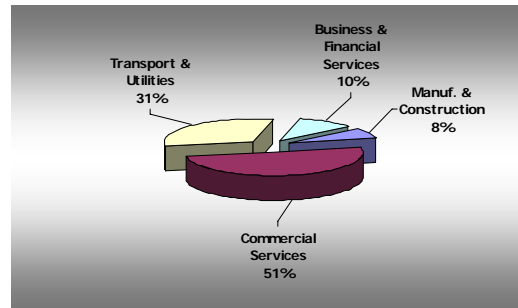


Figure 18 – Total Wage Impacts by Sector Cozumel



As shown in **Figures 17 and 18**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for more than 80 percent of the employment and wage impacts.³¹ This is not surprising since the direct impacts account for more than 60 percent of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 31 percent of the wage impacts but only 29 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 2,282 passenger surveys were completed following cruise calls at Cozumel and returned for tabulation. **Table 31** shows the major attributes of passenger visits in Cozumel as derived from the passenger surveys.

- Of the passengers who went ashore, 84 percent made at least one purchase while ashore.
- Fifty-five (55) percent of the passengers that went ashore purchased a shore excursion. Seventy-six (76) percent of these purchased their tour through the cruise lines and 24 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Cozumel consisted of 2.4 passengers.

Table 31 - Major Attributes of Passenger Surveys – Cozumel

	Number	Percent
Total Respondents	2,282	
Number Ashore	2,215	
Respondents Making Onshore Purchases:	1,861	84.0%
Average Size of Expenditure Party (Persons)	2.4	
Purchased an Onshore Tour	1,214	54.8%
Purchased Onshore Tour from:		
Cruise Line	921	75.9%
Onshore/Internet	293	24.1%
Toured On Own/Did not Tour	1,000	

³¹ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 32**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Cozumel with a mean score of 7.1 (Very Satisfied) for "Visit Met Expectations". This score was just slightly below the ten-destination average of 7.2.

Among the key findings are the following:

- "Guided Tours" and "Feeling of Safety Ashore" received the highest scores by passengers visiting Cozumel, 8.5 and 8.3, respectively. Thus, cruise passengers were very satisfied with their shore excursion and felt very safe in Cozumel.
- In addition, cruise passengers felt that the local employees were very courteous (Mean Score: 8.1).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: initial shoreside welcome, beaches, friendliness of residents, variety of shops, and local transportation.
- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for: historic sites, the overall shopping experience, and overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Cozumel to family or friends (6.0) but not too likely to return themselves (4.8).

Table 32 – Passenger Visit Satisfaction* - Cozumel

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.3
Guided Tour	8.5
Shopping Experience	6.6
Historic Sites/Museums	6.9
Beaches	7.3
Friendliness of Residents	7.8
Courtesy of Employees	8.1
Variety of Shops	7.0
Overall Prices	6.7
Taxis/Local Transportation	7.7
Feeling of Safety Ashore	8.3
Visit Met Expectations	7.1
Likelihood of Recommending Resort Vacation	6.0
Likelihood of Return for Resort Vacation	4.8

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows:
Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5;
Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

In general, Cozumel's passenger satisfaction scores were in line with or just slightly below the average for the ten Mexico destinations. Like many destinations in Mexico, cruise passengers scored their shopping experience in Cozumel lower than other aspects of their visit.

Passenger Demographics

Residents of the United States and the Canada accounted for 98 percent of the responding passengers. Cozumel’s cruise passengers tended to be younger than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 49 years with 51 percent of the respondents being over 50 years old. Cozumel passengers had an average household income of \$99,000, about 3 percent higher than the ten destination average, with 37 percent having over \$100,000 in household income.

Figure 19 – Passenger Age Cozumel

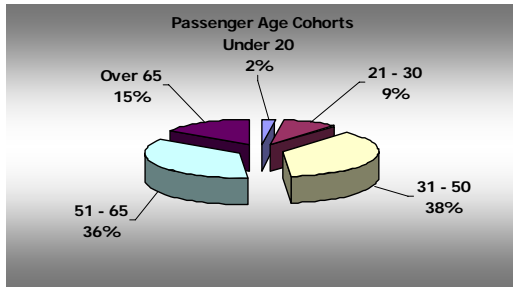
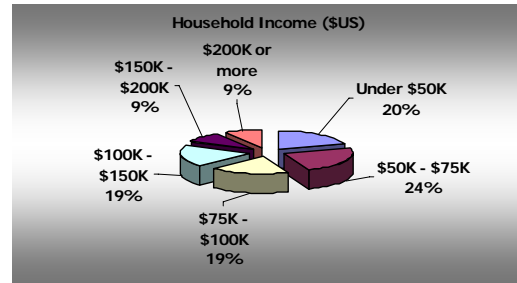


Figure 20 – Passenger Household Income Cozumel



Ensenada

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.³² The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Ensenada, economic data for the state of Baja were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

³² The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, an estimated 680,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.³³ Of these, an estimated 612,000 passengers (90 percent) disembarked and visited Ensenada. Utilizing additional data provided by the visiting cruise lines, we have estimated that 400,000 crew were aboard the cruise ships and that 40 percent, or 160,000 crew, disembarked and visited the island. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$52.6** million (\$US) in cruise tourism expenditures in Ensenada during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 33 – Estimated Passenger Spending (\$US) in Ensenada, 2006-2007 Cruise Year³⁴

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
Onshore Purchase of Tours	\$ 53.76	64%	\$ 34.48
F&B at Restaurants & Bars	\$ 26.51	58%	\$ 15.35
Local Crafts & Souvenirs	\$ 36.16	50%	\$ 17.99
Clothing	\$ 43.11	47%	\$ 20.32
Taxis/Ground Transportation	\$ 13.37	43%	\$ 5.68
Watches & Jewelry	\$ 74.23	31%	\$ 23.15
Other Purchases	\$ 38.50	30%	\$ 11.42
Retail Purchases of Liquor	\$ 44.77	14%	\$ 6.11
Entertainment/Night Clubs/Casinos	\$ 130.00	2%	\$ 2.18
Telephone & Internet	\$ 11.44	1%	\$ 0.15
Electronics	\$ 21.50	<1%	\$ 0.03
Total Spend per Cruise Party			\$ 136.86
Average Size of a Cruise Party			2.33
Total Spend per Cruise Passenger			\$ 58.74
Cruise Passenger Visits			612,000
Total Cruise Passenger Expenditures			\$ 35,948,880

Per passenger spending estimates were derived from the 1,542 surveys completed by passengers that went ashore during the survey period. As shown in **Table 33**, each passenger cruise

³³ The 2006-2007 cruise year includes the twelve months beginning in June, 2006 and ending in May, 2007.

³⁴ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

party spent an average of \$136.86. The average spend per cruise party is the sum of the weighted spending in each of the eleven categories. For example, 58 percent of the survey respondents reported spending an average of \$26.51 for food and beverages in Ensenada. Spread over the 1,542 cruise parties that visited Ensenada, this represents an average of \$15.35 per party. On a per passenger basis, the average total expenditure was \$58.74. This represents the sum of per party expenditures, \$136.86, divided by the average size of a cruise party in Ensenada, 2.33 passengers.

As shown in Table 33, 64 percent of the cruise passengers that visited Ensenada purchased a shore excursion. Of these, 68 percent purchased their tour on their cruise ship and the remaining 32 percent purchased the tour onshore or through the Internet (see **Table 36**). The \$53.76 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$66.30 (or \$28.45 per passenger).

For the entire 2006-2007 cruise year, the estimated 225,000 cruise passengers who visited Ensenada spent a total of **\$35.9 million** (\$US) in Ensenada.

Per crew spending estimates were derived from the 1,489 surveys completed by crew members during the survey period. As shown in **Table 34**, each crew member spent an average of \$39.28 in Ensenada. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 66 percent of the survey respondents reported spending an average of \$23.24 for food and beverages. Spread over the 1,489 crew members that visited Ensenada, this represents an average of \$15.33 per crew member.

Table 34 – Estimated Crew Spending (\$US) in Ensenada, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 23.24	66%	\$ 15.33
Taxis/Ground Transportation	\$ 5.80	34%	\$ 1.99
Telephone & Internet	\$ 5.87	24%	\$ 1.43
Clothing	\$ 37.07	14%	\$ 5.35
Other Purchases	\$ 28.31	12%	\$ 3.44
Local Crafts & Souvenirs	\$ 20.86	7%	\$ 1.46
Shore Excursions	\$ 7.60	9%	\$ 0.71
Watches & Jewelry	\$ 51.15	5%	\$ 2.47
Retail Purchases of Liquor	\$ 19.96	4%	\$ 0.90
Entertainment/Night Clubs	\$ 28.85	6%	\$ 1.80
Electronics	\$ 272.90	2%	\$ 4.40
Total Spend per Crew			\$ 39.28
Crew Visits			160,000
Total Crew Expenditures			\$ 6,284,800

For the entire 2006-2007 cruise year, the estimated 56,000 crew who visited Ensenada spent an estimated total of **\$6.3 million** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$10.4 million** (\$US) in Ensenada during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 35 – Total Economic Contribution of Cruise Tourism in Ensenada, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	890	\$5.8
Total Economic Contribution	1,430	\$9.4

As shown in **Table 35**, the \$52.6 million in total cruise tourism expenditures in Ensenada generated direct employment of 890 residents of Ensenada paying \$5.8 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 1,430 jobs and \$9.4 million in wage income in Ensenada during the 2006-2007 cruise year.

Figure 21 – Total Employment Impacts by Sector - Ensenada

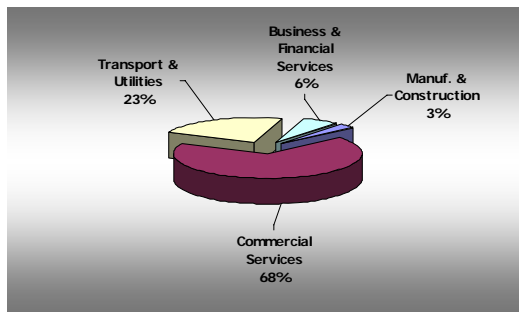
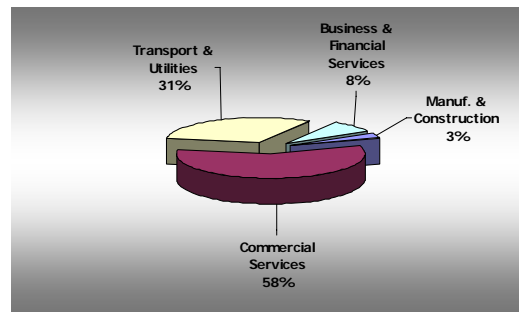


Figure 22 – Total Wage Impacts by Sector Ensenada



As shown in **Figures 21 and 22**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for approximately 90 percent of the total impacts. This is not surprising since the direct impacts account for more than 60 percent of the total employment impacts and that virtually all of the cruise tourism expendi-

tures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 31 percent of the wage impacts but only 23 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.³⁵

Passenger Surveys

A total of 1,560 passenger surveys were completed following cruise calls at Ensenada and returned for tabulation. **Table 36** shows the major attributes of passenger visits to Ensenada as derived from the passenger surveys.

- Of the 1,542 passengers who went ashore, 81 percent made at least one purchase while ashore.
- Sixty-four (64) percent of the passengers that went ashore purchased a shore excursion. Sixty-eight (68) percent of these purchased their tour through the cruise lines and 32 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Ensenada consisted of 2.33 passengers.

Table 36 - Major Attributes of Passenger Surveys - Ensenada

	Number	Percent
Total Respondents	1,560	
Number Ashore	1,542	98.8%
Respondents Making Onshore Purchases:	1,254	81.3%
Average Size of Expenditure Party (Persons)	2.33	
Purchased an Onshore Tour	989	64.1%
Purchased Onshore Tour from:		
Cruise Line	672	68.0%
Onshore/Internet	317	32.0%

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 17**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, only somewhat satisfied with their cruise call at Ensenada with a mean score of 6.8 (Somewhat Satisfied) for “Visit Met

³⁵ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

Expectations". This score was about 5 percent lower than the ten-destination average of 7.2 (Very Satisfied).

Among the key findings were the following:

- Passengers were very satisfied with their "Guided Tours" which received the highest average score of 8.3.
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: initial shoreside welcome, historic site/museums, friendliness of the residents, courtesy of employees, local transportation and feeling of safety ashore.
- Categories with average scores between 5.0 and 7.0 (Somewhat Satisfied) were given for: beaches and the overall shopping experience, including variety of shops and overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Ensenada to family or friends (5.1) but were not too likely to return themselves (4.1).

Table 37 – Passenger Visit Satisfaction* - Ensenada

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.1
Guided Tour	8.3
Shopping Experience	6.2
Historic Sites/Museums	7.0
Beaches	5.8
Friendliness of Residents	7.0
Courtesy of Employees	7.9
Variety of Shops	6.5
Overall Prices	6.6
Taxis/Local Transportation	7.5
Feeling of Safety Ashore	7.6
Visit Met Expectations	6.8
Likelihood of Recommending Resort Vacation	5.1
Likelihood of Return for Resort Vacation	4.1

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Overall, Ensenada's passenger satisfaction scores were lower than the average for the ten Mexico destinations for each category. While, passengers were generally satisfied with their experience in Ensenada, passenger overall satisfaction could be improved by providing a better shopping experience for cruise tourists.

Passenger Demographics

Residents of the United States and the Canada accounted for 98 percent of the responding passengers. Ensenada's cruise passengers tended to be younger than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 45 years with only 40 percent of the respondents being over 50 years old. Ensenada passengers had an average household income of \$102,800, about 7 percent higher than the ten destination average, with 29 percent having over \$100,000 in household income.

Figure 23 – Passenger Age Ensenada

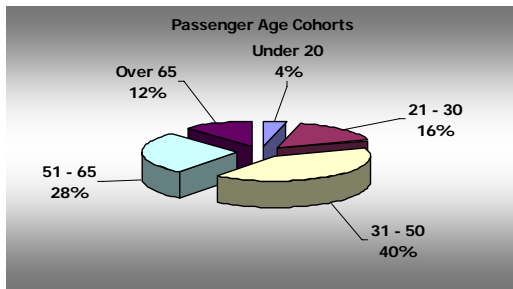
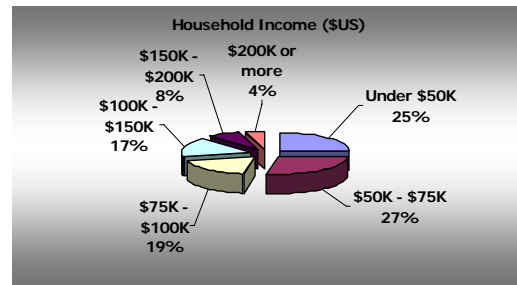


Figure 24 – Passenger Household Income Ensenada



Huatulco

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.³⁶ The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Huatulco, economic data for the state of Oaxaca were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

³⁶ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 80,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.³⁷ Of these, an estimated 72,000 passengers (90 percent) disembarked and visited Huatulco. Utilizing additional data provided by the visiting cruise lines, we have estimated that 31,000 crew were aboard the cruise ships and that 30 percent, or 9,300 crew, disembarked and visited Huatulco. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$5.0 million** (\$US) in cruise tourism expenditures in Huatulco during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 38 – Estimated Passenger Spending (\$US) in Huatulco, 2006-2007 Cruise Year³⁸

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
Shore Excursions	\$ 51.01	67%	\$ 34.01
Local Crafts & Souvenirs	\$ 22.95	43%	\$ 9.84
F&B at Restaurants & Bars	\$ 11.22	35%	\$ 3.91
Clothing	\$ 50.88	33%	\$ 16.83
Other Purchases	\$ 47.55	21%	\$ 10.13
Watches & Jewelry	\$ 140.00	18%	\$ 25.61
Taxis/Ground Transportation	\$ 13.22	12%	\$ 1.52
Retail Purchases of Liquor	\$ 15.58	6%	\$ 0.94
Telephone & Internet	\$ 7.67	3%	\$ 0.23
Total Spend per Cruise Party			\$ 103.02
Average Size of a Cruise Party			1.87
Total Spend per Cruise Passenger			\$ 55.09
Cruise Passenger Visits			72,000
Total Cruise Passenger Expenditures			\$ 3,966,480

Per passenger spending estimates were derived from the 705 surveys completed by passengers that went ashore during the survey period. As shown in **Table 38**, each passenger cruise party spent an average of \$103.02. The average spend per cruise party is the sum of the weighted spending in each of the nine categories.³⁹ For example, 43 percent of the survey respondents

³⁷ The 2006-2007 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

³⁸ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

³⁹ No passengers reported any purchases of electronics or entertainment.

reported spending an average of \$22.95 for local crafts in Huatulco. Spread over the 705 cruise parties that visited Huatulco, this represents an average of \$9.84 per party. On a per passenger basis, the average total expenditure was \$55.09. This represents the sum of per party expenditures, \$103.02, divided by the average size of a cruise party in Huatulco, 1.9 passengers.

As shown in Table 28, 67 percent of the cruise passengers that visited Huatulco purchased a shore excursion. Of these, 78 percent purchased their tour on their cruise ship and the remaining 22 percent purchased the tour onshore or through the Internet (see **Table 41**). The \$51.01 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$87.93 (or \$47.02 per passenger).

For the entire 2006-2007 cruise year, the estimated 72,000 cruise passengers who visited Huatulco spent a total of **\$4.0 million** (\$US).

Due to an insufficient number of completed crew surveys for this destination and four others, per crew spending estimates were estimated from the complete set of crew surveys for the five destinations combined.⁴⁰

Table 39 – Estimated Crew Spending (\$US) in Huatulco, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 27.83	65%	\$ 18.10
Taxis/Ground Transportation	\$ 11.97	24%	\$ 2.86
Telephone & Internet	\$ 7.09	17%	\$ 1.20
Clothing	\$ 33.25	15%	\$ 4.84
Other Purchases	\$ 28.44	13%	\$ 3.81
Local Crafts & Souvenirs	\$ 19.24	13%	\$ 2.50
Shore Excursions	\$ 16.37	6%	\$ 0.94
Watches & Jewelry	\$ 60.21	5%	\$ 3.14
Retail Purchases of Liquor	\$ 24.26	3%	\$ 0.81
Entertainment/Night Clubs	\$ 38.13	2%	\$ 0.95
Electronics	\$ 66.90	2%	\$ 1.09
Total Spend per Crew			\$ 40.24
Crew Visits			9,300
Total Crew Expenditures			\$ 374,232

Per crew spending estimates were derived from the 1,285 surveys completed by crew members during the survey period at the five destinations combined. As shown in **Table 39**, each crew member spent an average of \$40.24 in the five destinations. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 65 percent of the survey respondents reported spending an average of \$27.83 for food and beverages.

⁴⁰ The five destinations for which the crew surveys were combined were: Cabo San Lucas, Huatulco, Progreso, Puerto Vallarta and Zihuatanejo.

Spread over the 1,285 crew members that visited the five destinations, this represents an average of \$18.10 per crew member.

For the entire 2006-2007 cruise year, the estimated 9,300 crew who visited Huatulco spent an estimated total of just over **\$374,000** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$600,000** (\$US) in Huatulco during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 40 – Total Economic Contribution of Cruise Tourism in Huatulco, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	110	\$0.5
Total Economic Contribution	170	\$0.8

As shown in **Table 40**, the \$5 million in total cruise tourism expenditures generated direct employment of 110 residents of Huatulco paying \$500,000 in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 170 jobs and \$800,000 in wage income in Huatulco during the 2006-2007 cruise year.

Figure 25 – Total Employment Impacts by Sector - Huatulco

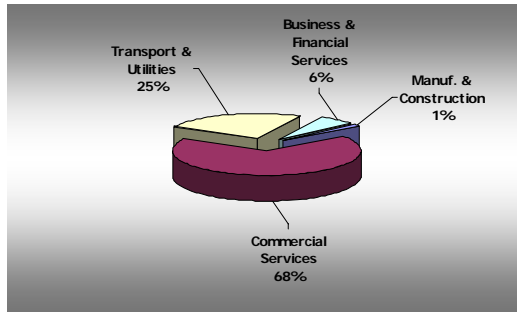
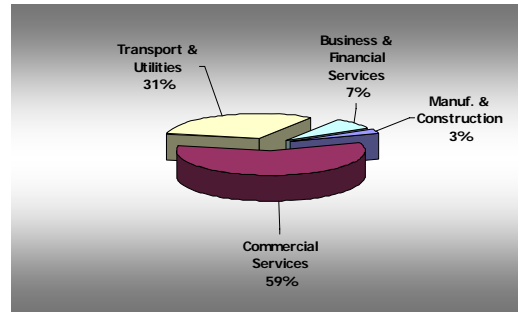


Figure 26 – Total Wage Impacts by Sector Huatulco



As shown in **Figures 25 and 26**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for more than 90 percent of the employment and wage impacts.⁴¹ This is not surprising since the direct impacts account for nearly two-thirds of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 31 percent of the wage impacts but only 25 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 710 passenger surveys were completed following cruise calls at Huatulco and returned for tabulation. **Table 41** shows the major attributes of passenger visits in Huatulco as derived from the passenger surveys.

Table 41 - Major Attributes of Passenger Surveys - Huatulco

	Number	Percent
Total Respondents	710	
Number Ashore	705	99.3%
Respondents Making Onshore Purchases:	399	56.6%
Average Size of Expenditure Party (Persons)	1.87	
Purchased an Onshore Tour	470	66.7%
Purchased Onshore Tour from:		
Cruise Line	366	77.9%
Onshore/Internet	104	22.1%

⁴¹ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

- Of the passengers who went ashore, 57 percent made at least one purchase while ashore.
- Two-thirds of the passengers that went ashore purchased a shore excursion. Seventy-eight (78) percent of these purchased their tour through the cruise lines and 22 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Huatulco consisted of 1.87 passengers. This was the smallest average among the ten cruise destinations in Mexico.

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 42**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Huatulco with a mean score of 7.1 (Very Satisfied) for "Visit Met Expectations". This score matched the average for the ten Mexico destinations.

Table 42 – Passenger Visit Satisfaction* - Huatulco

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.2
Guided Tour	7.5
Shopping Experience	6.4
Historic Sites/Museums	6.6
Beaches	7.3
Friendliness of Residents	7.8
Courtesy of Employees	8.3
Variety of Shops	6.2
Overall Prices	6.4
Taxis/Local Transportation	7.0
Feeling of Safety Ashore	8.7
Visit Met Expectations	7.1
Likelihood of Recommending Resort Vacation	6.1
Likelihood of Return for Resort Vacation	4.0

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows:
 Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5;
 Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Among the key findings are the following:

- Passengers felt extremely safe in Huatulco with the Safety category receiving an average score of 8.7.
- Cruise passengers also felt that the onshore employees were very courteous (Mean Score: 8.3).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: the initial shoreside welcome, guided tour, beaches, friendliness of the residents and local transportation.

- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for: historic sites/museums and the overall shopping experience, including variety of shops and overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Huatulco to family or friends (6.1) but were not too likely to return themselves (4.0).

In general, Huatulco' passenger satisfaction scores were below the average for the ten Mexico destinations for each category. While, passengers were generally satisfied with their experience in Huatulco, passenger overall satisfaction could be improved by providing a better shopping experience for cruise tourists.

Passenger Demographics

Residents of the United States and Canada accounted for 90 percent of the responding passengers. Another 8 percent were from the United Kingdom. Huatulco cruise passengers tended to be older than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 62 years with 92 percent of the respondents being over 50 years old. Huatulco passengers had an average household income of \$90,000, about 8 percent below the average for the ten Mexico destinations, with 30 percent having over \$100,000 in household income.

Figure 27 – Passenger Age Huatulco

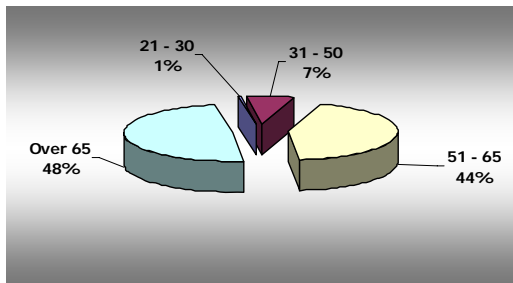
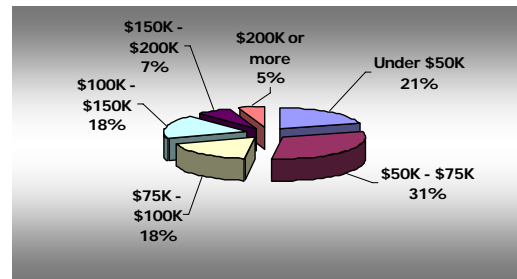


Figure 28 – Passenger Household Income Huatulco



Mazatlan

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.⁴² The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Mazatlan, economic data for the state of Sinaloa were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

⁴² The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, an estimated 350,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.⁴³ Of these, an estimated 315,000 passengers (90 percent) disembarked and visited Mazatlan. Utilizing additional data provided by the visiting cruise lines, we have estimated that 147,700 crew were aboard the cruise ships and that 30 percent, or 44,300 crew, disembarked and visited the island. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$46.6** million (\$US) in cruise tourism expenditures in Mazatlan during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 43 – Estimated Passenger Spending (\$US) in Mazatlan, 2006-2007 Cruise Year⁴⁴

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
Shore Excursions	\$ 82.25	66%	\$ 54.37
Local Crafts & Souvenirs	\$ 33.84	51%	\$ 17.37
Clothing	\$ 43.10	50%	\$ 21.43
Taxis/Ground Transportation	\$ 26.99	48%	\$ 12.99
F&B at Restaurants & Bars	\$ 34.93	48%	\$ 16.62
Watches & Jewelry	\$ 388.70	40%	\$ 155.17
Other Purchases	\$ 40.18	23%	\$ 9.23
Retail Purchases of Liquor	\$ 32.22	7%	\$ 2.21
Telephone & Internet	\$ 14.04	3%	\$ 0.47
Entertainment/Night Clubs/Casinos	\$ 155.60	1%	\$ 1.88
Total Spend per Cruise Party			\$ 291.74
Average Size of a Cruise Party			2.31
Total Spend per Cruise Passenger			\$ 126.29
Cruise Passenger Visits			315,000
Total Cruise Passenger Expenditures			\$ 39,781,350

Per passenger spending estimates were derived from the 873 surveys completed by passengers that went ashore during the survey period. As shown in **Table 43**, each passenger cruise party spent an average of \$291.75. The average spend per cruise party is the sum of the weighted

⁴³ The 2006-2007 cruise year includes the twelve months beginning in June, 2006 and ending in May, 2007.

⁴⁴ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

spending in each of the eleven categories. For example, 51 percent of the survey respondents reported spending an average of \$33.84 for local crafts and souvenirs in Mazatlan. Spread over the 873 cruise parties that visited Mazatlan, this represents an average of \$17.37 per party. On a per passenger basis, the average total expenditure was \$126.29. This represents the sum of per party expenditures, \$291.75, divided by the average size of a cruise party in Mazatlan, 2.31 passengers.

As shown in Table 43, two-thirds of the cruise passengers that visited Mazatlan purchased a shore excursion. Of these, 68 percent purchased their tour on their cruise ship and the remaining 32 percent purchased the tour onshore or through the Internet (see Table 46). The \$82.25 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$100.70 (or \$43.59 per passenger).

For the entire 2006-2007 cruise year, the estimated 315,000 cruise passengers who visited Mazatlan spent a total of **\$39.8 million** (\$US) in Mazatlan.

Per crew spending estimates were derived from the 641 surveys completed by crew members during the survey period. As shown in Table 44, each crew member spent an average of \$49.23 in Mazatlan. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 66 percent of the survey respondents reported spending an average of \$28.62 for food and beverages. Spread over the 641 crew members that visited Mazatlan, this represents an average of \$18.98 per crew member.

Table 44 – Estimated Crew Spending (\$US) in Mazatlan, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 28.62	66%	\$ 18.98
Taxis/Ground Transportation	\$ 12.39	56%	\$ 6.94
Telephone & Internet	\$ 11.69	18%	\$ 2.10
Clothing	\$ 30.11	17%	\$ 4.98
Local Crafts & Souvenirs	\$ 22.49	12%	\$ 2.74
Other Purchases	\$ 30.26	11%	\$ 3.45
Shore Excursions	\$ 18.38	7%	\$ 1.29
Watches & Jewelry	\$ 117.10	5%	\$ 5.85
Retail Purchases of Liquor	\$ 36.62	3%	\$ 1.20
Electronics	\$ 49.21	2%	\$ 1.07
Entertainment/Night Clubs	\$ 33.50	2%	\$ 0.63
Total Spend per Crew			\$ 49.23
Crew Visits			44,300
Total Crew Expenditures			\$ 2,180,889

For the entire 2006-2007 cruise year, the estimated 44,300 crew who visited Mazatlan spent an estimated total of **\$2.2 million** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$4.6 million** (\$US) in Mazatlan during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 45 – Total Economic Contribution of Cruise Tourism in Mazatlan, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	990	\$5.1
Total Economic Contribution	1,450	\$7.6

As shown in **Table 45**, the \$46.6 million in total cruise tourism expenditures in Mazatlan generated direct employment of 990 residents of Mazatlan paying \$5.1 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 1,450 jobs and \$7.6 million in wage income in Mazatlan during the 2006-2007 cruise year.

Figure 29 – Total Employment Impacts by Sector - Mazatlan

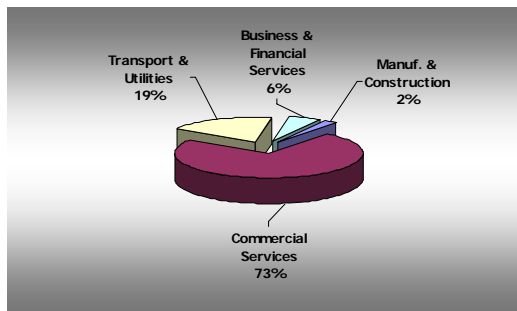
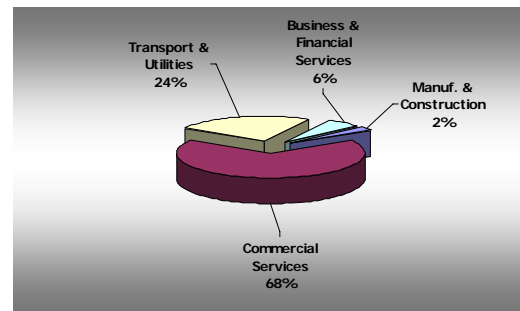


Figure 30 – Total Wage Impacts by Sector Mazatlan



As shown in **Figures 29 and 30**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for 92 percent of the total impacts. This is not surprising since the direct impacts account for two-thirds of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and

ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 24 percent of the wage impacts but only 19 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.⁴⁵

Passenger Surveys

A total of 873 passenger surveys were completed following cruise calls at Mazatlan and returned for tabulation. **Table 46** shows the major attributes of passenger visits to Mazatlan as derived from the passenger surveys.

- Of the 864 passengers who went ashore, 86 percent made at least one purchase while ashore.
- Two-thirds of the passengers that went ashore purchased a shore excursion. Sixty-eight (68) percent of these purchased their tour through the cruise lines and 32 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Mazatlan consisted of 2.31 passengers.

Table 46 - Major Attributes of Passenger Surveys - Mazatlan

	Number	Percent
Total Respondents	873	
Number Ashore	864	99.0%
Respondents Making Onshore Purchases:	744	86.1%
Average Size of Expenditure Party (Persons)	2.31	
Purchased an Onshore Tour	571	66.1%
Purchased Onshore Tour from:		
Cruise Line	388	68.0%
Onshore/Internet	183	32.0%

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 47**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, somewhat satisfied with their cruise call at Mazatlan with a mean score of 7.5 (Very Satisfied) for “Visit Met Expectations”. This score was about 5 percent higher than the ten-destination average of 7.2 (Very Satisfied).

⁴⁵ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

Among the key findings were the following:

- “Guided Tours” and “Feeling of Safety Ashore” received among the highest scores by passengers visiting Mazatlan 8.5 and 8.2, respectively. Thus, cruise passengers were very satisfied with their shore excursion and felt very safe in Mazatlan.
- Cruise passengers also felt that local employees were very courteous (Mean Score: 8.4).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: initial shoreside welcome, beaches, friendliness of the residents, local transportation and historic site/museums.
- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for the shopping experience, including variety of shops and overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Mazatlan to family or friends (6.1) but were not too likely to return themselves (4.7).

Table 47 – Passenger Visit Satisfaction* - Mazatlan

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.7
Guided Tour	8.5
Shopping Experience	6.8
Historic Sites/Museums	7.3
Beaches	7.3
Friendliness of Residents	7.8
Courtesy of Employees	8.4
Variety of Shops	6.9
Overall Prices	6.9
Taxis/Local Transportation	7.8
Feeling of Safety Ashore	8.2
Visit Met Expectations	7.5
Likelihood of Recommending Resort Vacation	6.1
Likelihood of Return for Resort Vacation	4.7

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Overall, Mazatlan's passenger satisfaction scores were higher than the average for the ten Mexico destinations for each category. While, passengers were generally satisfied with their experience in Mazatlan, passenger overall satisfaction could be improved by providing a better shopping experience for cruise tourists.

Passenger Demographics

Residents of the United States and Canada accounted for 99 percent of the responding passengers. Mazatlan's cruise passengers tended to be younger than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 49 years with 51 percent of the respondents being over 50 years old. Mazatlan passengers had an average household income of \$101,200, five percent above the average for the ten cruise destinations in Mexico, with 39 percent having over \$100,000 in household income.

Figure 31 – Passenger Age Mazatlan

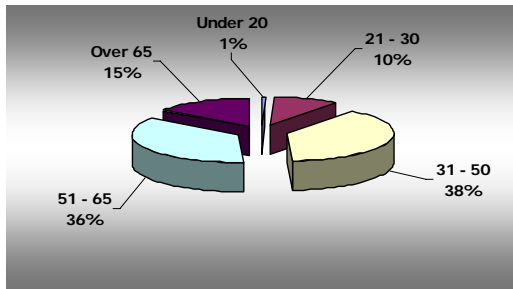
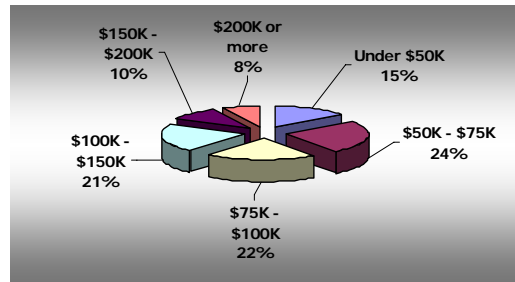


Figure 32 – Passenger Household Income Mazatlan



Progreso

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.⁴⁶ The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Progreso, economic data for the state of Yucatan were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

⁴⁶ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 165,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.⁴⁷ Of these, an estimated 148,500 passengers (90 percent) disembarked and visited Progreso. Utilizing additional data provided by the visiting cruise lines, we have estimated that 107,000 crew were aboard the cruise ships and that 20 percent, or 21,400 crew, disembarked and visited Progreso. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$11.0 million** (\$US) in cruise tourism expenditures in Progreso during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 48 – Estimated Passenger Spending (\$US) in Progreso, 2006-2007 Cruise Year⁴⁸

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
Shore Excursions	\$ 74.98	67%	\$ 50.35
Local Crafts & Souvenirs	\$ 30.52	56%	\$ 16.99
Clothing	\$ 30.53	52%	\$ 15.73
F&B at Restaurants & Bars	\$ 15.82	48%	\$ 7.55
Other Purchases	\$ 31.84	24%	\$ 7.58
Watches & Jewelry	\$ 57.98	23%	\$ 13.24
Retail Purchases of Liquor	\$ 25.60	9%	\$ 2.29
Taxis/Ground Transportation	\$ 29.85	8%	\$ 2.31
Telephone & Internet	\$ 16.21	1%	\$ 0.22
Entertainment/Night Clubs/Casinos	\$ 38.29	<1%	\$ 0.19
Electronics	\$ 85.50	<1%	\$ 0.36
Total Spend per Cruise Party			\$ 116.81
Average Size of a Cruise Party			2.2
Total Spend per Cruise Passenger			\$ 53.09
Cruise Passenger Visits			148,500
Total Cruise Passenger Expenditures			\$ 7,883,190

Per passenger spending estimates were derived from the 1,820 surveys completed by passengers that went ashore during the survey period. As shown in **Table 48**, each passenger cruise party spent an average of \$116.81. The average spend per cruise party is the sum of the weighted spending in each of the eleven categories. For example, 56 percent of the survey re-

⁴⁷ The 2006-2007 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

⁴⁸ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

spondents reported spending an average of \$30.52 for local crafts in Progreso. Spread over the 1,820 cruise parties that visited Progreso, this represents an average of \$16.99 per party. On a per passenger basis, the average total expenditure was \$53.09. This represents the sum of per party expenditures, \$116.81, divided by the average size of a cruise party in Progreso, 2.2 passengers.

As shown in Table 48, 67 percent of the cruise passengers that visited Progreso purchased a shore excursion. Of these, 69 percent purchased their tour on their cruise ship and the remaining 31 percent purchased the tour onshore or through the Internet (see **Table 51**). The \$74.98 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$78.49 (or \$35.67 per passenger).

For the entire 2006-2007 cruise year, the estimated 148,500 cruise passengers who visited Progreso spent a total of **\$7.9 million** (\$US).

Due to an insufficient number of completed crew surveys for this destination and four others, per crew spending estimates were estimated from the complete set of crew surveys for the five destinations combined.⁴⁹

Table 49 – Estimated Crew Spending (\$US) in Progreso, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 27.83	65%	\$ 18.10
Taxis/Ground Transportation	\$ 11.97	24%	\$ 2.86
Telephone & Internet	\$ 7.09	17%	\$ 1.20
Clothing	\$ 33.25	15%	\$ 4.84
Other Purchases	\$ 28.44	13%	\$ 3.81
Local Crafts & Souvenirs	\$ 19.24	13%	\$ 2.50
Shore Excursions	\$ 16.37	6%	\$ 0.94
Watches & Jewelry	\$ 60.21	5%	\$ 3.14
Retail Purchases of Liquor	\$ 24.26	3%	\$ 0.81
Entertainment/Night Clubs	\$ 38.13	2%	\$ 0.95
Electronics	\$ 66.90	2%	\$ 1.09
Total Spend per Crew			\$ 40.24
Crew Visits			21,400
Total Crew Expenditures			\$ 861,136

Per crew spending estimates were derived from the 1,285 surveys completed by crew members during the survey period at the five destinations combined. As shown in **Table 49**, each crew member spent an average of \$40.24 in the five destinations. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 65 percent of the survey respondents reported spending an average of \$27.83 for food and beverages.

⁴⁹ The five destinations for which the crew surveys were combined were: Cabo San Lucas, Huatulco, Progreso, Puerto Vallarta and Zihuatanejo.

Spread over the 1,285 crew members that visited the five destinations, this represents an average of \$18.10 per crew member.

For the entire 2006-2007 cruise year, the estimated 21,400 crew who visited Progreso spent an estimated total of just over **\$861,000** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$2.2 million** (\$US) in Progreso during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 50 – Total Economic Contribution of Cruise Tourism in Progreso, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	220	\$1.1
Total Economic Contribution	310	\$1.6

As shown in **Table 50**, the \$11 million in total cruise tourism expenditures generated direct employment of 220 residents of Progreso paying \$1.1 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 310 jobs and \$1.6 million in wage income in Progreso during the 2006-2007 cruise year.

Figure 33 – Total Employment Impacts by Sector - Progreso

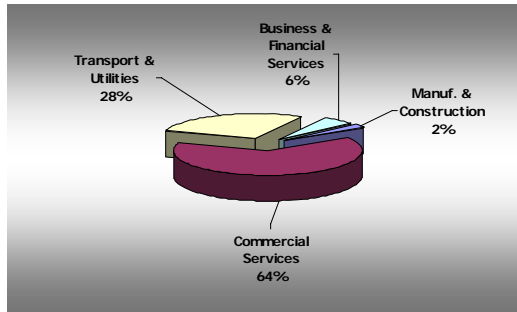
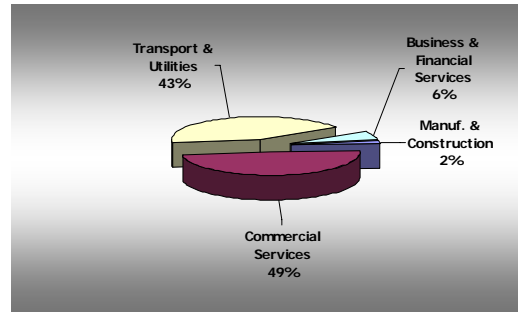


Figure 34 – Total Wage Impacts by Sector Progreso



As shown in **Figures 33 and 34**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for 92 percent of the employment and wage impacts.⁵⁰ This is not surprising since the direct impacts account for two-thirds of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 43 percent of the wage impacts but only 28 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 1,820 passenger surveys were completed following cruise calls at Progreso and returned for tabulation. **Table 51** shows the major attributes of passenger visits in Progreso as derived from the passenger surveys.

Table 51 - Major Attributes of Passenger Surveys - Progreso

	Number	Percent
Total Respondents	1,863	
Number Ashore	1,820	97.7%
Respondents Making Onshore Purchases:	1,419	78.0%
Average Size of Expenditure Party (Persons)	2.2	
Purchased an Onshore Tour	1,222	67.2%
Purchased Onshore Tour from:		
Cruise Line	838	68.6%
Onshore/Internet	384	31.4%

⁵⁰ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

- Of the passengers who went ashore, 78 percent made at least one purchase while ashore.
- Two-thirds of the passengers that went ashore purchased a shore excursion. Sixty-nine (69) percent of these purchased their tour through the cruise lines and 31 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Progreso consisted of 2.2 passengers.

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 52**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Progreso with a mean score of 7.0 (Very Satisfied) for "Visit Met Expectations". This score was just slightly below the ten-destination average of 7.2 (Very Satisfied).

Table 52 – Passenger Visit Satisfaction* - Progreso

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.7
Guided Tour	8.3
Shopping Experience	6.5
Historic Sites/Museums	8.2
Beaches	6.6
Friendliness of Residents	7.8
Courtesy of Employees	8.3
Variety of Shops	6.4
Overall Prices	7.0
Taxis/Local Transportation	7.8
Feeling of Safety Ashore	8.2
Visit Met Expectations	7.0
Likelihood of Recommending Resort Vacation	5.5
Likelihood of Return for Resort Vacation	4.3

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Among the key findings are the following:

- "Guided Tours", "Historic Sites" and "Feeling of Safety Ashore" received among the highest scores by passengers visiting Progreso 8.3, 8.2 and 8.2, respectively. Thus, cruise passengers were very satisfied with their shore excursion, especially those to historic sites, and felt very safe in Progreso.
- Cruise passengers also felt that the onshore employees were very courteous (Mean Score: 8.3).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: the initial shoreside welcome, friendliness of the residents, overall prices and local transportation.

- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for the overall shopping experience, including variety of shops.
- Passengers were somewhat likely to recommend a resort vacation in Progreso to family or friends (5.5) but were not too likely to return themselves (4.3).

In general, Progreso passenger satisfaction scores were above the average for the ten Mexico destinations for most categories. While, passengers were generally satisfied with their experience in Progreso, passenger overall satisfaction could be improved by providing a better shopping experience for cruise tourists.

Passenger Demographics

Residents of the United States and Canada accounted for 98 percent of the responding passengers. Progreso cruise passengers tended to be younger than the average cruise visitor to the ten Mexican destinations. The average age of the respondents was 48 years with 46 percent of the respondents being over 50 years old. Progreso passengers had an average household income of \$102,800, seven percent above the average for the ten cruise destinations in Mexico, with 26 percent having over \$100,000 in household income.

Figure 35 – Passenger Age Progreso

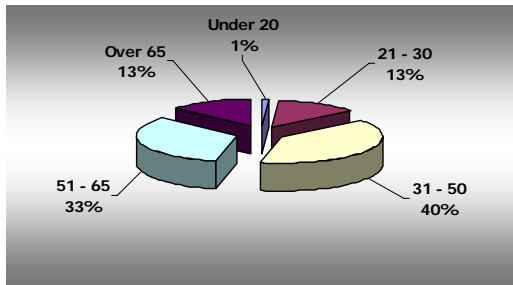
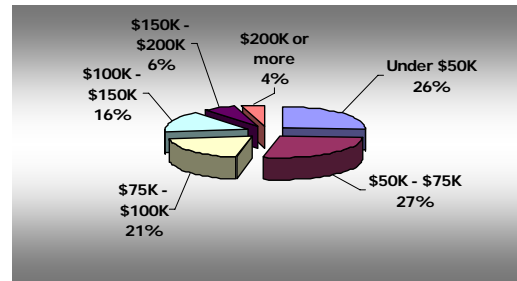


Figure 36 – Passenger Household Income Progreso



Puerto Vallarta

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.⁵¹ The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Puerto Vallarta, economic data for the state of Jalisco were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

⁵¹ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 440,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.⁵² Of these, an estimated 418,000 passengers (95 percent) disembarked and visited Puerto Vallarta. Utilizing additional data provided by the visiting cruise lines, we have estimated that 163,000 crew were aboard the cruise ships and that 35 percent, or 57,000 crew, disembarked and visited Puerto Vallarta. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$52.7 million** (\$US) in cruise tourism expenditures in Puerto Vallarta during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 53 – Estimated Passenger Spending (\$US) in Puerto Vallarta, 2006-2007 Cruise Year⁵³

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
Shore Excursions	\$ 100.17	66%	\$ 65.65
Clothing	\$ 46.15	50%	\$ 23.14
Taxis/Ground Transportation	\$ 19.91	50%	\$ 9.93
F&B at Restaurants & Bars	\$ 39.63	49%	\$ 19.41
Local Crafts & Souvenirs	\$ 39.72	39%	\$ 15.38
Watches & Jewelry	\$ 281.70	28%	\$ 79.38
Other Purchases	\$ 46.04	24%	\$ 11.20
Retail Purchases of Liquor	\$ 61.00	15%	\$ 8.95
Telephone & Internet	\$ 6.17	4%	\$ 0.22
Entertainment/Night Clubs/Casinos	\$ 180.70	1%	\$ 2.49
Electronics	\$ 18.33	<1%	\$ 0.05
Total Spend per Cruise Party			\$ 235.80
Average Size of a Cruise Party			2.25
Total Spend per Cruise Passenger			\$ 104.80
Cruise Passenger Visits			418,000
Total Cruise Passenger Expenditures			\$ 43,806,400

Per passenger spending estimates were derived from the 1,403 surveys completed by passengers that went ashore during the survey period. As shown in **Table 53**, each passenger cruise

⁵² The 2006-2007 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

⁵³ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

party spent an average of \$235.80. The average spend per cruise party is the sum of the weighted spending in each of the eleven categories. For example, 50 percent of the survey respondents reported spending an average of \$46.15 for clothing in Puerto Vallarta. Spread over the 1,403 cruise parties that visited Puerto Vallarta, this represents an average of \$23.14 per party. On a per passenger basis, the average total expenditure was \$104.80. This represents the sum of per party expenditures, \$235.80, divided by the average size of a cruise party in Puerto Vallarta, 2.25 passengers.

As shown in Table 53, 66 percent of the cruise passengers that visited Puerto Vallarta purchased a shore excursion. Of these, 73 percent purchased their tour on their cruise ship and the remaining 27 percent purchased the tour onshore or through the Internet (see **Table 56**). The \$100.17 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$143.60 (or \$63.82 per passenger).

For the entire 2006-2007 cruise year, the estimated 418,000 cruise passengers who visited Puerto Vallarta spent a total of **\$43.8 million** (\$US).

Due to an insufficient number of completed crew surveys for this destination and four others, per crew spending estimates were estimated from the complete set of crew surveys for the five destinations combined.⁵⁴

Table 54 – Estimated Crew Spending (\$US) in Puerto Vallarta, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 27.83	65%	\$ 18.10
Taxis/Ground Transportation	\$ 11.97	24%	\$ 2.86
Telephone & Internet	\$ 7.09	17%	\$ 1.20
Clothing	\$ 33.25	15%	\$ 4.84
Other Purchases	\$ 28.44	13%	\$ 3.81
Local Crafts & Souvenirs	\$ 19.24	13%	\$ 2.50
Shore Excursions	\$ 16.37	6%	\$ 0.94
Watches & Jewelry	\$ 60.21	5%	\$ 3.14
Retail Purchases of Liquor	\$ 24.26	3%	\$ 0.81
Entertainment/Night Clubs	\$ 38.13	2%	\$ 0.95
Electronics	\$ 66.90	2%	\$ 1.09
Total Spend per Crew			\$ 40.24
Crew Visits			57,000
Total Crew Expenditures			\$ 2,293,680

Per crew spending estimates were derived from the 1,285 surveys completed by crew members during the survey period at the five destinations combined. As shown in **Table 54**, each crew member spent an average of \$40.24 in the five destinations. The average spend per crew mem-

⁵⁴ The five destinations for which the crew surveys were combined were: Cabo San Lucas, Huatulco, Progreso, Puerto Vallarta and Zihuatanejo.

ber is the sum of the weighted spending in each of the eleven categories. For example, 65 percent of the survey respondents reported spending an average of \$27.83 for food and beverages. Spread over the 1,285 crew members that visited the five destinations, this represents an average of \$18.10 per crew member.

For the entire 2006-2007 cruise year, the estimated 57,000 crew who visited Puerto Vallarta spent an estimated total of **\$2.3 million** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$6.6 million** (\$US) in Puerto Vallarta during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 55 – Total Economic Contribution of Cruise Tourism in Puerto Vallarta, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	990	\$5.7
Total Economic Contribution	1,590	\$9.4

As shown in **Table 55**, the \$52.7 million in total cruise tourism expenditures generated direct employment of 990 residents of Puerto Vallarta paying \$5.7 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 1,590 jobs and \$9.4 million in wage income in Puerto Vallarta during the 2006-2007 cruise year.

Figure 37 – Total Employment Impacts by Sector - Puerto Vallarta

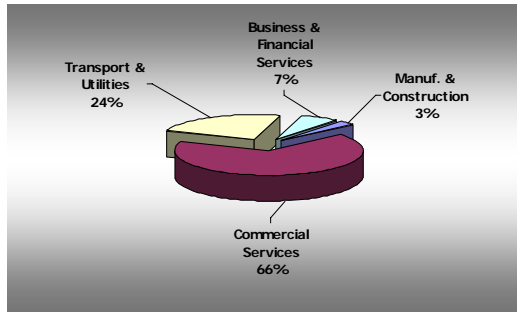
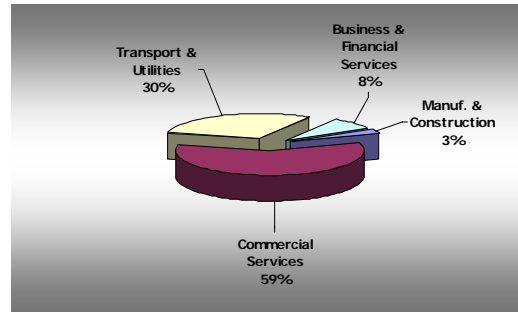


Figure 38 – Total Wage Impacts by Sector Puerto Vallarta



As shown in **Figures 37 and 38**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for 90 percent of the employment and wage impacts.⁵⁵ This is not surprising since the direct impacts account for more than 60 percent of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 30 percent of the wage impacts but only 24 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 1,424 passenger surveys were completed following cruise calls at Puerto Vallarta and returned for tabulation. **Table 56** shows the major attributes of passenger visits in Puerto Vallarta as derived from the passenger surveys.

Table 56 - Major Attributes of Passenger Surveys - Puerto Vallarta

	Number	Percent
Total Respondents	1,424	
Number Ashore	1,403	98.5%
Respondents Making Onshore Purchases:	1,015	72.3%
Average Size of Expenditure Party (Persons)	2.25	
Purchased an Onshore Tour	920	65.5%
Purchased Onshore Tour from:		
Cruise Line	669	72.7%
Onshore/Internet	251	27.3%

⁵⁵ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

- Of the passengers who went ashore, 72 percent made at least one purchase while ashore.
- Two-thirds of the passengers that went ashore purchased a shore excursion. Seventy-three (73) percent of these purchased their tour through the cruise lines and 27 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Puerto Vallarta consisted of 2.25 passengers.

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 57**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Puerto Vallarta with a mean score of 7.7 (Very Satisfied) for “Visit Met Expectations”. This score was nearly seven percent above the ten-destination average of 7.2 (Very Satisfied).

Table 57 – Passenger Visit Satisfaction* - Puerto Vallarta

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.8
Guided Tour	8.5
Shopping Experience	6.9
Historic Sites/Museums	7.7
Beaches	7.4
Friendliness of Residents	7.9
Courtesy of Employees	8.4
Variety of Shops	7.2
Overall Prices	6.7
Taxis/Local Transportation	7.6
Feeling of Safety Ashore	8.4
Visit Met Expectations	7.7
Likelihood of Recommending Resort Vacation	6.9
Likelihood of Return for Resort Vacation	5.4

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows: Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5; Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Among the key findings are the following:

- “Guided Tours” and “Feeling of Safety Ashore” received among the highest scores by passengers visiting Puerto Vallarta 8.5 and 8.4, respectively. Thus, cruise passengers were very satisfied with their shore excursion and felt very safe in Mazatlan.
- Cruise passengers also felt that the onshore employees were very courteous (Mean Score: 8.4).
- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: the initial shoreside welcome, historic sites, beaches, friendliness of the residents, variety of shops and local transportation.

- Categories with average scores between 6.0 and 7.0 (Somewhat Satisfied) were given for the overall shopping experience, including overall prices.
- Passengers were somewhat likely to recommend a resort vacation in Puerto Vallarta to family or friends (6.9) and somewhat likely to return themselves (5.4).

In general, Puerto Vallarta passenger satisfaction scores were 5 to 10 percent higher than the average for the ten Mexico destinations for most categories. While, passengers were generally satisfied with their experience in Puerto Vallarta, passenger overall satisfaction could be improved by providing a better shopping experience for cruise tourists, especially prices.

Passenger Demographics

Residents of the United States and Canada accounted for 98 percent of the responding passengers. The average age of the respondents was 54 years, just slightly above the average for the ten Mexico destinations, with 67 percent of the respondents being over 50 years old. Puerto Vallarta passengers had an average household income of \$99,600, also just slightly above the ten-destination average, with 38 percent having over \$100,000 in household income.

Figure 39 – Passenger Age Puerto Vallarta

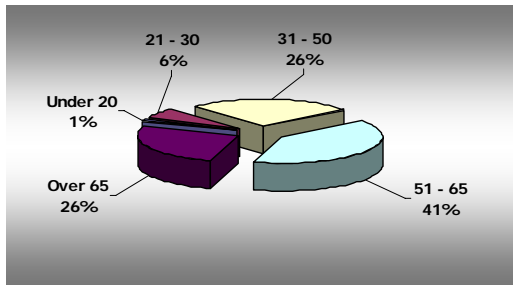
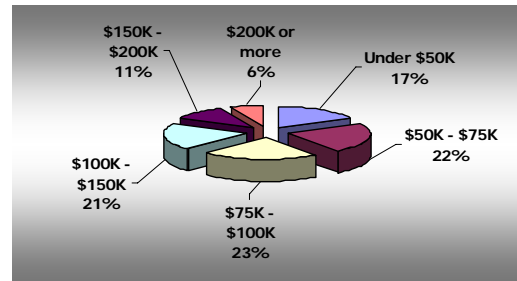


Figure 40 – Passenger Household Income Puerto Vallarta



Zihuatanejo

At the core of the analysis of the economic contribution of cruise tourism to the Mexican economy were a set of passenger and crew surveys conducted by the FCCA member cruise lines.⁵⁶ The surveys were conducted onboard the cruise ships visiting cruise ports in Mexico during the months of March, April and May of 2007. The survey schedule was designed so that surveys were conducted by all FCCA member cruise lines that called at each destination and that the distribution of passenger and crew surveys would reflect the distribution of passenger and crew arrivals by cruise line at each destination. On any given cruise itinerary, passenger and crew surveys were placed in all passenger cabins and crew quarters following a single destination call. The surveys were completed by the passengers and crew in the privacy of their quarters and returned to a designated office on the cruise ship. Thus, passengers and crew were only surveyed once during a cruise itinerary and for a single destination. On a subsequent itinerary, passengers were surveyed following a call at a different destination.

Passenger and crew surveys were designed to collect data for onshore spending and visit satisfaction by both passengers and crew. While the crew survey was slightly shorter than the passenger survey, both surveys were designed to collect the following information:

- hours spent ashore;
- expenditures by category, including shore tours, food & beverages, clothing, etc.;
- visit satisfaction, including shore tour, safety, prices, shopping, etc.;
- likelihood of recommending and returning for a land-based vacation; and
- demographic characteristics, including country of residence, age group, income, etc.

Combining the expenditure data collected from the passenger and crew surveys with data on expenditures by cruise lines for port fees and services and payments to local tour operators for passenger shore excursions purchased onboard the cruise ships, estimates of total cruise tourism expenditures were developed for each participating destination.

Given the direct spending estimates, the economic contribution of these expenditures, as measured by employment and wage income were then estimated for each destination. This process began with the collection of economic data for each destination from the Instituto Nacional Estadística Geografía e Informática. Utilizing these data a set of economic impact models were developed for each destination to estimate the direct and total employment and wage impacts. In the case of Zihuatanejo, economic data for the state of Guerrero were used to estimate the economic impacts of cruise calls at the port. A more detailed description of these models is provided in the **Data and Methods** section of the full report.

⁵⁶ The FCCA member lines that participated in the survey process were: Carnival Cruise Lines, Celebrity Cruises, Norwegian Cruise Line, Princess Cruises and Royal Caribbean International.

Cruise Tourism Expenditures

Cruise tourism expenditures in destination ports are composed of a broad range of spending including:

- onshore expenditures by passengers which are concentrated in shore excursions and retail purchases of clothing and jewelry;
- onshore spending by crew which are concentrated in purchases of food and beverages, local transportation and retail purchases of clothing and jewelry; and
- expenditures by the cruise lines for port fees and taxes, such as wharfage and dockage fees.

Based upon data provided by ports and the FCCA, 85,000 cruise passengers arrived aboard cruise ships during the 2006-2007 cruise year.⁵⁷ Of these, an estimated 76,500 passengers (90 percent) disembarked and visited Zihuatanejo. Utilizing additional data provided by the visiting cruise lines, we have estimated that 42,500 crew were aboard the cruise ships and that 20 percent, or 8,500 crew, disembarked and visited Zihuatanejo. These passenger and crew visits along with additional expenditures by the cruise lines generated a total of **\$5.8 million** (\$US) in cruise tourism expenditures in Zihuatanejo during the 2006-2007 cruise year. The contribution of expenditures by passengers, crew and cruise lines to this total is discussed below.

Table 58 – Estimated Passenger Spending (\$US) in Zihuatanejo, 2006-2007 Cruise Year⁵⁸

Purchase Categories	Average Spend per Party	Share of All Onshore Purchasers	Weighted Average Spend per Party
F&B at Restaurants & Bars	\$ 26.63	67%	\$ 17.83
Shore Excursions	\$ 113.13	53%	\$ 60.21
Clothing	\$ 32.83	49%	\$ 16.20
Local Crafts & Souvenirs	\$ 29.98	47%	\$ 13.94
Other Purchases	\$ 29.42	25%	\$ 7.47
Taxis/Ground Transportation	\$ 30.78	24%	\$ 7.46
Watches & Jewelry	\$ 72.87	22%	\$ 15.76
Retail Purchases of Liquor	\$ 47.09	9%	\$ 4.27
Telephone & Internet	\$ 5.00	2%	\$ 0.10
Entertainment/Night Clubs/Casinos	\$ 79.71	1%	\$ 0.72
Electronics	\$ 13.33	<1%	\$ 0.05
Total Spend per Cruise Party			\$ 144.01
Average Size of a Cruise Party			2.4
Total Spend per Cruise Passenger			\$ 60.00
Cruise Passenger Visits			76,500
Total Cruise Passenger Expenditures			\$ 4,590,000

Per passenger spending estimates were derived from the 971 surveys completed by passengers that went ashore during the survey period. As shown in **Table 58**, each passenger cruise party spent an average of \$144.01. The average spend per cruise party is the sum of the weighted spending in each of the eleven categories. For example, 67 percent of the survey respondents

⁵⁷ The 2006-2007 cruise year includes the twelve months beginning in May, 2005 and ending in April, 2006.

⁵⁸ The average shore excursion expenditure is a weighted average of the onshore and Internet purchases and the portion of the onboard purchases paid to local tour operators.

reported spending an average of \$26.63 for food and beverages in Zihuatanejo. Spread over the 971 cruise parties that visited Zihuatanejo, this represents an average of \$17.83 per party. On a per passenger basis, the average total expenditure was \$60.00. This represents the sum of per party expenditures, \$144.01, divided by the average size of a cruise party in Zihuatanejo, 2.4 passengers.

As shown in Table 58, 53 percent of the cruise passengers that visited Zihuatanejo purchased a shore excursion. Of these, 71 percent purchased their tour on their cruise ship and the remaining 29 percent purchased the tour onshore or through the Internet (see **Table 61**). The \$113.13 per party expenditure reported in the table represents the weighted average price per party that the local tour operators received from the onshore purchasers and the payments received from the cruise lines for tours purchased onboard cruise ships. Cruise parties that purchased their tours onshore reported paying an average of \$160.90 (or \$67.04 per passenger).

For the entire 2006-2007 cruise year, the estimated 76,500 cruise passengers who visited Zihuatanejo spent a total of **\$4.6 million** (\$US).

Due to an insufficient number of completed crew surveys for this destination and four others, per crew spending estimates were estimated from the complete set of crew surveys for the five destinations combined.⁵⁹

Table 59 – Estimated Crew Spending (\$US) in Zihuatanejo, 2006-2007 Cruise Year

Purchase Categories	Average Spend per Crew	Share of All Onshore Purchasers	Average Spend per Crew
F&B at Restaurants & Bars	\$ 27.83	65%	\$ 18.10
Taxis/Ground Transportation	\$ 11.97	24%	\$ 2.86
Telephone & Internet	\$ 7.09	17%	\$ 1.20
Clothing	\$ 33.25	15%	\$ 4.84
Other Purchases	\$ 28.44	13%	\$ 3.81
Local Crafts & Souvenirs	\$ 19.24	13%	\$ 2.50
Shore Excursions	\$ 16.37	6%	\$ 0.94
Watches & Jewelry	\$ 60.21	5%	\$ 3.14
Retail Purchases of Liquor	\$ 24.26	3%	\$ 0.81
Entertainment/Night Clubs	\$ 38.13	2%	\$ 0.95
Electronics	\$ 66.90	2%	\$ 1.09
Total Spend per Crew			\$ 40.24
Crew Visits			8,500
Total Crew Expenditures			\$ 342,040

Per crew spending estimates were derived from the 1,285 surveys completed by crew members during the survey period at the five destinations combined. As shown in **Table 59**, each crew member spent an average of \$40.24 in the five destinations. The average spend per crew member is the sum of the weighted spending in each of the eleven categories. For example, 65 percent of the survey respondents reported spending an average of \$27.83 for food and beverages.

⁵⁹ The five destinations for which the crew surveys were combined were: Cabo San Lucas, Huatulco, Progreso, Puerto Vallarta and Zihuatanejo.

Spread over the 1,285 crew members that visited the five destinations, this represents an average of \$18.10 per crew member.

For the entire 2006-2007 cruise year, the estimated 8,500 crew who visited Zihuatanejo spent an estimated total of just over **\$342,000** (\$US).

Cruise lines made payments to local tour operators for shore excursions purchased on cruise ships. Net payments to local vendors for shore excursions have been included with passenger expenditures. However, cruise lines made other payments for port fees and taxes. Based upon data provided by the FCCA member cruise lines, we estimated that all cruise lines spent **\$900,000** (\$US) in Zihuatanejo during the 2006-2007 cruise year.

Economic Contribution of Cruise Tourism Expenditures

As noted in the **Data and Methods** section of the full report, a set of economic impact models were developed for each destination to produce estimates of the economic contribution of cruise tourism. Data for these models were collected from the Instituto Nacional Estadística Geografía e Informática. The impact models were designed to reflect the economic structure of each destination, including the industrial composition of gross production, the wage share of production by industry and average employee wages by industry.

Table 60 – Total Economic Contribution of Cruise Tourism in Zihuatanejo, 2006-2007 Cruise Year

	Employment	Wage Income (\$US Millions)
Direct Economic Contribution	110	\$0.6
Total Economic Contribution	160	\$0.9

As shown in **Table 60**, the \$5.8 million in total cruise tourism expenditures generated direct employment of 110 residents of Zihuatanejo paying \$0.6 million in annual wages. Adding the indirect contribution that results from the spending of those local businesses that are the direct recipients of passenger, crew and cruise line expenditures, the direct cruise tourism expenditures generated a total employment contribution of 160 jobs and \$0.9 million in wage income in Zihuatanejo during the 2006-2007 cruise year.

Figure 41 – Total Employment Impacts by Sector - Zihuatanejo

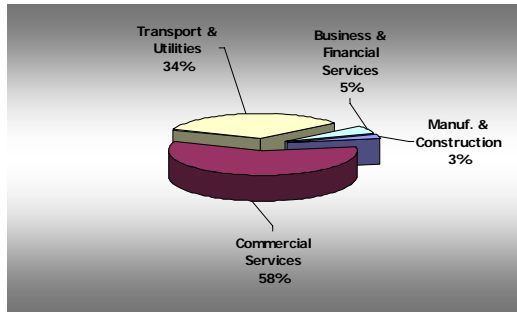
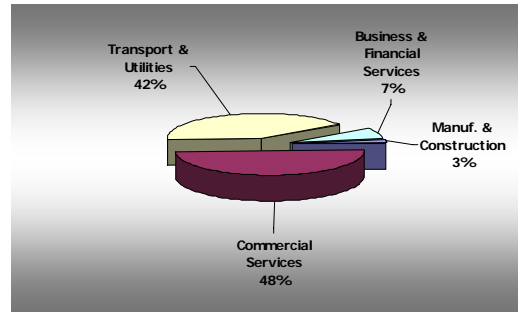


Figure 42 – Total Wage Impacts by Sector Zihuatanejo



As shown in **Figures 41 and 42**, the total employment and wage impacts of cruise tourism are concentrated in the commercial and transport sectors which account for more than 90 percent of the employment and wage impacts.⁶⁰ This is not surprising since the direct impacts account for two-thirds of the total employment impacts and that virtually all of the cruise tourism expenditures are made with businesses in these sectors, i.e., retail establishments, restaurants and bars, tour companies and ports. Because of the relatively higher wages in the transport sector compared to the other sectors of the economy, the transport sector accounts for 42 percent of the wage impacts but only 34 percent of the employment impacts. The remainder of the total employment and wage impacts was generated by the indirect spending in the other sectors of the economy.

Passenger Surveys

A total of 990 passenger surveys were completed and returned for tabulation. **Table 61** shows the major attributes of passenger visits in Zihuatanejo as derived from the passenger surveys.

Table 61 - Major Attributes of Passenger Surveys - Zihuatanejo

	Number	Percent
Total Respondents	990	
Number Ashore	971	98.1%
Respondents Making Onshore Purchases:	772	79.5%
Average Size of Expenditure Party (Persons)	2.4	
Purchased an Onshore Tour	517	53.2%
Purchased Onshore Tour from:		
Cruise Line	364	70.5%
Onshore/Internet	153	29.5%

⁶⁰ The industry sectors include the following activities:
 Manufacturing & Construction: residential and nonresidential construction and all manufacturing
 Commercial Services: wholesale and retail trade, lodging and eating and drinking establishments
 Transportation & Utilities: tour operators, port services, telecommunications and water and power utilities
 Business & Financial Services: banking, insurance, legal, accounting, leasing and other business services
 Community Services & Government: education, health and social services and government agencies

- Of the passengers who went ashore, 80 percent made at least one purchase while ashore.
- Fifty-three (53) percent of the passengers that went ashore purchased a shore excursion. Seventy-one (71) percent of these purchased their tour through the cruise lines and 29 percent purchased their tour onshore or on the Internet.
- The typical cruise party in Zihuatanejo consisted of 2.4 passengers.

Passenger Satisfaction

The passenger survey also asked the passengers to rate their satisfaction with their destination visit along a number of parameters, as shown in **Table 62**. A 10-point scale was used with 10 being the highest score, i.e., extremely satisfied, and 1 being the lowest score, i.e., not at all satisfied. As indicated in the table, cruise passengers were, in general, very satisfied with their cruise call at Zihuatanejo with a mean score of 8.2 (Very Satisfied) for “Visit Met Expectations”. This score was the highest average score for this category among the ten Mexico cruise destinations and was 14 percent higher than the ten-destination average of 7.2 (Very Satisfied). As a result cruise passengers that visited Zihuatanejo said that they were very likely (Mean Score 7.5) to recommend a resort vacation to family or friends. This was the highest score in this category among the ten Mexico cruise destinations.

Table 62 – Passenger Visit Satisfaction* - Zihuatanejo

Satisfaction Categories	Mean Score
Initial Shoreside Welcome	7.9
Guided Tour	8.5
Shopping Experience	7.5
Historic Sites/Museums	7.5
Beaches	7.8
Friendliness of Residents	8.3
Courtesy of Employees	8.6
Variety of Shops	7.4
Overall Prices	7.4
Taxis/Local Transportation	7.9
Feeling of Safety Ashore	8.9
Visit Met Expectations	8.2
Likelihood of Recommending Resort Vacation	7.5
Likelihood of Return for Resort Vacation	6.1

* Scale is 1 to 10 with 10 being the highest score. The mean scores can be interpreted as follows:
 Extremely Satisfied/Likely: 10-9; Very Satisfied/Likely: 8-7; Somewhat Satisfied/Likely: 6-5;
 Not Too Satisfied/Likely: 4-3; Not At All Satisfied/Likely: 2-1.

Among the key findings are the following:

- “Guided Tours” and “Feeling of Safety Ashore” received among the highest scores by passengers visiting Zihuatanejo 8.5 and 8.9, respectively. Thus, cruise passengers were very satisfied with their shore excursion and felt very safe in Zihuatanejo.
- Cruise passengers also felt that the residents of Zihuatanejo were very friendly (Mean Score: 8.3) and the onshore employees were very courteous (Mean Score: 8.6).

- Categories with slightly lower scores but still above 7.0 (Very Satisfied) were: the initial shoreside welcome, the overall shopping experience, including overall prices and variety of shops, historic sites, beaches and local transportation..
- Passengers were very likely to recommend a resort vacation in Zihuatanejo to family or friends (7.5) and somewhat likely to return themselves (6.1).

In general, passenger satisfaction with their visit to Zihuatanejo was the highest for each category among the ten Mexico destinations. Zihuatanejo was the only cruise destination in Mexico in which cruise passengers were very satisfied with all aspects of their shopping experience.

Passenger Demographics

Residents of the United States and Canada accounted for 98 percent of the responding passengers. The average age of the respondents was 50 years, just slightly below the ten-destination average, with 55 percent of the respondents being over 50 years old. Zihuatanejo passengers had an average household income of \$103,300, nearly 8 percent above the average for the ten Mexico cruise destinations, with 38 percent having over \$100,000 in household income.

Figure 43 – Passenger Age Zihuatanejo

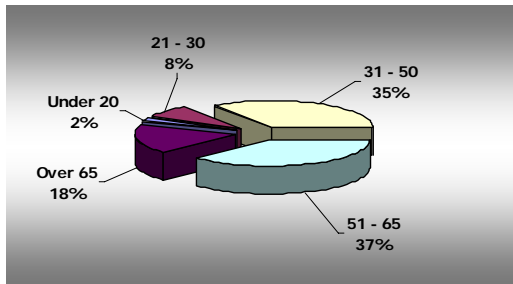
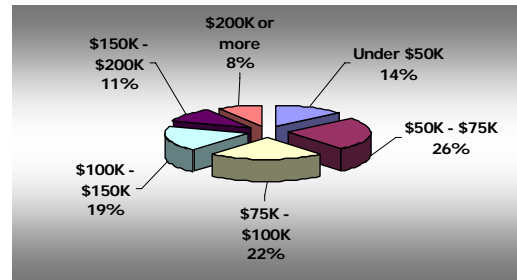


Figure 44 – Passenger Household Income Zihuatanejo





BREA specializes in custom market analyses for clients throughout the private and public sectors. These unique market analyses integrate economic, financial, and demographic trends with primary market research, proprietary client data, and advanced statistical and modeling techniques. This approach results in comprehensive and actionable analysis, databases and models, designed to support planning, sales and marketing, and education within client organizations.

Dr. Moody, President of BREA, has more than twenty-five years of experience in consulting and forecasting with a wide range of international product and service companies, including consumer products, leisure, retailing, gaming, business services, telecommunications, and utility and financial services. Typical consulting assignments provide critical analysis and insight into market dynamics, product demand, economic trends, consumer behavior and public policy.

BREA has provided specialized consulting support, including market research, economic impact studies and demand analyses, to the cruise lines, port service providers and industry associations. Among BREA's recent clients are: Port of Philadelphia and Camden, Tampa Port Authority, Port of San Diego, Royal Caribbean Cruises Ltd., Carnival Corp., P&O Ports of North America, and the International Council of Cruise Lines. Since studies are designed to meet the specific needs of each client, they can incorporate many dimensions of the market and include a variety of ancillary services.

BREA provides the following services:

Market Research: design and implementation of primary market research instruments using telephone, mail, and intercept surveys. Test instruments are designed to collect information on product demand, attributes of consumers and users, perceived product attributes, and customer satisfaction.

Economic Impact Studies: thorough analysis of industries and consumption behavior and their contribution to or impact on national and regional (state, metropolitan areas, counties, etc.) economies.

Statistical and Econometric Modeling: developing quantitative models relating market and product demand to key economic factors and demographic market/consumer attributes. Models can be used for forecasting, trend analysis and divergence/convergence analysis.

Market Studies and Trend Analyses: detailed descriptions of markets (defined as products, regions, industries, consumer segments, etc.) and comprehensive analyses of underlying market forces (such as economic and financial conditions, competitive environment, technology, etc.).