Patricia Johnson / Kevin Lyons

The dynamics of port development: Modelling knowledge transfer and stakeholder involvement

Abstract

The cruise sector is arguably the most dynamic sector of the tourism industry having sustained phenomenal growth in recent years in customer demand and operational expansion. Cruise corporations are continually seeking out viable locations to add to their itineraries, not only to vary their product menu, but also to augment business operations particularly in the case of home porting. Thus, opportunities for destinations exist and are expanding to include business interests that may not view themselves as part of the industry. The complexity of planning for the future development of cruise tourism is evident and destination planning and development is crucial to cater for the increase in visitor numbers that accompanies this industry. This paper draws from a case study of destination development and the development of home porting in Newcastle, NSW Australia. A model of stakeholder knowledge transfer was devised to illustrate the dynamics within and between stakeholders in the lead up to the 2010 cruise season when Carnival's Pacific Sun was welcomed into the port as the first cruise ship to home port in the city. This model is then stripped to the elements which were isolated as important factors in the knowledge transfer process in relation to strategic decision making on a destination development level. This paper concludes with the proposal that a generic model provides a platform for further empirical application and expansion in contexts where the dynamism of the cruise industry is playing out.

Key words: destination development; cruise tourism; knowledge transfer; stakeholder theory; turbulence; home porting; Australia

Introduction

Cruise tourism is an industry sector that is experiencing sustained growth, proving itself as one of the most dynamic industries of the decade. It is an industry that has outperformed all other sectors with a strong future growth forecast (Access Economics, 2009). Economies of scale are playing a major role in this growth as newer ships carrying more passengers come online. As a result, cruise companies are not only continually refreshing their itineraries seeking out new destinations to provide new experiences for their passengers, but are also seeking out ports that have the capacity to provision the new fleet of behemoths.

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The industry is highly competitive and one with important destination development implications as the cruise companies widen their reach across the globe (Garin, 2005; Smith, 2011).

Regional destinations a bus ride away from the port that may not have previously seen themselves as part of the cruise industry are, in some cases, starting to expand their tourism product offerings to capitalise on this market through strategic planning. On the demand side one may find that at least some of the visitors who disembark at port would not otherwise visit that destination (and proximate regions) and strategies can be put in place to harvest the ship's potential for return while they are there – necessitating multi-stakeholder involvement. On the supply side, ports are required to invest in the necessary port facilities and infrastructure to cater for the arrival of the ships and the increase in visitors but they require assurance that their investments will pay off in the long term. In reality, however, destinations vary and the situation is not as clear cut as it may seem at first glance. While there exists a potential for destinations to reap rewards, research has also shown that cruise ports often do not receive a 'fair share of tourism revenues' but are hesitant to speak up for fear that the cruise ships will pass them by (Klein, 2006, p. 266). Cruise itineraries are flexible and can be changed or cancelled at short notice and destinations gearing up for this industry often do so under a cloud of uncertainty.

This paper expands on the findings of a study that explores the complexities of destination development as Newcastle, NSW, Australia's second oldest and sixth largest city, was gearing up to expand the industry (see also Johnson & Pearse, 2010; Johnson & Lyons, 2011). Newcastle has long been considered a city in transition gradually moving away from its heavy industry roots. The city has undergone change since the closure of its steel industry and shipyards in 1999 and, despite the initial shock of the job loss in these industries, these closures have cleaned up the physical environment with flow-on benefits to the city, changes that have refocused the social, cultural and economic fabric of the city. The shift of focus has led to a growing belief that Newcastle is a viable and attractive destination for tourists – a belief supported by the 2010 *Lonely Planet Guide* ranking it as one of the top ten 'hottest' destinations in the world. However, it is well recognised that the city is caught within an extended period of transition – the legacy of the past is still evident in a run-down inner city commercial landscape and city planners have struggled to shrug off and clean up its industrial past as steel city to reposition it as a progressive and liveable metropolis to revitalise the city and develop the visitor economy.

The city remains a busy industrial centre as the largest coal port in the world and Newcastle's port authority sees a potential to develop the cruise tourism industry to augment existing operations. Developing this industry works to soften the city's 'hard' industrial edge as black coal ships are juxtaposed against pristine white cruise ships. While the city has been welcoming a small but steady stream of day visits from cruise ships over the previous decade, in 2010 P & O Cruises (Carnival Australia) commenced piloting home porting operations in Newcastle beginning with the *Pacific Sun's* spring cruise season in September 2010. The development of a new home porting initiative, overlaying an already established day visit trade, guarantees a significant rise in tourist numbers as thousands of passengers pass through the city to embark and disembark at the port.

This situation creates new opportunities for the tourism industry to take advantage of pre- and post-cruise tourism.

This paper examines the processes involved in the development of cruise ship home porting operations in its initial stage. Newcastle's situation presented an ideal case study to investigate how this new

initiative was interpreted and understood by local tourism stakeholders. The key question asked in this regard was whether Newcastle was 'shovel ready' for this new industry. The question was timely; because while Newcastle has the port capacity for cruise tourism, the infrastructure and tourism product required to service the industry remained in the initial planning stage only months away from the southern hemisphere spring season. The study assumed a knowledge-based approach which examines the dynamics of knowledge transfer activities within and between key stakeholders as a way to critically explore the processes of developing home porting operations.

A knowledge-based approach in tourism is an emerging topic of enquiry and one that Weidenfeld, Williams and Butler (2009) consider to be a new paradigm in tourism studies. This paper uses this approach to explore destination development in the context of cruise tourism to posit that development for cruise operations requires a multi-stakeholder approach and the extent to which stakeholders communicate, exchange knowledge, and the nature of the networks formed, has a direct bearing on the processes of strategic planning which ultimately reflects upon the port's capacity to capitalise on this industry. How stakeholders position themselves as decision makers in planning for tourism and their visions for future development informed the analysis and provided insight into the dynamics of tourism planning in Newcastle – and there are significant implications to markets where tourism is relatively recent or undergoing growth and, in particular, coastal cities or urban areas that wish to expand or diversify their tourism industry. The extent to which government and industry stakeholders communicate, exchange knowledge and the nature of the networks formed in this regard is the primary focus of the discussion below.

The dynamics of planning for cruise tourism

Cruise ship tourism represents an import to a nation's tourism economy – domestic and foreign visitors forego the option of experiencing a land-based holiday and take a cruise – a floating island from elsewhere. It can be argued that the cruise effectively removes visitors from a destination on shore to spend their holidays in a foreign owned self-contained destination where Dwyer and Forsyth (1996, p. 41) found that less than 30% of the total costs represent expenditure in port (their study focused on Australia). While Dwyer and Forsyth's (1996) findings are dated, they indicate that destinations can expect limited returns from the industry – therefore, tourism stakeholders need to collaborate and work smarter to maximise revenues. While cruise ships carrying 2000+ passengers may be seen as revenue-capturing and revenue-containment 'mobile tourism enclaves' (Weaver, 2005) where the destination is the ship and docking may be considered optional, they are also viewed as economic drivers for the regions they visit (Klein, 2005). Cruising continues to be considered a high yield industry for destinations to take advantage of because of the economies of scale they represent. The *Jackson Report* (Tourism & Transport Forum, 2009, p. 2) which was commissioned to inform Australia's *National Long-Term Tourism Strategy* (Department of Resources, Energy and Tourism, 2009) found Australia's tourism industry in decline with 'significant change' in international markets and a 'systemic failure to recognise them and capitalise on our opportunities'. The report recognised that a strong outbound tourism sector is 'not necessarily a bad thing' even though it represents an import to the nation's economy mentioning the cruise sector as a significant aspect of tourism to nurture by addressing supply side issues of the industry – particularly in terms of developing infrastructure. While this may be the case for Australia, it is envisaged that there are commonalities with the tourism economies in other countries.

The cruise industry is dynamic, where changes can be made quickly – the mobile nature of the business allows cruise companies to modify their schedules in quick time to respond to developments and opportunities as they arise. According to Gavin Smith (Managing Director of Royal Caribbean Lines Australia), the demand for cruise tourism in Australasia is unlikely to diminish for three reasons: the expansion of the Panama Canal in late 2013, the strength of the Chinese tourism market and the fact that the southern hemisphere provides southern summer deployment opportunities complimentary to the northern hemisphere offerings (Smith, 2011). During the 2012-2013 cruise seasons Royal Caribbean Line (RCL) is forecast to quadruple passenger numbers (Smith, 2011). The widening of the Panama Canal in 2013 will provide new opportunities for cruise companies – particularly so as the largest vessels in operation to date will no longer be contained in the Caribbean. The deployment of Royal Caribbean cruises into the Pacific will have significant direct implications for the developed cruise markets of the west coasts of the American continents, and the developing markets of Australasia and South Pacific. Thus, port development is an arena to watch in the coming years as cruise companies not only seek out destinations that can offer new experiences to maintain their repeat customer base but also vie for the emerging Chinese market.

To keep up with dynamic change, developed ports would be well advised to review their strategic plans to keep pace with the industry. In the Australian context, as Gavin Smith (2011) explains: 'the pattern of ours and other companies' deployments is towards newer bigger ships that cannot pass beneath the (Sydney) Harbour Bridge' and names the *Radiance of the Seas* (RCL), *Solstice* (Celebrity Cruises), *Millennium* (Celebrity Cruises), *Voyager of the Seas* (RCL), and *Carnival Spirit* (Carnival) as examples. The expansion of the industry means that existing port facilities will be stretched even further than they already are such as is the case of Sydney Harbour with restricted mooring capacity and home porting facilities. Indeed, increased pressure on ports, ports facilities and destinations is occurring in other regions of the world, particularly in peak season. Although Sydney is Australia's busiest cruise port, its capacity is limited as the facilities maintain a 'first in, best dressed' policy for mooring and the Ocean Cruise Terminal has bookings scheduled up to the year 2020 (Sydney Ports, 2011), notably by Carnival's P&O liners (one of which is on the trial deployment in Newcastle). Newcastle port has the space to home port Carnival's entire Australian fleet concurrently and because it is only three hours sailing time from Sydney could prove to provide a strategic advantage for cruise companies wanting to access Sydney. During this trial period the estimated rise in visitor numbers for the city is significant (see Table 1). It was envisaged that because of this rise, stakeholders in the city would be well advised to regard the industry as a significant source of revenue for the tourism economy of the city.

Destinations appear as 'networks of stakeholders' and have been examined from the perspectives of policy making, destination development, destination planning (among them, Scott, Baggio & Cooper, 2008; Capriello & Rotherham, 2008; Wilkinson & March, 2008), and destination image and branding (Marzano 2008, Camprubi, Guia & Comas, 2008). This study follows Stevenson, Airey and Miller's (2008, p. 732) research on tourism policy making which examines networking efforts in destination planning 'from the perspective of people involved in the process' in an attempt 'to deepen the understanding about its relational and contextual aspects' to better reflect a 'broader understanding of the political, societal and human context of public sector-led decision-making'.

Table 1
Visit days and direct expenditure of the cruise shipping industry to Newcastle port

Date (July-July)	Visit days	Days at port		Direct expenditure ($ mil)			
		Passenger	Crew	Passenger	Crew	Operator	Total
2006-2007	5	1,232	950	0.1	0.0*	0.2	0.4
2007-2008	6	7,164	3,674	0.7	0.1	0.4	1.3
2008-2009	3	2,295	1,607	0.2	0.1	0.2	0.5
2009-2010	5	6,532	1,600	0.5	0.1	0.6	1.2
2010-2011 (Available figures at time of study)	15*	45,000**					

Source: *Scheduled booking figures Port Corp Newcastle; ** Estimate drawn from *Hunter Hotline* industry up-date issue 202. (Figures drawn from Cruise Down Under *Economic Impact Assessment Final Reports* for the years 2006- 2007, 2007-2008, 2008-2009).

While this paper examines stakeholder views and planning concerns regarding a significant tourism development initiative for a regional city in Australia, the findings can inform planning processes in other locations interested in developing their cruise industry offerings.

A knowledge – based approach to destination development

This study used a grounded theory approach to examine the dynamics of stakeholder interaction by recognising 'the importance of people in shaping the worlds they live in … and the interrelationships between peoples' perceptions and action' (Stevenson et al 2008, p. 738). A 'knowledge' based approach views knowledge as a 'resource' as it seeks to explore how it circulates within and between actors and networks. Knowledge is actionable information which is transferred either formally or informally 'through spontaneous or unstructured processes' and needs to be 'available in the right format, at the right time, and at the right place for [informed] decision-making' (Scott et al., 2008, p. 41, 45). 'Legitimate' stakeholders have 'some degree of power over the domain' and have the power to mobilise resources and influence decision-making in an organisation (Jamal & Getz, 1995, p. 190; Crosby, 1991); for the purposes of this research, 'organisation' is substituted for the 'destination'. By substituting 'destination' for 'organisation' notions of public and social good are recognised pertaining to what is at stake as a balance must be struck between private sector and public sector interests in planning for sustainability.

Stakeholder research is concerned with issues of power and control over decision-making processes and resource deployment as they play out in the 'real world' where issues of fragmentation come to the forefront (as they did with the study undertaken in Newcastle). The position stakeholders assume towards developments in a destination domain will vary. In this, the political nature of stakeholder relationships and how they interact exist in a dynamic environment subject to change. In essence, 'no single organisation or individual can exert direct control over the destination's development process' (Jamal & Getz, 1995, p. 193) and this study confirms that the dynamics of stakeholder interaction in knowledge transfer activities between stakeholders is oftentimes uneven and incomplete. There are two key elements towards identifying key stakeholders – the level of interest that they take in a particular issue and the types of resources they can mobilise to affect outcomes (Crosby, 1991). Often,

stakeholder knowledge (or understanding) is confined to their particular jurisdiction and circulates around concerns which impact on the interests of that jurisdiction.

In the context of destination development, understanding the dynamics of intra-organisational influence is important because tourism stakeholders are increasingly engaged in cross-sectoral forms of inter-organisational alliances built around a central domain (Faulkner & DeRond, 2000) or common goal. Thus, this discussion purports that effective destination development requires collaboration – enacted through knowledge transfer processes. Knowledge can be categorised into two key types: *tacit knowledge* – which is difficult to codify, communicate and digitise, and *explicit knowledge* – which is codifiable, transferable, and communicable (Ambrosini & Bowman, 2001). Just why tacit knowledge is difficult to transfer is not well understood (Ambrosini & Bowman, 2001; Kikoski & Kikoski, 2004). However, the nature of the transference could have a bearing as transfer can occur in a formal or informal manner 'through spontaneous or unstructured processes' (Scott et al., 2008, p. 45).

The strength of a stakeholder's connectivity with other actors can be interpreted as the role that one organisation plays within a network of organisations as they work towards a common goal: a goal which is larger than the sum of its parts. Central to this process is stakeholder knowledge – how it is developed and how it is transferred within and between organisations and sectors. Key stakeholders that held a position on the issue (developing the cruise industry) and maintained a dimension of influence to affect outcomes took part in the study; these included tourism professionals, government representatives and business leaders. All were opinion leaders in that they held influential positions and were regarded as leaders in their respective fields holding key positions such as CEO, General Manager, Elected Official, President and Project/Group Manager. Participants were sectioned into categories of business leaders, tourism authorities, transport infrastructure, political leaders and cruise industry. Stakeholder views were found to reflect concerns that were currently circulating in their respective areas of jurisdiction.

The concept of turbulence reveals 'the changing nature of the operating environment within which organisations work' which, according to Tribe (2001, p. 15), emphasises the importance of strategic planning. The processes of tourism planning and knowledge transfer occur in a dynamic, yet turbulent environment where trust issues may arise in knowledge transfer processes – this, then, influences the stability of relationships between 'loosely' connected actors operating in the wider business sphere where the processes of knowledge transfer may be intangible or covert (Weidenfeld et al., 2009; Henry & Pinch, 2000). Turbulence in the wider environment affects the processes of knowledge transfer – when the business environment is influenced by politics and characterised by uncertainty. Tourism scholars have recognised that rich insights about knowledge transfer can be developed by examining key stakeholders who work within a turbulent context (Stevenson et al., 2008; Scott et al., 2008) and this study employs the concept of turbulence to provide insight into the complexities of tourism planning processes.

The changing face of Newcastle, the emergence of new tourism initiatives such as home porting cruise ships, and the ongoing debates about the direction and future of the city suggest that this is a context ripe with turbulence. As a city in 'transition' the legacy of the past is still evident and to address this 2011 saw the launch of the Newcastle brand with a tagline 'see change'. Newcastle has never been 'known' as a tourism destination, and sees far fewer visitors than the surrounding regional areas such as the Hunter Valley (a top tourism destination in New South Wales, famous as a wine region) and it

has become evident to tourism planners that a substantial number of visitors accessing adjacent regions do not pass through, or purposely bypass the city. Thus, any opportunity that arises to reverse the trend would be perceived to be worthwhile. In the context of cruise tourism, Newcastle is geographically and strategically positioned to provide a gateway to these other regions when passengers arrive in port. And, on an operational level, Newcastle is positioned as a gateway city to play a supporting role to the overstretched facilities in Sydney by processing international visitors as a part of home porting operations. However, gateway city facilities are intensive and compatibility issues could arise in terms of urban space use – demands of increased traffic which includes trucks servicing the ships and other externalities. A city may become a 'gateway' without necessarily being a destination – a place to facilitate tourism imports through exiting passengers while attracting significant flow-on benefits for businesses who do not necessarily see themselves as part of the tourism industry.

Functionality is the key, as Captain Cees Deelstra (2011), Vice President Nautical Operations Holland America Line explains, to service this industry. Destination planners need to take into account the physical aspects of the port which include proximity and facilities and operational costs to position themselves in the market – as a marquee port (providing infrastructure to support the industry) or a collector port (providing an interest within which to design experiences around). The proximity to Sydney, the features of the city and access to an airport together with available sites on the harbourside to house the industry provided a seemingly sound basis within which to reposition Newcastle from a collector port (welcoming day visits with limited infrastructure) to a marquee port.

Findings: Modelling knowledge transfer

The following discussion extends and theorises the findings from the original study (for a more detailed analysis of the themes presented in the model see Johnson & Lyons, 2011). This exploratory study forms a situational analysis that identifies the dynamics behind the direction tourism planning was taking in Newcastle as a particular point in time to examine the principle drivers of the knowledge transfer process. The process of this study involved critically reviewing publically available documents to describe the historical and political trajectories that led to the development of cruise tourism in the form of home porting in the city. This data was supplemented by an empirical study that used a grounded approach to interview stakeholders about their views of home porting and cruise tourism in Newcastle. In depth interviews were conducted with each of the participating stakeholders and this data was subjected to thematic analysis. A model of stakeholder knowledge transfer was devised as a result of the study to illustrate the dynamics within and between stakeholders in the context of Newcastle and the proposed home porting of cruise ships. This model could prove informative for other destinations interested in improving their planning processes – whether in developed or developing ports. It is proposed that planners can use this generic model as a hypothesis to test in other destination development environments.

The development of cruise tourism in Newcastle, particularly home porting, was found to be integrally linked to the story of urban renewal that dominates the narratives of public document and historical accounts of the city while some recognition was given to the iconic value of cruise ships in port. The interview process asked stakeholders to identify their views on home porting cruise ships and to

elaborate on key issues of contention or opportunity in relation to developing this industry. Themes were developed into categories; these categories informed the framework that was devised to analyse the process of knowledge transfer and the role this process plays in destination development. A model of the knowledge transfer process was constructed to reflect the dynamics of this process (Figure 1).

Figure 1
Knowledge transfer model (as it pertains to this study)

STRONG	**Spectrum of knowledge about cruise tourism**	**WEAK**
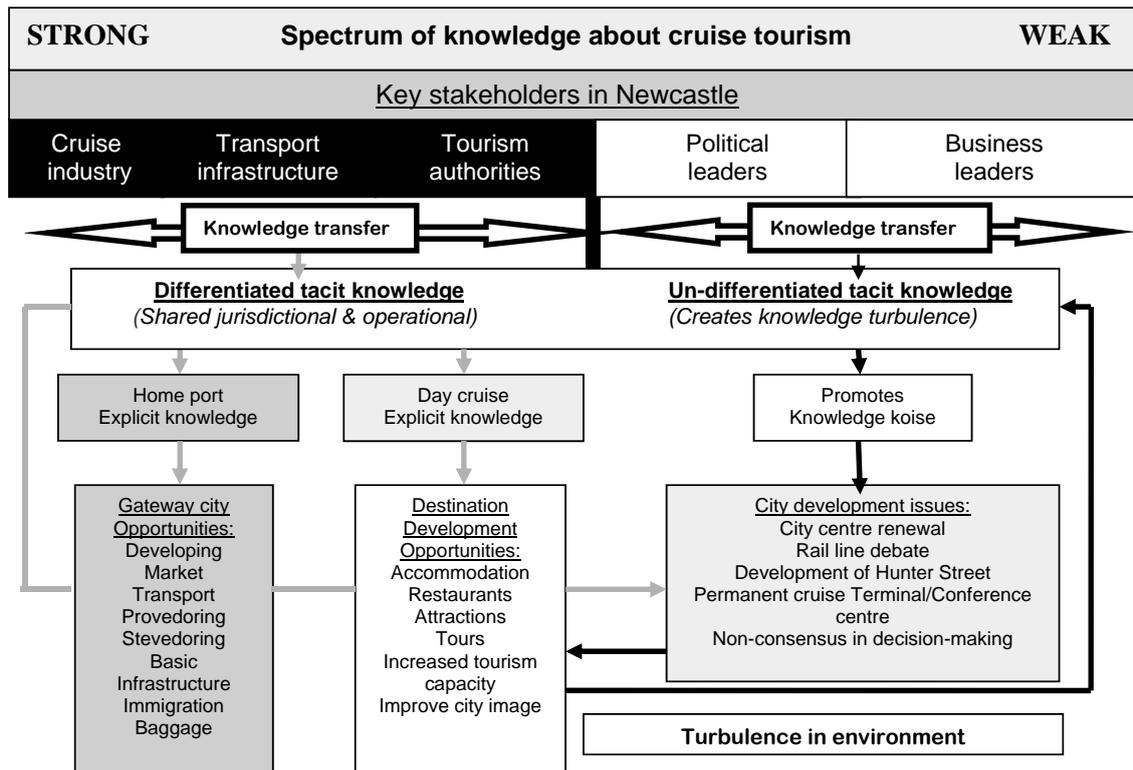
Organisations directly involved in developing the cruise industry carried out tasks which actively sought to strengthen networks – through processes of knowledge transfer. Stakeholders directly involved included cruise industry, tourism authorities and transport infrastructure authorities. These stakeholders had developed rich tacit knowledge about cruise tourism that enabled them to differentiate between the two forms of cruise tourism (home porting and day visits) and understood the implications to the visitor economy of the city. These stakeholders viewed day visits as worthwhile but somewhat risky and not necessarily sustainable, whereas home porting was less about the tourism value of ships and more about business opportunities in providing services to shipping companies and their passengers through pre- and post-cruise product offerings and the provision of goods and services for provedoring, stevedoring, and transporting passengers. These stakeholders were directly involved in developing the industry – and they worked to disseminate knowledge to business, tourism operators and city planners in the attempt to inform them about the cruise industry and provide them with the expertise to get involved. These stakeholders initiated the knowledge transfer process and, in this the process was unidirectional as these stakeholders held jurisdictional and operational expertise in the industry.

However, the focus of this paper is not to discuss the directionality of communications in this regard, but to model the process of communication by investigating the nature of knowledge and the dynamics underlying its transmission within and between stakeholder groups.

To address the problems of communicating tacit knowledge, these well informed stakeholders actively networked within and between organisations to transfer knowledge about how to deal with, capitalise on and do business with the cruise industry in an effort to strengthen networks to facilitate its development. Their knowledge transfer activities included a 'cruise forum' that was held *by* the cruise industry, tourism authorities, and transport infrastructure stakeholders *for* business operators and other interested parties as an effort to disseminate explicit knowledge of a transactional nature '… to introduce, to give opportunities to understand that there's a distribution cycle that goes on, and that there's a planning cycle that goes on' (interview with transport infrastructure stakeholder). However, little of this knowledge transference encapsulated the tacit (differentiated) knowledge that these well connected stakeholders held about the differences between home porting and day visits and they expressed frustration that the wider non-tourism business community did not fully understand the industry even though opportunities were evident for businesses not traditionally connected to tourism.

When modelling the differentials in knowledge – the well-connected stakeholders (mentioned above) were shown to hold *differentiated* tacit knowledge, which reflected clarity through shared jurisdictional and operational knowledge while the less connected stakeholders held *un-differentiated* tacit knowledge which fostered 'noise' in knowledge transference and contributed to turbulence in the environment. These stakeholders understood the nature of day visits and the limited economic impact they provided to the city but appeared unable to differentiate this knowledge and their concerns of city development from the issue at hand (which was developing the home porting industry in particular, and cruise tourism in general). As table 1 illustrates, day visits days were few and far between – these stakeholders viewed the industry as offering little more than an infrequent entertaining spectacle on the harbourside.

In relation to these less-connected stakeholders, the physical and natural resource capacity of Newcastle to expand the industry was tempered by concerns about the availability of tourism related facilities and infrastructure, most notably concern about accommodation capacity for pre- and post-cruise passengers and the fact that the cruise terminal was a temporary marquee structure. The berthing of the cruise ships became a topic of considerable debate by stakeholders with un-differentiated tacit knowledge. The lack of a permanent ocean passenger terminal with restaurants and entertainment areas was considered to be an issue and deemed important for building civic pride in the city; these sentiments echoed those of local media reports and public sentiment, which also had decided opinions to position the terminal in the city and not on a brownfields site (disused industrial land adjacent to the city). To place a cruise ship at an unused industrial site, as a temporary terminal, was seen to make Newcastle look 'ridiculous' and 'harm the development of the tourism trade'. These sentiments were seen to work as noise in the system. In essence, there was a lack of understanding that a terminal's primary function is as a machine for processing passengers and servicing ships and, at the end of the day its function is to facilitate a quick turnaround and keep operating costs to a minimum to attract the cruise trade in the first instance.

The tacit knowledge of stakeholders not directly involved in tourism did not differentiate between home porting and day visits as distinct forms of cruise tourism. Thus, these 'less connected' stakeholders

(political leaders and business leaders) were conscious of the fact that Newcastle has never been known as a tourist destination and expressed concern over topical civic planning issues of the day pertaining to city development such as reinvigorating the town centre to enhance its liveability for its citizens, the debates circulating around the re-location of the rail line and the dilapidated state of the main street. When asked about developing the cruise industry to home porting, these stakeholders expressed support but could not differentiate between day visits and home porting returning the conversation back to city planning issues and concern about the city's industrial image. When asked about cruise tourism, interviewees agreed it was good for the city and then moved on to express concerns about, and the debates circulating around, issues pertaining to city development – resulting in conversations assuming a circular motion around a common theme. Stakeholders directly involved in the tourism industry that demonstrated strong tacit knowledge about cruise tourism and differentiated between the impact and value of the forms of cruise tourism viewed city-image, destination image and positioning of a permanent ocean cruise terminal debates as less important, or irrelevant to the development of services and infrastructure to support and develop the business of cruise ship home porting.

While the findings of this study provided the framework to model the knowledge transfer processes in Newcastle during this particular time frame, an adaptation of the model could prove useful in other contexts. A generic model appears by syphoning down the elements of the knowledge transfer process (see figure 2).

Figure 2
Generic model of the knowledge transfer process
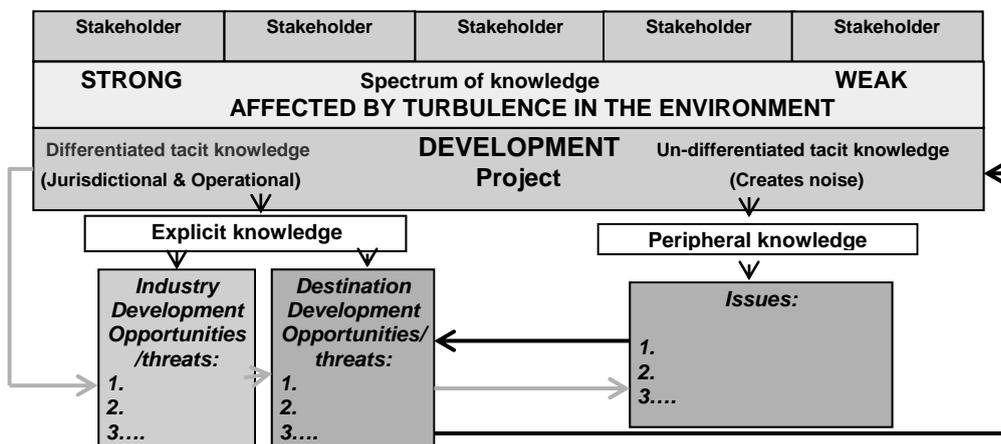
This model provides a mechanism for policy advisers and planners as a tool to tease out the way knowledge held by key stakeholders flows in a context of turbulence. As a mechanism, it could be applied to assess and categorise stakeholders into those who hold fine grained differentiated knowledge about a tourism development initiative and those whose knowledge stems from more peripheral sources but whose knowledge needs to be recognised – as it can potentially diffuse and confuse explicit knowledge. The directionality of the knowledge transfer process is assumed to emanate from those with jurisdictional and operational knowledge.

Conclusion

This paper examines the perceived interdependence of stakeholders in an attempt to explore how and where they situate themselves (and, by extension their organisations) as actors in the destination development process pertaining to cruise ship operations. This knowledge-based approach to destination planning engaged conceptual constructs of turbulence and knowledge transfer as a central focus, an approach that holds implications for ports and port communities interested in understanding the dynamics behind the planning processes. This method provides an opportunity to take research 'out in the field' to recognise that 'organisational structures and cultures affect the way that people behave' which, in turn, affects how they 'enact the environments in which [they] act' (Jones & Wicks, 1999, p. 215). Results reveal that the destination planning process is complex and environments experience turbulence to some degree, thus there is a need to understand the process of knowledge transfer and create a space to enable transfer (particularly for stakeholders who do not view themselves as part of the tourism industry). Thus, stakeholders need to be informed and, in turn, their input informs the shape destination planning processes.

Cruise ship corporations in Australia, and internationally, are largely focused on the expansion of infrastructure and resources to seek out viable locations that serve those needs. Less emphasis is placed on the tourism generating potential of these alternative ports for host communities; however the potential for these opportunities depend, in part, on the dynamics of destination development, stakeholder involvement and knowledge transfer processes. While there was unanimous support among stakeholders (ranging from strong support to cautious optimism) for the expansion of the cruise industry in Newcastle – some felt that such expansion would be subject to market forces that may lead to cruise ship operators to abandon operations in Newcastle if more favourable opportunities emerged elsewhere. While this is a risk to many ports welcoming cruise ships.

Postcript

Cruise industry stakeholders who were involved in the initial study have since commented to the authors; comments which necessitate a postscript. Twelve months down the line after home porting commenced the shore-ex (land tour) supply side of the equation continues to be one that remains undeveloped. As a result of the home porting initiative the city did experience a significant rise in visitor numbers in 2010-2011 seasons with cruise tourism delivering 36,000 more visitors than the previous year reflecting a substantial rise in direct expenditure of $ 22 mil (see table 2).

While visitor numbers have increased in 2010-2011, sustained yield, or growth, in the future is not guaranteed. Knowledge about how to work within the cruise planning cycle and how to design tours to cater for particular tourism markets (international or domestic) and services to offer ships continues to be undeveloped. Stakeholders who could potentially benefit from this industry appear unable to recognise the potential of the cruise market – perhaps because visibility of the ships is periodic and seasonal, taking up only 13 visit days during the year in 2010-2011.

Table 2
Visit days and direct expenditure of the cruise shipping industry to Newcastle port

Date (July-July)	Visit days	Days at port		Direct expenditure ($ mil)			
		Passenger	Crew	Passenger	Crew	Operator	Total
2009-2010	5*	6,532	1,600	0.5	0.1	0.6	1.2
2010-2011	13**	42,893	7,656	14.4	1.6	7.1	23.2

*Day visits only, **Day visits and home porting. (Figures drawn from Cruise Down Under *Economic Impact Assessment Final Reports for the years 2009-2010, 2010-2011*)

The experience of Newcastle is that Australian passengers on day visits do not tend to take shore tours while in port, whereas international passengers are eager for them – getting this message through to operators is problematic as they appear unable to differentiate between the market segments; operators generally see a passenger as a passenger, not in terms of type and the cruise industry planning cycle continues to be a mystery. Further cruise forums with tourism and business stakeholders are being planned in 2012 and 2014 (by the well-connected stakeholders seeking to develop the industry) to continue the efforts to effect knowledge transfer about how to do business with the cruise companies. When asked about how Newcastle was performing 12 months down the line, one cruise industry stakeholder replied 'there is little product offering although the potential is great…while the operators are keen, they don't get back with any proposals or tourism product'; Newcastle needs to improve services offered to the ship and the tour content and could learn from regions doing this well citing Burnie (Tasmania) as a regional port 'doing it well' with day visitation.

While the cruise industry and the well-connected stakeholders have a vested interest in developing the industry, results (as shown in table 2) reveal that flow-on benefits to the visitor economy are significant. Although visitor numbers are up, the long term potential of the industry is uncertain as the spring season of 2011 saw the number of P&O scheduled ships to home port in Newcastle cut from 6 to 4, ostensibly due to a lack of bunkering facilities; a supply side problem that is currently being addressed. Ships were forced to travel from Newcastle to Brisbane to fuel up for the cruise to the South Pacific and the company found that their passengers primarily wanted to board the ship and sail to the collector ports on the itinerary in the South Pacific, not visit another Australian marquee port for the purposes on bunkering the vessel before sailing east (which also added another two days to those scheduled cruises). However, increased competition from cruise companies expanding their operations in Australian waters (RCL and Holland America Line for example) are making their mark on the industry which is seen as a beneficial development. As the industry continues to expand and more and bigger ships ply their trade in Australian waters, they continue to make waves for the competition and in doing so create a turbulence of their own.

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