

The Battle of Charleston: Expansion of the passenger cruise industry

By *Brumby McLeod*

Introduction

Charleston, South Carolina is a coastal city located on the Atlantic Ocean in the southeast United States. For nearly two decades, the city has received recognition from travel publications and travel writers for its exquisite cuisine and preservations of its history, architecture, and low country lifestyle. The community offers a wealth of activities, history, and culture unprecedented in the United States. The stream of accolades is constant these days. The hospitality and tourism industries are a central part of the community, but well balanced with other industry sectors such as manufacturing, agriculture, and transportation. By 2010, Charleston, SC was on the verge of several significant economic developments that would provide an enormous economic boost to the residents and increase business and leisure travel demand to the destination.

In 2005, the PGA announced that the 2012 PGA Championship, one of the four majors in professional golf, would be held on the Ocean Course at Kiawah Island Golf Resort in Charleston, South Carolina (PGA, 2012). In addition, the new Boeing airplane manufacturing plant for the 787 Dreamliner announced in 2009 was completed in June 2010, and the first plane was ready for delivery to Air India in April 2012 (Peterson, 2012). In October 2010, the highly desirable and award winning Southwest Airlines announced its entrance into the Charleston market beginning March 13th, 2011 with new non-stop service to Baltimore, MD, Chicago, IL, Houston, TX, and Nashville, TN (Byrd, 2010). And if that was not enough, the community won the prestigious Top Destination in America award by the readers of Condé Nast Traveler (Best in the world, 2011).

Years of incredible work by individuals, private businesses, and government had culminated into an incredible three-year period for Charleston, South Carolina. The city's success in economic development and hospitality and tourism were not by chance. The people of Charleston are progressive in development and appreciative of their history. Residents are constantly engaged in their community and concerned about the issues of tomorrow as evidenced by the frequent editorials in The Post and Courier, the city's leading newspaper and oldest daily newspaper in the southern United States. Development and progress are not without controversy, and one announcement

stirred the controversy more than any other during this period. The years 2011 and 2012 marked one of the most contentious debates in the history of the city, placing tourism management center stage.

The Controversy

While Charleston, South Carolina was receiving accolade after accolade in 2011, the community was engaged in an internal dispute over the redevelopment of a relatively small portion of land holdings on the historic Charleston peninsula, but a highly visible and prized area of the Port of Charleston for the proposed expansion of passenger cruise service. In 2009, the South Carolina State Ports Authority (SPA) and Carnival Cruise Lines signed an agreement to operate year round passenger cruise service with embarkations and debarkations from the Port of Charleston's Union Pier Terminal. In May 2010, Union Pier became the homeport of Carnival Fantasy, providing five, six, and seven day cruises to Key West and the Bahamas, and additional service to Bermuda in 2011.

In conjunction with growing passenger service and the need for capital improvements for the Port of Charleston, the SPA initiated a redevelopment planning process in October 2009. In September 2010, SPA released a Concept Plan for Union Pier Waterfront prepared by Cooper, Robertson, & Partners. In July 2011, the SPA unveiled the design of the Union Pier Passenger Terminal. This design sought to achieve the following five goals:

1. Create a financially viable plan for a new cruise terminal that is attractive and in keeping with the character of historic Charleston
2. Comply with today's enhanced cruise security requirements
3. Mitigate impacts on existing infrastructure and traffic
4. Identify additional uses of the Union Pier property that bring enjoyment to Charlestonians and enhance the local economy
5. Increase public access to Charleston's historic waterfront

The extensive planning documents and design concepts were major undertakings and their debut resulted in enormous debate. The documents are available at <http://www.unionpierplan.com>. Opposition to the redevelopment and expansion of the cruise industry became a major public debate that divided the community. Even major publications like the New York Times were picking up the story as the debate intensified (Schneider, 2011). Modern day passenger cruise ships have frequented Charleston for nearly 30 years. Cruise

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embarkations and debarkations, as well as port of calls, are common occurrences at the Union Pier Terminal. Current operators include the likes of Carnival, Holland America, Princess, and Celebrity. However, the proposed redevelopment of the Union Pier at the Port of Charleston and the expansion of passenger cruise service in Charleston, South Carolina created a major debate in the community.

The Stakeholders

As the controversy played out in editorials, the media, public relation campaigns, and advocacy research, the key stakeholders became clumped into two camps: those that support redevelopment of the Union Pier and expansion of the passenger cruise industry in Charleston (FOR) and those opposed to redevelopment of the Union Pier and expansion of the passenger cruise industry in Charleston (AGAINST). These positions were grossly oversimplified, but a major reason for this decisive division was a lawsuit filed by the Historic Ansonborough Neighborhood Association, Charlestowne Neighborhood Association, Coastal Conservation League, and Preservation Society of Charleston on June 13, 2011, Case Number 11-CP-10-4139. The following paragraphs introduce some of the key stakeholders at the heart of the cruise debate and their position.

The SPA embraced tourism as a small element of the port authority's strategy and an opportunity for future revenue growth and redevelopment. They are at the forefront of the cruise passenger expansion discussion because they own and manage the terminals that comprise the Port of Charleston and signed the agreement to expand cruise service with Carnival in Charleston. Their director and CEO, Jim Newsome, reluctantly became the spokesperson on this expansion because of his position and his organizations plans to expand and improve the Union Pier Terminal. He and his organization are frequently in the news because of the highly visible and economic role they play in South Carolina. The SPA is a pillar organization in the community and an economic asset to South Carolina. It is considered one of the most successful ports on the east coast of the United States. The passenger cruise business is a very small element of the SPA operations, but has consumed an enormous amount of resources to address this conflict over the last several years.

Mayor Joseph P. Riley leads the City of Charleston. Having served since 1975, Mayor Riley is currently the longest running mayor in the United States. He is known for his engagement in historic preservation, city planning, and tourism management. Overall, the City of Charleston and Mayor Riley have embraced the cruise business as a positive element of tourism and welcomed the potential enhancements to the Union Pier Terminal, but never saw the passenger cruise business as a major element of tourism. Many of the editorials in the newspaper attack his support of the cruise business. Mayor Riley has sided with the SPA to seek dismissal of the lawsuit against Carnival while simultaneously seeking concessions from the SPA on behalf of

the neighborhoods and residents of Charleston.

Carnival Cruise Lines is one of largest passenger cruise operators in the world. Although, the SPA and the City of Charleston joined Carnival in a "motion to dismiss" the lawsuit, the cruise company and the cruise industry as a whole have received significant complaints related to their environmental record and many of these are identified in the lawsuit. The organization is often betrayed as the villain in this tourism management conflict and they are not new to this role.

A collection of non-profit organizations has voiced strong opposition to expansion of the passenger cruise business in Charleston. Several of these organizations brought the case against Carnival Corporation. Two of these organizations are identified to highlight the general reasons for their opposition. These include the Coastal Conservation League and Preservation Society of Charleston.

The Coastal Conservation League is a non-profit association dedicated to the protection and preservation of the South Carolina coast. For over 20 years, the organization has engaged the individuals, communities, governments, and businesses on issues that impact the coastal region. Their mission is to protect the natural environment and enhancing quality of life along the coastal plain. The organization vehemently opposes expansion of the cruise industry because of their environmental track record. The Executive Director, Dana Beach, remains the unofficial spokesperson for opposition to expansion of the passenger cruise business. This battle over passenger cruise expansion into Charleston and the environmental record of the cruise industry fit with the mission of the organization. Their position and related documents are provided at <http://coastalconservationleague.org>.

The Preservation Society of Charleston is the oldest preservation society in America. Their mission is executed in several preservation programs: the Carolopolis Awards, Easements & Covenants, Historic Marker Programs, and Preservation Advocacy. The society was part of the lawsuit brought against the Carnival Corporation. The organization has aggregated documents related to cruise expansion and redevelopment of the Union Pier Terminal at <http://www.preservation-society.org/cruisecontrol>. An important document produced by this organization is the Cruise Tourism Special Report in their August 2011 publication known as Preservation Progress. In line with the organization's mission, the document provides an excellent historical synopsis of the passenger cruise business in 20th century Charleston.

The stakeholders listed above are by no means comprehensive, but they do represent the general range of positions beyond the decisively dichotomous categories of FOR or AGAINST the cruise business in Charleston. A thought provoking report titled The Cruise Industry in Charleston: A Clear Perspective and the actual lawsuit, Case Number 11-CP-10-4139, provide additional insight into the broad positions of stakeholders in this tourism management conflict.

Theoretical Underpinnings

The underlying theory of destination management recognizes multiple stakeholders and that these stakeholders can influence the direction and development of tourism. This belief is what led non-profit organizations such as the Preservation Society of Charleston, Coastal Conservation League, Historic Charleston Foundation, and Ansonborough Neighborhood Association to join forces despite minimal financial resources and leverage their positions to file a lawsuit against Carnival Corporation. This belief is what led SPA to seek significant input from the Charleston community and allocate financial resources and years of planning to balance the redevelopment of their own property. This belief is what led Mayor Riley and City Council to work tirelessly to listen, advocate, and mediate for Charleston and its constituents. This is tourism management.

Tourism researcher and professor Rich Harrill captures the essence of destination management in the preface to his edited book titled *Fundamentals of Destination Management and Marketing* when he draws similarities between ecology and destination management. This case highlights the social, economic, and environmental intersection of tourism management, a.k.a. destination ecology. Tourism literature addressing passenger cruise service supports this description.

A meta-analysis of cruise tourism research by Papatthanassis and Beckmann (2011) analyzed 145 scientific papers published between 1983 and 2009. Classification of the research revealed the following four areas: socio-cultural, environmental, economic, and management-operations to be the main areas of cruise research. A review of the same literature and a more current review of the literature revealed specific research relevant to the challenges exposed in the Charleston scenario.

From the socio-cultural perspective, Gibson and Bentley (2006) scrutinize the social impacts of cruise tourism on the inhabitants of a port of call and generally find a positive perception for the example of Falmouth, England. And, Jaakson (2004) examines the social behavior of cruise tourists in ports of call and finds evidence for passengers moving and interacting in tourist bubbles. From the environmental perspective, Lester and Weeden (2004) point out a great need for collaboration among various stakeholders to ensure environmental sustainability in the Caribbean. In a similar study about Key West, Hritz and Cecil (2008) identified the residents' desire for decisive and specific policies in responding to the complexity of issues that arises with cruise tourism. Butt (2007) investigated current waste management practices and made a plea for more commitment from local authorities, ports and cruise ships. From the economic perspective, several studies revealed a positive contribution of cruise tourists on the (Dwyer & Forsyth, 1996; Dwyer & Forsyth, 1998; Henthorne, 2000; Dwyer, Douglas, & Livaic, 2004). However the economic contribution from the interaction of cruise tourism and stay-over tourism does not reveal a

clear positive economic contribution (Gabe, Lynch, & McConnon, 2006; Shamsub, Ablrecht, & Dawkins, 2006; Brida & Zapata, 2010; Bresson & Logossah, 2011). Using an input-output methodology, a number of studies assess the overall economic impact of the cruise business on a destination or region (Mescon & Vozikis, 1985; Chase & McKee, 2003). Management and operations research is not particularly relevant in this case, but the advocacy research produced by the Cruise Line Industry Association (CLIA) is worth sharing (Business Research & Economic Advisors, 2011).

Discussion and Questions

The case identifies several websites in which key stakeholders have aggregated important information related to the cruise debate and their respective positions.

- What types of materials are being aggregated at these websites?
- What is the most important document produced by each organization to understand the concerns of that particular stakeholder?
- What are the specific issues of those in opposition to passenger cruise expansion?
- What are the specific issues regarding redevelopment of the Union Pier Terminal?
- How has the SPA addressed each of the specific issues you identified?
- What remains to be addressed by the SPA?
- One noticeably absent participant in the public domain was the Charleston Area Convention and Visitors Bureau (CACVB).
- Do you believe the CACVB remained relatively silent regarding the cruise debate?
- What evidence do you have to support this position?
- How is the CACVB currently engaged in the passenger cruise business?
- As the debate around the expansion of the cruise business in Charleston swirled, many of the stakeholders embarked on advocacy research and public relation campaigns in hopes of swaying public opinion.
- What type of research have stakeholders utilized to advocate their position?
- Are the methodologies used in this research supported by academic research?
- What other cities and destinations are challenged by conflicting tourism priorities?
- How is this case a model for the other destinations facing such dilemmas?

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