

Ship to shore: The nexus and optimisation of risk.

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Abstract

New Zealand is a remote cruise destination which represents only a very small proportion of the global cruise market. However, its cruise activity continues to experience rapid growth despite the recent economic downturn. This growth remains largely unmanaged because there is no structured framework for the ongoing management and future development of “cruise” in New Zealand. Failure to provide an appropriately managed cruise sector means that the risks which currently face New Zealand will continue to grow and may ultimately threaten New Zealand’s goal of becoming an increasingly competitive and sustainable cruise destination.

The risks considered in this thesis are economic risks, ie those risks which are evaluated and factored into cruise lines’ decisions as to whether to send their ships and passengers to any given destination. These risks are presented as falling into five distinct categories or phases of a cruise sector life-cycle, ie (a) product development; (b) infrastructure development; (c) distribution; (d) use and consumption; and (e) disposal. Each of the risks discussed is within the destination’s capacity to manage if appropriate mechanisms and strategies are put into place.

Five mechanisms or strategies are suggested for managing the current and potential risks to the New Zealand cruise sector including the formation of a properly funded overarching coordinating committee; the cultivation of a discernible cruise culture; implementation of appropriate education and training; the creation of a national cruise manual; and the design, development and implementation of a New Zealand cruise brand. Each of these strategies is based on an approach to risk management which calls for a positive view of risk and how it can be transformed into opportunity for competitive success. The traditional notion of risk as something to be avoided or which can be insured against or eliminated is rejected in part because it is counter-productive to treat risk in that way and also because such treatment leads to a silo approach where risks are considered individually and not how their collective influence can impact upon the whole. The silo approach precludes adopting a strategic approach to the identification and optimisation of risk. In other words, a tactical approach to risk identification and risk management will very likely result in an underperforming and unsuccessful cruise sector.