Monitoring and Measuring Event Decision-Making Process
Using Key Performance Indicators: Evidence From Italian Cruise Terminals

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This paper investigates the control systems and coordination mechanisms applied in the relationships between cruise line companies and terminal concessionaires in the cruise events management when the ships are stopping on the quay. Using a case study methodology and focusing on the Italian context, this exploratory study, through a qualitative approach, interviewed two main cruise terminal concessionaires and indirectly observed events planned by cruise companies in sea ports selected for outlining the role of control systems, coordination, and knowledge sharing between the players in cruise events decision-making processes. The first results show that the cruise event management processes on ship berthing and on terminal are separated. The cruise companies don’t involve terminal concessionaires in the event organization considering them only service suppliers. Also, the concessionaires conceive the events planned in the cruise infrastructures as a business unit to optimize the space use, without any forms of coordination or control with cruise companies. Knowledge sharing, coordination, and control among the two players could support the planning, and management of “new cruise events” in which the visitors may be led from the infrastructure to the ships stopped on the quay. This study offers a set of key performance indicators to support the management, control, and coordination of each inter-organizational relationship identified. Managerial implications and suggestions for improving cruise events management have been provided.

Keywords: cruise event management, cruise line companies, cruise terminal concessionaires, key performance indicator, performance measurement and control, coordination and collaboration

Introduction

Lately, a relevant growth phenomenon concerns the cruise industry in spite of the world economic crisis (Peisley 2005; Dickinson & Vladimir 2008). According to the last report of CLIA Europe (2016), the overall cruise international demand has been increased over 90%, and even though the greatest improvement regards the North America, also the Mediterranean area has been significantly developed (CLIA, 2016).

The increase of the passenger flows and the cruise ship gigantism require high standards in the quality of the port facilities; the cruise line companies become shareholders in the management of maritime stations
through the establishment of cruise terminal concessionaires. The cruise line companies control their flows in specific port destinations ensuring for each seaport a significant traffic. The growth of the passengers is the key factor in the strategies of the cruise line companies and seaports; the events are an important tool to fill the ships attracting passengers. At the same time, also the cruise terminal concessionaires plan events (e.g. meeting, convention, fair and so forth) to optimize the spaces of their infrastructures, but most studies tend to investigate the traditional role and functions of the cruise terminal concessionaires (Fleming & Baird, 1999; Bichou & Gray, 2005; Talley, 1994; 2008; Di Vaio, Medda, & Trujillo, 2011), paying still less attention to the involvement and active participation in the cruise event management process by the terminal concessionaries (Di Vaio & Varriale, 2012; 2014). The major presence and active role of cruise terminal concessionaires can positively affect the performance related to the cruise event management thanks to their high experience and expertise and the continuous interaction between them and the cruise companies for planning and managing the cruise events in order to increase the passenger flows and to improve their performance. These long-term partnerships play a critical role because they are conceived as “rapid and flexible approaches to attain complementary resources and may share costs and risks” (Ranaei, Zareei, & Alikhani, 2010, p. 20). Otherwise, in the cruise industry, the cruise events are still under represented as one significant and additional service to increase the passenger flows within the peripheral services (shopping centre on board, tourism packages and so on) (Toh, Rivers, & Ling, 2005) next to the core services (transportation, cleaning service, food and beverage, well-being, status, comfort, entertainment, and so on) (Roth & Menor, 2003).

In order to fill this gap in the research about cruise events and coordination and control tools for their effective planning and management, the cruise events, which involve both the cruise ships and the cruise infrastructures, have been identified (Di Vaio & Varriale, 2012; 2014): on ship board, on ship berthing, and on terminal. The first type, cruise events on ship boarding, concerns every event organized on the ship during the navigation (e.g. musical cruise, dancing cruise, tasting cruise, reading cruise, and so forth); the second one, cruise events on ship berthing, regards the events organized by cruise companies during the time of ship-stopping on the quay (e.g. the presentation of projects on board, co-marketing events between the cruise line company and other operators, awards, etc.); and, finally, the third type, cruise events on terminal, includes the events planned on the infrastructures (e.g. food and beverage events, wedding showroom events, hallmark conferences, maritime conventions, medical conferences, and so forth). The first type of events doesn’t involve the cruise terminal concessionaires, its planning and management process exclusively includes the cruise line companies and event specialized organizations; in this case the participants to events on board are also passengers, thus, we don’t analyze this relationship system. The cruise events on ship berthing are “special” events because the access on board is not free, the participants can visit the ship and they might book in future a cruise by increasing the passenger flows. The relationship system for this type of events includes the cruise line company, the specialized organizations in events, and the terminal concessionaire to plan and manage the phases of embarkation and disembarkation of the event participants. The third type, cruise events on terminal, is planned and managed by terminal concessionaires using the spaces of the cruise infrastructures and involving the concessionaire and the event organizations. They can be “special” when the participants are invited by the event organization or “open” when the participants have the free access. In this context briefly described, the aim of the paper is to verify the control systems and coordination tools applied in the relationships between the cruise line companies and cruise terminal concessionaires in the cruise events management process when the
ships are stopping on the quay. More specifically, the study focuses on the analysis of the relationship systems in the two types of cruise events investigating the coordination, measurement, and control tools adopted. Through the case studies, the purpose is to evidence if the cruise events on terminal may be an additional tool to push the terminal visitors to visit the ships berthed on the quay. Certainly, the organization of “new cruise events” requires the coordination and cooperation between cruise line companies and cruise terminal concessionaire. Indeed, the cruise line companies, overall when they are shareholders of the concessionaires, might attribute an “active role” to the terminal in promoting the passenger flows. To address this goal, a set of key performance indicators (KPIs) have been developed for monitoring and measuring the inter-organizational relationships established for planning and managing the cruise events on ship berthing and on terminal, outlining the role of coordination, cooperation, and control systems between cruise companies and cruise terminals in this specific business area.

This study aims to examine the role of coordination, cooperation, and control systems in planning and managing successful cruise events for the players involved. Moreover, this study provides significantly managerial implications especially for cruise terminals which might consider cruise events as one effective business unit able to optimize the spaces of their cruise infrastructures. The remainder of this study is organized as follows. Section two provides the theoretical background on cruise event management process focusing the attention on relationship systems and KPIs in the cruise event management process. Section three describes the case study methodology adopted. Section four discusses the results and provides managerial implications and suggestions. Section five concludes above remarks.

**Theoretical Background: Relationship Systems and KPIs in the Cruise Events Management Process**

The three types of cruise events have been identified according to two dimensions (Di Vaio & Varriale, 2012; 2014): the specific location, it means the cruise ship or terminal; the timing schedules, that are during the ship navigation or the stopping quay. The cruise line companies for the cruise events on ship boarding use some resources already got (e.g. hostess services, catering services and so on), while for the cruise events on ship berthing they need other resources supplied from seaport players. For this last category of events, the event participant is not a cruise passenger but he/she is a ship visitor or called “temporary ship visitor” who, before embarking, is subjected to a series of controls by the security agents of the cruise terminal concessionaires and by local security agents. Hence, thanks to the ship tour, new people could become cruise passengers. Otherwise, the cruise terminal concessionaires are multi-business structures also because of the events management area where they dedicate their own slots (cruise events on terminal). The literature on this topic evidences that the cruise terminal concessionaire is a player of the cruise supply chain and, often, in its ownership and in the management of the infrastructures there might be one or more cruise companies (Di Vaio et al., 2011). For these reasons the following relationship systems have been identified: a) for the cruise events on ship berthing: the relationship among the cruise line company, cruise terminal concessionaire, local and security agents; b) for the cruise events on terminal: the relationship between the cruise terminal concessionaire, cruise line company, local and security agents with the central role of the cruise terminal concessionaire. As well known, because of the seaport reordering reforms, the cruise sector is indirectly involved in this management and governance changing process, but the legislation is lack of defining how these different types of relationships have to be
governed (World Bank, 2007). The organizational, management, and control process for the cruise events requires specific skills and knowledge and a wider perspective of analysis in which several variables, such as interdependences, complexity, and uncertainty, are considered also in terms of coordination mechanisms and control systems for all the partners involved. The relationship systems are managed on the basis of contracts among the cruise players that should strive to respect the specific guide line. Other coordination and control tools support effectively the relationship among the players. Choe (2008, p. 444) states that “the exchange of information [becomes] to ensure coordination and control of activities [among] firms” is important to understand “if and how” the control mechanisms are useful to create a stable and durable relationship system (Mouritsen, A. Hansen, & C. Hansen, 2001). According to Dekker (2004, pp. 29-32) the control into inter-organizational relationships plays the role in motivating the partners to assume “performance oriented” behaviours and to coordinate the input-output information process within the relationship. In this scenario, the control system should motivate the partners to assume behaviours oriented to increase the traffic flows. The control system assumes a more important role and function inside the cruise events management process by considering the impact of these events on the territory and host community. In these relationship systems investigated, the access and management of data and information adopt both traditional tools (telephone, fax, letters, meeting) and innovative tools (email, blog, video-conference, intranet, internet). However, these tools are not adequate to control the relationships and it could be useful to identify “key performance indicators” 2. Therefore, the main dimension of the “efficiency in the relationship process” is the compliance of the transfer times among partners and its knowledge gives to the cruise port information about reliability of the partners. In order to support the improvement of the relationship systems in the two types of cruise events, a set of key performance indicators have been identified (Table 1).

Table 1  
KPIs for Cruise Events

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<tr>
<td>[1]</td>
<td>No. of temporary cruise visitors becoming cruise pax/No. of temporary cruise visitors involved in cruise events on ship berthing at t1</td>
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<tr>
<td>[2]</td>
<td>No. of terminal visitors becoming temporary cruise visitors/No. of total terminal visitors involved in events on terminal at t1</td>
</tr>
<tr>
<td>[3]</td>
<td>No. of terminal visitors becoming cruise pax/No. of total terminal visitors involved in events on terminal at t1</td>
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<tr>
<td>[4]</td>
<td>No. information to get back/No. information to get back information at t1</td>
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<tr>
<td>[5]</td>
<td>The timing schedules of events on terminal comparing to the timing schedules of the ships stopping at the quay at t1</td>
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The index no. [1] notes how the cruise line company and event specialized organization communicate and coordinate each other in the cruise events management process to share effectively data and information regarding the number of temporary cruise visitors in terms of cruise passengers and participants into cruise events on board. Its value may vary from 0 to one, if the value is lower than one it signs the ineffectiveness of process and coordination activities between two players, but if the value is one it may indicate an effective relationship in terms of data and information sharing. The index no. [2] measures how the cruise line company and cruise terminal concessionaire share information and coordinate each other in the cruise event management process. The indicator no. [3] represents a measure of the cruise terminal concessionaire capability to improve the number of the cruise passengers in the relationship system between cruise line company and terminal concessionaire; if the value is one or about one it means that the events on the cruise infrastructure prove

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1 In the landlord model, the port services are entrusted through concessions by the Port Authorities (PAs) to private companies, such as cruise line companies (Notteboom, Verhoeven, & Fontanet, 2012; De Langen, Van Den Berg, & Willeumier, 2012).

2 The control “into” relationship and not the control “of the” relationship and its reflection on performance have been analyzed.
indirectly the passenger flows on that seaport. The indicator no. [4] measures the efficiency of data collection process that is the number of information retrieved in a well-defined time period. This index is related to the number of traffic notices in delay. Obviously the number and the type of indicators may vary depending on the aim of the study. Finally, the index no. [5], measures the capability of terminal concessionaire to coordinate the cruise event management process in terms of the timing spent (hours or days) to cruise events on terminal during the stopping quay of the ships. KPIs are particularly useful to manage information within networks when a technical “integrated” information system, such as shared software (Bensaou & Venkatraman, 1996), has been not implemented. In this case, it is possible to use other KPIs that measure the efficiency of the technical integrated information system.

Methodology: Multiple Case Study

In this qualitative study, using the case study methodology, conducted through the techniques of interviews, indirect observations, and data archives analysis, the cruise terminal concessionaires of Naples and Venice in Italy (Terminal Napoli S.p.A. and Venezia Terminal Passeggeri S.p.A.) have been interviewed considering their high levels of traffic flows and their central position in the territory. Moreover, three cruise events have been investigated linked to two main cruise line companies which are also shareholders of Terminal Napoli S.p.A.: Costa Crociere S.p.A. and MSC Crociere S.p.A. The following cruise events are investigated: “Costa Crociere Concordia per Presentazione Squadra Calcio Napoli Stagione 2009/2010” (Official introduction of the Naples Football Team on board by Costa Crociere); “Varo Nave MSC Crociere Fantasia 2008” (Fantasia Ship Launching 2008); “Cioccoland 2012 Galleria del Mare Porto di Napoli” (Chocolate event 2012 on Terminal in Naples). These events have been chosen responding to the following criteria: 1). they were planned, managed, and took place on Terminal of Naples, which is one of the most important ports in Mediterranean area in terms of traffic flow; 2). these events were qualified like mega-events because of their high level of complexity and uncertainty in terms of number of participants and actors involved and also because of their specific and wide attractiveness in terms of social, cultural, and economic impact on the territory; 3). these events were qualified as hallmark events because of direct connection to the territory; 4). finally, these events were connected to the biggest ships managed by cruise line companies that are also shareholders of the terminal concessionaire. As regard the port of Venice, one event for each typology has been investigated: the “Varo Nave MSC Crociere Musica 2006” (Musica Ship Launching 2006) planned and managed by MSC Crociere, that is not shareholder of the terminal concessionaire, and the “Italian Cruise Day 2011” for the cruise events on terminal.

Results and Discussion

Regarding the cruise events on ship berthing organized and managed in the seaport of Naples, the events analyzed have been managed by cruise companies’ shareholders of the terminal concessionaire. In December 2008, MSC Crociere launched the new ship MSC Fantasia stopped at the quay, planning and managing a great and spectacular event. There was a gala dinner with music show and at the end of the evening there were also fireworks for all the local community. In this event MSC Crociere used its specialized organizational unit dedicated to communication services and events planning (MSC Events Technical Division) that was strictly connected to the terminal to plan and manage the event especially in terms of security and hospitality services. In July 2009, Costa Crociere planned and managed on board of its ship Costa
Concordia stopped at the quay the presentation of the new football Naples team for the Season 2009/2010. It has been a specific show, in which the main actors (football players) arrived at the terminal by helicopters and off-shores and many Italian famous people (singers, show-girl, show-man, politicians) enjoyed the event. Regarding the security and hospitality services, Costa Crociere required the collaboration by the terminal concessionaire.

Regarding the cruise events on terminal of Naples, in December 2012, Cioccoland 2012 took place at the cruise infrastructure in Naples like a special exhibition planned and managed by the “Chocolate Artisans National Association” for 6 days (October 30th-November 4th 2012). About 100,000 visitors with free entry enjoyed this event in which there were Italian large, medium, and small chocolate artisans in order to present curiosities and news on this sector, but also to make some special classes on this delicious topic. The main actor in the event management process was an external organization and not the terminal chosen exclusively as location for the event. These events have similarities and differences. First, the main aspect concerns the timing schedules, they took place in different years, and also in different periods of the year by considering the high or low cruise season. Second, these events have several players involved: the cruise events on ship berthing involve cruise line companies, the last one only the cruise terminal concessionaire. Both the types of events involve especially external organizations. Third, each event has a different topic with links to several economic businesses, such as the cruise industry, sport business, and food industry. Regarding the timing schedules, several reasons can motivate the choice of the specific timing range during the year concerning the utilization of cruise infrastructure in the high cruise season or not. Therefore, the first two events took place in high cruise season, though most cruise companies tend to adopt seasonal adjustment strategies in order to utilize the ships throughout the year; the third event has been chosen because it is interesting to investigate how terminal concessionaires dedicate their infrastructures areas to different destinations not only meetings or conventions. The seaport terminal develops ideas about the utilization of common areas. There is a specialized and permanent organizational unit within the same port that is responsible for this process (Convention Department at Terminal Napoli S.p.A., that is the cruise infrastructure concessionaire in Naples). Otherwise, during this last event, the port areas were crowded, even if there were not many big cruise ships stopped at the quay. The lack of an integrative and efficient information system is evident although it could help all the partners involved in the organizational, management, and control process for the events; indeed, for the events analyzed, both cruise line companies and port terminal did not share any information, skills, or knowledge about the events, they did not compare their experiences and, especially, they did not keep an archive of them. The definition and implementation of integrative information system with ad hoc software could represent a very useful and efficient tool for the future activity about the events. The event Cioccoland 2012 was free entry and also many participants did not find the link of the event to the seaport, there were some mistakes in terms of communication. The event did not have a significant positive impact on the cruise industry, also because the main player was an external organization, for this reason the terminal lost its control on event and also could not monitor in the right way all the process. The terminal was only a location, and thus in this case there is a kind of high competitiveness among the different local areas in holding events. Focusing on the cruise terminals, in Naples the Convention Department plans and manages many major events during the year, most events concern medical conferences. Because of this specific category of events planned and managed, they use to range from one day to two-four days. The Convention Department adopts a database in which there are
details about the history of events in terms of content, topic, size, target, timing schedules, resources invested, and so forth.

Comparing the events experience of the Terminal Napoli to the port of Venice, in this last structure there is a dedicated and stable organization to plan and manage the cruise events, called “VTP Events S.r.l”, that is one of the subsidiaries of the Venezia Terminal Passeggeri S.p.A. (VTP S.p.A.). This organization, VTP Events S.r.l., focuses its attention on any kind of events planned and managed in the area of the VTP S.p.A.; in particular, it tends to share its knowledge and experience with its holding company thanks to specific software in which all the events are recorded.

Compared to Naples experience, the launching of the new ship involved the cruise company, the terminal concessionaire and its subsidiary for the services to support the realization of the event, the local authorities and community. In this case, the event involved also other hubs of the city of Venice, such as the airport and the railway station were set up with the “event logo” of MSC Crociere. Concerning the cruise event on terminal, the main relationship identified is, on one side, between VTP Events and VTP S.p.A. and, on the other side, between these last organizations and the Italian Cruise Day organizer. In this direction, by adopting the indicator [4], specific information sharing among the players occurs, e.g. information and data about the hostess service or about requests in terms of security or hospitality services. Regarding the other indicators no. [1], [2], [3], it could be very useful, also in terms of future strategic development of the players, to compare data about number of participants to the events and number of cruise passengers after the events, more specifically how many terminal or cruise ship visitors (participants to cruise events on ship berthing and to cruise events on terminal) will become cruise passengers. Regarding the indicator no. [5], it is important to share also the timing schedules about the events planned and managed on ship board stopping at the quay and on terminal, also because in this case other players are often involved, and it’s necessary to plan and manage the events only after a wide programming and planning process that involves all the players also outside the specific cruise industry, like tour operators, events specialized organizations, or local authorities. In this study all the above indicators defined could represent a key tool to control and coordinate any relationship systems and to support information and knowledge sharing oriented to the increase of passenger flows.

**Concluding Remarks**

This study focuses on aspects still under research in the cruise industry, such as the coordination mechanisms, collaboration, and control tools into the cruise events management process in the seaport systems. Two specific cruise events cases have been investigated, cruise events on ship berthing and cruise events on terminal, which could increase the cruise passenger flows. As shown, these relationships are formalized, but they are not oriented to an “active role” of the cruise terminal concessionaire to support the increase of the passengers. The problem concerns the absence of information, data, and knowledge sharing among the partners involved; for instance, regarding the cruise events on ship berthing in Naples and Venice, the cruise line companies share only data about their passenger lists and the timing schedules. The cruise terminal concessionaires offer exclusively supportive and operative services to the cruise line companies and don’t define with them any strategies in terms of cruise events planning and management process. It could be desirable and effective to create an “integrated information system” for data, skills, and experiences sharing, and all the aspects concerning the organizational, management, and control process of the cruise events; in the cruise events on ship berthing, both the cruise line companies and cruise terminal concessionaires investigated
don’t effectively coordinate and collaborate and consequently don’t apply a dedicated “integrated information system”, there is not an archive, a kind of unique memory service, or a central service to manage every relevant element, making them available for all the partners involved in the cruise event management process. Instead, regarding the cruise events on terminal, the cruise terminal concessionaires develop and apply a historical database and some specific indicators. This is because in both terminal concessionaires there are departments or subsidiary companies dedicated to manage the events. These considerations are limited to a qualitative study based on the analysis of the relationships on events applied to the cruise sector. In the next step of this study, it could be interesting to investigate the level of autonomy of decision-making process by the cruise line companies when they are also shareholders of the concessionaries in planning and managing cruise events.

References


