

# Study on the Development Strategy of Cruise Ship, Pleasure-Boat and Yacht Industry in Shanghai, China

Hong Jiang<sup>1,a,\*①</sup>

<sup>1</sup>*Shanghai University of Engineering Science,  
Shanghai, P.R. China.*

*E-mail: jianghong001@126.com*

## Abstract

Cruise ship, pleasure-boat and yacht industry (the Industry) is a symbolic industry representing the high development of modern waterfront cities. It has a bright future and great development potential. In recent years, the Industry in Shanghai has seen rapid development. To maximize the contribution of the Industry to urban economy and culture, the paper proposes the development strategy for the Industry in Shanghai on the basis of the development status and problems of the cruise ship, pleasure-boat and yacht industry in Shanghai.

**Keywords:** cruise industry, pleasure-boat industry, yacht industry, development strategy

## INTRODUCTION

Cruise, pleasure-boat and yacht industry is a symbolic industry representing the high development of modern waterfront cities. Characterized by environment-friendliness, fashion, long industry chain and high added value, it has a bright future and great development potential. Close to the river and the sea, with the developed river system and rich cultural deposits, Shanghai has the natural advantage to develop the cruise,

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\*Corresponding author

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pleasure-boat and yacht industry (hereinafter referred to as “the Industry”). In recent years, the Industry in Shanghai has seen rapid development. To ensure the vigorous and healthy development of the Industry in Shanghai, to maximize the contribution of the Industry to urban economy and culture, to promote the construction of the comprehensive traffic transportation system and to facilitate the building of the “Oriental Water City” and a “Cosmopolis”, this plan aims to analyze the development status, problems and development trend of the Industry, and to propose the medium and long-term industrial development objectives, infrastructure construction plan and key development task. The plan covers the whole administrative region of Shanghai for the period between 2016 and 2020. The long-term plan targets the period till 2040.

## **DEVELOPMENT STATUS OF CRUISE, PLEASURE-BOAT AND YACHT INDUSTRY IN SHANGHAI**

### **Good Development Momentum of Cruise Economy**

With the increasing improvement of the construction of cruise terminals and supporting facilities in Shanghai, the cruise terminal layout with Wusongkou International Cruise Terminal and Shanghai Port International Cruise Terminal as the major terminals and Waigaoqiao standby terminal providing support has taken shape. The commercial supporting facilities for Shanghai Port International Cruise Terminal are completed in succession. Wusongkou International Cruise Terminal Phase I has been officially open to the public. In 2014, the cruise and passenger throughput in Shanghai was up to 271 ships/times and 1.23 million people/times. Wusongkou International Cruise Terminal was the cruise terminal carrying the most passengers in Asian and Shanghai Port became the eighth largest cruise terminal globally. The innovation of cruise system and industrial development environment are improved day by day. The “Pilot Area for the Comprehensive Reform of Shanghai International Cruise Industry” and “Shanghai Experimental Area for China Cruise Tourism Development” were established successively. The transit quarantine supervision mode for cruise food distribution has seen a breakthrough. Two cruise groups - Costa and Royal Caribbean – established sole proprietorship shipping services in Shanghai. SkySea Cruise Line has become the first luxury cruise brand in China. “Haina”, “Chinese Taishan” and other Chinese-funded cruises officially started “localized” operation. The first platform for cruise ticket distribution channel services in China was established in Shanghai.

### **Stable Development of Pleasure-Boat Arrangement**

The adjustment of Huangpu River shoreline function aims to ensure the civic cultural and life needs and municipal traffic needs, to create a golden Huangpu River travel line and Suzhou River cultural travel line, to integrate Huangpu River touring industry resources, to complete the construction of public platform, public terminal and public flight, and to strengthen market discipline. In 2015, there were 9 Huangpu River cruise operators who owned 33 pleasure-boats, 8 of which received a total of

3,105,000 tourists (people/times) in 2015. Suzhou River sightseeing boat was launched in 2010. The ship route was extended to link up the waterbus route and the number of boats was increased to 8. With the installation of shipborne GPS broadcasting system, increasingly improvement of the construction of supporting facilities and the rapid development of waterfront area, Suzhou River tourism cultural connotation was greatly enhanced.

### **Gradual Expansion of Yacht Market**

Italian and British top-notch yacht brands establish offices in Shanghai. More than 20 yacht clubs have been built or are to be built, densely distributed across Huangpu River, Suzhou River, Dianshan Lake, Yangtze Estuary and Hangzhou Bay. In 2015, more than 200 employees were working in the yacht leisure consumption field. Investors and operators are mainly enterprises. There were 69 yachts with valid nationality registered with Shanghai Marine Safety Administration. Most of these yachts were processed by enterprises.

## **PROBLEMS OF CRUISE, PLEASURE-BOAT AND YACHT INDUSTRY IN SHANGHAI**

### **Inadequate Capacity for Port Space Resources**

The increasing tension of the capacity of Shanghai Cruise Terminal, critical channel capacity and crowded ticket service waiting area restrict the growth of cruise economy. The North Bund International Cruise Terminal and Wusongkou International Cruise Terminal differ greatly in terms of the level of resource utilization. There exist deficiencies in the operating mechanism for port areas. The oversupply in pleasure-boat market causes the transport capacity waste and the loss of pleasure-boat companies. Pleasure-boat products are of single type and high homogenization. Yacht terminal has limited resources and no special channels.

### **Comprehensive Supporting Facilities Remain to Be Improved**

Cruise terminals still rely on roads for collection and distribution without a collecting and distributing system focusing on the public transport. Due to the shortage of static traffic resources, road traffic goes to a saturated level. Suzhou River Cruise Terminal is short of surrounding supporting facilities such as commercial facilities, restaurants and tourism facilities. The scenic spots along the river do not have adequate interactive development and the passenger receiving capacity is low. Equipment manufacturing and supply, corresponding services and after-sales services lack standardization and good organization.

**Weak Professional Talent Team**

Industry-related talents are less and education or training is hardly provided. The employment of crew and service staff for cruise faces difficulty. Senior officers are mostly aged. Technical strength is weak for the yacht design, special process and other key links.

**Imperfect Policies, Regulations and Management**

Pleasure-boat industry merely relies on industry internally developed standards and enterprise disciplines without relevant laws and regulations. The overall development of yacht industry is under restrictions and lacks complete regulations.

**GENERAL THOUGHT AND KEY TASKS****Guiding Ideology**

We should unswervingly adhere to the road of socialism with Chinese characteristics, fully implement the guiding principles of the 18<sup>th</sup> national congress of CPC and the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> plenary sessions of the 18<sup>th</sup> central committee of the CPC and follow the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the important thought of Three Represents, and the Scientific Outlook on Development. Meanwhile, we should deeply implement the spirit of General Secretary Xi Jinping's important speeches, and generally move forward the construction of "Five in One" general approach. We should take the scientific development as the theme and the acceleration of transformation of development mode as the principal line, adhere to the simultaneous development of management and construction with the aim of management-oriented, system-focused and weakness improved, and promote the Industry construction and management. As for the management-oriented principle, we should ensure the operation, orderliness and high effectiveness of the Industry; as for the system-focused principle, the hub function and system layout of the cruise, pleasure-boat and yacht industry shall be further improved; as for the weakness improved principle, the difficult problems in the industrial development shall be targeted and broke through with full strength so as to fully improve the industrial capability and competitiveness. More attention shall be paid to overall regional planning, system coordination, quality enhancement, environmental protection, living standard care, safety and intelligence as well as service management.

**Basic Principles**

Connect to national coastal port layout planning, Yangtze River Delta coastal port layout planning and coastal port layout planning in Guangdong Province, so as to realize the harmonious development.

Connect to Shanghai urban master plan and industrial layout planning, so as to satisfy needs for the city to achieve master planning objectives.

Adapt to the global economic structural adjustment as well as the trend of cruise and yacht tourism. Well know the positioning of cruise ship, pleasure-boat and yacht development from Yangtze River Delta regions and even all over the country and world. Correctly handle the relation with the development of surrounding ports.

Try to adapt to the national economic development and structural adjustment in central regions as well as new requirements for world cruise and yacht industry development, facilitating the mutual development of transport function and industrial function of ports.

Take full consideration of the function of market disposition resources to reflect the guidance of planning on port development, so as to ensure the resource demands for long-term development of ports and to improve the adaptability of resource development to market change.

Connect and coordinate with Shanghai Port master plan, marine function zoning and other related plans. Pay attention to biological and environmental protection so as to realize the sustainable development.

### **Development Objectives**

By 2020, preliminarily build the convenient and safe waterway passenger tourism system with distinct gradation and complementary functions, and complete the arrangement for wharf facility construction, the adjustment of ships and ship routes. The overall capability and function of service facilities substantially meet the requirement for developing Shanghai into a world famous tourist city. The development of internationally famous aquatic tourism city with unique charm, first-class environment, convenient collecting and distributing capacity, perfect services, sound system and diversified products takes initial shape.

- **Build infrastructures and policy assurance mechanisms which adapt to the development of Shanghai cosmopolis and the cruise city and conform to the urban development strategy and cruise industry development needs of Shanghai.** Plan and construct cruise terminal facilities which meet the long-term needs; improve traffic service facilities and commercial facilities around cruise home-ports; further strengthen the radiating capacity of Shanghai cruise home-ports; and strengthen the close tie between the cruise industry and the city. By 2020, build a cruise home-port which caters to the world and is capable of allocating global cruise tourism resources. Try hard to have 12-15 cruise ships which depart from Shanghai Port and to achieve the objective of becoming the world-class cruise terminal in Asia-Pacific region and the 3<sup>rd</sup> largest core city of cruise region in the world. Basically form the cruise industrial chain; boom the development of cruise supporting industries; and facilitate the cruise economy to become a new economic growth point in Shanghai. Further improve the cruise economic policy environment, and basically create the internationally compatible soft environment for cruise development.

- **Build a cruise terminal system with near-perfect functions, and basically complete the construction of the aquatic tourism center and relevant supporting facilities.** With diversified cruise tourism products and linked onshore and offshore development, create the top-grade ship route on Huangpu River and Yangtze River. Cultivate 2-3 cruise operators with brand influence. Build a cruise industrial system with reasonable wharf layout, moderate operating capacity, improved cruise quality, optimized fleet structure, rich product content and remarkably increased product value. Develop Huangpu River tourism into the “top brand of local tourism and boutique project of world famous tourism city” as well as an important part of the world-class aquatic travel and leisure belt and the world-class urban waterfront open space.
- **Basically complete the yacht terminal arrangement along Huangpu River, and initially build three yacht bases, i.e. Sancha Port, Xinhua Terminal and Hangzhou Bay Yacht Terminal.** Initially develop Shanghai into a comprehensive yacht service base and yacht collecting and distributing base in Yangtze River Delta region, which integrates the exhibition, trade, renting and maintenance. Promote Shanghai yacht leisure culture step by step and realize the normalization of yacht-related athletics, expanding its popularity to common people and making it one of the daily entertainment activities.

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