

CONFIDENTIAL ROLE INFORMATION FOR MAYOR GIL EGAN

Island Cruise

(From the Island Council of Tropical Island)

As the mayor of Tropical Island, you are faced with the dual mandate of preserving the island's natural resources, while at the same time promoting the island's economy. You are approaching the end of your first three-year term, and are preparing to run for a second term. Thus, you want to make decisions promoting the health and welfare of your fellow islanders to secure their votes.

You have been charged by the Island Council to negotiate with Captain Stuart Bing, the director of cruise ship operations for Island Queen, Inc., regarding his desire to secure exclusive anchoring and disembarkation rights to this tropical paradise. While you have sole responsibility for negotiating all agreements concerning Tropical Island's commercial activities, at least half of the eight-member Island Council must ultimately accept any agreement you negotiate.

You have recently been contacted by the director of another cruise ship company, the Island Maid, Inc. regarding visitation rights to Tropical Island. You have delayed meeting with her, because you believe an agreement with Island Queen, Inc. will be more beneficial to Tropical Island. Island Maid, Inc. is a smaller company with an older, less luxurious ship, the *Island Maid*. A major concern is that older ships introduce significantly more pollution into the marine environment than newer ships like the *Island Queen*.

More importantly, Island Maid's clientele are generally middle-class retirees on fixed incomes. The mayors of other local islands have warned you that this segment of the cruise tourist population is less desirable because they tend to eat the complimentary meals provided onboard their ships instead of patronizing island restaurants and they typically do not spend money in tourist shops, preferring to sightsee and relax on the beach playing cards. Based on the *Island Maid's* currently published itineraries, you anticipate they will want one-day visits, six times a year. Because the *Island Maid* is much smaller than the *Island Queen*, you estimate the demand will be about 300 passengers per visit.

There are currently about 200 tourists arriving or leaving the island per day by means other than cruise ships. Many council members believe that these tourists are already having a negative impact on the island. For example, cases of theft and drug abuse among island natives, which had never been a problem before recent tourism, are now being reported a few times a year. Still, the Island Council is aware of the economic benefit that tourism brings to the island. By offering an exclusive agreement to the selected cruise line company, the council expects they will be able to attract a higher level of clientele.

Because cruise ship passengers visit the island infrequently, and for only a brief period of time, it is felt that an increase in this type of tourism would be acceptable. Most council members feel that the island's limited infrastructure can only comfortably support an increase of about 300 more tourists per day. Greater tourism, while possible, will likely result in an unpleasant experience for tourists, and have a negative impact on the native community.

To minimize potential problems if the number of tourists increases, it will be critical to limit the number of cruise visits per year and the duration of each visit. Because the island wants to promote limited tourism, at least three visits a year will be necessary to provide enough demand for locals to embrace this new industry. However, damage to the marine environment and lack of tourist accommodations may require limiting the duration of a visit to just one day.

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If more facilities were built, however, you think a two-day visit would be sustainable. You believe and have some indication of agreement from the council that there is flexibility on the number of passengers disembarking as long as they don't visit too often. If the council feels there are too many visits per year you are sure they will vote against the agreement.

The three oldest council members are against allowing any cruise tourism because they believe tourism is already ruining the island. While they have some valid concerns, you believe the real reason for their position is that they are bitter because many of their grandchildren have chosen to pursue college educations off the island and have not returned to live full-time on the island.

The mayor of Desert Island, another island in the region, is rumored to be seeking additional tourism revenue by aggressively courting the cruise line industry. It is possible that if you do not reach an agreement with Captain Bing, he may pursue adding Desert Island to his itinerary instead. While Desert Island's barren landscape is no match to the lush beauty of Tropical Island, it must still be considered as a potential factor in your negotiations with Captain Bing.

Evaluation: In order to evaluate the economic, ecological and cultural impact of permitting cruise ship tourism, the Island Council has developed the following guidelines to help you understand their concerns regarding the various options. Your objective is to negotiate the most beneficial agreement for the island.

Issue #1: Number of Visits (per year)

<u>Visits</u>	<u>Comment</u>
No Visits	This option does not promote cruise tourism on our island. However, it has some value, because it eliminates issues related to cruise ship pollution, and other negative aspects of cruise tourism.
1-2 Visits	While this is a culturally and environmentally acceptable solution, it does not utilize our resources efficiently. One or two cruise visits a year may not provide enough demand for locals to embrace this new industry. Their doing so will depend upon the number of tourists, and the length of their visit.
3 Visits	A cruise visit three times a year for a small number of visitors is expected to provide enough of a demand to support a small domestic industry, while not impacting our native culture and ecosystem as long as the number of tourists and their length of stay are limited.
4-6 Visits	This level of visitation by a minimal number of cruise passengers will certainly support a small local cruise tourism industry. However, if the number of tourists and their length of stay are not restricted, our native culture and pristine marine ecology will be negatively affected.
7-12 Visits	Each succeeding increase in the frequency of visitation increases the potential for destruction of our local environment and culture. It is imperative that these adverse effects be minimized by requiring reductions in the number of tourists and the duration of their stay.

Issue #2: Length of Visit (days)

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<u>Length</u>	<u>Comment</u>
1 Day	Our island does not currently have the infrastructure to support a large number of tourists spending the night. Thus, it is in our best interest to limit the duration of cruise visits to one day. This will also minimize the ship's impact on our fishing activities in the island's ecologically sensitive coastal waters.
2 Days	We can accommodate a small number of cruise tourists staying over-night on our island. However, overnight stays typically lead to increased alcohol abuse by these tourists in our restaurants. This may be due to our festive lifestyle and their short stay. We want to minimize our community's exposure to this behavior.
3-5 Days	More days on our island does not lead to proportionally more tourist spending. Longer visits result in more sightseeing and less spending per day. This increases the impact on our native environment including our harbor ecology which cannot handle the presence of operating cruise ships for more than five consecutive days.

Issue #3: Number of passengers on shore per day (in increments of 100 passengers)

<u>Passengers</u>	<u>Comment</u>
100-200	About 200 tourists currently arrive daily via other means. Occasional visits of 100 to 200 more, may not adequately stimulate a local cruise-based tourism industry. Also, more tourists will be needed to economically justify the adverse impact of cruise ships on our sensitive coastal waters. However, there are some council members who feel that any increase in tourism will be unacceptable.
300	A moderate number of cruise ship visits at this level of tourism will support a local cruise tourism industry without significant impact on our native culture. The minor impact on our harbor ecology will be offset by the boost to our economy from the new tourism. While this number of tourists is considered the most desirable, it will depend upon the number of cruise visits and length of stay.
400-2000	Increasing the number of tourists disembarking may overwhelm our island's facilities, resulting in an unpleasant experience for locals and passengers. Limiting visit duration and frequency will be critical as more tourists disembark.

Any cruise ship visitation agreement that does not have the support of a majority of the council members runs the risk of affecting your ability to be re-elected. Input from Island Council members suggests the most desirable agreement would be for three one-day visits a year with 300 passengers. Negotiating such an agreement can be expected to ensure your re-election, and spare you the possible embarrassment of being the island's first mayor unable to secure a second term.

If you are unable to secure an agreement with Captain Bing that adequately addresses the Island Council's environmental and cultural concerns, then you are authorized to pursue a dialog with the director of Island Maid, Inc. in order to secure an agreement more beneficial to the island.

Note: Negotiations must be based solely upon information provided in this simulation and no external sources. At the completion of your negotiation, please fill out one negotiation summary worksheet per negotiating pair and return it to your instructor for discussion.

ISLAND CRUISE
NEGOTIATION SUMMARY WORKSHEET

Pair # _____

Check one:

We were unable to reach an agreement: _____

We reached an agreement, shown below: _____

Options

Option Agreement

Issue #1 - **Number of Visits** (per year): _____

Visits: 0 1 2 3 4 5 6 7 8 9 10 11 12

Issue #2 - **Length of Visit** (days): _____

Length: 1 2 3 4 5

Issue #3 - **Number of passengers on shore per day** (increments of 100): _____

Passengers: 100 200 300 400 500 - - - 1900 2000

Any additional points or mutual understandings negotiated within your agreement:

1) _____

2) _____

3) _____

Signed,

for Captain Stuart Bing

for Mayor Gil Egan