

Cruise Industry Brings Potentially Unfair Business to Coastal Retailers

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The summer cruise ship season is like Christmas for a lot of coastal retailers, and they depend on the tourist income to stay open. But because the stakes are high, business has the potential to get dirty. For the first time, the State of Alaska is cracking down on third-party contractors that are allegedly treating local stores unfairly. APRN's Alexandra Gutierrez reports from Juneau.

It's a winter afternoon, and the Mt. Juneau Trading Post is quiet. Four carvers are up in the loft area working on masks, and the only other person in the store is at the cash register. But in the summertime, tourists pack the store to buy bentwood boxes, drums, and soapstone figurines.

Jack Tripp is the owner, and it's a point of pride for him that the trading post doesn't need to advertise with cruise ships to get their business.

<<The store's been there for 45 years, so it's kind of a downtown institution and it's the Native trading post in town.>>]

But Tripp says that in the past, he's been approached by cruise ship advertisers to see if the trading post wants to be part of their onboard shopping program. In exchange for a fee or a percentage cut of his sales, these third-party companies would advertise his business in store guides and in maps for passengers. They would also have their onboard representative -- or "port lecturer," in industry speak -- promote his store directly to passengers.

<<If you pay money, they'll pitch your business in a favorable light and steer customers your way.>>]

I visited six stores in downtown Juneau, and Tripp was the only person who would speak about port lecturers on tape. But the other store owners and employees still had plenty to say. A couple talked about the exorbitant fees they charged, running into the tens of thousands of

dollars. One person described it as a kickback scheme. Others alleged that the port lecturers had a reputation for saying bad things about stores that didn't play ball with them. And a few explicitly stated that the reason they didn't want to talk on tape was because they didn't want these companies to blackball them, since so much of their business is dependent on tourism.

Tripp,
on the other hand, says he doesn't fault the cruise ships or even the advertising companies for a situation "run amok." As an established business, he says he's never felt real pressure to buy into the arrangement.

<<But I could see if you were a more marginal store or if you were highly competitive -- like if you sell t-shirts or jewelry where there are many, many options -- it could be a very favorable tool to have the port lecturer talk about your store.>>]

<<The big penalties will come down the road if we find out there are violations, and if that's the case and we become aware of them there are penalties of up to \$50,000 that we can assess.>>]

The settlement also lays out what qualifies as disparagement of businesses that don't participate in the cruise line shopping program. Port lecturers aren't allowed to suggest that stores that aren't part of their shopping program are "risky or unsafe," and they can't actively discourage passengers from visiting those stores.

The state is also giving port lecturers a script to read about how they pick which stores to mention at the start of every shopping presentation. That's to make sure:

<<They aren't misleading and that they're not deceptive and that there's full disclosure that these stores have actually paid to be featured in these programs, and some of them pay big commissions to the port lecturers and these shopping ambassadors that are giving these presentations on board the cruise ships.>>]

Sniffen adds that the companies will also have to file two reports over the next cruise season on their efforts to comply with consumer protection law. Onboard Media, the Royal Media Group, and the PPI group did not respond to requests for comment.

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