



Sunday, June 27, 2004

[E-mail this story to a friend](#)

Scotia Prince owners face a sea change

By TUX TURKEL, Portland Press Herald
Writer

Copyright © 2004 Blethen Maine
Newspapers Inc.




After 35 years, the view of an international ferry departing Portland Harbor on a June evening has become almost as predictable as the sunset.

Since 1982, the image has been of the 485-foot Scotia Prince making its daily, seasonal shuttle between Portland and Yarmouth, Nova Scotia. You can almost set your watch by it: The ship will swing past Bug Light and ease into its berth at the International Marine Terminal by 7 p.m. An hour later, it will be steaming away on its overnight passage across the Gulf of Maine.

The Scotia Prince also is an important piece of Maine's tourism economy. Estimates vary, but spending associated with the ship totals between \$30 million and \$54 million a year.

Unlike the sun, however, the Scotia Prince isn't bound to its route. There are no guarantees that the Prince will always

ADVERTISEMENT

| | |
|---|---|
|  |  |
| Email Address: <input type="text"/> | |
| Or contact us: Steven Caminiti or Merrit vonSeggern Financial Advisors Address: 100 Middle St., Portland, ME 04101 Phone: (207)871-7347 | |
|  | |

 Staff photo by
Shawn Patrick
Ouellette

that the Prince will always make its familiar journey. And while the ship's owners stress that they have no plans to abandon the city, they say they are evaluating the economics of the service on an ongoing basis.

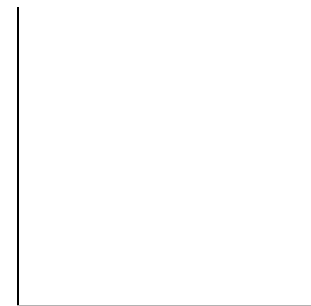
"We don't want the ship to leave," said Mark Hudson, vice president of finance and communications for Scotia Prince Cruises. "But we also have to be realistic about what the outlook is."

Hudson's family bought the ship in 2000. Since then, the Scotia Prince has faced a series of challenges that threaten the long-term survival of the Portland-to- Yarmouth, N.S., run.

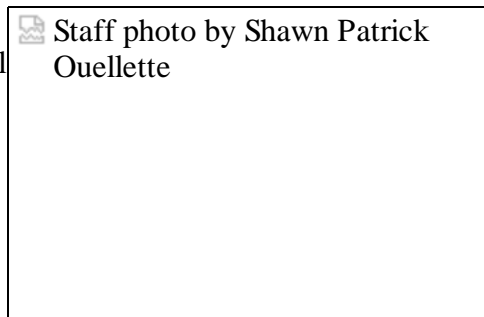
Among them:

- The overall number of drivers from the United States to Nova Scotia has been falling for years and has plummeted 42 percent since 1972.
- Boardings on the Scotia Prince have dropped from 165,000 passengers in 2001 to 153,000 last year.
- Global issues, including the struggling economy and post-Sept. 11 travel jitters, as well as negative publicity about Canada such as SARS and mad cow disease, have undermined efforts to promote Nova Scotia as a destination.

The Scotia Prince faces a new hurdle this year. The owners of The Cat, a high-speed ferry running between Bar Harbor and Yarmouth, N.S., want to expand into Portland. Legal questions have complicated this issue, but potential competition from The Cat has emerged as the latest blow to the Scotia Prince.



Staff photo by Shawn Patrick Ouellette
Passengers exit the Scotia Prince after its arrival in Portland Tuesday evening. The ferry had 153,000 passengers in 2003, down from 165,000 in 2001.



Staff photo by Shawn Patrick Ouellette

Staff Captain Tom Mierzwinsui directs vehicles onto the Scotia Prince before it departs Portland last Tuesday evening.

'MARKET IS SHRINKING'

The fastest car ferry in North America, The Cat can skim over the water at roughly twice the speed of conventional ships. Observers say that, given a choice, many hurried Americans would pick The Cat over the Scotia Prince as the quickest way to cross the Gulf of Maine. With boardings already down, the Scotia Prince would see further erosion if it had to compete with The Cat in Portland.

"It's a very challenging situation for them," said Nicholas Carson, president of the Tourism Industry Association of Nova Scotia. "If The Cat were allowed to go into Portland, it could be the death knell for the Prince."

Hudson's outlook isn't quite as bleak. But he acknowledges that competition would eat into the Scotia Prince's revenues.

"The market is shrinking," Hudson said. "If you put two operators there, it's going to damage the ability of both operations to be profitable."

Hudson's company has had money problems from the start. The previous owners of the ship, Prince of Fundy Cruises, agreed last year to a \$2.75 million court settlement, after Hudson's company charged that the seller provided incomplete and incorrect information about the value of the cruise line. That settlement figure represented roughly a 10th of the purchase price.

It's hard to know whether the Scotia Prince is profitable today. Hudson declined to say last week, noting the company is a private operation.

"I can say the last number of years have been very hard," he said. "But I can also tell you that we intend to be here for the long term."

To survive, the Scotia Prince is trying to market itself more as a cruise ship than a ferry.

MORE AMENITIES

Since taking over the business, the Hudson family has brought new energy to the operation. The family has spent \$2 million for renovations that include a 10,000-square-foot skydeck with hot tubs, as well as a salon and massage spa. It also is expanding the number and variety of vacation packages, to give people the experience of a cruise along with hotel and travel accommodations in Nova Scotia and Prince Edward Island.

The growing popularity of cruising and the appeal of vacation packages helped draw Mark Hudson's father, Matthew, to purchase the Scotia Prince in 2000. Matthew Hudson, who now lives in Virginia, has a background in transportation operations and is a former manager of Prestwick Airport in Glasgow, Scotland. Although the Scotia Prince has long had amenities that include a casino, dining and entertainment, the Hudsons set out to upgrade the ship and add new features to attract tourists.

"We saw the opportunity to take it to the next level," Hudson said.

But since the purchase, the ship has been buffeted by bad luck ranging from a slowdown in tourism spending to a freak hurricane that hit Nova Scotia last September.

The family had another setback two winters ago, when it tried to maximize the Scotia Prince's year-round income potential by running between Tampa, Fla., and Mexico's Yucatan Peninsula. The strategy is common among ship owners: The Cat was chartered last winter for service between Fort Lauderdale and Grand Bahama Island. Unfortunately, problems with harbor dredging restricted the Scotia Prince - running as the Yucatan Express - from docking at times and moving the volume of freight and passengers that had been projected.

"The Yucatan Express cost us a lot of money," Hudson said.

The past winter, the Scotia Prince laid up on the Portland waterfront, costing money instead of making it. The company is looking for options to keep the boat in the water this winter.

Looking for alternate sources of revenue is more important to the Scotia Prince than ever before.

Travel from the United States to Nova Scotia has been dropping for years. No one is sure why. One theory is that people have more travel choices today, and airfare competition makes flying vacations preferable. Another view is that it's just too hard to get from New England to Nova Scotia - air links are few, the drive is long and the water route takes time.

THE CAT'S APPEAL

When The Cat began service from Bar Harbor in 1998, it cut that travel time in half, and a larger ship replaced the original high-speed ferry in 2002.

The new 300-foot catamaran makes the crossing in less than three hours. With its reclining lounge seats, movies, food service and room to walk around, The Cat's amenities remind some passengers of a cross between traveling by air and by train. This experience has a certain appeal.

Mark MacDonald, president and chief executive officer of The Cat's parent company, Bay Ferries Limited, said focus groups in Boston suggest that Massachusetts residents are interested in a fast ferry that would go to Nova Scotia from Portland, Boston or somewhere in between. That's why the company wants to expand into Portland, MacDonald says, and possibly buy a second high-speed craft.

The experience aboard the Scotia Prince is far different.

The Scotia Prince has the feel of a cruise ship, rather than a ferry. Passengers are treated to a leisurely overnight or daylong passage. They can dine, watch a Broadway show, gamble in the casino or lounge on deck. The ship's recent renovations, from the Tiki bar and grill on the glassed-in sky deck to the new mini-suites and redecorated dining room, reinforce the cruise experience.

Both The Cat and the Scotia Prince offer vacation packages. The Scotia Prince offers a wider variety of trips, lasting up to two weeks, and is counting on these deals to entice new passengers.

To succeed, the ship will need to attract visitors like Teresa and Bill Coast, from Rochester, N.Y. The couple had never been to eastern Canada, but saw an ad for the ship and booked a two-week package trip that will take them to Cape Breton and onto Prince Edward Island. The Coasts said speed didn't matter to them; they are happy to enjoy the ship's amenities. They also said friends and family have expressed interest in going to Nova Scotia, and they would report back on their experience.

"We're the scouts," Teresa Coast said.

At the Nova Scotia tourism association, Carson said promoting the cruise experience along with vacation packages is a smart strategy for the Scotia Prince. But he is concerned that the effort isn't producing results.

"They're doing the right thing, and the numbers are still dropping," he said.

The future of the Scotia Prince is of great interest to city and tourism officials in Portland.

PORTLAND WEIGHS OPTIONS

For 30 years, the city and the owners of the Portland-to-Yarmouth, N.S., ferry have had an agreement. It basically says the city won't let another ferry operator run Portland-to-Nova Scotia service, and the existing owner won't operate out of any other New England ports. This arrangement was meant to protect the millions of dollars in investments made by both parties. Four different ships have made the Portland-to-Nova Scotia run since 1970.

The legality of this pact had never been questioned, until The Cat expressed interest in Portland this year. Now, the agreement is being reviewed by the Federal Maritime Commission, and any decision could be challenged in court.

City officials have mixed views of the controversy.

On one hand, said Jeff Monroe, Portland's transportation director, the Scotia Prince is a strong business partner that has helped the city redevelop the waterfront. At the same time, the city's first obligation is to broaden the range of public transportation choices on the waterfront.

What the city fears most, Monroe said, is that if The Cat doesn't come to Portland, it might strike a deal with Portsmouth, N.H., or Boston. That would divert ferry passengers who might otherwise come to Portland, hurting area hotels, restaurants and other businesses.

With creative marketing and promotion, Monroe said, there should be enough traffic to support both the Scotia Prince and The Cat in Portland. But so far, the trends aren't encouraging.

Nine out of 10 passengers on the Scotia Prince are Americans going to Nova Scotia. And while the percentage of overnight trips and vacation packages are up, booking for basic crossings to Nova Scotia have been falling, according to Mark Hudson.

The sun sets tonight before 8:30 p.m. If it's a clear evening, passengers aboard the Scotia Prince will be able to watch the day melt away over Maine as they glide out of Portland Harbor, as they have done since 1982. Hudson is hopeful that this scene will continue, but 2004 is already shaping up to be a challenging year. Cool, wet weather this spring has contributed to a "soft" start, he said.

"We're in a holding pattern at the moment," he said.

Staff Writer Tux Turkel can be contacted at 791-6462 or at:tturkel@pressherald.com

[To top of page](#)



Today's Top Business Headlines

- ['E3' initiative the latest in culture change](#)
 - [Alpaca wool: an industry ready to grow](#)
 - [Briefcase](#)
 - [Segways offer new way to see city](#)
- [More business headlines](#)



[Sign up for **daily headlines**](#) by e-mail from the Portland Press Herald/Maine Sunday Telegram.

or visit the [signup page](#)



[Search the **archive**](#) of the Portland Press Herald/Maine Sunday Telegram

