This paper aims to study a quite interesting topic, i.e. how residents perceive the development of cruise tourism in their own town, and how their preferences are formed. The analysis is based on the information arising from an important survey based on personnel interviews.
Though, the importance of the topic and of the survey is not paralleled by the contents of the manuscript, which needs very substantial revision in order to meet the standards of a peer-reviewed international journal.
The main points which should be addressed are the following:
1) There is a mismatch between the idea of externalities and the indicators to which this label is attached. The authors, in fact, talk about "perceived effect" when actually referring to opinions and explanations for why respondents like/dislike cruise activities (page 11). It is difficult for me to realize why these should be considered reliable indicators of esternal effects. Moreover, when discussing about externalities throughout the paper, a rigorous attention should be paid to rigorously identify what are these externalities, and distinguishing between true externalities and other economic effects directly affecting residents' activities (so called "pecuniary externalities).

ANSWER: Accordingly to the literature on community based tourism, in this paper externalities are defined as the positive and negative economical, socio-cultural and environmental impacts as perceived by local community. Specifically, the set of economic, social, cultural and environmental (positive and negative) externalities has been based upon on a vast literature review in the field of community-based tourism (Gursoy et al., 2009; Gursoy et al., 2002; Perdue, Long & Allen, 1990) to suit the context of cruise tourism (Brida, et al, 2011; Diedrich, 2010; Hritz & Cecil, 2008)

2) The most serious limit of the present version of the paper is the lack of a logical distinction between "determinants" and "motivations of why people supports or does not support" investments in cruise tourism. Incidentally, this drawback causes several superfluous comments which "trivialize" the results' section. Going to details, only socio-demographic information can be considered as "determinants", whilst this does not apply to residents' perception about economic environmental and socio-cultural impact: they are just motivations. Hence, the description (p. 10-11) of the "variables used to assess the residents' perceptions" is fine up to the sentence <<the main tourism attractions (kmtour)>>. All the remaining variables discussed later on cannot be used as regressors!
Differently from hypothetical scenarios used in contingent valuation or choice modeling analysis, where (to make an example) "job creation" is exogenously set by the analyst, in this case the job creation is an opinion by the respondent, which is actually simultaneously determined together with the approval/disapproval of investments in cruise activities. Regressing support to investments in the cruise activity can just be considered as a consistency check, but not the estimation of an economic/psychological model!

ANSWER: Thank you very much for this most valuable comment. Please notice the following:
1) It is possible that the respondents have unconsciously made an idea of all the externalities that the cruise industry has produced on the destination. In fact, the researcher in asking the question is simply extrapolating a consciousness perception already formed at time t-1. In contrast, residents, unless they represent a firm, are unlikely that in the past have estimated how much to invest (and possibly be taxed).
2) In any case, in accordance to the comment made by the referee, we can reasonably think that there may still be a problem of endogeneity. Therefore, the new version of the paper proposes a mixed model, where the econometric estimation includes factors (obtained from a correspondence analysis) that consist of groups of externalities interrelated, and independent of other set of variables included in the other factors (e.g. Huang and Lee, 2011).
3) As a matter of fact, overall, the new findings do not diverge much from the previous ones, that is likely to reinforce what state at point 1).

3) A description of the exact sentences contained in the questionnaire in the questions used for collecting the variables used as regressors is absolutely needed. For example: how the survey collected the information of the variables related to welfare changes?
I also suggest the authors to include all this information in a specific section (maybe changing the title of current Section 4 to something like " The case under scrutiny and the administration of the survey", and of course improving the present contents).

ANSWER: A detailed description of the survey was included in this latest version of the paper.

4) The content of a few paragraphs makes the current version of the manuscript more a preliminary draft rather than a paper suitable for peer review submission.
a. This is the case of the comments to equation (1), where for the reader is hard to understand how strictly relate this maximization program (maximization w.r.t. what?), the concept of composite stakeholder and the specific case under scrutiny.

ANSWER: Please note that in the Methodological section (3.1 The economic model: Host communities as composite stakeholder) a further paragraph has been added where it is made clear that "host community can be also regarded as a composite stakeholder that at the same time can be a producer and a consumer. On the one

hand, residents, by comparing costs and benefits, expressed in terms of externalities, can increase the level of investment thanks to public taxation. First, the existing resources from the tax levy can be reallocated from less productive activities to more productive activities such as the cruise industry. Secondly, it is possible that the Local Council can raise further resources to invest in the cruise sector by taxing residents. On the other hand, it is possible that residents represent firms that may be involved either directly within the cruise sector or indirectly within ancillary economic activities positively influenced by the cruise line and hence willing to invest more."

The regression table should report at least the number of observations and a goodness of fit test.

ANSWER: A full report on the tests is now provided also in the table.

Finally, please note that the authors will have undertaken a final proof-reading of the paper upon acceptance. For the time being, the authors have attempted to improve the grammar.

Thank you very much for your kind reviewing.