

Out in front

SPG Media's annual cruise survey reveals the top operators and predicts global growth for 2008, despite the spectre of a global recession and increasing fuel prices.

The cruise industry is one of the most exciting growth categories in the entire leisure market. Despite talk of a global recession, the industry seems to be in a strong position, largely due to a dedicated clientele of cruise passengers. Since 1980, the industry has had an average annual passenger growth rate of 8.1% per annum. The Cruise Lines International Association (CLIA) estimates that 12.6 million people cruised in 2007, a 4.6% increase from 2006.

The largest cruise company in the world, Carnival Cruise lines, is putting most of its new ships in its European brands, and Royal Caribbean International (RCI) is also basing more of its fleet in distant ports. Carnival and RCI reported revenues for 2007 at \$13.1 billion and \$6.1 billion, respectively, building on their 2006

figures of \$11.84 billion and \$5.2 billion respectively.

However, passengers will be paying fuel surcharges upwards of \$5 per person per day on many ships as the price of oil rises. According to a recent CLIA report, 50% of cruise passengers book their voyages more than seven months ahead of the departure date. The CLIA expects traffic to grow more slowly in 2008, but still be up 1.6% from 2007.

Operations

This year, the focus is on Asia, South America and Europe as lines reach out to customers across the globe. The Mediterranean is the fourth most-booked itinerary for 2008, just behind the Mexican Riviera, according to agents surveyed by Cruise Holidays, a Minneapolis-based network of

more than 100 US cruise retailers.

The survey found that in 2007, the Caribbean accounted for 43% of bookings, Alaska 15%, Mexican Riviera 8% and Europe/Mediterranean 8%. Bookings for all three destinations increased, with a 17% rise for Alaska, 4% for the Caribbean and a staggering 42% for Europe. For US passengers paying in dollars, cruising is one of the least expensive ways to explore Europe.

The North American cruise market is very strong: new port facilities with quicker processing and greater air connections have opened up cruising to a new generation of passengers.

As expected, Carnival remains top of the list, thanks to the launch of new ships *Carnival Freedom* and *Carnival Liberty* during 2006/07. This year Carnival is adding the Caribbean

Cruise Line	Head office	Number of brands	Number of cruiseships	Total passenger capacity	Total annual passengers (2006/07)	Total parts of operation	2006/07 sales \$ (million)
Carnival Cruise Lines	USA	12	22	55,308	3,300,000	484	\$4,355.6
Royal Caribbean International	USA	2	21	60,750	3,676,287	445	\$5,229.6
Star Cruises Limited	Singapore	5	21	32,300	not available	272	\$5,229.6
Princess Cruises	USA	1	16	32,040	1,300,000	35	\$40.7
Costa Crociere Spa	Italy	2	18	25,600	1,11,000	300	\$1,966.2
NCL Corporation	USA	3	15	24,120	96,860	158	\$1,167.6
Holland America Line Inc	USA	1	14	18,855	6,591,712	314	\$700.0
Celebrity Cruises	USA	1	9	14,822	63,272	240	\$230.8
MSC Crociere Spa	Italy	1	9	19,641	538,974	144	\$378.8
Talink Silja ABP	Finland	4	10	24,168	7,000,000	8	\$1,112.2
Louise Cruise Lines	Greece	1	13	11,820	441,368	200	\$321.5
P&O Cruises	UK	1	5	9,944	358,911	250	not available
AIDA Cruises	Germany	1	5	7,442	239,000	44	\$596,332
Cunard Line	USA	1	3	6,261	258,552	16	\$164.2
Pullmantur SA	Spain	1	6	5,944	240,23	97	\$283.4
Norwegian Coastal Voyage	Norway	1	13	5,713	231,377	35	not available
Thomson Cruises	UK	1	5	5,440	220,320	104	not available
Fred Olsen Cruise Lines	UK	1	5	4,378	155,155	306	\$233.9
P&O Cruises Australia	Australia	1	24	3,690	149,445	149	not available
Disney Cruise Line	USA	1	2	3,508	141,750	18	\$7.7
Phoenix Reisen GmbH	Germany	1	4	2,940	119,070	150	\$296.3
Regent Seven Seas Cruises	USA	1	5	2,418	81,000	325	\$11.2
Oceania Cruises Inc	USA	1	3	2,052	83,106	28	\$24.1
Crystal Cruises	USA	1	2	2,020	58,000	168	\$23.2
Birka Line ABP	Finland	1	2	1,430	57,914	14	not available

to its schedules for the first time. However, despite overcrowding in the area, operators are still extending their reach, albeit on a smaller scale. For example, Carnival has opened a port at Grand Turk in the eastern Caribbean and brought in tour operators offering local tour activities. Both Holland America and Princess Cruises have also added more stops to their itineraries in this area.

South America's great appeal lies in its variety of destinations, from the Andes

RCCL in focus

In January, Royal Caribbean Cruises Ltd (RCCL) presented an optimistic outlook for 2008 in its fourth quarter and year-end (2007) earnings call up, with an estimated earnings per share of \$3.2-3.4, from \$2.92 for 2007. RCCL also presented record earnings for fourth quarter 2007, posting a net income of \$70.8 million on revenues of \$1.5 billion, compared with a net income of \$46.6 million on revenues of \$1.2 billion for 2006. For the full year of 2007, RCCL reported a decline in earnings with net income of \$603 million on revenues of \$6.1 billion, compared with net income of \$633.9 million on revenues of \$5.2 billion for 2006.

to Antarctica. Both of Crystal Cruises' ships will visit Asia in 2008, which reflects a growing interest in Dubai, India and China, host of the 2008 Olympics. As supply to the Caribbean falls, cruise prices have risen.

Facilities and amenities

Most cruiseships are broadening their guest amenities considerably with extra suites, adults-only zones and more restaurants, as well as providing diverse activities such as wine tastings at sea, cooking classes and behind-the-scenes food programmes. For example, Cunard's new 90,000 tonnes, 2,250 passenger-capacity *Queen Victoria*, launched in December 2007, is the first ship to offer fencing lessons at sea.

This year also sees several high-profile launches including *Carnival Splendor*, *Celebrity Solstice*, Holland America's *Eurodam*, Princess Cruises' *Ruby Princess*, MSC's *Fantasia* and *Poesia*, and Royal Caribbean's *Independence of the Seas* (see interview with Adam Goldstein, RCI president and CEO on page 54). *Carnival Splendor* and *Celebrity Solstice*

boast suites and staterooms and will cater to spa enthusiasts with special access and priority appointments. Carnival's latest and largest 'Fun Ship', *Carnival Splendor*, has room for 3,006 passengers. It also has the largest spa and fitness facility in the Carnival fleet, with an area of 21,000ft².

Onboard *Serenity*, Carnival is phasing in areas on aft decks as adults-only retreats. Cruisers are also being offered more luxurious accommodation including private elevators, private courtyards and suites near spas. Launched only in November 2007, *Norwegian Gem* has one- and two-bedroom suites in its Courtyard Villa with a private lap pool, hot tub, steam rooms and fitness area.

In 2007, Celebrity Cruises launched a new luxury line Azamara with two ships, *Azamara Journey* and *Azamara Quest*, both operating on South American itineraries. Both ships carry 694 guests and offer Sky Suites with in-suite spa services. This summer the two vessels will head to Europe, and *Azamara Quest* will later sail in Asia. [wc](#)