



Azamara's strategy for success:

- have a clear target market
- invest in quality facilities and staff
- work with skilled travel agent partners

While the travel and leisure sectors are facing tough times, the launch of Azamara Cruises is evidence that a brand can launch successfully in the face of an economic storm. CLIA chairman and Azamara Cruises CEO **Daniel J Hanrahan** tells Jim Banks what is required for a cruise line to launch in challenging seas.

The global travel industry will look back on 2008 as a turbulent year. It began with grave concerns over the cost of fuel as oil prices rose dramatically. Now, the economic slowdown that pulled oil prices much lower is threatening to detrimentally affect the leisure and travel choices of consumers.

Financial and commodity markets remain volatile, and bad news about the economy keeps on coming, exacerbating the uncertainty over how long the downturn will last.

Although the outcome is hard to predict, it seems cruise line operators are not yet deviating from their intended course.

'Clearly, consumer confidence and the overall economic slowdown are challenging issues for every business, not just for the cruise industry, and not just for any one or more brands, but for all of them,' says Daniel J Hanrahan, chairman of the Cruise Lines International Association's marketing committee, and president and CEO of Azamara Cruises and Celebrity Cruises.

Hanrahan has faith in the industry's ability to find creative solutions to the current set of challenges it faces, but he also points out that the severity of the

downturn has yet to be fully felt in terms of passenger numbers.

'The cruise industry has proven over the years – and is proving again now – that it's a very resilient sector,' he says. 'And a steadily growing number of consumers are coming to recognise what great value cruise vacations represent.'

The ups and downs of 2008 would seem to make it a challenging time to launch of a new brand, but Hanrahan has seen the new Azamara brand perform well in its first year of operation.

Azamara has a unique place in the market, opening up a class of deluxe cruises positioned between premium and luxury. With a capacity for only 700 guests – compared to the average new build capacity of 2,500 – Azamara uses smaller ships that are able to visit destinations off the beaten track. The line also includes more overnight stays in its destination ports.

'We're thrilled with how far we came in just one year, and honoured by the recognition our deluxe brand has received

from our guests, our travel agent partners, and the press,' Hanrahan says.

'The extraordinary staff on both the *Azamara Journey* and the *Azamara Quest* work tirelessly to ensure that every guest receives the vacation experience we've promised since the brand's launch, and the very high ratings from our guests show their efforts are paying off.'

A smooth launch on rough seas

An ailing economy may put the brakes on investment as companies hold back until a long-term picture becomes clear, but in some cases it is wise to press ahead with major projects. The success of Azamara owes much to its backers' willingness to invest in quality in every area, from the facilities to the staff.

'We attribute Azamara Cruises' success to a number of things, starting with the hardware,' Hanrahan says.

'We invested \$40 million in upgrading the two ships prior to their entry into service, to incorporate two speciality

Onwards, to success



restaurants and 32 new suites on both of the vessels.'

Beyond the hardware there has also been intense focus on other elements of the onboard guest experience, which aims to have an exclusive feel, analogous to a stay in a European boutique hotel. Azamara offers a butler service in every stateroom and suite, along with concierge-style amenities and a range of in-room luxuries.

Azamara also differentiates itself from others cruise lines in the deluxe-class by offering cruise tours, which comprise the cruise itself, plus pre- or post-cruise land tours and hotel packages.

The cruise line also emphasises cuisine in its high-end main dining rooms and two specialty restaurants. The Mediterranean-influenced Aqualina and the steak and seafood restaurant Prime C are both complimentary for guests. They were created to rival some of the finest restaurants on land, and guest responses suggest that they are achieving that goal.

'We've been thrilled to see that

maintain an intense focus on offering extraordinary service and dining in a relaxed, unstructured atmosphere onboard.'

Hanrahan can make these decisions with confidence, as the brand is intended to be distinctive and has a clear target market, which it reaches with the help of a network of travel agent partners that have bought into the concept.

Nevertheless, he knows that a young brand needs to put in more effort to reach its audience than the larger brands.

'The key difference is that Azamara is a new brand, and we therefore have a greater challenge in generating awareness of it, but there's also the challenge of communicating the key attributes of each brand, to best attract the right cruise vacationer to each product,' he says.

'That's true for every cruise line, and it's an ongoing, positive challenge, to find new and compelling ways to attract and match the right customer with the right cruise product.

That's where our travel agent partners come in, and they do an incredible job.'

'Initial reactions from our guests, as well as members of the press and trade, indicate we have a real winner on our hands with *Celebrity Solstice*,' Hanrahan says.

'The response actually has even exceeded our expectations, and we're confident her sister ships will meet with the same incredible reaction.'

The *Celebrity Solstice* has provided a real stimulus to demand for the cruise line as a whole.

The ships in this class will complement Celebrity's Millennium-class foursome, as well as the *Celebrity Century*, *Celebrity Mercury*, and *Celebrity Xpedition*, which remain an integral part of the brand's long-term future.

Whatever the uncertainty over the future, the cruise industry is looking to ride out the short-term fluctuations as best it can by keeping its eyes on the long-term trends in the travel sector.

Beyond the recession is recovery and there will be new ships coming out of the dock to meet what could be rapidly growing demand from consumers.

'Right now, like all companies, we're concerned about current economic conditions,' says Hanrahan.

'But our business has proven to be a resilient one, and we are confident that we have the structure in place, the right strategies, and the strong brands to weather the challenges.'

There is much work to do, of course, to manage any short-term fluctuations in demand, and the industry will no doubt work hard to get an accurate picture of how the changing economic environment is shaping consumer purchasing patterns. There is also likely to be greater emphasis on loyalty and incentive programmes, to keep demand buoyant.

What Hanrahan stresses most, however, is that any cruise line brand – be it new or well-established – should keep its eye on the prize and plan for the long term. [wc](#)

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Azamara is increasingly attracting guests interested in 'trading up' from premium cruising, as well as from luxury cruisers who are interested in trying something new, which still caters to their vacation needs and interests,' Hanrahan says.

'In our humble opinion, Azamara owns the deluxe cruising category.'

Preparing for the future

The success of Azamara is good news for the industry as a whole, but Hanrahan is not blind to the fact that many challenges still lie ahead. The young brand must keep growing and it already has its eyes on new destinations.

'As an exotic, small-ship product, Azamara's destination experience is more central to the guest experience than that of most large lines,' he says. 'So, we will continue to design itineraries with new and different ports of call, more exotic destination experiences, more overnight stays in port, and a continued focus on enrichment opportunities. We will also

Established cruise lines such as Celebrity must also manage the swells and troughs of a global industry in unpredictable economic conditions. Here again, however, the key is continued investment in maintaining high standards and carving out a unique value proposition.

'Celebrity's success over the past year stems from building and maintaining great relationships with our invaluable travel agent partners, and maintaining our focus and dedication on offering our guests 'Celebrity's star treatment,' Hanrahan says.

'Those attributes include the extraordinary, anticipatory service our staff on every ship provide, the fabulous cuisine, the rejuvenating spa facilities, and the outstanding entertainment. Most of all, though, I'd emphasise Celebrity's extraordinary service, as that's really key to the entire guest experience.'

Celebrity is growing its fleet, too. Between 2009 and 2012 it will launch five *Solstice*-class ships.

Daniel J Hanrahan

Daniel J Hanrahan has served as president of Celebrity Cruises since February 2005 and as its president and CEO since September 2007. He is currently chairman of CLIA's marketing committee.

