Global Cruise Industry

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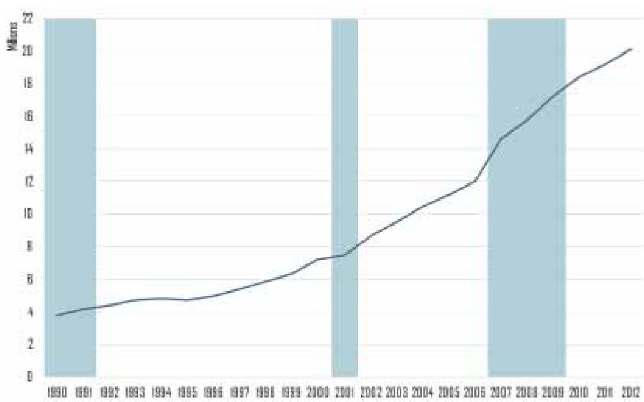
Cunard's Queen Elizabeth 2, Sydney Harbour 2008. Source: J. Sillar

The cruise industry is one of the fastest growing sectors of the global tourism industry. In 2013 the industry generated revenues of $36.2 billion and the growing fleet of cruise ships carried 20.9 million passengers. The world's fleet of 283 ships had a total capacity of 438,595 in 2013.

Industry growth rate

The cruise industry currently has experienced an average annual growth rate of 7 per cent since 1990. This growth, at least in part, has been driven by the adding of the baby boomer generation. As people age, cruising becomes one of the few holidays available to those with mobility ailments. Rising disposable incomes has also increased demand for cruise-based vacations.

Figure 1: Growth of the global cruise industry (actual), 1990–2020*



*Number of passengers carried (millions)

Recessions

Source: The Geography of Transport Systems [http://people.hofstra.edu/geotrans/eng/ch7en/appl7en/global_cruise_passengers.html]

2013	20.9 million	2014	21.6 million
2015	22.3 million	2016	23.0 million
2017	23.7 million		

Industry's relative size

While the size of the global cruise markets doubles about every 10 years (an annual growth rate of about 7%) it remains relatively small player in the global tourism industry that now accounts for more than a billion international movements a year. A simple comparison puts the size of the industry into perspective – in 2012 more than 39.67 million people visited Las Vegas while the global cruise industry carried about 18 million passengers.

There is little research on the market potential of the cruise industry or when the saturation point could be reached. The industry remains fundamentally limited by the supply of ships and the appeal of its itineraries. Of particular interest is the potential of the Asian market. Some industry experts argue that the growth of the aspirational Chinese middle class will underpin future growth in the industry.

Origin of passengers

Americans account for more than 50% of cruise passengers followed by those from the United Kingdom and Island and Germany (see Table 1). The fastest growing markets among the 'top 10' are Scandinavia and Finland, and Australia. The 130.3% increase in Australia's cruising accounts for the increasing number of cruise ships visiting Australian ports. It also accounts for the basing of ships in Australia. China is also a rapidly growing source of passengers, albeit from a low base.

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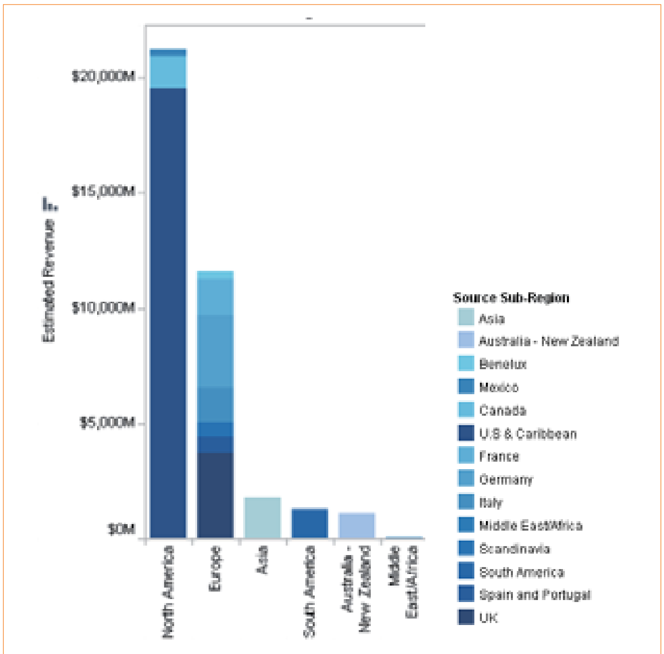
Table 1: Top 10 source countries, cruise passengers, 2013

Country	Passengers*	Global passenger share	Five year percentage change	Passenger source rank
USA	11,016	51.7%	15.1%	1
UK & Ireland	1,719	8.1%	16.4%	2
Germany	1,637	7.7%	80.5%	3
Italy	860	4.0%	26.1%	4
Australia	760	3.6%	130.3%	5
Canada	734	3.4%	1.3%	6
Brazil	732	3.4%	84.8%	7
Spain	600	2.8%	20.7%	8
France	520	2.4%	67.7%	9
Scandinavia & Finland	350	1.6%	184.6%	10
* 2013 passenger estimates (000's)				

Source: Cruise World Industry Review, 2014 Vol. 1

Figure 2: Worldwide cruise revenues by source



http://www.cruisemarketwatch.com/geography/

Celebrity Solstice docked at Circular Quay Sydney, 2014. Source: O. Sillar

Concentration of ownership in the global cruise industry

Two American-based corporations dominate the global cruise industry – the Carnival Corporation and Royal Caribbean International.

Headquartered in Miami, Florida, U.S.A., and London, England, Carnival Corporation operate a fleet of 100 ships, with another seven ships scheduled for delivery between before March 2016. With approximately 200,000 guests and 77,000 shipboard employees, there are more than 277,000 people sailing aboard the Carnival fleet at any given time.

Carnival's cruise brands includes Carnival Cruise Lines, Holland America Line, Princess Cruises and Seabourn in North America; P&O Cruises (UK), and Cunard in the United Kingdom; AIDA Cruises in Germany; Costa Cruises in Southern Europe; Iberocruceros in Spain; and P&O Cruises (Australia) in Australia.

Royal Caribbean International, founded in Norway in 1969, is based in Miami Florida, USA. The company operates a fleet of 40 ships, with another four scheduled for delivery by 2015. The company's ships can accommodate 97,600 guests. The brands controlled by the Royal Caribbean include Celebrity Cruises, Azamara Cruises, Pullmantur Cruises and CDF Croisieres de France. See Table 2.

Table 2: Major cruise lines, 2013

Parent company	Brand*	Passenger Capacity	Number of ships	Share of passengers (%)
Carnival Corporation				
	Carnival	62,370	24	21.2
	Princess	37,470	17	6.1
	Costa Cruises	31,640	14	7.7
	Holland America	23,110	15	3.3
	AIDA	18,970	10	4.6
	P&O Cruises	14,970	7	1.7
	P&O Cruises Aust	6,910	4	1.6
	Cunard	6,690	3	0.7
	Ibero Cruises	4,610	3	1.1
	Seabourn	1,970	6	0.3
	Total	**208,710**	**103**	**48.4**
Royal Caribbean International				
	Royal Caribbean	62,220	22	16.4
	Celebrity	24,320	11	4.4
	Pullmantur	7,820	4	1.9
	CDF	1,830	1	0.4
	Azamara	1,420	2	0.2
	Total	97,610	40	23.3

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Others (Selected)				
	MSC Cruises	31,250	13	7.0
	Norwegian	30,170	12	7.6
	Disney	8,510	4	2.5
	Thomson Cruises	7,150	5	1.4
	Star Cruises	7,100	4	1.4
	Hurtigruten	5,740	14	1.3
	Louis Cruises	4,730	5	0.9
	Oceania Cruises	4,550	5	0.5
	Fred Olsen	3,970	4	0.4
	TUI Cruises	3,780	2	0.8
	Phoenix Reisen	2,600	3	0.5
	Silversea	2,060	6	0.4
	Regent Seven Seas	1,890	3	0.3
	Crystal	2,060	2	0.3
	Classic International Cruises	2,000	5	0.4
	Saga Cruises & Spirit of Adventure	1,889	3	0.4
	All Leisure Holidays	1,550	3	0.3
	Cruise & Maritime Voyages	1,450	2	0.3
	Discovery World Cruises	1,260	2	0.1
	Hapag-Lloyd	1,180	4	0.2
	Ocean Star Cruises	1,140	1	0.2
	Ponant Yacht Cruises	1,170	6	0.2

* Lines with more than 1 ship and a passenger capacity of greater than 1000

Figure 2: MS Allure of the Seas

Allure of the Seas, together with her sister ship *Oasis of the Seas*, are the largest passenger ships ever constructed. Gross tonnage: 225,282 GT; Length: 361.7 m.; 16 passenger decks; 5,400 passengers; and 2,384 crew. The ship cost US$1.6 billion to build.

Projected growth in capacity

A total of six new ships were added to the world's fleet of cruise ships in 3013, with a total capacity of 14,074 passengers. From 2014 to 2015, a net of 13 more ships will come into service, adding 39,297 berths (an average 8.7 per cent increase in passenger capacity). They will also add an additional $3.2 billion in annual revenue of the cruise industry.

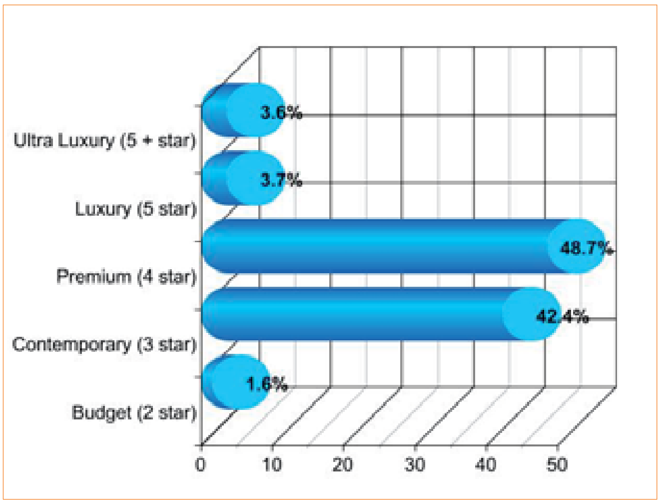
Fleet refurbishment

To remain competitive cruise companies must refurbish their vessels on a regular basis. These makeovers can make an old ship look new and enables operators to avoid having to invest the hundreds of millions of dollars needed for a new-build. An industry trend is the abandonment of 'Old Vegas' style of decoration to a much cleaner and simpler look.

Industry segmentation

As with hotels, cruise ships have a star-rating system. Cruise ship operators differentiate the product to appeal to specific segments of the cruise market. Figure 3 shows the relative size of each segment.

Figure 3: Passenger capacity by star rating segment



Source: Cruise Market Watch (http://www.cruisemarketwatch.com/articles travel-agent-trends/)

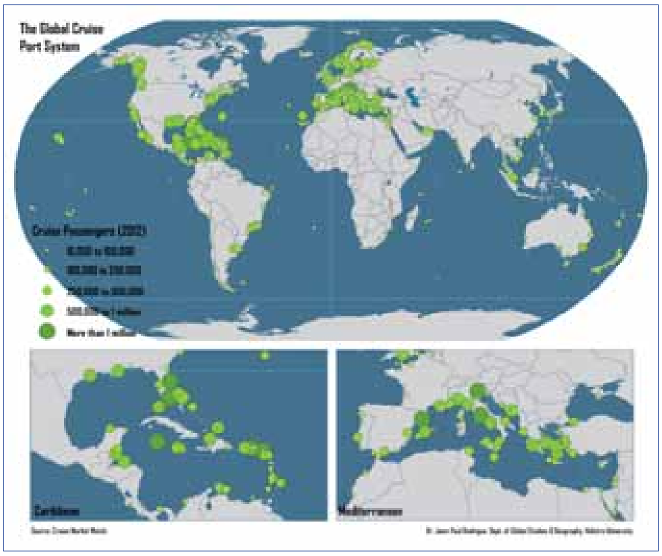
Principal destinations

Figure 4 shows port visitations in 2012. The principal concentrations of cruise ship activity are the Caribbean Sea, the Mediterranean Sean, the inland passage of western Canada/Alaska and the waters of Scandinavia. These are principally northern hemisphere summer destinations. In the northern winter a significant number of ships are assigned to the Southern Hemisphere or undertake world cruised.

The leading cruise destination in terms of ship deployments remains the Caribbean, accounting for 37.3% of all global itineraries followed by the Mediterranean (18.9%), Northern Europe (11.1%), Australia/New Zealand (5.9%), Alaska (4.5%), Asia (4.4%) and South America 3.3%.

In 2014, markets experiencing increased ship deployments include the Caribbean (+12%), Northern Europe (+5.2%), Asia (+31.6%) and Australasia at +22%.

Figure 4: Principal ports of call by number of passengers, 2013



Who's cruising?

While cruising attracts a broad demographic there are some distinct differences within various segments. As a general rule the shorter the cruise the younger the clientele. Cruises of longer duration appeal to an older (often retired) demographic, those with the time available to have a lengthy vacation. Shorter cruises are popular with families and younger age groups who take annual leave or are restricted by the availability of school holidays. Some cruise lines (star rating categories) are more popular with particular age or socio-economic groups. The Cunard ships (Queen Mary 2, Queen Victoria and Queen Elisabeth 2) are popular with older passengers while the contemporary ships are popular with families and groups. Premium cruise lines such as Regent Seven Seas, Silversea and Seabourn offer a more exclusive experience for the well-heeled on smaller ships.

Celebrity Solstice pool deck. Source: O. Sillar

Shopping precinct on board the MS Silja Symphony. Source: Wikimedia Commons

Table 3: Demographic profile of cruise passengers

Demographic Characteristic	Category	Percentage
Age	25–29	7
	30–39	18
	40–49	26
	50–59	22
	60+	26
Educational attainment	Graduate & Post-graduate	75
Employment Status	Full-time	63
	Retired	20
Gender	Male	51
Income US$	$39k to $50k	9
	$50k to $60k	10
	$60k to $75k	16
	$75k to $100k	19
	$100k to $200k	39
	$200k to $300k	7
	$300k	1
Marital status	Married	78

Source: http://www.cruisemarketwatch.com/market/

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Major consumer motivators

The decision on which cruise to select is influenced by a range of factors. These include:

- Price
- Destinations and itineraries offered
- Cruise board reputation
- Ease and comfort of travel
- Exciting new ships
- Convenient home ports
- Outstanding lifestyle amenities

Top cruise trends

- Improved technology and connectivity at sea[#]
- Millennials* will drive first-time cruiser growth
- Luxury resurgence
- More all-inclusive packages
- Multi-generational travel will increase as will celebration travel & social/affinity groups
- Active vacations at sea – high-energy onboard facilities
- Exotic locations driving new itinerary competition and cruise ship deployment
- Hot destinations Trans Pacific, World Cruises, U.S. Rivers, South America, Antarctic, Middle East, Canada/New England, Africa and Exotic Rivers

\# Keeping connected through social media is now part of our daily life. Royal Caribbean have responded by installing bow-stern Wi-Fi on all its vessels, which gives guests the freedom to access the internet around the ship. The line is also increasing its bandwidth seven-fold, providing a faster connection, and making it practical for guests to be online throughout their journey. Other cruise lines will follow.

* Birth years ranging from the early 1980s to the early 2000s. Sometimes referred to as Generation Y.

New Zealand and the Australian Curriculum: Geography

A number of resources have been written to provide a fresh perspective on different aspects of New Zealand's geography. Each resource includes links to the Australian Curriculum: Geography indicating the relevance of New Zealand's geography for Australian geography educators.

A millennium ago, Pure Canterbury, Far North District and A notional transect across the Volcanic Plateau. Additional resources will be added during 2014.

Conference Speakers

Leading geography educators have agreed to present the keynote presentations, including Professor John Morgan and Associate Professor Alaric Maude.

Pre-conference tours

Tour 1: Northland –Tuesday 6 to Sunday 11 January 2015
Tour 2: Central North Island, Middle Earth & Blue Duck Station – Tuesday 6 to Sunday 11 January 2015

Conference program

Venue: Distinction Hotel, Rotorua, North Island, NZ

Sunday 11 January: Registration and welcome function

Monday 12 January: Welcome, keynote presentations, workshops and evening social event

Tuesday 13 January: Fieldtrips

Wednesday 14 January: Fieldtrips and conference dinner

Thursday 15 January: Keynote presentations and workshops

Friday 16 January: Checkout and return home or join post-conference tour to South Island NZ.

Fieldtrips

Fieldtrips on Tuesday and Wednesday:

Tour 1: White Island includes lunch ($75.00 Tour surcharge)

Tour 2: Hells Gate Geothermal Process & Mokoia Island Urban/ Environmental & Rotorua (includes lunch)

Tour 3: Scion – Forests- products – Innovation & Farm Tour – focus on sustainability (includes lunch)

Tour 4: Waimangu Volcanic Valley, GNS Volcanic Activity Centre, Huka Falls, Wairakei Geothermal Power & Lake Taupo (includes lunch)

A special program has been arranged for partners of delegates attending the conference.

Registration available at http://agta.asn.au/Conferences/conf2015/index.php