

University of Massachusetts Amherst
ScholarWorks@UMass Amherst

Travel and Tourism Research Association: Advancing Tourism Research Globally

Cruise Tourism White Paper

Cruise Lines International Association

Follow this and additional works at: <https://scholarworks.umass.edu/ttra>

International Association, Cruise Lines, "Cruise Tourism White Paper" (2016). *Travel and Tourism Research Association: Advancing Tourism Research Globally*. 6.
https://scholarworks.umass.edu/ttra/2014marketing/White_Papers/6

This Event is brought to you for free and open access by ScholarWorks@UMass Amherst. It has been accepted for inclusion in Travel and Tourism Research Association: Advancing Tourism Research Globally by an authorized administrator of ScholarWorks@UMass Amherst. For more information, please contact scholarworks@library.umass.edu.

CRUISE TOURISM WHITE PAPER

Travel and Tourism Research Association

2014 Marketing Outlook Forum

Prepared by Cruise Lines International Association

- *Over 21 million global passengers took a cruise vacation in 2013*
- *In 2013, the cruise industry influenced over \$US 117 billion in total economic impact, 891,000 full-time jobs and \$US 38 billion in wages, globally*
- *With 52 percent of new-to-cruise vacationers and 86 percent of past cruise travelers interested in taking a cruise vacation over the next three years, the cruise industry is investing over \$US 26 billion in new ship builds through 2019*

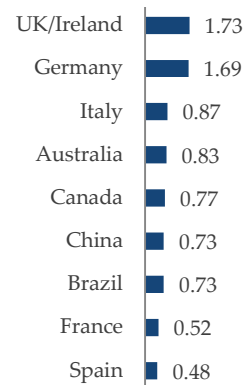
Cruise Travel Goes Global

As travelers become more connected to people and places across the globe, the cruise industry is expanding its reach to new source and destination markets, while mature markets in North America and Europe maintain a prominent place for cruise travel.

Over the last decade, global cruise tourism has grown 77 percent, hosting 12 million passengers in 2003 and over 21 million in 2013. Expansion has occurred across the major regions. A more mature market, North America accounts for 55 percent of global cruise passengers where demand grew nearly 44 percent in the last ten years. Similarly, Europe continues to be a key source market for cruise travel accounting for 30 percent of global cruise travelers, with an increase of 136 percent in the last decade.

Cruise tourism is also enjoyed by travelers outside of these traditional markets, as passenger growth outside of North America and Europe expanded 186 percent in the same time period. Overall, the cruise industry hosts a diverse array of guests; the top ten source countries include the United States, United Kingdom, Germany, Italy, Australia, Canada, Brazil, China, France and Spain (Figure 1).

Figure 1
Top 10 Global Passenger Source Markets, 2013
(Millions of passengers)



As cruise travel increases around the globe, cruise lines expand and place capacity to meet the demands of the global consumer, increasing bed day capacity 84 percent in the last ten years, from 73 million bed days in 2003 to over 134 million in 2013. Ships are principally hosting passengers near the source markets where North America accounts for 47 percent of deployed bed days and Europe maintains 37 percent.

Destinations hosting the greatest volume of passenger bed days include the Caribbean (48 million bed days) and the Mediterranean (35 million bed days), but new destinations are emerging. Destinations outside of the traditional North American and European destinations increased 296 percent in 10 years, with much of the capacity growth occurring in the Australasia destinations. Similarly, capacity placed in Northern Europe expanded 209 percent in the same time period.

Economic Impact Extends Beyond the Ships

As global cruise passengers and crew visit the many destinations on a single itinerary, port communities across the globe hosted nearly 115 million passenger visits in 2013. The benefits are felt across local economies where the average spending of nearly \$127 per passenger and crew visit touched economic sectors, from local retail, to

tours and transportation, to accommodations and food and beverages, totaling nearly \$US 15 billion in passenger and crew spending on land (Table 1).

**Table 1
Passenger and Crew Port Expenditures, 2013**

	Millions US\$
Accommodations	\$ 1,014
Travel to Home Port	\$ 3,841
Food & Beverages	\$ 1,600
Tours & Local Transit	\$ 3,445
Retail & Other	\$ 4,679
Total	\$14,579

Critical to the operations and management of ships is the \$US 37 billion in spending among the cruise companies on goods and services consumed on ships, on port fees/service and administrative expenses.

This direct activity among passengers, crew and cruise lines impacts many tertiary businesses in the local area and beyond. Providing support to the direct network of passengers, cruise lines, and cruise industry suppliers, tertiary businesses spend nearly \$US 65 billion on goods and services, provide over 473, 000 full-time jobs and pay \$US 22 billion in wages.

In total, the cruise industry is estimated to influence over \$US 117 billion in spending, employ over 891,000 full-time employees and support over \$US 38 billion in wages (Table 2).

Table 2
Economic Impact of Global Cruise Tourism, 2013

Total Spending	\$ US 117.15 billion
Total Full-time Jobs	891,009
Total Income/Wages	\$ US 38.47 billion

The Cruise Consumer

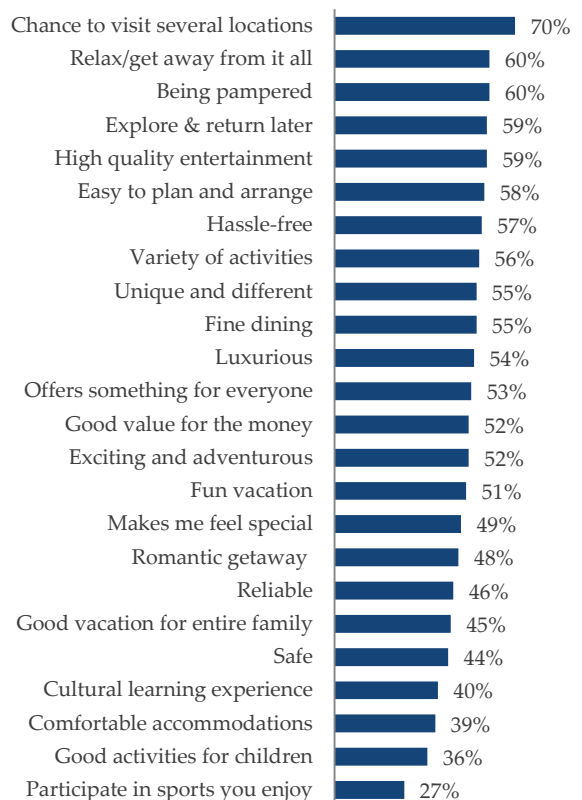
The underpinning of industry growth is the consumer demand for cruise vacations. As a dominant source market, the North American consumer sheds light on how a cruise vacation is enjoyed among the traveler segment.

Among the target consumer, the average age of a cruise traveler is 49 years and 83 percent are married. Sixty percent of cruise travelers are employed full-time, compared to 21 percent that are retired, with an average annual income of \$112,000. While the cruise industry has strong repeat business with 62 percent of cruise travelers taking multiple cruises (3.8 trips on average), the industry continues to attract new customers as 38 percent of cruise travelers in 2014 had taken a cruise for the first time. On average, the duration of a cruise among travelers was 7.3 days with 3.8 people in the travel party.

When considering a vacation, cost and destination play important roles in the final cruise selection for travelers. Historically, the destination played the primary role in the cruise selection for 30 percent of

cruisers in 2011 falling to 24 percent in 2014. More recently, 29 percent of cruisers considered cost as a top influencer in the cruise selection, an increase from 25 percent in 2011. When compared to other vacations taken by cruise travelers, 70 percent feel that a cruise vacation provides a better means to travel to several destinations while also providing them with a higher level of rest and relaxation (Figure 2).

Figure 2
Cruise vacation compared to other vacations
 (% responding much better/somewhat better)



While on the ship, cruise travelers enjoy many of the new onboard innovations from entertainment options to suite and balcony cabins (Figure 3). Yet many agree that a cruise is a great way to sample destinations to visit again in the future, with 42 percent actually returning to a destination which they first visited by a cruise ship (Figure 4).

Figure 3
Amenities used on cruise ship
 (% cruise travelers, frequently/always use)

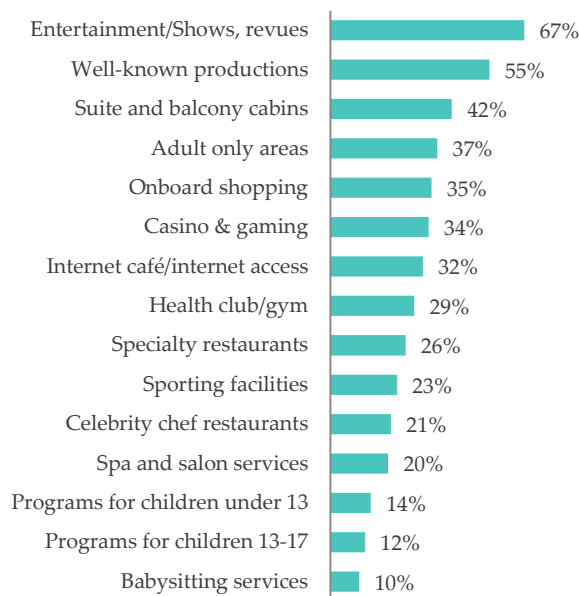
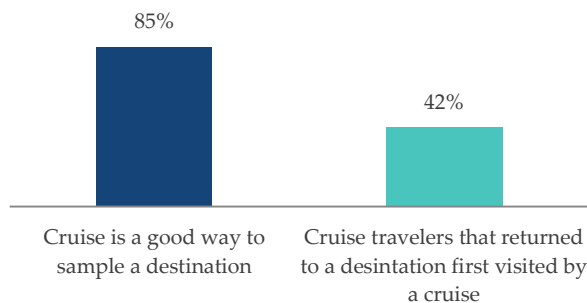


Figure 4
Attitudes toward cruises
 (% cruise travelers responding)

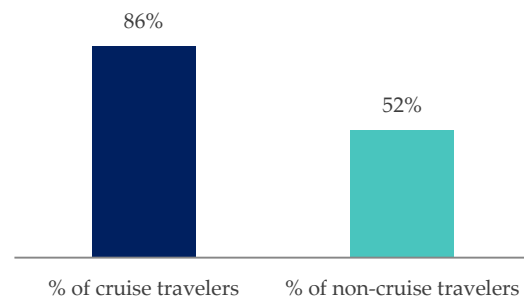


The cruise vacation is an experience cruise travelers talk about. They derive great satisfaction levels with 89 percent of travelers rating their cruise vacation as extremely/very satisfying. Among all vacation types, the greatest share of cruise travelers, 42 percent, consider an ocean cruise to be the best overall vacation and 84 percent have or would recommend a cruise vacation to a friend.

Cruise Outlook

With high satisfaction and recommendation levels, the outlook for cruise tourism is promising. Among cruise travelers, 86 percent are interested in taking another cruise vacation in the next three years and 52 percent of non-cruise travelers have indicated an interest in a cruise vacation in the future (Figure 5).

Figure 5
Interest in taking a cruise vacation in next three years
 (% responding)



Cruise lines are also anticipating continued demand for cruise vacations. With dynamic planning, cruise lines have scheduled over \$ US 26 billion in ship building investments through 2019. With 66 new ships in the pipeline, there will be an estimated 166,000 additional beds in the market to host the growing interest in cruises around the world (Table 3).

Sources:

- *2014 Cruise Market Profile Study by TNS & CLIA*
- *The Global Economic Contributions of Cruise Tourism, 2013 by Business Research & Economic Advisors & CLIA*
- *CLIA Capacity Reports*

Table 3
Ship New Build Schedule, 2014 – 2019
 (as of September 29, 2014)

Year	Ocean	River	Total	Investment, Ocean Only (USD)
2014	6	11	17	\$3.910 B
2015	6	16	22	\$4.051 B
2016	9	3	12	\$6.475 B
2017	6	2	8	\$5.133 B
2018	4	0	4	\$3.953 B
2019	<u>3</u>	<u>0</u>	<u>3</u>	<u>\$2.715 B</u>
Total	34	32	66	\$ 26.237 B

About CLIA

Cruise Lines International Association (CLIA) is the world's largest cruise industry trade association with representation in North and South America, Europe, Asia and Australasia. CLIA represents the interests of cruise lines and travel agents before regulatory and legislative policy makers. CLIA is also engaged in travel agent training, research and marketing communications to promote the value and desirability of cruise holiday vacations with thousands of travel agency and travel agent members. CLIA's Associate Member and Executive Partner program includes the industry's leading providers of supplies and services that help cruise lines provide a safe, environmentally-friendly and enjoyable holiday vacation experience for millions of passengers every year. For more information on CLIA, the cruise industry, and CLIA-member cruise lines and travel agencies, visit www.cruising.org. CLIA can also be followed on the Cruise Lines International Association's Facebook and Twitter fan pages, and CEO Christine Duffy can be followed @CLIACEO and cruising.org/ceoblog.