

Cruise Lines Gaining Back Pricing Power; River Cruises all the Rage

Companies: CCL, DIS, HKG:0678, NCLH, RCL

April 24, 2014

Research Question:

Will cruise lines need to rely on continued discounts and decreased pricing to drive bookings for the rest of 2014?

Summary of Findings

- Fourteen of 16 travel agent sources noted increased bookings in 1Q14 compared to 1Q13. Pricing is stable and, despite increased capacity on the seas, ships are sailing full.
- In 1Q14, cruise lines were more likely than in previous years to offer incentives rather than price cuts.
- New ships typically demand a price premium for four years. Cruises try to distinguish their brand through novel offerings, with Royal Caribbean Cruises Ltd. (RCL) pulling out all the stops with rock climbing walls, ice skating and flow rider surfing.
- The industry plans to add one million more passengers this year, and capacity is not an issue. Adventure travel, culturally authentic cruises, shore excursions and cruises appealing to “foodies” are trending.
- Image problems remain for Carnival Corp. (CCL), but two travel agents noted improvement. This could signal a trend change, as previous Blueshift reports found Carnival’s outlook to be bleak.
- River cruises are gaining rapidly and taking some share of vacation dollar spend, according to two industry specialists and two travel agents. This trend has intensified since past Blueshift reports.
- The weak debut of Norwegian Getaway, by Norwegian Cruise Line Holding Ltd. (NCLH; 50% of the company is held by Genting Hong Kong Ltd./HKG:0678), may have been due to the crowded Miami market and a lackluster itinerary.
- By sending its newest ship to port in Shanghai, Royal Caribbean has signaled that it sees potential for the cruise market in China.

Silo Summaries

1) Travel Agents

Sales grew for 14 of 16 sources from single digits up to 35% year to year in cruise bookings. Two of these sources noted particular strength in the river cruise market. One source saw stable sales and one saw a decline. Four sources have seen a year-to-year increase in first quarter prices with the average in the mid-single digits. Nine sources have seen stable prices while two have seen declines. One had no comment on prices specifically. Four sources commenting on incentives noted increased incentive levels. All sources believe there is enough capacity to meet demand, and five view there to be too much capacity due to new ships hitting the waters. But, ships continue to go out full. **Seven sources report Carnival still is suffering, but two sources report Carnival is starting to make a comeback. This is an important trend change for Carnival from previous Blueshift reports.** One source reported river cruises gaining market share. Two sources report that Norwegian Cruise Line and Royal Caribbean are doing well. New ships typically have pricing power for up to four years. Travel agents typically get clients from referrals and through their own travel agency websites. **Commissions from cruise lines to travel agents typically are in the 10% range, though two sources report cruise lines are less and less interested in rewarding travel agents.**

2) Suppliers

One source sees their sales to cruise lines as stable year to year, and another sees a 10% gain. Both sources’ prices to cruise ships remain stable. One source sees ships sailing at capacity, while the other had no comment on capacity issues. One source believes Royal Caribbean is gaining market share from Carnival.

3) Industry Specialists

Two sources see increased bookings for the 2014 wave season, and two expect stable year-to-year bookings. Two did not comment on booking trends. **Three sources who made direct comments on year-to-year pricing said prices are higher and discounts are lower year to year, with one specifying a 5% increase in prices. Most profits are made from gambling, alcohol and excursions, which realize margins of 500% to 700%.** Three sources said capacity has increased year to year. Two sources noted the **increased popularity of river cruises.** New ships stay popular for around four years, and can command higher prices.

	Bookings	Prices	Incentives
Travel Agents	↑	→	→
Suppliers	→	→	N/A
Industry Specialists	→	↑	→

Cruise Lines

Background

Carnival's Q1 2014 earnings showed increased bookings during a time of decreased prices, resulting in a 2% decline in revenue. [Discounted prices](#) and [special deals](#) have been utilized across the industry to attract consumers to cruises and fill cabins. Competition between cruise lines has increased, adding further pressure on margins. To counteract these challenges and increase bookings at the end of the 2014 wave season, Carnival escalated its advertising investments by 20%.

The cruise industry as a whole has focused heavily on expansion and modernization. The industry expects to invest [approximately \\$8 billion in 24 new ships by 2015](#). Another developing trend is [cruise lines partnering with preferred](#) conventional "brick and mortar" travel agents to help sell last minute inventory with "select agency special rates."

Blueshift's [Jan. 13 cruise report](#) found that bookings for 2014's wave season swelled, while cruise pricing was stable to up year to year with travel agents reporting increases ranging from 10% to 25% for the 2014 wave season. The luxury cruise market was an area of particular strength, while Carnival was losing share to RCL and NCLH in the mass market and increasing incentives to cruise travelers and travel agents alike.

Current Research

In this next study, Blueshift Research assessed whether cruise lines would need to increase incentives to drive bookings for the remainder of 2014. We employed our pattern mining approach to establish and interview sources in four independent silos:

- 1) Travel Agents (16)
- 2) Suppliers (2)
- 3) Industry Specialists (6)
- 4) Secondary sources (4)

We interviewed 24 primary sources, including eight repeat sources, and identified four of the most relevant secondary sources focused on cruise lines' efforts to entice passengers, increasing capacity, stock market perks used for cruises and special offers to travel agents.

Next Steps

We will follow up on the potential comeback of Carnival. We will monitor any issues of over-capacity due to the new ships being built. Finally, we will monitor the strength of the Asian market for cruise lines.

Silos

1) Travel Agents

Sales grew for 14 of 16 sources from single digits up to 35% year to year in cruise bookings. Two of these sources noted particular strength in the river cruise market. One source saw stable sales and one saw a decline. Four sources have seen a year-to-year increase in first quarter prices with the average in the mid-single digits. Nine sources have seen stable prices while two have seen declines. One had no comment on prices specifically. Four sources commenting on incentives noted increased incentive levels. All sources believe there is enough capacity to meet demand, and five view there to be too much capacity due to new ships hitting the waters. But, ships continue to go out full. Seven sources report Carnival still is suffering, but two sources report Carnival is starting to make a comeback. This is an important trend change for Carnival from previous Blueshift reports. One source reported river cruises gaining market share. Two sources report that Norwegian Cruise Line and Royal Caribbean are doing well. New ships typically have pricing power for up to four years. Travel agents typically get clients from referrals and through their own travel agency websites. Commissions from cruise lines to travel agents typically are in

Cruise Lines

the 10% range, though two sources report cruise lines are less and less interested in rewarding travel agents. In addition to payment, tickets and 'fam,' or familiarization, cruises are used as incentives.

KEY SILO FINDINGS

Sales

- 14 of 16 sources saw their 1Q sales increase year to year; ranges were from single digit to 35% year-to-year growth.
- 2 of the 14 sources cited River cruises growth as a particular area of sales growth strength.
- 1 source saw their 1Q sales decline year to year.
- 1 source saw their 1Q sales stable year to year.

Pricing/Incentives

- 4 sources have seen an increase in prices, mostly in the mid-single digits.
- 9 sources have seen stable pricing year to year.
- 2 sources saw declines in 1Q cruise pricing year to year.
- 1 source had no comment on pricing direction.
- 4 sources noted increased incentive levels.

Capacity

- All sources believe there is enough capacity to meet demand.
- 3 sources have seen an increase in capacity year to year.
- 5 sources (separate from the 3 above) believe there is too much capacity due to new ships.
- But, cruise lines still succeed in sending out full ships, though via some incentives/discounting methods.

Market Share

- 7 sources report CCL still suffering.
- But, 2 sources report CCL is starting to come back, perhaps signaling the beginning of a trend shift.
- 1 source reports river cruises are taking share from regular cruises.
- 5 sources see strength from RCL.
- 2 sources see strength from NCL.

New Ships

- New ships are able to command higher prices for up to four years.
- Most sources were unaware of the Norwegian Getaway specifics, and one cited NCL's poor promotion of the ship.
- Cruisers ask more often about the age of ships than in previous years.

Sales Process

- Travel agents get customers via referrals, their websites and repeat customers.
- Agents recommend cruises based on clients' budgets, desired port city, desired length of cruise and desired cruise destinations and activities.

Travel Agent/Cruise Line Relationship

- Cruise lines offer commission of around 10%, but sometimes up to 15%.
- "Fam" trips, or familiarization trips, and prizes are also used as incentives.
- Most sources do not admit to booking passengers based on commission rates, but rather customer needs.
- 2 sources report decreased commissions and attention from cruise lines.

1. President of a travel agency in Florida; repeat source

Wave season bookings are up 10% to 15% from last year, but this source still is disappointed with the results. Cruise lines are offering fire sales and promotions to entice passengers. River cruises in particular have more beds available this year versus last year. In the luxury market, Nippon Yusen Kabushiki Kaisha's (TYO:9101/NPNYY) [Crystal](#) is struggling at the expense of [Regent Seven Seas Cruises](#) (owned by [Prestige Cruise Holdings, Inc.](#)), and [Oceania Cruises, Inc.](#) Expedition trips are gaining attention, and travelers are more likely to pay higher prices for newer ships. Her agency prides itself on doing right by the client, and by asking several questions to match the client with the right cruise line and ship. While her agents appreciate incentives by cruise lines, that is not what drives their decision making.

Sales

- "Wave season bookings are up a little from last year, 10%, maybe 15%."

Cruise Lines

- “Bookings were a little bit disappointing. I thought we would be pushing a little harder. People are making final payment and people are booking into 2015, but it is more lumpy than it usually is.”
- “Cruise bookings this year should be up, definitely. Certain lines are up and I am surprised.”

Pricing/Incentives

- “Prices started maybe even a little bit higher this year than last year, but I am starting to see some very different fire sales on specific departures. Just in the last few weeks, even the river cruises are coming out with promotions that were better than before.”

Capacity

- “There are definitely more beds available this year versus last year, especially on the river cruises.”
- “I do not know that there is too much capacity yet. Apparently not, especially in the mass market if you look at what Royal Caribbean is doing to their ships. The older, smaller ships in the mass market gradually are going away out to China. They are getting rid of some of the older spaces as they bring in the new. If river cruise lines keep adding to Europe they will choke themselves. Rivers now will not hold that much more.”

Market Share

- “River cruising is taking business away from ocean cruising.”
- “We are definitely seeing Oceania and Regent pulling higher numbers, and [Seabourn](#) [owned by Carnival Corp.], [Silversea \[Cruises Ltd.\]](#) and Crystal a little lower than we had last year. I do not know exactly what just means yet.”
- “Crystal is struggling a little right now in as far as getting bookings and Regent and Oceania are doing pretty well—they have got themselves fine-tuned in the market and are offering a value at some expense to quality. They are doing a good job at marketing.”
- “The expedition product is gaining a lot more attention, a lot more bookings, and might be pulling away from the traditional luxury market. [Silversea Expeditions](#), [Linblad Expeditions](#), [Zegrahm Expeditions](#), that sort of thing.”

New Ships

- “The age of a ship can be important. You can upgrade and update, and that is what Crystal is doing, with two of the oldest ships in the market right now in the luxury category. They do a great job of taking care of them, but the suites are a little on the small size on the entry level, until you get into the really big dollar sites. There is no way around it—new ships attract people. Seabourn lost a bit as they are letting go of their small ships but their new ships have so outsold them and made price points. It got down to a point where it was difficult for them to sustain.”
- “People are more likely pay a higher price for the newer ships. Because each time the ships comes out, each generation that comes out has so much more user-friendly, interesting unique additions just like Oceania with their ships and the whole culinary focus and their culinary kitchen. ... Viking is coming out with an ocean product in 2015 and another one in 2016 and they are fashioning this cruise product after the river cruise, because river cruise products are popular with people. Each time a new generation comes out it sparks a different passion for people.”
- “In terms of how long a new ship will remain a big deal, it depends on how fast they bring in more new ships. Almost every time they go in for a substantial dry docking the cruise lines add new venues and specialty restaurants. They keep updating. I do not think it is easy to say there is an actual shelf life until they become obsolete in style. The ships of the ‘70s and ‘80s would not make it today. But as long as they are kept well, a lot of people get attracted to a particular ship or class of ship, and will continue to go that route.”
- “You see a lot of loyalty to a cruise line, and there are great loyalty programs as well.”

Sales Process

- “A lot of travel agents are online and they get customers by price and an online ad. They do not really have relationships. It is more transactional. For a small agency like ours and in part in the luxury market, it is all based on relationships and getting to know your clients and how to customize the shore excursions, so it is not just a transaction but a unique experience.”
- “In our office we do both cruises and land-based packages.”
- “Generally if it is a new customer we start off with qualifying as to what they have sailed on, and what they liked and did not like and what their price point is, what their values are, what speaks to them. We do a whole lot of asking and answering questions and getting in the head of the clients to make sure they are getting what they really want and sometimes they do not even know until we ask them the questions.”

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*President, Travel Agency
Florida*

Cruise Lines

- “In the process of asking these questions—and if we are doing our job and we know the ships—then it is a matter of trying to tie it down to at the most three ships, based on what kind of itinerary, what time of year they are trying to travel, what kind of activities, what kind of people they want to travel with.”
- “I personally prefer the expedition-style cruising. But beyond that I like the smaller ships. I have clients who really prefer something like Norwegian Cruise Line or Royal Caribbean and taking the big suite because they like to gamble and have options and they will pay as much as if they went on a Regent—but Regent is too calm and quiet for them.”
- “We have a fair amount of influence on customers’ booking decisions, and if we are doing our jobs well it is a collaborative effort where we are working with the client. We consider ourselves travel advisors, and it is not so much a matter of influencing them but educating and telling them what we know about the product. We do not try to influence them to take a particular line because that is *our* favorite line, or because we have the biggest sales with them. That is not in our long-term best interest.”
- “Gathering the info from clients and educating ourselves on the products that we use the most is what drives our recommendations. Clients have no point coming to me for a Carnival cruise. I do not know their ships and I do not know their deals. If you come to me wanting Regent, I have relationships in their reservation department. I can add value, and I know the line, the cabins and suites, and the amenities.”
- “If agents sell a lot of cruises, they are extremely aware of the various assets and liabilities of the different cabins. ... I am sure our knowledge impacts decisions.”

Travel Agent/Cruise Line Relationship

- “On the cruise lines that we are most active with and most knowledgeable about, they have online training that we do, but they also have great reps that come to the office. And we have specific people we work with in reservations, and if we do not know the size of the closet, those people have access to all that information and they are a wealth of information for us. We do not work in a vacuum.”
- “Cruise lines have a fair amount of influence as to what education they provide for us, and the opportunities to travel with them. We definitely find that the more our advisors get out on the various products, if they come back and have a feel for what the company is like on the river, not on paper, [that is beneficial]. That personal experience is invaluable when talking to the clients.”
- “We used to get free cruises and it was fun and games, but now typically if we take a familiarization, or ‘fam’ trip, it is with one of the cruise reps and they give us site inspections and a whole lot of education. It is a definite investment in continuing education.”
- “There are some cruise lines that give us \$100 gift cards for certain bookings. It is nice—the girls are happy if they get one—but that is not what drives our agents to sell. They are way more interested in taking care of their clients.”

2. Owner of a full-service travel agency in Idaho

Wave season bookings are up about 20% this year, and cruise prices are about 10% lower, enticing customers to sail. Carnival in particular came out with some good specials, and is attempting to win back the travel agent. New ships may continue to get a premium booking price, but some patrons like older ships because they are more intimate. Her agency touts itself as a cruise specialist and they get many customers via word of mouth. While commissions can sway their recommendations, their main goal is to satisfy the customer and win repeat business. Travel agents are well informed about the various ships, either from personal experience or from watching webinars.

Sales

- “Wave season bookings in the first quarter this year were great, about 20% higher than last year. They exceeded my expectations.”

Pricing/Incentives

- “Prices are about 10% better this year. Carnival had a real problem so it has come out with pretty good specials. They are offering more things like ship-board credits or lower deposits.”
- “Cruise lines will need to rely on continued discounts and decreased pricing to drive bookings for the remainder of the year.”

Capacity

- “I do not think there is too much capacity on ships. I still see a lot that are sold out.”

Market Share

Cruise Lines

- “Carnival is coming back. Last year Carnival really had a slump. They had a lot of problems. Carnival tried to cut out the travel agent and it bit them in the butt. We sold more Carnival this year than we did last year. But Carnival is still struggling the most.”
- “It seems like luxury cruises are doing better.”
- “Norwegian Cruise Line is an inferior product, with their ships, and their food.”

New Ships

- “In terms of the importance of a ship’s age, it depends on the upkeep of the ship. Some people like the older ships because they are smaller and more intimate. A lot of people will come in for [Holland America \[Line N.V.\]](#) because that line has smaller ships and good products. It is more about the quality of the ship.”
- “New ships can continue to get a premium price with bookings.”
- “A new ship will be a big deal for about a year.”

Sales Process

- “We tout ourselves as cruise specialists so we get a lot of word of mouth. People will cruise and tell their friends about their cruise.”
- “It is easy to decide which cruise line to send a customer on. Depending on what they look like you can decide. We will also sit down and ask them questions: ‘What do you expect from a vacation?’ You do not want to put the ‘Beverly Hillbillies’ on an upper class cruise ship—they would be very uncomfortable. Usually it also depends on when the ship goes and where it goes.”
- “Travel agents have a lot of influence on their customers’ decision making, especially in this day and age. If they are walking in the door to talk to a travel agent it is because they do not know what they are doing.”
- “Most of us agents have been there, done that. We base our recommendations on personal experience.”

Travel Agent/Cruise Line Relationship

- “Travel agencies have preferred suppliers, and [cruise lines] will send out sales reps to our office regularly to keep us abreast with what is going on with their cruise line—and they will up the commission to us based on how many cabins we sell in a year. But that does not mean we will put everyone on that ship.”
- “Travel agents are very well informed about the features of each ship. Even if we have not been on the ships, there are webinars.”
- “This knowledge impacts decisions and recommendations a lot. If somebody wants to be active on a cruise ship we will put them on Royal Caribbean. Yes, this knowledge impacts customer purchasing behavior.”
- “Cruise lines have some influence on travel agents, but our main goal and the only way we have stayed in business for so long is providing someone with a vacation they will enjoy so they will come back and their friends will come back. Cruise lines can wine and dine us with commissions, but we want to give customers the best experience.”
- “Mainly the cruise lines offer just commission incentives. Yes, if you have two ships that will offer the customer the same experience, and one offers 12% and one offers 10%, we’ll go with the 12%.”

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*Owner, Full-service Travel Agency
Idaho*

3. Travel agent and owner of an East Coast-based agency; repeat source

Wave season bookings were up 40% for his agency from the same period last year, well exceeding expectations. He expects 2014 bookings to remain up by about 40% from last year. Prices seemed better in the first quarter but the cruise lines are confusing clients with a mix of incentives. Cruise lines will need to continue to offer good pricing and incentives to drive bookings this year. [The Walt Disney Co. \(DIS\)](#), Royal Caribbean and Norwegian Cruise Line are doing the best in the mass market, with Norwegian Cruise Line taking some business from Royal Caribbean, and both Norwegian Cruise Line and Royal Caribbean taking business from Carnival, which still is struggling. Holland America and [Princess Cruise Lines, Ltd](#) (Carnival Corp.) also are losing their identities. Travel agents influence about 80% of their clients’ bookings, and he says cruise lines now compete head-to-head with all-inclusive packages.

Sales

- “Wave season bookings for this first quarter this year were about 40% better for me than the same period last year. They exceeded expectations.”

Cruise Lines

- “I expect 2014 cruise bookings to be much better than last year. I do not look at wave season as being the big driver for the business. The general clientele does not have a clue of what wave season is anyway. I expect 2014 cruise bookings to be up 40% throughout the year.”

Pricing/Incentives

- “Prices in the first quarter this year were better with an asterisk. They were more confusing, and they are getting more confusing. I do not know how to put a percentage on that. They are offering a lot of promotions, such as kids sail free, and free upgrades. Royal Caribbean and [Celebrity \[Cruises, Inc./RCL\]](#) came out with a ‘pick three’ promotion. All seemed like they did the same thing—follow the leader. They are offering more incentives than pricing changes. Some are now arguing that pricing has actually gone up in some cases. The cruise lines are confusing the clients with incentives.”
- “Cruise lines will need to rely on continued discounts and decreased pricing to drive bookings for the remainder of the year.”

Capacity

- “I believe there is too much capacity with all of these new chips added to the seas.”

Market Share

- “Norwegian Cruise Line has started to take some business from Royal Caribbean with some of the deals they have had. Agencies are looking at NCL versus Royal Caribbean—and all are taking business from Carnival.”
- “The cruise lines doing the best are Disney, Royal Caribbean and NCL. Carnival is doing the worst. Princess and Holland America are lagging behind, too. They have lost their identity.”

New Ships

- “The age of a ship is very important in booking trends. Customers do care. Nowadays you determine the ship’s age by the size. Newer ships are larger.”
- “I do not believe new ships can continue to get a premium price with bookings. Clients are figuring out that the newer, bigger ships are grabbing a premium. More and more bigger ships are putting things on their ships and costing a surcharge.”
- “I am guessing a new ship will be a big deal no more than 12 months, as soon as the other new ships come out. How long does a new car garner attention? Six months maybe? Ships are almost like a new car. The same thing is happening to the cruise lines. There are too many ships coming out—Allure of the Seas, Oasis of the Seas.”
- “Unfortunately, the tragedy that happened on board—where a child drowned on the ship recently—had a lot to do with the Norwegian Getaway’s disappointing debut. But the biggest issue that NCL has is it is going out of Miami. For more and more clientele, the port that a ship goes out of is an important factor. The cost of getting to port is becoming an important factor.”

Sales Process

- “Travel agents typically get cruise customers through social media or through referral. A lot of my cruise customers are former cruise customers. I do not do direct advertising for the cruise industry. I am not cruise specific—I do both cruises and land-based packages. And if it is an opportunity for Europe and a budget is tight, a cruise can be an alternative to a Europe vacation because of the cost. The cruise lines are competing with the all-inclusives.”
- “I decide which cruise line to send customers on based on personal preference and personal experience. Royal Caribbean is my number one go to, the line I have had the best experience on. NCL is starting to gain more of my business. Their business development managers are more in tune with the travel agencies, and are starting to get my business because they are starting to reach out and say we want you guys. Royal Caribbean is losing some sight of that and I think they will feel it.”
- “I will choose a ship for a client largely by the port and the itinerary. If a client says they want a seven-night cruise and their budget is tight—that is the Freedom of the Seas out of Port Canaveral because you can drive there. It depends on the age of the client, too.”
- “I personally value one cruise over another based on itinerary, service, food and aesthetics. That is why Royal Caribbean has done so well. They aesthetically appeal to a very broad base, and their food and service are generally better than what you might find on a competing line.”
- “About 80% of the booking decisions come from travel agents’ recommendations.”
- “Service is big for driving my recommendations, along with ease of booking and personal experience. Most any travel agent will think of a cruise based on their personal experience.”

Travel Agent/Cruise Line Relationship

Cruise Lines

- “Travel agents are fairly well informed on the features of each ship. The cruise lines do a good job of webinars that they offer for agents, to get in tune with the features of the newest vessels. But unless the agent is doing a lot of cruises they will not be in tune.”
- “A travel agents’ knowledge influences their recommendations a lot. Families want to know that their kids have a lot of options to keep them entertained.”
- “Cruise ship companies do sway travel agents. That is where Royal Caribbean does a worse job than NCL. As an agency owner, I know which cruise lines have reached out to me. It also comes down to incentives. Some cruise lines will bump you from a 10% commission to a 12% commission.”
- “Cruise lines are offering very few incentives other than commission levels, which is the biggest way of compensating agents. For the most part commissions are going down. They average about 10%. Bumping up does not happen very often.”
- “The problem that cruise lines face now is they are playing a shell game. They have shifted 50% of the cruise costs into non-commissionable fees and taxes.”
- “In our industry right now, everybody is getting leery of cruise lines as we are making less money and doing a whole lot of work. If a client goes to the Caribbean, an all-inclusive package is cheaper. We get paid on the land, and sometimes even part of the air is considered part of our contract. Cruise lines only pay us on the base fare. That is where the cruise line has a big, big problem. At the same time, they are becoming a miniature Disney, doing a lot on-board marketing with customers.”

Cruise lines are offering very few incentives other than commission levels, which is the biggest way of compensating agents. For the most part commissions are going down. They average about 10%.

*Travel Agent & Owner
East Coast-based Agency*

4. Office Manager for a large full-service travel agency in Minnesota

Wave season bookings were flat this year versus last year, and he expects the remainder of the year to be flat as well over 2013. Cruise prices continue to be inexpensive and a good deal for passengers. Cruise lines will need to continue discounting and dropping prices to attract travelers. This source said Carnival is off his radar screen; he prefers to book Princess and Royal Caribbean. He gets most of his business through referrals and said travel agents do influence customer decision making. He gives a lot of business to Princess and Royal Caribbean because those lines’ representatives regularly visit his agency and the bookings have been a positive experience.

Sales

- “Wave season bookings were about the same this year as last year. They met my expectations.”
- “I expect 2014 cruise bookings to be flat. Cruises in the press have gotten hammered.”

Pricing/Incentives

- “I thought prices were inexpensive last year and inexpensive this year. Cruises are a great value.”
- “Cruise lines will need to rely on continued discounts and decreased pricing to drive bookings this year.”

Capacity

- “I did not have issues getting anyone on any ship this year. There was one on spring break that was crowded.”
- “I think there is now too much capacity with all of the new ships added to the seas.”

Market Share

- “For us last year, Carnival was off the map, and Norwegian Cruise Line took bookings. This year it was the same thing. We do more Royal Caribbean and Princess than any other line.”
- “Carnival is struggling the most. They are trying but they have not convinced me this year. I have not had any problems with Royal Caribbean last year or this year—it is to the point where I really confidently sell them. The high-end ones, they are doing fine. We are selling tons of river cruises. More people are going to Alaska than Europe.”
- “Norwegian is still seen as a lower end, and not as a premium product.”

New Ships

- “To me personally, the age of a ship is not important. With customers, it gets brought up probably half the time. Yes, customers care about the age of a ship.”
- “The Oasis and Allure of the Seas can continue to get a premium price with bookings. I do not know of any others that can get away with it, but somehow they have managed to do it. I still have a demand for it. I can put you on the

Cruise Lines

Allure of the Seas for \$2,000. The Splendor of the Seas is \$1,400—and it is a coin toss. Customers want those two ships—the Oasis and Allure.”

- “The Oasis is at three years now and it is still popular, and still expensive. But I would say three years is typically the age when a ship becomes ‘just another ship.’”

Sales Process

- “Travel agents typically get cruise customers by word of mouth and referrals.”
- “We decide which cruise line to send customers on by interviewing them. Once we have an idea of which cruise line or the category of cruise line we think will work for them, then we work on the dates and itineraries.”
- “I personally value one cruise over another based on past experience, and how they have treated my customers lately. We have sold more Royal Caribbean than anyone else over the last couple of years and have not had any issues.”
- “Travel agents have a lot of influence on customers’ booking decision making. Some people call up and know what they want. But if they do not know what they want, especially with cruise lines, we have a huge amount of experience.”
- “Personal experience drives travel agents’ recommendations. And then seeing the representative stop in the office, that makes a difference. It makes you think of that cruise line—so yes, rep visits do sway you, absolutely.”

Travel Agent/Cruise Line Relationship

- “It is hard to keep up on the features of each ship. I read a fair amount but it is hard to keep up with them. We have webinars going on in our office, with one cruise a week and one or two various suppliers. And they are helpful. But my office is right in the downtown area, and people walk in and people call, and I am lucky if I get to see half a webinar.”
- “Our knowledge impacts our recommendations, very much so. Most people that come into our office and want a cruise, maybe one-third of them know what they want. And the rest do not know and they can kind of care less. They want to be put on something that they like or have a good time on. So current or fresh knowledge is a good thing and it impacts customer purchasing behavior.”
- “Cruise lines have quite a bit of influence on travel agents. I see reps from Royal Caribbean and Princess far more than anyone else. We sell far more Royal Caribbean and Princess than anyone else. Carnival stopped doing brochures a couple years ago—I stopped selling Carnival.”
- “We are a [large, corporate-affiliated] agency so almost every cruise line is a preferred supplier. So we get an extra percentage. I honestly do not pay attention to travel agent promotions, but lots of people do. For some people, any promotion that benefits the agent, they are all over it. But I have been doing this for over 20 years and have never paid much attention to those promotions. Commissions start at 10%, and being we are [large], they are 14% or 15%.”

Cruise lines have quite a bit of influence on travel agents. I see reps from Royal Caribbean and Princess far more than anyone else. We sell far more Royal Caribbean and Princess than anyone else. Carnival stopped doing brochures a couple years ago—I stopped selling Carnival.

*Office Manager
Full-service Travel Agency, Minnesota*

5. Luxury Travel Manager for a large national agency; repeat source

Wave season bookings are down slightly from last year, but river cruises are hot and have stolen the limelight. Cruise lines are offering specials year-round and bookings should be up about 20% for the year, compared to 2013. Cruise lines will need to continue to discount and keep prices low enough to entice passengers. Customers also want newer ships, and her particular agency does not book older ships if at all possible. This source gets most of her business via referrals, and says personal experience and cruise line representative visits play a part in decision making, along with finding the right match for the client. She is taking an [Azamara Club Cruise](#) soon to re-familiarize herself with the brand.

Sales

- “Wave season bookings this year are a little less than last year. You cannot count the river cruises. River cruises are so hot, and I do not know if that is part of wave season. River cruises have taken the limelight.”
- “The wave is a thing of the past as we have moved on to other things.”
- “This year’s cruise bookings should be about 20% better than 2013’s bookings, especially the river cruises.”

Cruise Lines

- “The Baltics continue to be the strongest for us, and the Mediterranean.”

Pricing/Incentives

- “We have not noticed that the prices are different. There seems to be specials going on year-round.”
- “Prices in the first quarter this year are comparable to cruise prices in the first quarter of 2013.”
- “Cruise lines will need to rely on continued discounts and decreased prices to drive bookings this year. Everyone is wanting value. They see so much advertising and expect to be getting some kind of a deal. Also, there are more and more boats floating out there.”

Capacity

- “Wave season capacity in the first quarter this year was comparable to the year-ago period.”
- “There is probably too much capacity with all of these new ships added to the seas.”

Market Share

- “I do not think a cruise company is taking share from another, not from our vantage point. [Viking \[Cruises\]](#) is always sold out and is aggressive with its marketing. [Ama\[Waterways\]](#) is always sold out. [Avalon \[Waterways, a Group Voyagers Inc. brand\]](#) advertises a little bit more with some discounting, and has been reaching out to us. Carnival is still struggling. We do not book Carnival.”

New Ships

- “For river cruises the age of a ship is very important. We stay away from the older boats if we can on the river cruises. Unless someone is really price driven they will want one of the newer boats. Customers ask about the age of ships.”
- “If new ships have the bells and whistles that the people want, if they can stay unique, new ships can continue to get premium prices with bookings.”

Sales Process

- “We do not advertise in the paper anymore. For us it is word of mouth, or maybe something on our website. Some people have read about trips we have taken if they have used [Google](#). We seem to come up quite often.”
- “We decide which cruise line to send customers on by talking with clients and finding out what they want and what is important to them, such as the itinerary.”
- “I personally value one cruise over another if I have been on that particular cruise, plus the relationship with the representative and what they can do for us and for the client. We have a wonderful Silversea rep. She is always willing to go just a little farther to give them an on-board credit.”
- “We direct customers in what we present to them. Our commission level has to appear in our bookings, too.”
- “What drives my recommendation is the right match. If someone is interested in food, or if they like a special kind of entertainment etc.”

Travel Agent/Cruise Line Relationship

- “It is hard to say in general how well informed travel agents are about each ship. We certainly can be well informed. There are not as many visits by the sales reps anymore, and not as many training sessions. I cannot even remember when one had a big event like that.”
- “If cruise lines give us more commissions, we stand up and take notice a little bit more. Or if they visit us, or invite us for inspections.”
- “I did notice an incentive where the agent would get \$100 directly for a booking.”

Wave season bookings this year are a little less than last year. You cannot count the river cruises. River cruises are so hot. River cruises have taken the limelight.

*Luxury Travel Manager
Large National Agency*

6. Travel Counselor for a family-owned agency in Missouri

This source expects an increase in cruise sales this year as sales are trending up, with river cruises being the most popular. Cruise prices remain stable, though cruise lines continue to offer promotions, specials and added amenities for passengers. She expects this to continue as cruise clients are trained to look for such promos. New ships lose their luster fast—as soon as something newer comes along. This source’s agency typically sells more land-based packages. She bases her recommendations on interviews with customers and their likes and desires for a particular type of vacation and itinerary. The cruise lines do not influence her very much because, she says, they all think their product is wonderful.

Sales

Cruise Lines

- “This year we will see perhaps an increase in cruise sales, as generally sales are trending up for the year.”
- “Currently river cruises are one of the products that we are selling the most of.”

Pricing/Incentives

- “There was not much of an increase in cruise prices across the board. There were many promos and specials with added amenities for clients, [such as] on-board credits or pre-paid gratuities.”
- “Cruise lines will need to continue to discount and decrease prices. Clients have been trained to look for promos.”

Capacity

- “There was more availability for Alaska this year it seems.”
- “We are getting close to too much capacity with the new ships added to the seas.”

Market Share

- N/A

New Ships

- “Age of a ship is not all that matters to clients. [But] there are some who like to be first on board the new builds.”
- “I do not think new ships are getting that much of a premium right now.”
- “A new ship will not be a big deal for long, as there are new ships every year.”
- “[The Norwegian Getaway has had a disappointing debut with weak pricing], because there are a lot of cabins to be filled.”

A new ship will not be a big deal for long, as there are new ships every year.

*Travel Counselor
Family-owned Agency, Missouri*

Sales Process

- “Personal and client past experience with the line or specific ship drives a travel agent’s recommendation, along with experiences had by other agents and their clients. Each ship and cruise line appeals to specific clients. You need to interview clients well to determine what their goal truly is and what type of atmosphere they are looking for.”

Travel Agent/Cruise Line Relationship

- “Most agents are relatively well informed about the features of each ship. Each cruise line offers online training opportunities. Often the business development managers of the various lines will do in-house presentations in our office.”
- “Cruise ship companies do not have much influence on me. All of them think that their product is wonderful.”
- “I have seen some emails about cruise-line incentives to travel agents. I do not really pay much attention to them. I sell what would best suit the client and do not steer clients based on ‘incentives.’ The incentive would be a nice bonus if it worked out.”

7. Travel Consultant for full-service agency on the West Coast; repeat source

This source expects a 25% boost in cruise bookings this year over 2013, with cruise prices remaining about the same and cruise lines continuing to discount. River cruises are continually popular. New ships are not generating the frenzy as they have in the past, and the Norwegian Getaway was nothing special. She stays in tune with her clients to find the best cruises that match their preferences, looking at destination, price point and duration. She prefers cash in the pocket over a free cruise, if cruise lines are offering incentives to travel agents. Good cruise line sales representatives will help drive sales with agents. This source believes each agent should at least “ship inspect” each line so they can offer some knowledge to their customers.

Sales

- “Wave season bookings exceeded the 2013 first quarter. Clients are looking for the ‘bucket list’ trips and planning a year or more in advance.”
- “I expect an increase of 25% or more in cruise bookings this year over 2013.”

Pricing/Incentives

- “Cruise prices in the first quarter this year were about the same as in 2013.”
- “Cruise lines will need to rely on continued discounts and decreased pricing to drive bookings, in some markets. The saturated markets of the Caribbean will continue to have price wars.”

Capacity

- “Wave season capacity in the first quarter this year was about the same as first quarter last year.”
- “So far ... there is not too much capacity with all the new ships added to the seas.”

Cruise Lines

- “River cruises continue to have sold-out itineraries.”

Market Share

- N/A

New Ships

- “New ships do not seem to be creating the ‘must buy now’ frenzy seen in past.”
- “It is cruise-line specific in terms of how long a new ship will be popular. Norwegian Cruise Line, Royal Caribbean International and Carnival seem to have reached the ‘just another ship’ status.”
- “The Norwegian Getaway did not offer anything that is not already out there.”
- “Clients who are cruise-line loyal are ship specific. Bargain shoppers are price sensitive and not as concerned about the ship as long as it is delivering the basics and the required itinerary.”

Sales Process

- “When clients become line loyal, then I really do my homework on the ship they tend to prefer, the cabin style they repeat, and the amenities offered. Then I keep watching the promo emails to see if I can make a sale with a client already primed!”
- “Most certainly [this knowledge impacts recommendations and customer purchasing behavior], or there would be no reason to reach out to an agent.”
- “Cruise lines are like hotels, and clients have a level of expectation and experience in mind when I first talk to them. I match the experience offered on the line to the expectation of the client. Then it is a matter of destination, price point, and duration.”
- “Confidence and knowledge of the product drives travel agents’ recommendations.”

Travel Agent/Cruise Line Relationship

- “It depends on the agent and the years of experience, in terms of their knowledge about ship features. An agent does not have to ‘sail’ but should at least ship inspect each line to understand it, preferably on an embarkation day.”
- “Of course, some lines and ships simply are not accessible without considerable travel and time involved. I have only seen the Queen Elizabeth 2 in the Cunard fleet, and it is no longer in service. I have not toured a river boat on any line. I have only toured one ship in the Oceania fleet. I have not been on a Carnival ship in 20 years because I choose not to sell that line whenever possible. So on the ships I have not seen, I attend the webinars, the in-city trainings, read the brochures, study the deck plans on websites, to broaden my information base.”
- “A good rep who is motivated will ensure agents have booking incentives and knows about sailings with promotions that will drive in sales.”
- “The best incentive for agents is and always will be cash in the pocket. Premium and luxury market lines do that. After that, it is a sales volume to earn a free cruise.”

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*Travel Consultant
Full-service Agency, West Coast*

8. Independent Travel Agent in Texas; repeat source

Cruise bookings in the first quarter of 2014 are healthy and meet expectations, but cruise lines will need to continue offering discounts to fill ships, especially luxury lines. This veteran agent expects sales to be a little higher this year, compared to 2013. He has noticed Carnival cruises selling out faster than last year and other ships seem to be filling up faster, too, with kids-sail-free and summer sale offers expiring in 30 days. Customers do not ask about the age of a ship, since most are continually upgraded, but new ships do command premium pricing. He gets most of his customers from referrals and is offered monetary and travel incentives from cruise lines, but it does not affect his booking practices. Travel agents who cruise regularly know ships, ports and customs inside and out. They offer exceptional value to cruise passengers, who are often misled by the internet and need someone they can count on if they run into problems.

Sales

- “The first quarter [in 2014] is good in terms of bookings. It’s not very different from first quarter last year. It’s meeting my expectations.”
- “I expect sales to be a little higher this year, compared to last year.”
- “Carnival recently reported record sales. We had a customer eager to take an August trip on Carnival—well, it sold out as of last week. The ships are filling up faster. We’re seeing last minute travel offers that are on for a week and then

Cruise Lines

gone. There was a kids-sail-free offer, and it expired in 30 days. There was a summer sail offer, and in 30 days it expired too. Usually they last longer.”

Pricing/Incentives

- “The pricing is pretty much the same, although incentives are different and more aggressive.”
- “Cruises will continue to rely on discounts and sales most of the year. It seems the more expensive lines aren’t filling as fast as the others, so they may have to offer more incentives.”

Capacity

- N/A

Market Share

- N/A

New Ships

- “We’ve never had someone ask us about the age of a ship. Maybe it’s because they update them so often when they go into dry dock.”
- “Cruise lines absolutely can and do charge a premium for new ships.”
- “That ship will remain a new ship, or the newest, until something else comes out.”
- “I did not hear about the Norwegian Getaway’s disappointing debut.”

Sales Process

- “As travel agents, we get most of our business from referrals.”
- “When we’re recommending cruises to clients, our first priority is where they live.”
- “The length of the trip and the price people want to pay also makes a difference. I might recommend the Carnival for price and convenience.”
- “I’d say 70% of our clients don’t go with family. They’re trying to take a break from their families. Often the adults leave the kids with grandma, or the women do a girls-getaway. ... There are definitely some family reunions, but most do it to get away from family and get some time to themselves.”
- “Some clients feel they don’t need a travel agent because they can shop on the internet. But cruise internet sites can be very misleading.”
- “As to whether a travel agent knows the features of a ship, I’d have to say yes to that. I do because I cruise a lot. I know the ship inside and out. I know customs, I know the cabins, I know the ports, I know the excursions and parties. A travel agent who is active as a passenger has the knowledge that passengers need.”

Travel Agent/Cruise Line Relationship

- “Yes, we do get incentives from the cruise lines such as discounts and ‘fam’ tours, but it doesn’t affect our booking.”

Carnival recently reported record sales. We had a customer eager to take an August trip on Carnival—well, it sold out as of last week. The ships are filling up faster. We’re seeing last minute travel offers that are on for a week and then gone.

Independent Travel Agent, Texas

9. Travel agent with a full-service Florida agency

This Florida-based travel agent says the cruise lines are showing solid booking up slightly in Q1 compared to the same period last year. She expects class reunions and family groups to drive sales through the rest of the year, as these two categories are robust. The cost of a cruise is up about 5% year to year, but deals are almost always available to the flexible traveler. Royal Caribbean leads in its class, while luxury liners and European cruises are the most popular right now. People ask about a ship’s age and amenities. Newer vessels are going out on the long cruises. Most agency business is repeat and word-of-mouth.

Sales

- “[Sales are] probably the same, maybe a little higher.”
- “We could always use more business, but we have several group bookings right now for class reunions and family reunions on the books right now. So you could say we’re satisfied with the bookings so far this year.”
- “I’d say bookings this year will be at least equal to last year.”

Pricing/Incentives

- “[Prices are] probably the same, maybe a little higher. We saw some issues last year that saw people avoiding Carnival but not anybody else.”
- “Prices are a little bit higher this year, maybe 5%.”

Cruise Lines

Capacity

- “There was more capacity during the first quarter, but cabins are filling up as we head into summer.”

Market Share

- “We saw some issues last year that saw people avoiding Carnival but not anybody else.”
- “Royal Caribbean seems to be doing better than Carnival in that class range.”
- “Luxury cruise lines like the Silver Seas are doing the best. Princess and many of the European river cruises are above Carnival and Royal Caribbean.”

New Ships

- “People do ask ‘how old is this ship?’ It’s easy to find out if they’ve been refurbished. The newer ships are running on the longer cruises.”
- “Newer ships are getting good prices, but they are so big and they have so many cabins that you can still get a decent deal.”
- “They’re still building ships so the cruise lines apparently don’t think they’ve reached capacity.”
- “[Customers] do ask about the age of the ship, the amenities on board, things like that.”
- “It takes 3-4 years until somebody comes up with something bigger, newer or different and the last new ship loses some of its appeal.”
- “They’re [Norwegian Getaway] more independent. A lot of ships are under the Carnival, Royal Caribbean or Celebrity banner. Norwegian is out there by themselves. Now everybody is doing the dine-anytime concept. They don’t have enough support from a larger company.”

Sales Process

- “A lot of our business is repeat and word of mouth. We are part of a franchise so we do have marketing materials we send out to target people.”
- “Customers come from all over the place. Our location gets a lot of Florida customers.”
- “We do a little bit of everything for tours, cruises and vacation as well as business travel.”
- “It’s not so much the ship but the destination, or a ship that offers certain things like gambling or luxury cabins.”
- “We try not to influence a customer’s decision so much as steer them toward what they’re looking for.”
- “We do have preferred vendors, but we won’t send anyone away if the preferred vendor doesn’t offer what the customer wants. We look out for customers first.”

Travel Agent/Cruise Line Relationship

- “Everybody here knows what’s on a ship. Or we will find out before we do a lot of talking with the customer.”
- “We do get from time to time specials or incentives for a particular cruise. We don’t get nearly as many as there used to be.”

We do get from time to time specials or incentives for a particular cruise. We don’t get nearly as many as there used to be.

*Travel Agent
Full-service Florida Agency*

10. Travel Agency office manager in Florida

This agency manager said cruise sales are up nearly 35% in the first quarter compared to last year, and he is confident bookings will exceed last year’s. Several discount trips are available, while luxury and European cruises are popular this year. Royal Caribbean and Princess are leading the way, while Carnival is still trying to bounce back from last year’s difficulties.

Sales

- “Our sales were close to 35% higher in the first quarter [compared to 1Q13]. We’ve been here 33 years and group sales have just gone through the roof. Lots of repeat business from groups, and spinoffs of those groups.”
- “It definitely did exceed our expectations. It was very nice. And it’s growing some more. The European-market river cruises are really growing.”
- “Oh, yeah, bookings are definitely going to be higher this year. I think the weather is also prompting a lot of people to take a cruise.”

Pricing/Incentives

- “Prices are about the same. Cruise lines are discounting their product quite a bit. Especially the megaships with a lot of berths to fill.”

Cruise Lines

- “I’ve always said cruise lines could actually let people ride for free and they’d still make money. There’s on-board gambling, premium food and drink, an opportunity to buy something around every corner of the ship.”

Capacity

- “Capacity is a little greater so far this year. More boats in the water.”

Market Share

- “I think they’re all doing well. Of course Carnival’s had its problems in the last year. They had stopped printing brochures, but now they’re coming back with that. We had nothing to hand customers about Carnival.”
- “The megaships are really popular. I used to be able to tell the names of every ship. Now there are so many.”
- “Royal Caribbean and Princess are probably doing the best right now.”

New Ships

- “Customers come to us by word of mouth and our marquis out front. We’ve tried every advertising you can think of. It’s all word of mouth.”
- “Customers come mainly from north Florida.”
- “We generally try to qualify the client, to put them on a cruise that’s good for them. You’re not going to get a quiet vacation on a Carnival ship, for instance.”
- “There are some agencies that try to push the higher commission cruise, but we don’t do that.”

Sales Process

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- “We generally try to qualify the client, to put them on a cruise that’s good for them. You’re not going to get a quiet vacation on a Carnival ship, for instance.”
- “There are some agencies that try to push the higher commission cruise, but we don’t do that.”

Travel Agent/Cruise Line Relationship

- “[Travel Agents] should be well informed. It’s very easy to get informed. Everybody in the office goes through training programs.”
- “Our knowledge of the business helps customers find the best cruise for their travel needs.”
- “The influence of a cruise line depends on the agency. They don’t have influence on us. We recommend what’s best for the customer, based on what we’re told.”

11. Travel Agent in Florida

Sales are up 15 percent for first quarter 2014 compared to the same period in 2013, and expectations are that the increase will carry throughout 2014. Prices are stable for the most part. Capacity is higher due to new ships hitting the waters. Princess and Royal Caribbean are showing strength. Newer ships are doing well but Norwegian Cruise Line did a poor job of marketing the Getaway. Most customers come from referrals and although some agencies push cruises depending on cruise incentives to the agents. This agent says she books to customer preference over cruise company incentives to agents.

Sales

- “Sales are up maybe 15% so far this year.”
- “We’re looking at an increase in bookings this year versus last. I’d say if it continues this way it will be up 15%.”

Pricing/Incentives

- “Prices are still pretty much the same. Depending on your schedule, you can get some sweet deals on some very nice cruises to the Caribbean. Alaska specials are also popular.”

Capacity

- “Capacity is higher this year. The cruise lines keep adding ships to their fleet.”

Market Share

- “Royal Caribbean and Princess are strong. Also Silversea. Princess is probably the top line as you move into more of the luxury cruise packages.”
- “Any ship with a new feature is doing really well right now ... the newer ships.”

New Ships

- “The new ships are going out on the longer cruises, which cost more.”

Cruise Lines

- “Our customers often ask about the ship, how long it’s been in service, so it does make a difference to some people.”
- “The newest ships are booking up the fastest.”
- “One thing about new ships is they also tend to be the megaships and some of our customers want to cruise on a smaller vessel that’s less crowded and not so big on the partying.”
- “I don’t know if Norwegian ever really got the word out on the Getaway. It’s their newest ship, but the awareness doesn’t seem to be there.”

Sales Process

- “We do a lot of word-of-mouth business. Experienced cruisers can also book their own trips through our website.”
- “We get customers from all over the United States, mostly.”
- “We focus on cruises.”
- “Customers who book through our website probably already know what they want. With walk-ins, we meet with the customer and learn about what they’re interested in doing, then match a cruise to their desires.”
- “We do have preferred vendors, like Royal Caribbean.”
- “Cruise value can mean different things. It might be price, but it’s also the experience you get for a certain price.”

Travel Agent/Cruise Line Relationship

- “All our agents are very familiar with all the cruise lines and their ships.”
- “A travel agent is almost always someone who loves to travel, so there’s a certain insider experience that we can offer. And I think we’re able to find the best deals.”
- “Some agencies really push the preferred vendors, but so much of our business is repeat business that it’s really important to put the customer on the best ship for their vacation. If that happens to be the preferred vendor, then that’s great.”

12. Travel agent with a Florida agency

This agent in central Florida reports a 10% sales increase for the first quarter compared to the same period a year ago. Group sales such as class reunions are pushing this growth, while overall bookings for 2014 may increase 10-12%. Customers are becoming more conscious of ship age and quality, and are asking more questions in the wake of Carnival’s publicized problems last year. This has given an edge to Royal Caribbean in sales this year. The agent says cruise line’s incentives don’t influence his interactions with customers, as the agency is dependent on repeat business built on customer satisfaction.

Sales

- “Sales are up more than 10% so far [1Q14 vs. 1Q13].”
- “Group sales are strong. We’ve seen a fair number of class reunions book cruises for the summer.”
- “We’re probably going to see a nice increase in our bookings this year. If I had to guess, say 10% to 12%.”

Pricing/Incentives

- “There are a lot of deals running right now. Summer tends to tighten up, but early in the year and after Labor Day you can get a real bargain.”
- “Prices are up this year about 5%.”

Capacity

- “Most cruise lines have room for anyone who wants to book a cruise.”
- “We hear about more ships under construction and older ships in dry-dock for refurbishing, so I don’t think the cruise lines have hit their capacity just yet.”

Market Share

- “We’re seeing more interest in Royal Caribbean than Carnival and all the ships under their umbrella.”
- “We’re selling a lot more luxury cruise packages this year. I think the economy is a factor, but also people see the value of spending a little more to get a really first-class experience, especially people who’ve gone on a lot of cruises.”

New Ships

- “Customers are asking more and more about the age and the condition of the ship. Carnival’s troubles have brought that awareness. People still want to cruise, but some are wary.”
- “The newest ships can command the highest prices, but they also have a lot of space to fill. Last-minute cruisers can sometimes find a great package. None of the cruise lines want to send out a ship that isn’t close to capacity.”

- “I’m not familiar with the Norwegian Getaway.”

Sales Process

- “We get a lot of return customers. Maybe half want to go on the same type of cruise they went on before and the other half want to try something new. We try to accommodate everyone. I’d say most of our business right now is repeat customers.”
- “People usually find us through our website and they can book a cruise on there. So we’re not dependent on a physical location for customers to come to.”
- “We listen to the customer. I don’t push one package over another.”

Travel Agent/Cruise Line Relationship

- “All of us keep up to date on what the different cruise lines offer and that includes the different amenities on each ship.”
- “Sometimes a cruise line will run promotions and contact us about them. I wouldn’t say it has an influence on how we work with our customers. I share the information, but it’s the customer’s decision.”

13. Travel agent in Florida

Wave season sales rose 25% for 1Q14 versus 1Q13. Bookings through the balance of the year are expected to be up 25% compared to 2013. Princess and Royal Caribbean are the most requested cruise lines due to name recognition, but customers do not always book with them. This agent does work with preferred vendors, but puts the customer’s interests first.

Sales

- “Our sales increased about 25% in the first quarter.”
- “It definitely met our expectations. The pricing is very competitive right now and people are taking advantage of that.”
- “At this rate, we’ll probably see a 25% increase from last year.”

Pricing/Incentives

- “I haven’t seen any big price hikes. I think where the ships make up a lot of their money is on-board purchases, add-ons, gambling; things like that. The packages attract people to take a cruise, then they spend some more.”
- “There are always deals available.”

Capacity

- “The numbers show you can book pretty much any cruise you want. I think there is more capacity for passengers because of all the new ships launched last year, and we’re seeing a good mix of specials and packages because of that.”

Market Share

- “Princess and Royal Caribbean are our most requested cruise lines. That doesn’t mean everyone who asks about them ends up buying one of their cruises, but a lot of our customers do.”
- “All the new ships are filling up. I do tell my customers on a budget that some of the best deals are on the older ships.”

New Ships

- “Very popular. There’s a cachet to being on a new ship. It’s like a new car. Cruises on the megaships are costing more, but people are buying.”
- “I get more questions now about the age of a ship than I probably have in the last 5 to 6 years. No one is interested in having an experience like Carnival saw last year in the Gulf.”
- “New ships are nice, but you have to remember that you will be out there with 4,000 maybe 5,000 people. A lot of people prefer something a little more sedate, peaceful.”
- “From what I know, the Getaway is an excellent cruise ship. No one asks me about Norwegian and there are a lot of good values in the same class right now.”

Sales Process

- “I get a lot of referral customers and repeat cruisers.”
- “Royal Caribbean is a preferred vendor, but it’s always the customer’s choice and I will take the time to go over all their choices.”

Cruise Lines

- “Value is such a subjective thing. I think of it as the cost of a cruise relative to the quality. If you can line up your price with what you want in a cruise, then that’s value.”

Travel Agent/Cruise Line Relationship

- “I think I am knowledgeable about the different cruise lines. What I might not know about a particular ship I can quickly find out.”
- “I enjoy cruising and have been all over the world on boats. That experience is helpful in pointing out the advantages and features of different cruise packages.”
- “I get a lot of repeat business because I know my customers. I’m not going to promote one cruise line if my customer would benefit from a different cruise.”

14. Travel agent in Florida

Cruise sales are up 30% for 1Q14 compared to the same period last year, with bookings on target to surpass 2013 bookings by at least 25% for the year. Upscale cruises are gaining market share, while Carnival appears to be rebounding from last year’s troubles as people look for discount cruises and party ships. Travel agents know their business, but the ones who last in the industry listen to the customer, not the cruise lines pushing a particular package.

Sales

- “We had a nice increase in the first quarter, about 30%.”
- “Bookings exceeded my expectations.”
- “I think we will see at least a 25% increase in bookings this year from what we had last year.”

Pricing/Incentives

- “I haven’t really seen any price increases. Lots of discounts, though, and incentives like free upgrades if certain conditions are met.”

Capacity

- “I can get you on almost any cruise you want. There is capacity. There are some good deals out there as well.”

Market Share

- “Despite all the bad press, I think Carnival is coming back this year. People are looking for bargains and the younger crowd wants to have a good time, so they’re looking at Carnival. Royal Caribbean is also doing well. Disney and Princess are popular in their class, too.”
- “The megaships are really popular. I used to be able to tell the names of every ship. Now there are so many.”
- “I think Princess is doing the best of big cruise lines.”

New Ships

- “I’ve had more customers ask about the ship and its condition before they commit.”
- “New ships and the megaships are very popular. They do cost more, but the competition is so strong right now I don’t think the cost is going to go up any time soon.”
- “Summer trips are filling up pretty fast.”
- “Interest in a brand-new ship kind of depends on the individual. The newest ships are more likely to be crowded, so if you’re looking for a more peaceful cruise, that may not be your best option.”
- “I don’t think Norwegian did the greatest job promoting the Getaway. No one has asked me about it, and there are so many comparable cruises with just about the same features that it doesn’t really stand out, besides being a new ship.”

Sales Process

- “We have a website and we get a lot of repeat business.”
- “I listen to the customer and make suggestions based on what they say they’re looking for in a cruise vacation.”
- “There are agents in this business who promote whichever cruise makes them the most money. Over the long haul, I think good customer service and paying attention to the customer’s needs will be better for business.”

Travel Agent/Cruise Line Relationship

- “I think most travel agents know their business. If you specialize in cruises, then you need to know the ships.”

“Despite all the bad press, I think Carnival is coming back this year. People are looking for bargains and the younger crowd wants to have a good time, so they’re looking at Carnival.”

Travel Agent, Florida

“There are agents in this business who promote whichever cruise makes them the most money.”

Travel Agent, Florida

Cruise Lines

- “I’m set up to find the best match for my customers.”
- “I’m not influenced by any of the cruise lines. If the customer wants the cruise, I’ll book it, but I don’t favor any cruise line over another.”

15. Cruise consultant in Florida

Luxury cruise sales are up 25% for 1Q14 compared to the same period last year. Sales could increase 30% in 2014 versus 2013, due to strong interest in more expensive destination packages such as transcontinental cruises to Ireland and Spain. While people are interested in the age and condition of the cruise ships, this consultant tends to deal with more experienced and affluent cruisers who steer clear of the bargain lines in favor of more upscale trips.

Sales

- “We were up about 25% for the first quarter this year.”
- “Sales met my expectations.”
- “If it stays like this, and there’s no reason why it shouldn’t, we should have an increase this year of about 25%.”

Pricing/Incentives

- “Prices are up maybe 8 to 9%. I think it’s mainly due to the rising cost of fuel and provisioning for many of the trips we book across the Atlantic.”

Capacity

- “There is still capacity, but I think a lot of our cruises are going to fill up. The demand is there.”

Market Share

- “We tend to deal with the more specialty cruise lines, the niche market. As for the big lines, I think Royal Caribbean is pulling ahead of Carnival. We do book Royal Caribbean and sales are brisk. They almost always have a deal or promotion running. Celebrity Cruises is also popular.”
- “Princess probably offers the best value for the cost among the large cruise lines.”

New Ships

- “Not too many of my customers ask about the age of the ship. Most of them are seasoned travelers and have either taken a cruise on a particular ship or one like it.”
- “The newer the ship, the more the cruise is likely to cost.”
- “Summer trips are filling up pretty fast.”
- “Some people like the idea of cruising on a new ship, but the major lines are building mostly the megaships that can accommodate thousands of people. Most of my customers aren’t looking to party every day. They have a particular destination, a place they want to visit.”
- “The Getaway doesn’t seem that much different, in terms of amenities, from other ships in its class.”

Sales Process

- “Many of our customers use our website to educate themselves before they contact us.”
- “Usually, a customer knows what she wants before we sit down. I try to answer any questions and make suggestions based on what’s available.”
- “We don’t try to sell one cruise line over another.”
- “Most of my customers place a high value on the destination, and getting there in style.”

Travel Agent/Cruise Line Relationship

- “Any travel agent who’s been around for more than a few years knows the business and the boats.”
- “I don’t give preferential treatment to any single cruise line. It’s really not necessary. The customers are there; I just need to find the right cruise for the customer.”

16. CEO and founder of a travel agency on the East Coast; repeat source

This source’s agency now books land-based vacations in addition to cruises, partly because of the changes in the cruise industry and partly because commissions are higher for land-based packages. He says he did not have any expectations for wave season because he rarely does significant business during this time. Cruise prices were down 10% to 15% for the first quarter of 2014, compared to last year, and he expects cruise lines to heavily discount for the remainder of the year. The cruise lines continue to extend promotions and provide incentives to agents to drive bookings. Royal

Cruise Lines

Caribbean's largest ships are doing phenomenally well, as passengers—particularly new cruisers—like sailing on them and like the bells and whistles, at least initially. Travel agents, too, are doing all they can to reel in new customers by offering price guarantees and service. In general, though, passengers simply want the lowest price and have a know-it-all attitude. Agents, too, no longer have the friendly relationship with cruise lines, as cruise company representatives rarely come calling.

Sales

- “Wave season bookings in the first quarter of this year were pathetic compared to last year. In March business was up, but there was no wave season.”
- “The cruise lines have been running way too many promotions every week, and they are extending them every week.”
- “If you are talking about dollar-wise, cruise bookings in 2014 will be down compared to last year. Passenger-wise, it will be equal—meaning the cruise lines will do anything to put anything on their ships. Passenger-wise, the ships are going out at about the same full load—100% according to their numbers—but dollar-wise, no.”
- “The Freedom of the Seas, Oasis of the Seas and Allure of the Seas are selling quite well in the summer, July and August.”

Pricing/Incentives

- “Prices in the first quarter this year are down 10% to 15% compared to cruise prices in the first quarter of 2013.”
- “I think cruise line pricing will be more heavily discounted for the remainder of the year.”
- “Celebrity is supposed to be above Royal Caribbean in quality and yet pricing is lower. Why? To induce people to come on.”

Capacity

- “Ships are going out full, period, but there are a lot of fire sales and a lot of dropping of the drawers to get the business.”
- “Consumers are waiting until the last minute. They are waiting longer than they ever did to book.”
- “There is ample capacity.”

Market Share

- “The only share one cruise line is taking from another is on the basis of price. People are still shopping on price. They want the cheapest one.”
- “Which one is taking market share from another? The only way they take market share is how low they go on a price.”
- “Carnival is still struggling the most. They have a ways to go.”
- “Princess has some unique on-board charges. Their prices have been lower on a lot of stuff. Holland America does not even know where Holland America is anymore. They are so confused with their own identity. My prediction is they will be merged into one cruise line. Their demographics are identical.”

New Ships

- “Normally we will look at the bells and whistles on the new ships. The Oasis and Allure and the Quantum of the Seas, the newest, is drawing at a much higher rate. And I mean a phenomenal rate. It is mind boggling what they are getting on the Allure and Oasis.”
- “Flip it over to Norwegian Cruise Line. The Epic is the oldest, and they moved it to Europe because of poor construction. The Breakaway is sailing out of New York and is still sailing but has drawn a number of complaints. The Getaway, which is the sister, is doing extremely poorly in Miami, so poorly that it is a penny sale. It is that pathetic.”
- “Pricing predicated on demand. The Getaway has a poor itinerary. Take a look at three of Royal's largest ships, the Oasis, the Allure and the Freedom. What they do is an alternating itinerary, one is the Western Caribbean, and the following is the Eastern Caribbean. ... When Norwegian introduced the Epic, it was doing the Eastern Caribbean every week. Now the Getaway is doing the Eastern Caribbean every week. Nobody at NCL has given an answer as to why they are doing that. The Eastern Caribbean has always been the entry level itinerary, for first-time cruisers.”
- “The Epic was not well received here, as they are hoping it will be in Europe. The Getaway is not getting well received either. Nor the Breakaway for that matter. The balconies are half the size of your bathroom.”
- “There is a percentage of people—and most of those are newbies—who want a new ship. They do not know why they want a new ship. Misrepresentation and misinformation and our electronic age has taken over. Professionals or experienced cruisers want the older ships.”
- “The newest ship will always get a premium price until the fanfare dies. We are probably seeing more and more first- and second-time cruisers on the newest ships, as they want to experience them.”

The Getaway is not getting well received either. Nor the Breakaway for that matter. The balconies are half the size of your bathroom.

CEO & Founder, Travel Agency East Coast

Cruise Lines

- “Royal Caribbean came out with an ice skating rink. Oasis and the Allure had an Olympic diving program. That became old in a hurry. All of the ships are keeping the water slides. That has not faded yet but all these other things are fads. The Quantum has bumper cars on the ship. The Oasis and the Allure also have a merry-go-round and a zip line. People want to go on that ship because they want the bumper cars or because they want the zip line. Once you have done it—or waited in line to do a 30-second zip line—you have been there, done that. The cruise lines have got to keep coming up with newer things.”
- “Older ships are cheaper to run as they have a smaller mortgage.”
- “There have not been any new ships added recently. Five and 10 years ago cruise lines were adding one or two ships every year. In 2013, one or two ships were added. In 2014, we have a couple being added. So there are not a lot of new ships.”
- “If Royal [Caribbean] does not add more ships, they can increase their charges and then make a bigger profit.”
- “A new ship will be a big deal until the next new ship comes out. A ship does not have the shelf life that an Oasis and Allure do. What is now commanding attention is the new Quantum from Royal Caribbean. People are no longer paying attention to others.”

Sales Process

- “Travel agents advertise and try to find the gimmick, in order to get cruise customers. ... Everything is pricing now. We are the advocate to the traveler.”
- “We are now offering cruises and tours [when previously we just sold cruises]. I am a holdout. I started doing it slowly about two or three years ago.”
- “The cruise lines have taken advantage of the electronic world.”
- “Years ago, whether it was my agency or any other agency, the district sales manager would call on you every two weeks. ... When the cruise line reps stop in it is nothing short of once a month. We have not seen a Christmas gift in four years.”
- “I will choose a cruise line based on which one is not screwing up the most and which one we are getting the most money from. A client called Saturday morning and told me what he wanted and I knew I had a good rate. I booked it. I got confirmation from the cruise line. The rate was \$1,900 a person. The customer picked the ship and the suite he wanted. I had no input. Come Monday morning, another confirmation shows up on email. Now the price is \$2,100. I’m holding one that says \$1,900. I was on the phone for almost 90 minutes going through a fiasco. I got a supervisor, who told me if I keep up with my attitude he was hanging up. That is money out of my pocket. If you called up today and said, ‘Do I want to go on Royal Caribbean or on Celebrity?’—the last one I am going to give you right now is the one who screwed up recently.”
- “Normally there is a system in how I choose the ships for customers. I will ask a series of questions and customers will tell me different things about them. Within 10 minutes they will have told me the name of the ship.”
- “I personally value one cruise over another by a set of standards, including how many times do they screw up on internal bookings.”
- “Within a month of sailing we will call and try to speak with every one of our clients. We can also determine which client is full of chopped liver and which is a neurotic psychotic. With us calling and speaking with our passengers we are finding out from them different things.”
- “Travel agents have less influence now on their customers’ booking decisions, compared to five or 10 years ago. Ten years ago, we had 90% influence. We are down to 50% and even 40% now. Part of it is I do not try to influence them anymore because they know it all.”
- “People will call us and we will ask how they heard of us. If they found us on the Internet, that is already telling us info. If they say they want to go on Carnival and Carnival shows a price of \$399 and they want us to give them a cheaper rate, I say, ‘We will look into it for you.’ But it is not worth it. That is the type of client I will not get repeat business from. They will shop around. It took me awhile to understand this.”
- “The consumer does not care about whether we know the product better anymore. They know it all.”

Travel Agent/Cruise Line Relationship

- “The brick-and-mortar travel agents are the ones who know the ships and would know the information. That is slowly dying.”

Years ago, whether it was my agency or any other agency, the district sales manager would call on you every two weeks. ... When the cruise line reps stop in it is nothing short of once a month. We have not seen a Christmas gift in four years.

*CEO & Founder, Travel Agency
East Coast*

Cruise Lines

- “Princess is the only [cruise line with] a decent training program for agents. Its training modules are phenomenal. Going through all of their different products, and you have to take a test—and you cannot cheat. ... Princess has four levels—an associate bachelor of arts degree, a bachelor’s degree, a master’s degree. The highest one is a Commodore. If you make Commodore they give you a free cruise. No other cruise line has done that.”
- “All of the cruise lines have a training module program, but Princess is giving the most reward. For the other cruise lines, if I do a booking within three months of graduating I will get a \$50 bonus commission. That is nothing. It is nothing because even if I graduate, what’s to say I can book a client within three months on their ship and if I don’t, there is no reward for me. With Princess, there is no other stipulation.”
- “What will influence me to book Norwegian versus Royal Caribbean are my long-term perks and my relationships. If I have a problem, who can I go to?”
- “Cruise ships are offering bonus commissions to travel agents. The latest one was on Celebrity Cruise Lines: ‘Book four sailings to Bermuda this summer within 30 days and we will give you a \$50 bonus.’ Here is what they got out of that promotion: 300 travel agents booking one and two cruises and not one of them getting to four. You have to realize it is not worth it. Or, they will say if we book certain cruises we will be entered to win an iPod. Last summer Celebrity said that for every booking to Bermuda over a two-week period, the agent will be entered to win two tickets to the Red Sox against Cincinnati on a certain day. ... Those are the types of promotions and I am sure Celebrity got 10, 20, 30 bookings out of it. They figured it is an investment that was worth it.”

What will influence me to book Norwegian versus Royal Caribbean are my long-term perks and my relationships. If I have a problem, who can I go to?

CEO & Founder, Travel Agency
East Coast

2) Suppliers

One source sees their sales to cruise lines as stable year to year, and another sees a 10% gain. Both sources’ prices to cruise ships remain stable. One source sees ships sailing at capacity, while the other had no comment on capacity issues. One source believes Royal Caribbean is gaining market share from Carnival.

KEY SILO FINDINGS

Sales

- 1 source sees sales as stable year to year.
- 1 source sees sales up 10% year to year.

Pricing/Incentives

- Both sources see pricing for their products as stable year to year.

Capacity

- 1 source sees ships sailing at capacity.

Market Share

- 1 source sees Royal Caribbean gaining market share from Carnival.

1. Executive at an East Coast linen company

This source’s revenues and pricing have remained on par this year with that of 2013, and wave season sales met his company’s expectations. Overall, his business has increased over the years because of the sheer number of ships sailing and the increased amenities on each ship. He says ships are full when they set sail, even though cruise prices have dropped to entice passengers.

Sales

- “Our business is even compared to last year. In fact, we have lost some business and gained some business, but overall I am happy to say it is on par.”
- “Wave season sales met our expectations this year.”

Cruise Lines

- “Cruise bookings this year will remain even compared to last year.”

Pricing/Incentives

- “The prices we will charge cruise lines this year will remain even, also. In all the bids we are doing everything is holding steady.”
- “It depends on a cruise line by cruise line basis as to whether they will need to rely on continued discounts and decreased pricing to drive bookings for the remainder of the year.”
- “For a cruise line like Carnival, which has had some hardware issues, they are pushing the prices down.”

Capacity

- “I believe the [cruise lines] are sending out ships full. There have been some hardware issues but what I have been told is that prices for cruises have dropped, but they are making sure those ships go out full.”

Market Share

- N/A

2. Florida based hardware supplier to multiple cruise lines

This sales consultant to a cruise line supplier says sales are up nearly 10% in 1Q14 versus 1Q13, mainly due to companies refurbishing older ships. The pricing on basic supplies is flat, but electrical and mechanical parts are up nearly 5%. No price increase is expected, although this source said it will raise prices to keep its margins if its own costs go up. Royal Caribbean is gaining market share from Carnival, mainly due to Carnival’s well-publicized problems last year. Disney and princess also are strong, with people upgrading to more luxurious cruises.

Sales

- “Our sales last quarter are up almost 10% from last year. A lot of it was for mechanical parts and electrical parts. A lot of the companies are refurbishing some of their older vessels.”
- “We had a decent increase. I think it’s about what we expected.”
- “Since our sales are fairly strong, that tells me the cruise lines expect to do good business this year.”

Pricing/Incentives

- “Most of our room supplies, stuff like mattresses and lockers, minibars and room accessories, are the same price as last year. Mechanical and electrical parts have gone up maybe 4% to 5%.”
- “I am not aware of any plans for a price increase at the moment. If our costs go up, we’ll probably raise prices to keep the margins.”

Capacity

- N/A

Market Share

- “Royal Caribbean is gaining from Carnival’s bad press, but I can’t say by how much.”
- “Carnival still has image problems. I think the people who can afford to upgrade to more of a luxury cruise are doing that. We do a lot of business with Disney and Princess, too. People who like to cruise are probably kicking it up a notch to go with Princess. They have a good reputation for the more upscale cruises.”

3) Industry Specialists

Two sources see increased bookings for the 2014 wave season, and two expect stable year-to-year bookings. Two did not comment on booking trends. Three sources who made direct comments on year-to-year pricing said prices are higher and discounts are lower year to year, with one specifying a 5% increase in prices. Most profits are made from gambling, alcohol and excursions, which realize margins of 500% to 700%. Three sources said capacity has increased year to year. Two sources noted the increased popularity of river cruises. New ships stay popular for around four years, and can command higher prices. New ships often are used on newer routes, while older ships are used on popular routes. One source noted Royal Caribbean, by sending its newest big ship—the Quantum of the Seas—to port in Shanghai, is signaling that it views the potential market in China as enormous. Travel agents usually garner customers through referrals, although social media is gaining a larger role. Cruise lines offer agents education, commissions, prizes and trips as incentives. One source says these offers to travel agents from cruise lines are less frequent than in the past.

KEY SILO FINDINGS

Sales

- 2 sources see increased bookings in the first quarter.
- 2 expect stable bookings.
- 2 did not comment on year-to-year booking trends.

Pricing/Incentives

- 3 sources who commented directly on year-to-year pricing trends reported less discounting or increased pricing. One specified a 5% price increase year to year.
- 1 source noted margins on excursions are 500% to 700%.
- Most profits come from onboard gambling, alcohol sales and offshore excursions.

Capacity

- 3 sources who commented said capacity has increased year to year.

Market Share

- 2 sources note that river cruises are gaining popularity.
- 1 notes Norwegian Cruise Line is doing best with respect to reputation.
- 1 source says Carnival and Royal Caribbean are the most popular.

New Ships

- New ships stay popular up to 4 years, and can command higher prices.
- New ships often are used for unusual routes, old ships are used for the popular routes.
- New ships are more frequently hitting the waters.
- 1 source says the Norwegian Getaway had a weak debut in part due to coming out of the Miami port with a lackluster itinerary.
- Royal Caribbean sending its newest big ship to port in Shanghai is a signal that the cruise line sees enormous potential in the Chinese cruise market.

Sales Process

- Travel agents garner customers through advertising and referrals.
- Social media plays a bigger role in gaining customers.

Travel Agent/Cruise Line Relationship

- Cruise lines offer travel agents commissions, trips and prize incentives.
- 1 source says commissions are lower than in the past.

1. Founder and editor of an online cruise website and professor at a Canadian University; repeat source

This source said that, while cruise lines may want the world to believe they are doing great, 2013 was a tough year and bookings were stable at best. Cruise prices were slightly higher in the first quarter than the same period last year. The bottom line is, cruise lines will need to continue to rely on discounts and decreased pricing to drive bookings, especially in light of all the negative publicity surrounding the attacks on both Holland America and Disney ships recently. Carnival continues to struggle the most, with Norwegian Cruise Lines and Royal Caribbean faring better. Travel agents are playing a role in securing bookings, with most wanting to make sure their customers have a memorable vacation, but they also are quick to grab incentives if they can.

Sales

- “2013 was a bit depressed. Even though the cruise lines are claiming they are having a great year, it is about the same. The industry wants to always sound optimistic, but with the depressed pricing and certainly the consumer survey research results, I do not think they are doing as well as they would like people to believe.”
- “The booking levels ... were about what I would expect.”
- “2014 cruise bookings will be stable but some companies will have more difficulties than others. ... Last week, according to a national survey, the level of confidence in the cruise industry and level of likelihood to take a cruise was lower this year than a year ago. So if we trust the poll results, we may see nothing better than what we have been seeing.”

Cruise Lines

Pricing/Incentives

- “Probably early in the year prices may have been a little bit higher than they had been the year before, but as the year went on [prices] became softer. We are talking less than 10%, maybe only 5%. Not a huge change.”
- “Most definitely cruise lines will need to rely on continued discounts and decreased pricing to drive bookings for the rest of the year, given the most recent negative publicity on the illness outbreak, ... ships failing their health inspections, and some very visible media coverage about the rapes on cruise ships. A woman was almost killed on a Holland America ship, and was attacked in her cabin by a crew member waiting for her. He was going to throw her overboard, but she was able to escape out the door. And then there was the 13-year-old girl [molested] on the Disney ship last week. Disney has had four or five of these a year; 34% of all sexual assaults on cruise ships involve children.”

Capacity

- “My guess is that wave season capacity in the first quarter this year was on par with the [same period a] year ago. Some ships were moved to non-developed world regions.”
- “I would not say there is too much capacity on all of the new ships. As long as they are manipulating prices, the capacity is fine. They are increasingly moving capacity into other markets. Australia, New Zealand is growing exponentially.”

Market Share

- “Carnival as an individual cruise line and as a corporation is struggling the most. And a lot of it is not just that Carnival gets labeled, but when anything happens on any ship that they own—it gets referred to as a Carnival ship. They take the brunt of the mishaps that may not involve Carnival. Holland America is owned by Carnival.”
- “Of the mass market cruise lines, probably Norwegian Cruise Lines is probably doing the best in terms of reputation. Royal Caribbean is probably doing fairly well but they have a huge debt service given the new ships they have built, so their economic bottom line may not be as strong.”
- “You do not hear a whole lot about the luxury cruise lines. Silversea used to be the leader. Seabourn is expanding. I have my own concerns about Regents of the Seas but that is a personal thing.”

New Ships

- “When ships become very old, age becomes an issue, but usually the cruise lines are moving the ships to another market before they reach that age. The age of the ship may be more related to what per diems they are getting.”
- “People who are experienced cruisers may be affected by the age of a ship, but for people who are relatively new cruisers—having taken five cruises or less—probably age does not make a whole lot of difference. It has more to do with the products that are provided.”
- “The industry is conscious that the market in North America is somewhat saturated, and so they need to move these ships into markets that have some growth potential.”
- “Generally a new ship will remain popular for two to three years, maybe four years. The exception to that is the Allure of the Seas and the Oasis of the Seas, because they are so unique in terms of their size that they probably will continue to have that attraction. People want to go on the largest ships afloat. They will be more long lasting.”

Sales Process

- “Travel agents typically get cruise customers partly through advertising. They try to appeal to people who do not feel the confidence to do things on their own. When my wife and I were cruising a lot, agents used to give incentives but many of those incentives have disappeared.”
- “Most people who use an agent for cruises are mostly committed to cruises, but may alternate between cruises and all-inclusive land-based vacations.”
- “[Sandal \[Resorts International\]](#) gives travel agents commissions of minimally 18%. Cruises are given maybe 10% if agents are lucky.”
- “I hate to say it but travel agents choose the cruise lines for their customers partly because of the incentives that they receive. Cruise lines set up thresholds and benefits for agents encouraging them to seal a particular line. And of course the unknowing passenger—they do not care, they just take the advice.”

Cruise lines are trying to increase their influence on travel agents. A year or two ago they were losing their hold on travel agents. They are now trying to increase their connection and their influence on travel agents again.

*Founder & Editor, Cruise Website &
Professor of Canadian University*

Cruise Lines

- “My guess is that travel agents choose the ships for their customers partly where they are located. They identify cruises that are easily accessible. And, they determine what kind of itinerary a person wants. I know a lot of people want to do a Mediterranean cruise, etc. Also, the age of the passenger is a factor; if you are younger with kids, you are more likely to go toward Carnival, Norwegian, Disney.”
- “Travel agents have a high level of influence on what product people book but not necessarily on whether to book a cruise versus a land-based vacation. People go to a travel agent with the idea of, ‘Oh, I want to do a cruise and what do you recommend is best for me?’”
- “A combination of things drives travel agents’ recommendations. The economic value is a high priority but at the same time, I do not think they will try to sell something that they know the person is not going to be happy with, as they are interested in the return business. If you are going in and saying, ‘What should I do?’ then they may push you toward the cruise that gets them the best benefit.”

Travel Agent/Cruise Line Relationship

- “Travel agents are marginally well informed on the features of each ship. I know that is not being very kind—but they can read the brochure. More importantly, agents do not go on a ship as a passenger. They do not experience quite the same thing.”
- “Cruise lines are trying to increase their influence on travel agents. It ebbs and flows. A year or two ago they were losing their hold on travel agents. They are now trying to increase their connection and their influence on travel agents again.”
- “Cruise lines are offering all kind of incentives to travel agents. Sometimes it is increased commissions. There are the incentives where if people buy cruises on this ship, you can get a free cruise yourself. Some of the promotions are quite appealing, and you know they are going to influence decisions to sell certain products.”

2. Researcher, tourist bureau at a major U.S. port; repeat source

Cruise lines appear to be doing fine this quarter, but it’s hard to say because data reports are sent out quarterly rather than monthly. Cruise lines are positioned to add almost one million more passengers this year, and they are having no trouble absorbing them. At this port, Carnival and Royal Caribbean are the most popular lines. The Norwegian Getaway’s weak debut and pricing stemmed mostly from the polar vortex that caused snow and ice storms throughout the Midwest, Southeast and Northeast, making travel to the cruise destination impossible for some passengers. Cruise ships are trying to make their brand stand out by offering amenities, such as ice skating, which other lines don’t have.

Sales

- “No one’s talking, but it seems to be business as usual. We used to get statistics every month from the cruise industry, but now the reports are quarterly and the one for this quarter hasn’t come out yet. I would think it was a conscious decision to withhold this information as long as possible. It gives the cruise lines more time to better position themselves. But it makes it really hard for researchers.”
- “In Florida, Port Miami is still the cruise capital. Cruises contribute \$27 billion annually to the local economy and employ about 200,000 people, mostly in the tourism industry.”

Pricing/Incentives

- “Ships have added multiple layers of dining—specialty dining in addition to the regular dining room. They’re trying to separate their brands by who doesn’t offer this or that. Some now offer ice skating, or cabins more fancy than the beds that pull off the wall. If you’re not an experienced cruiser, those things are important.”
- “Experienced cruisers know that the cabins are not all that important. I would hope that on my vacation I’m not spending all my time in the room. I need a bed to sleep in at night.”
- “As for pricing, it depends on the time of year you’re sailing. Seasonality largely determines the price. For example, it’s 30% higher to stay at a hotel in Orlando in the winter, because winter is when everyone wants to be in Florida.”

Capacity

- “I understand the cruise lines are going to add about one million people this year, and they are absorbing them quite easily. So I’d say they’re not over capacity if lines can still absorb them.”

Market Share

- “The industry’s cruise report doesn’t break things out by individual ship, unfortunately. Here Carnival, the Royal Caribbean and Royal Cruise Line seem to be the most popular.”

New Ships

Cruise Lines

- “A new ship is new until someone comes up with a new concept, which seems to be a lot faster than in the old days.”
- “The new ships seem to be a big draw, that and adding new amenities. The cruise lines are able to charge more for them, otherwise they wouldn’t be adding so many. And other cruise lines are retrofitting their ships to look newer. Some are repositioning older ships to other destinations, or reducing their overall fleet.”
- “As for the Norwegian Getaway’s disappointing debut, I’d say it had a lot to do with the weather this January. It was the [polar] vortex. You may remember all the snow and ice storms in the Midwest, Southeast and Northeast. Many people simply could not travel to the port city.”

Sales Process

- “Some customers still feel more comfortable with a travel agent, especially if they are a little older and less internet-savvy; people 45 and under are going online more. Travel agents help them look and more distinctions between the lines. Carnival, for example, is a party ship, so you wouldn’t book it for a quiet get-away.”

Travel Agent/Cruise Line Relationship

- “Cruise lines do offer incentives and education to travel agents. It’s like the hotels—they invite us to see what they’re offering. You’d be at a disadvantage if you didn’t go.”
- “Travel agents do get incentives from cruises to sell their products. But a lot of customers are bypassing them and booking through the internet. There are 25% more people now, so it seems to be working [for the cruise lines].”

3. Former Corporate Employee, Leading Cruise Line

Cruise lines will offer whatever discounts are necessary to fill their ships to capacity, and cruises try to overbook, according to this former corporate cruise line employee. Cruise lines make their profits in three main ways: liquor, gambling, and shore excursions. Even though gambling is only allowed in foreign waters, gaming has formidable profit margins, and shore excursions typically have profit margins of 500% to 700%. Specialty dining is another source of profits. Incentives from cruise companies have traditionally influenced travel agents to book more passengers on certain lines than others.

Sales

- “Cruise lines definitely want to fill their ships, and they will do whatever it takes to fill them to capacity: discounts, sales, whatever it takes. If the ships are full to capacity, that covers the expense of running the ship and they break even. That’s why you see discounts, like sail with us next week for X days and pay \$299 a person. That means they haven’t filled the ship, although managers will always try to oversell the ship by about 20%. They’ll just bump passengers to another ship if they need to.”

Pricing/Incentives

- “You don’t make a profit booking a cabin at \$599 per person. Filling the cabins is not how cruise lines make their profits. The top three ways cruises profit are shore excursions, booze and gambling.”
- “Drinks on cruise ships are not covered in the bookings, and they are ridiculously expensive. And cruise gambling brings in a huge amount of money. There’s blackjack, roulette, slot machines, even bingo. ... You have to be out of U.S. waters to gamble onboard, it’s not allowed in internal waters. You see less gambling on, say, cruises to Alaska, because they are mainly in U.S. waters. But even in the short time the ships are out of U.S. waters, enough gambling goes on to make it profitable.”
- “Shore excursions are also huge profitable because of the mark-up, which typically ranges from 500% to 700%. Take the shore excursion to the [Barcardi Rum Factory](#). Passengers are charged \$70 a person to go there. But if you went there on your own, the taxi would cost about \$5 to \$7 and the tour is free. Some shore excursions can run up to \$1,200 a person. Dog sledding in Alaska can run from \$400 to \$600 per couple.”
- “Specialty dining is another revenue opportunity. Regular dining on-board is covered, no one goes hungry on a cruise ship. Specialty dining costs extra, ranging from \$20, \$45, \$85 a meal or more. You can choose to eat in, say, the Italian dining room, or the Steakhouse, and pay more.”

Capacity

- N/A

Market Share

- N/A

New Ships

Cruise Lines

- “Cruise companies use new ships for the itineraries no one wants to go on, because the draw is the new ship. Older ships have a fabulous itinerary, because no one wants to sail in them. That’s how you sail your ships.”
- “News that the Quantum of the Seas—the Royal Caribbean’s newest, hottest ship—is being posted in China is really weird to folks in the industry. I guess Royal Caribbean wants to attract bookings in China, so they’re sticking their big bad boy over there.”

Sales Process

- N/A

Travel Agent/Cruise Line Relationship

- “Do incentives from cruise lines influence travel agents? Absolutely. If the commission scale ranges from 10% to 15% for bookings, an agent would be more likely to book on the one with higher commissions. On our cruise line, an agent could make up to 25% on the commission scale, plus other perks, depending on the volume of bookings.”
- “In fact, some people become travel agents when they retire basically for the perks. A lot of people dream of traveling after they retire, and travel agents do get a lot of perks and incentives.”

4. Donna Hull, Owner and founder of myitchytravelfeet.com, a travel web magazine targeted at baby boomers

People get excited about new ships, but passengers also are very loyal to older, smaller ships that offer both comfort and intimacy. The level of service is higher, and people are more able to form close relationships than in the “floating cities” of the new megaships. Once people find a ship they like, they tend to travel on it as long as possible. For baby boomers, interesting new trends in cruise travel include adventure cruises, experiential travel and historical cruises.

Sales

- “One trend in boomer travel is adventure cruises. It’s one of the biggest things for boomers. Smaller luxury ships like the Silver Seas offer unique experiences that other lines may not. Some ships go to Antarctica, others through the Northwest Passage. And then there are the Zodiac rides, in which you can do bird watching and hiking. And you are seeing more theme cruises and historical cruises. There’s also the Un-Cruise, another adventure cruise in which you can see eagles and go kayaking in the fjords.”
- “Another new trend in boomer travel in general is slower travel, experiential travel. You might go to Italy not just to tour, but to take, say, cooking lessons. Or you might go to an archeology site to participate in a dig. People want to be involved, to learn more about different culture.”
- “There are different kinds of small ships, but one thing they have in common is that the level of personal service is ratcheted way up. The Silver Spirit, for example, has only 500 passengers, and by the second or third day, the staff knows you by name.”

Pricing/Incentives

- “My experience is that cruises set fees for the year, but ships may change the category of the cabin. If they upgrade it, they may charge a little more.”
- “You can typically find bargains in shoulder season, or get a two-for-one price on a crossing.”

Capacity

- N/A

Market Share

- N/A

New Ships

- “People get excited about a new ship. Each new ship brings a little more innovation. New ships can charge more, but they have to be careful not to price themselves [out of range].”
- “Most older ships have a very loyal audience. People find a ship they like and they don’t deviate much.”
- “Passengers may also be in loyalty programs that give them a discount or reward depending on how often they cruise. I know on one older ship we cruised on frequently, we had free Internet the whole time (though that’s pretty standard now), we got free laundry and other perks.”

Sales Process

- N/A

Travel Agent/Cruise Line Relationship

- N/A

5. Jordan Bailey, Web producer, Cruise Capital, and founder/blogger, Royal Caribbean Fans (UK)

Cruise bookings are on the rise in 2014, with Carnival alone reporting a 20% increase in bookings this wave season. Among travel agents, social media is playing a key role in attracting clients, and river cruises are a “phenomenal” new growth area in the industry, with Viking Cruises recently launching 16 new longships in 24 hours. Prices for cruises are slightly higher than 2013, although bargains abound. Publicity around new ships and affordable prices have broken the stereotype that cruises are only for wealthy retired people. New ships still command premium prices, and the Norwegian Getaway’s disappointing debut probably had to do with its about-face in itinerary: it originally was scheduled to sail from Southampton to its home port of Miami, but Norwegian Cruise Lines decided she would sail to New York instead for the Super Bowl, stunning passengers who had booked a cruise to Miami. In general, cruise lines would struggle if they didn’t offer sales and discounts. The Mediterranean Fly/Cruise program of [P&O Cruises](#) (a subsidiary of Carnival Corp.) had to drop its prices and offer vouchers to fill its ships, for example, after it overestimated how many customers would gladly fly to Venice to board the ship rather than embark in Southampton. Although the trend is toward huge “floating cities,” millions of cruise passengers prefer the intimacy and flexibility of a small, elegant ship, which can dock in waters more off the tourist track. These tend to be luxury lines, however, and the industry would do well to develop a “modern, relaxed and family friendly” small ship.

Sales

- “Cruise bookings are expected to be higher this year than 2013. One reason for this is the number of new ships debuting this year and in 2015 as well. These new ships are creating a lot of buzz in the industry at the moment, and clients are being tempted into booking on these new ships. We’re also seeing a lot more first-time cruisers.”
- “According to [CLIA](#), the cruise industry trade association, 20.9 million guests cruised in 2013 alone, a 3.3% increase over 2012. They also estimate that 2014 will see 21.7 million cruise passengers and by 2017, 23.7 million cruise passengers are expected to be carried worldwide, of which 59.1% will originate from North America and 27.4% from Europe. This is good news to travel agents that passenger numbers are increasing, but it’s not the huge increase some industry experts were hoping for.”
- “Over the past few years and ever since the Costa Concordia disaster, cruising has been in the public eye a lot more than previously. Although some people may not like the large ships, they are certainly helping to break down common perceptions of cruising being expensive, boring and for retired people. Prices this year are still very reasonable, but seem slightly more expensive than 2013. However, there are still amazing deals out there.”

Pricing/Incentives

- “Cruise lines will always run special promotions and discounts. It’s what attracts guests to book. If cruise lines charged the standard brochure price without any promotions, I think they would struggle. I don’t think we’ll see as many discounts this year, due to all the new ships launching and going on sale. This means we’ll see more premium prices with some of the operators.”

Capacity

- “We’ve seen a staggering amount of new ships launch recently and there are plenty more still to come. In fact, we’ll see 25 new cruise ships launching over the next 4 years—from smaller vessels such as Viking Ocean Cruises’ Viking Star with a guest capacity of 960, right up to the mammoth cruise ships such as Royal Caribbean’s Quantum and Anthem of the Seas and even a third Oasis-class vessel, the largest ships in the world carrying over 6,000 passengers each and costing \$1 billion to construct!”
- “Compared with the first quarter wave season of 2013, capacity has increased thus far and will significantly grow by the end of 2014. 2013 saw new ships launch such as Norwegian Cruise Line’s Norwegian Breakaway, [Hapag Lloyd \[Cruises\]](#)’ luxury Europa 2 and Princess Cruises’ Royal Princess. 2014 has already seen the launch of Norwegian Getaway, the sister ship to Breakaway, and we’ll also see Royal Caribbean’s Quantum of the Seas launch in November as well as Regal Princess and Costa Diadema. Carnival reported that booking volumes for this year’s wave season have been running almost 20% ahead of the 2013 season, significantly outpacing capacity.”

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Web Producer & Blogger

- “With all these new mega cruise ships launching, it’s important to consider the size of the market and whether or not there will be too much capacity to fill. This has been most recently seen with P&O Cruises’ Mediterranean Fly/Cruise program. They’ve placed one of their largest ships, Ventura, in the Mediterranean. P&O is very popular with British passengers who like the convenience of cruising out of Southampton, UK, but for every Fly/Cruise sailing, 3,000 guests must fly to Venice to board the ship. The demand just is not there, and P&O have been forced to drop prices and run promotions such as giving away 640 [British pounds] worth of vouchers per stateroom, just to tempt cruisers into booking. They have even offered added incentives to travel agents to book passengers on board their Fly/Cruise program.”

Market Share

- “Carnival has received a lot of bad press over the past year and this has had an effect on their sales, but it seems they are recovering. Cruisers are a lot more price savvy now than they were a few years back. Those cruise lines doing well are those that can offer great value for money deals, which tempt guests into booking. More cruisers are now waiting for last minute, cheap deals. River cruises have seen a phenomenal growth over the past year. Viking River Cruises recently launched 16 new ‘longships’ over the space of 24 hours, beating the existing world record of 10, set by themselves in 2012.”

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Web Producer & Blogger

New Ships

- “If the ship is well-maintained, clean and has all of the modern day necessities, then age does not really matter. Over the last several years, cruise lines have been selling [some of] their aging ships and replacing them with newer, larger vessels. Royal Caribbean transferred one of their oldest ships, Monarch of the Seas, in 2013, and [Saga Cruises](#) retired the much loved Saga Ruby back in January this year.”
- “It’s important that cruise lines remember gigantic ships do not appeal to everyone. If cruise lines want to stay ahead of their competitors, they need to start thinking about the millions of passengers who prefer the smaller and intimate ships. The likes of [Fred Olsen Cruise Lines](#) and [Cruise & Maritime Voyages](#) shows that there is a strong enough market for these smaller and older ships and prices are considerably lower than the floating cities.”
- “Another advantage of smaller ships is that these vessels can get into smaller ports and allows cruisers to explore the less touristic destinations. At the moment, if guests enjoy small ships and ‘off the beaten track’ destinations, then they have to turn to the ‘luxury cruise lines’ such as Seabourn, Regent Seven Seas and Azamara Club Cruises, which are significantly higher in price. What the industry lacks is a modern, relaxed, family friendly, small ship. At one end of the scale you have the large informal, fun ships, and at the other extremity you have the more formal and luxurious small ship cruises. There seems to be no middle ground.”
- “As cruise lines launch new ships, you will usually pay a premium price for the first year. When Royal Caribbean announced plans to bring Oasis of the Seas to Europe for a few sailings, prices were considerably higher than other ships sailing on a similar itinerary for the same number of nights. The reason cruise lines charge this premium is simply because there is enough demand and people will still pay the price for the experience of sailing on a new ship.”
- “I was lucky enough to sail on board Norwegian Getaway for her maiden departure from Southampton. She is an impressive ship with an iconic hull design by artist, [LEBO](#). Comparing Norwegian Getaway’s debut with that of her sister ship, Norwegian Breakaway, it’s clear that Getaway was not marketed as strongly as Breakaway was. One of the first problems with her debut was the change in maiden voyage. Originally, she was supposed to sail from Southampton to Miami—her home port. Later Norwegian Cruise Lines revealed she would instead cruise to New York as she would be chartered for the Super Bowl. This was good publicity for Norwegian Cruise Lines and it also provided a photo opportunity of both sister ships berthed next to each other, but this affected customer loyalty [for those] who had originally booked on the cruises to Miami, only for Norwegian Cruise Line to cancel and change it.”
- “Recently, there has [also] been a big trend in modernization. Cruise lines have focused a lot of time, effort and money into refurbishing their existing ships. Royal Caribbean International is nearing the end of their ‘Royal Revitalization’ program, where they completely modernize all of their vessels. Carnival Cruise Lines are doing the same with their ‘Carnival 2.0’ upgrades. It allows the cruise lines to add successful features from their latest ships and roll the features back across the existing fleet.”

Sales Process

- “Social media is playing a huge part in attracting sales. One quick tweet showcasing a cruise deal and a link to your site can reach hundreds of potential customers. Factors that are important in driving agents’ recommendations are

the size of the ship, age of their client, budget and their expectations of facilities. For example if a client is in their 30's and has a budget of \$600, there would be no need explaining about the luxury brand Crystal Cruises. A more suitable recommendation would be the likes of Carnival, Royal Caribbean International or Norwegian Cruise Lines."

- "Most travel agents have a basic knowledge of the different cruise brands and what each line offers. Some consultants may have cruised before or have been on a ship visit and that can help offer their clients first-hand knowledge."

Travel Agent/Cruise Line Relationship

- "Cruise line representatives are in regular contact with travel agents, to help promote their offers and to improve consultant knowledge and training. Cruise lines can easily influence travel consultants into booking clients on their cruise line. This is mainly done by commission. A lot of the cruise lines give travel agents between 5-10% commission on every booking they make. Consultants may be persuaded to book clients on cruise lines that offer higher commission rates."
- "Cruise lines also offer incentives, such as vouchers or prize giveaways, to persuade travel agents. They may even offer a free cruise to consultants who book the most passengers onto their cruise line."

6. Former cruising magazine editor and UK travel series author

The first quarter of the wave season is stronger than the first quarter of 2013, with less discounting and special offers. This industry expert's expectations for 2014 have been exceeded: not only are ocean cruises doing well, but river cruises are booming, with some already sold out through 2015. New ships are designed to draw the experienced cruiser as well as the novice, and Royal Caribbean in particular is pulling out all the stops with its rock climbing walls, ice skating and flow rider surfing. Its stunning move of sending its newest big ship—the Quantum of the Seas—to port in Shanghai is a signal that Royal Caribbean views the potential cruise market in China as enormous. The Norwegian Getaway's weak debut was likely due to the already crowded market and a ho-hum itinerary. Besides a trend toward adventurous and culturally authentic cruises and shore excursions, those geared to "foodies" are a growing niche.

Sales

- "The wave season really appears to be picking up quite nicely. We're seeing fewer special offers and tactical discounting this quarter, compared to the first quarter of 2013. We've seen more [discount] offers from Carnival than other lines, but in general trends are toward a healthier year."
- "So far 2014 has really exceeded my expectations, both in terms of the big cruise lines and the luxury and river cruise lines."

Pricing/Incentives

- N/A

Capacity

- N/A

Market Share

- "River cruises are attracting a lot of attention. There's an absolute plethora of choice. The industry can't seem to push them out fast enough. They only hold about 180 passengers, but they are so popular that if you haven't already booked one for next year, you may need to do that for the year after next."

New Ships

- For people who cruise a lot—that may be 50% of passengers—new cruise ships are a big deal. They are eager to try all the new amenities. The Royal Caribbean, especially, is pushing the envelope as much as possible. It has added rock climbing, ice skating, bumper cars, and flow rider surfing. Zips lines are on the way. They're trying to add as much as possible to catch the eye of the repeat cruiser as well as the newcomer."
- "Normally cruise lines send older ships to test new markets. It really is quite a stunner for Royal Caribbean to be moving their newest ship to a relatively untried market like China, but it definitely says two things: first, the big cruise lines see major growth in the Chinese market as a source market for their ships, and are very keen to tap into it as

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*Former Cruising Magazine Editor &
UK Travel Series Author*

Cruise Lines

soon as possible; and asap; and second, Miami is definitely a bit played out in general cruise terms, and the cruise lines are now looking for 'new cruise frontiers' for their ships."

- "New ships usually have at least 3 to 4 years before they're no longer such a big deal. The Norwegian Epic is a good example. The company certainly got a good 3 to 4 years out of it. A new ship may be novel for as long as 5 years, then attention will turn to the next new ship."
- "The Norwegian Getaway's weak debut may have been partly coming into a very crowded market in Miami. The Norwegian Breakaway had home-ported in New York, and that seemed to work quite well. But debuting in an already crowded season may have made it hard to be the big seller Norwegian Cruise Lines was counting on. There is simply a lot of tonnage going through Florida right now."
- "In addition, The Norwegian Getaway's itinerary was very ordinary, nothing particularly exciting there, nothing new. It was a wee bit hum-drum and so not as big a draw for experienced cruisers."

Sales Process

- N/A

Travel Agent/Cruise Line Relationship

- "The cruise lines have historically relied very heavily on travel agents and cruise agents. And although cruise lines have cut back on commission rates, they still offer good incentives, and they'll have to keep those in place because they need agents' support. The public is still not in the mindset of booking directly with a cruise, which cruise lines would prefer; they want an experienced agent who can offer that extra value and knowledge."
- "Agents specializing in cruises are definitely very knowledgeable about ships' features—they really have to be."

River cruises are attracting a lot of attention. There's an absolute plethora of choice. The industry can't seem to push them out fast enough. They only hold about 180 passengers, but they are so popular that if you haven't already booked one for next year, you may need to do that for the year after next.

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Secondary Sources

The following four sources show cruise lines making big changes in price, entertainment, and food to entice passengers, bigger and newer ships being built to increase capacity of each cruise, resident rates and stock market perks of cruise companies, and special offers being given through best agent partners.

April 10 Market Watch [article](#)

Cruises are making five big changes to entice new passengers, including: bringing popular musical acts; celebrity chefs and more food options; \$32 a night and kids-sail free promotions; satisfaction guarantees; and faster and cheaper wi-fi.

- "About 21.7 million people are expected to take a cruise this year, up from 21.3 million last year, according to data from Cruise Lines International Association. What's more, nearly nine in 10 cruise lines report that they've seen an increase in first-time cruisers. But while cruising is the fastest growing segment of the travel industry, only about one in four Americans has ever taken a cruise."
 - "Here's what cruise executives from Carnival, Royal Caribbean and more told us they've done recently to attract a new crowd."
1. **Acts with names you'll recognize.**
 - "Carnival will feature a record 49 concerts for travelers this year, with shows from Jennifer Hudson and Lady Antebellum, among others; Royal Caribbean brings Tony Award-winning musicals onboard like Chicago and Hairspray; and Norwegian is doing a The Grammy Experience cruise, which launched this year and features Latin Grammy Award winner Nestor Torres as a headliner."
 - "Plus, the number of themed cruises has jumped from about 400 to 700 in the past three years, says Howard Miles, the founder of theme cruise listing site ThemeCruiseFinder.com."
 2. **Celebrity chefs and more food options.**
 - "Many potential cruisers worry about lackluster buffets filled with warm, limp iceberg lettuce and sweaty American cheese. Indeed, Carnival's Berra says that food is one of the main concerns that the never-cruised have about getting onboard for the first time—and that's one of the reasons that Carnival has partnered

with Guy Fieri to launch on-ship burger joints. Carnival isn't alone: Norwegian now has a partnership with the Cake Boss and restaurants by Geoffrey Zakarian and Royal Caribbean with Jamie Oliver and Michael Schwartz."

- "And last week, Royal Caribbean introduced what it calls 'dynamic dining'—in which it is ditching the traditional dining experience (two dinner seatings) and offering a series of 18 smaller restaurants to pick from on their new Quantum of the Seas ship. It's a move, Goldstein says, that is geared toward inexperienced cruisers (traditional cruisers, he says, seem satisfied with traditional dining options). Higher end cruise lines like [SeaDream Yacht Club](#) focus on fare like raw food or gluten-free offerings, as well as mostly locally sourced menus."

3. \$32-a-night cruises and kids-sail-free promotions

- "Roscoe Mathieu, a 27-year-old writer living in China, says that 'the #1 reason' he doesn't want to cruise is the expense. 'Cruises, to me, are big white ships full of old rich people reassuring each other that although they are visiting some exotic clime or other, they do not have to interact with the countries or peoples they visit in any way,' he says; for the money, he feels he can do better elsewhere."
- "So the cruise lines in the past year have thrown out some compelling deals. Carolyn Brown, the editor-in-chief of CruiseCritic.com, says that this year's unprecedented breadth of kids-sail-free deals—offered by Norwegian, Royal Caribbean, Azamara and Carnival—were designed to attract new cruisers. Indeed, Carnival's Berra confirms that Carnival's deal was intended to bring the never-cruised on board by making it more affordable for them to cruise."
- "The deals weren't just limited to kids-sail-free promotions. After the norovirus outbreak on Royal Caribbean earlier this year—these kinds of incidents tend to put off those who have never cruised more than old timers, surveys show—the cruise line offered up rates of \$32 per person per night. And cruise prices overall hit near record lows last year amidst the bad press."

4. Satisfaction guarantees.

- "Indeed, in May 2013 following the Carnival Triumph incident, 43% of consumers who had previously taken a cruise said they were 'less likely to take a cruise now than a year ago' but that number jumped to 58% of those who had never taken a cruise. Carnival responded by offering a satisfaction guarantee—which it is still offering—that gave unsatisfied consumers a 110% refund—a move made in hopes of attracting new cruisers. 'It's designed to reassure people who say 'I've never tried this before, what if I don't like it,' says Berra."

5. Faster, cheaper Wi-Fi.

- "Connecting to the web on a cruise ship has long been a pricey hassle. 'Fifteen or twenty years ago, a staple element [of cruise lines' messaging] was that cruising was one of the great ways to disconnect,' says Goldstein. 'That message is unthinkable today.' But now, many cruise lines are scrambling to offer cruisers access to Wi-Fi—an offering that Goldstein says appeals to new cruisers who don't want to be disconnected for the duration of a cruise. Royal Caribbean, for example, is testing a new, faster Wi-Fi network on its Oasis of the Seas ships and says it hopes that by the end of summer it will be operable on three of its ships."

Jan 20 International Business Times [article](#)

Cruise lines are shown increasing their capacity with new, bigger ships. Travel agents also are noted as being the number one way to book cruises.

- "Despite several high-profile setbacks over the previous two years, the cruise industry continues to sail toward a brighter future with 2014 looking to be yet another record year for both the number of ships at sea and number of passengers on them."
- "CLIA noted that its global fleet is now comprised of 410 ships, up from 393 ships a year ago. Between 2014 and 2015, CLIA lines will introduce yet another 24 ships to meet the growing demand. These new additions represent a total capital investment of approximately \$8 billion and will add capacity for another 37,546 passengers."
- "Royal Caribbean's 4,180-passenger Quantum of the Seas is the largest of the 16 new ships expected to launch this year, followed by Norwegian Cruise Line's 3,969-passenger Norwegian Getaway, Costa Cruises' 3,700-passenger Costa Diadema, Princess Cruises' 3,560-passenger Regal

Despite several high-profile setbacks over the previous two years, the cruise industry continues to sail toward a brighter future with 2014 looking to be yet another record year for both the number of ships at sea and number of passengers on them.

International Business Times Article

Cruise Lines

Princess and TUI's 2,500-passenger Mein Schiff 3. Most other vessels leaving the dockyard in 2014 are smaller ships catering to the booming market for European river cruising."

- "As global cruise companies add newer and bigger ships to their fleets, port operators, port authorities, local governments and port-related service providers have all had to make their own adjustments to keep pace. 'Ports are making major commitments to the success of the cruise industry with significant capital improvement in modernizing existing ports and building new ones that are technologically and environmentally advanced, while also being very cruise and passenger-friendly,' Duffy explained."
- "Regardless of where they came from, most cruisers booked their trip through a travel agent. 'Travel agents are the primary distribution channel for cruise sales and remain critically important to the cruise lines,' Duffy explained, adding that they make 'a majority' of all cruise bookings, despite playing an increasingly smaller role for many other sectors of the travel industry."
- "Travel agents surveyed by CLIA identified several cruise industry trends for 2014, including multigenerational travel, Millennial travel, active vacations at sea and river cruising. Trending cruise destinations for the New Year include U.S. and African rivers, South America, Antarctica, the Middle East, Canada and New England."

Feb. 27 Life Hacker [article](#)

A travel expert gives two insights into saving money on cruises: one, utilizing resident rates, offered to cruisers who live near a port; and two, frequent cruise travelers should think about investing in their favorite cruise company for discounts and onboard credit.

- "If you're fond of taking cruises, these tips from travel expert Peter Greenberg will help you score some credits you might not know about and save as much as \$250 on your next sailing."
- "Greenberg notes that several cruise lines have a 'resident rate,' which is a discount just for living close to a port city or even in the whole state. One example: \$130 off a 5-day cruise that's listed at \$330. Some of the states with these special resident rates include Florida, Georgia, California, Washington, Hawaii, New York, New Jersey, and Connecticut. The best way to find these rates, he says, are from travel agents who specialize in cruises."
- "Another tip, which might matter only to frequent cruise travelers who happen to also invest in the stock market, is to buy at least 100 shares of stock in Carnival (which owns a bunch of other cruise lines) or Royal Caribbean. Those shareholders can get up to \$250 in onboard credit. Right now Carnival is trading at \$40.33 and Royal Caribbean is at \$52.49."

Cruise Critic [article](#)

Cruise lines are using special last minute deals through best agent partners to fill up left over space on cruises, offering steep discounts to travelers. Additionally, group rates can be found on some cruise lines to get bigger groups of people on board at discounted rates.

- "We recently heard a rumor about a seven-night cruise to Alaska on Princess for \$299—an extremely low fare, especially in light of current cruise pricing (most fares on comparable sailings are in the \$500's right now). An online search turned up no evidence of such a deal. Finally, we asked a travel agent about the offer, who said that he'd seen the deal. It was an exclusive rate offered only by Princess' best agent partners, and could not be advertised to the general public."
- "We talked to some more travel agents—and some cruise lines—to get the inside scoop. Here are the two types of 'secret fares' we found, and how you can take advantage of them."
- "These rates are like the \$299 Alaska fare mentioned above. Sometimes cruise lines have cabins left on an upcoming sailing that they can't sell—maybe it's an unpopular date or airfare to the departure port has gotten really expensive. To sell the cabins, the lines need to discount—but doing this in a public way could upset cruisers already booked on the sailing at higher rates or undermine their efforts to establish the value of a cruise at a certain rate."
- "'Within the travel industry, it is common knowledge that higher volume agencies receive special reduced 'last minute' pricing from time to time on select cruises from popular cruise lines such as Holland America, Princess and others,' says Bill Kraus, president of Cruise Club of America. 'When this occurs, cruise lines may or may not permit the agencies to advertise these special reduced rates to the general public.'"
- "Paul Allen, Holland America's vice president of sales, told us that 'select agency special rates have been an industry practice over the years. We have minimized them to virtual extinction' Meanwhile, Jan Swartz, Princess Cruises' executive vice president of sales, marketing and customer service, wrote that 'Princess offers flash fares that are last-minute deals to help fill any close-in remaining beds we may have available. Travel agents can e-mail these deals to their clients or offer them via phone.'"

Cruise Lines

- “Group Rates: Travel agencies buy group space on cruises far in advance, when fares for those sailings first become available. Because they’re buying in bulk, often paying a deposit on each cabin blocked out, and because these agencies have worked hard to build relationships with the cruise lines, the cruise lines offer them low rates on these cabins. ‘We’re already blocking/depositing group space [for two years out],’ says Anderson. ‘America’s Vacation Center has invested hundreds of thousands of dollars holding space. The fares we get are 10 to 40 percent less than the price you’d pay from the cruise line directly, and we pass those deals to our customers.’”
- “Unlike the one-off, eleventh-hour sales described above, the best group rates can be found more than 90 days prior to sailing. This means these deals are best for people who can book early. Look for deals on popular sailings (peak travel periods, holidays, popular destinations)—reason being, if agencies are going to put money down in advance, they want to guarantee that they can sell the cabins later.”

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