

Ebola Epidemic – Serious Threat to the Cruise Industry

The cruise industry was hoping for a strong booking winter season after the series of accidents that embarrassed the \$37.1-billion-strong market were now a forgone misfortune. Rather than that expected boom, its operators are currently facing the exact crisis that has of late nearly brought the airline industry to its knees: Ebola.



The escalating Ebola menace scare has sent players in the travel industry to the drawing board. Every one of them is scratching their heads: how can they still assure eager-to-go-for-vacation Americans of their safety when even the WHO seems not to be fully aware of how best to tackle the deadliest-ever outbreak of the Ebola virus?

With nobody really sure, travel companies are already beginning to take steps that have been termed by crisis management experts as necessary for preventing the latest Ebola outbreak from pulling down demand for travel and spending.

According to Drew Kerr who is a crisis management expert at Four Corners Communications, the best thing for these travel companies to do is to make use of their social media platforms and websites to reassure their customers by announcing that they are taking the necessary measures to curb the negative impact of this Ebola menace; it is all about the future as well as making people feel good and re-assured about what lies ahead in the industry.

The value of shares of airline companies, hotels as well as cruise ship firms have dipped in the last month, roughly coinciding with the period when Thomas-Eric Duncan arrived in Texas and was confirmed to have been infected with the deadly Ebola virus.

For instance, shares of Carnival – the Miami-based cruise company which is the largest on the planet – have gone down by 12.64% over the last one month. They closed up 23 cents, which is less than 1%, ending the day at \$34.92.

Airlines and cruise lines are seen as potentially more vulnerable to the deadly virus because of the close proximity that people always are in when travelling on airplanes or ships, according to Matthew Jacob

who is a cruise analyst at ITG Investment Research.



This anxiety over Ebola first hit the American travel industry when it was widely reported that a nurse who had earlier treated Mr. Duncan had flown on a Frontier Airlines flight just a day before she tested positive for the disease. Ever since this news spread, the airline has been trying to reach out to more than one thousand of their customers who had either flown with that nurse or on other subsequent Frontier Airlines flights.

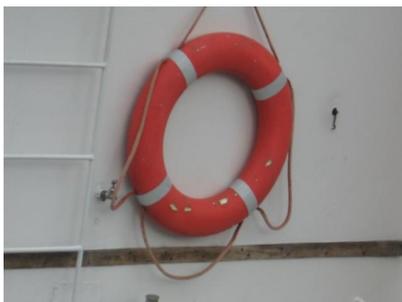
With this Ebola scare, the travel industry has hit a rough patch. The latest report from Frontier Airlines on the Ebola scare on their flights said that the news on the nurse did not prompt any mass flight cancellations, though they have received around a thousand calls from their customers asking about the reported Ebola case.

Similarly, no travel agent or online booking site has reported any major travel booking cancellations, though travelers have obviously been nervous over the scare.

Laura Byrd, a freelance writer who had recently flown from Dallas as well as San Antonio also corroborated this fear with travelers by decrying how the Ebola menace and its potential to spread among travelers has been greatly underestimated, adding that this is unsettling.

A Carnival ship on which a lab supervisor from a Texas hospital travelled has isolated her together with her companion in the ship's cabin off the Mexican eastern coast, despite the two having shown no Ebola symptoms so far. This has however not convinced Mexican authorities to allow the cruise line to dock in Cozumel, thus forcing the ship to change route to Galveston, Texas.

To compensate for the ship's missed stop in Cozumel, Carnival announced that it has offered each of the passengers a \$200-onboard credit as well as a 50% discount on a future cruise with the cruise line.



According to Kerr, Carnival has done a lot to improve their tarnished image in the last year, especially

after a series of unfortunate accidents that kicked off with Costa Concordia's sinking in 2012, a wreck that led to the loss of lives of 32 passengers and crew. Costa Concordia was operated by a subsidiary of the Miami-based Carnival.

A fire on Carnival Triumph in February 2013 in the Gulf of Mexico left passengers stranded in the ship with no power supply for up to four days. In response to these accidents, last year Carnival made an announcement of a \$300-million upgrade plan for all of their ships.

With this quite expensive response, Kerr says that Carnival managed to pull it together, with their perception coming back quite a ways.

In the past year, a series of gastro-intestinal ailments have struck several passengers on ships either owned or operated by competitors of Carnival, the Royal Caribbean International and the Princess Cruises.

Nevertheless, despite all these problems, the industry researcher Cruise Market Watch projects that the cruise industry will serve up to 21.6 million passengers globally in 2014 alone. This is a 3% rise over last year's.

To maintain these numbers, the Princess Cruises cruise line announced that it is presently doing a screening for anyone who has travelled to Guinea, Sierra Leone or Liberia in the preceding 21 days. They are also denying boarding to any person who has helped take care of or had any physical contact with Ebola patients.

But Carnival is going a step further to deny boarding to any person who has been to Guinea, Sierra Leone or Liberia in the preceding 21 days. In addition, every guest sailing on their ships must go through a series of health-screening questions before they can be allowed to board.

Carnival cruise ships that had been scheduled to make stops in West African countries this November had also been re-routed already.

Princess Cruises also announced that they plan to change the itinerary of their two ships which had been scheduled to make stops in West African sea ports next spring, with their spokeswoman Julie Benson adding that they are certainly going to have to re-assure their passengers that their health and safety will absolutely remain Princess Cruises' highest priority.

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