

CRUISE INDUSTRY 2009: OPTIMISTIC OUTLOOK DESPITE ECONOMIC CRISIS



Cruise Lines International Association (CLIA) found out by a survey that American's travel agents are quite optimistic about the cruise sales for 2009.

The **industry seems to be well positioned** to cope with the current economic situation. While consumer confidence is lowered in other business sectors such as retail and residential real estates, the cruise industry focuses on developing new pricing and marketing strategies to overcome these conditions. Furthermore, cruise lines are putting much effort into making cruises more attractive to the repeat customers as well as first-time cruisers.

The CLIA survey showed that over 60% of travel agents perceive cruise bookings for 2009 on the same level as 2008 or even better. The top motivating factors for consumers in 2009 named by travel agents were: special offers, good pricing and good value. While a few months ago consumers were mainly booking last minute, as a response to the economic crisis, they now return to booking cruises three to seven months in advance. During Wave Season half of the customers booked cruises of average lengths of seven days for a price between \$751 and \$1,500. The reason why people keep on going on vacation during the financial crisis was mentioned by Dan Hanrahan, president and CEO of Celebrity Cruises: "[...] people are still vacationing. They see it as a birthright. They may bypass a home improvement project, or may not buy a new car right now, but they still want to take their vacations."

To support the customer's willingness to pay for cruises the cruise lines come up with more than just price reductions. Some try to offer **more dining choices on board**, enhance menus and **add new entertainment options** to the programs on board. Others offer onboard credit or cabin upgrades when booking long time in advance. Discounts and price reductions are not the most welcomed methods to increase a company's revenue but they help to attract early bookers and secure a certain amount of bookings. In addition, low prices attract new first time cruisers looking for a good-value holiday which the cruise lines hope to lure next time as well. Moreover, the trend goes towards offering more close-to-home cruises. Cruise lines, whether in the U.S., the UK or throughout Europe, try to offer more close-to-home ports to help customers avoid the costs of air travel.

Above all, there are 17 new cruise ships on order and under construction, just for the European market, to be delivered until 2012. This will offer much more holiday destinations for cruisers and show that the cruise industry expects further growth despite all economic threats.

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