



Florida-Caribbean Cruise Association

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Cruise Industry Overview - 2009

State of the Cruise Industry

Based on third quarter 2008 results and fourth quarter estimates, we are forecasting that a record 13.2 million passengers cruised in 2008, an increase of 640,000 guests over 2007, with 10.15 million originating in North America. Coupled with an annual occupancy percentage that exceeded 104% in 2008, this 5% annual passenger growth for 2008 shows an industry where demand continues to outstrip supply.

In 2008 alone, eight new ships, from Carnival, Celebrity, Holland America Line, MSC Cruises, Pearl Seas, Princess Cruises and Royal Caribbean International, with guest capacities ranging from 210 to 3,642 passengers, sailed the world's waters for the first time.

The industry's growth is headlined by the Caribbean, which continues to rank as the dominant cruise destination, accounting for 38.19% of all itineraries in 2008, versus 41.02% in 2007 and 46.69% in 2006. Despite the decrease in capacity, passenger numbers have continued to increase for the Caribbean.

In 2009, the growth of the cruise industry continues as we enter an era distinguished by fourteen additional innovative, feature-rich ships, international ports-of-call and convenient departures from proximal embarkation cities. The current cruise ship order book extends from 2009 through 2012 and now includes 35 new builds, with 69,200 berths at a value of nearly \$20 billion.

The selling environment in 2009 is likely to be a challenge for all providers of goods and services, including travel, due to the global economic environment. Cautious optimism is the forecast for 2009 following a successful year for the cruise industry in 2008. Based on known ship additions and deletions in 2009, the industry forecasts 13.5 million guests in 2009, a 2.3% increase over 2008.

Today's ships offer a new generation of onboard features and a world of innovation, including surf pools, planetariums, on-deck LED movie screens, golf simulators, water parks, demonstration kitchens, self-leveling billiard tables, multi-room villas with private pools and in-suite Jacuzzis, ice-skating rinks, rock-climbing walls, bungee-trampolines and much more. Today's new ships also offer facilities to accommodate family members of all generations traveling together, a market that is ideally suited for Caribbean cruising. More than 1.6 million children under the age of 18 sailed with their families in 2008.

From a product standpoint, our ships offer an array of feature-rich innovative facilities, amenities and services that exceed the expectations of a growing population of travelers. Today's travelers would be hard pressed to not find a cruise line, ship, stateroom or itinerary that did not offer something for everyone.



FCCA Member Lines

Carnival Cruise Lines

Celebrity Cruises

Costa Cruise Lines

Cunard Line

Disney Cruise Line

Holland America Line

MSC Cruises (USA) Inc.

Norwegian Cruise Line

Princess Cruises

Royal Caribbean International

What is the FCCA?

The Florida-Caribbean Cruise Association (FCCA) is a not-for-profit trade organization composed of 10 Member Lines operating more than 100 vessels in Floridian, Caribbean and Latin American waters. Created in 1972, the FCCA's mandate is to provide a forum for discussion on legislation, tourism development, ports, tour operations, safety, security and other cruise industry issues. By fostering an understanding of the cruise industry and its operating practices, the FCCA seeks to build cooperative relationships with its partner destinations and to develop productive bilateral partnerships with every sector. The FCCA works with governments, ports and all private/public sector representatives to maximize cruise passenger, cruise line and cruise line employee spending, as well as enhancing the destination experience and the amount of cruise passengers returning as stay-over visitors.

Member Lines

Carnival Cruise Lines • Celebrity Cruises • Costa Cruise Lines • Cunard Line Ltd.
Disney Cruise Line • Holland America Line • MSC Cruises (USA) Inc. • Norwegian Cruise Line
Princess Cruises • Royal Caribbean International

Partnerships

Some of the ways the FCCA works with the cruise-oriented destinations include:

- **Port Improvements** – The FCCA provides technical assistance on port expansion, including input on port and pier design and improvements and new services being planned.
- **Research** – Research is conducted and provided to destination partners in an effort to create a better understanding of cruise passengers, improve the landside product delivery and maximize the benefits of cruise tourism.
- **FCCA Outreach Program** – FCCA training seminars provide destination partners with valuable information regarding cruise passengers – their wants, needs and habits – enabling them to maximize the impact of cruise tourists in their country. The FCCA has two core training programs:
 - **Service Excellence** – A workshop on the importance of excellent customer service and the economic impact of the cruise industry. A happy guest not only spends more money, but will return again and again, thereby producing greater profits and converting cruise passengers into return stay-over guests.
 - **Caribbean Taxi Pride** – Caribbean Taxi Pride: This presentation geared towards taxi drivers, tour operators and vendors providing ground transportation is an entertaining and informative workshop that focuses on five main areas: courtesy, professionalism, marketing, rules and safety.

In addition, the FCCA has designed outreach programs for destination requests, including, but not limited to, the following areas: Cleaning Beaches/Roads, Painting Schools/Hospitals/Orphanages, Hurricane Clean-Up, Visiting Elderly, Community Projects and Volunteering at Hospitals.

Associate Membership

The FCCA has designed a two-level Associate Membership program, the Platinum Membership program and the Associate Membership program for destination partners and private organizations impacted by cruise tourism to foster an even closer, direct working relationship with the FCCA Member Cruise Lines.

Associate Member Benefits:

- Member meetings and luncheons
- Listing/profile in Membership Directory and in *Caribbean Cruising* magazine
- Access to up-to-date research and statistical studies
- \$500 discount on first ad placed in *Caribbean Cruising* (first year of membership only)
- Savings on registration fees for the FCCA Cruise Conference & Trade Show
- Discount on insurance program for tour operators
- Associate Member plaque and yearly updates
- Use of FCCA logo on printed materials

Platinum Associate Member Benefits (in addition to the benefits above):

- One complimentary registration at the \$ 300 level for the FCCA Gala Dinner
- One complimentary registration for the FCCA Cruise Conference & Trade Show
- Private lunch and meeting at the FCCA Cruise Conference & Trade Show
- Serving on FCCA's Platinum Associate Member Advisory Council (PAMAC)
- Complimentary registration on annual PAMAC Cruise
- Invitations to inaugural events & cruises
- Complimentary registration for the PAMAC Conference
- Biannual full-day meetings with FCCA operations executives, followed by networking cocktail receptions (open to all cruise executives)

FCCA Foundation

The FCCA Foundation provides a tangible mechanism for the cruise industry to fund a range of humanitarian causes in the Caribbean and Latin America region. In its 15 years of existence, the Foundation has impacted thousands of Caribbean citizens by providing over \$3 million in funding to causes and charities throughout the region. Programs include:

- **Holiday Gift Project** – The FCCA reaches out to the Caribbean and Latin American destinations by providing gifts to children in foster homes or institutions where holiday gifts would not ordinarily be possible. The gifts are delivered on Member Lines' vessels to the destinations where the children enjoy a holiday party in their honor. In 2008, 31 destinations participated in the program, with over 7,000 children receiving holiday gifts.

- **Foundation Events** (*every penny raised going to needy causes in the Caribbean and Latin America*):
 - **FCCA Online Auction** – This project, which takes place in December each year, is open to anyone with a valid email address. The auction allows guests to bid on items ranging from vacation packages, artwork, jewelry and sports memorabilia donated by cruise industry partners throughout the Caribbean and Latin America.
 - **FCCA Gala** – The Gala was created by the Member Lines 15 years ago to enable cruise executives and industry partners to gather on a social level, establish new relationships and enhance existing ones. Attendees dine with the cruise executive of their choice, giving them the opportunity to foster a better relationship with their table host.

FCCA Magazines and Publications

- **Caribbean Cruising** – Published quarterly, Caribbean Cruising is the official magazine of the FCCA and cruise industry that serves to educate and bring about an understanding of the cruise industry's inner-workings. With a circulation of over 19,000, the magazine offers advertisers direct access to over 13,000 travel agents, 5,000 industry partners, and over 1,000 key decision-makers in the marine operations, marketing and strategic planning departments of the major cruise lines.
- The **"Highlight Issue"** features a who's who in the cruise industry and contains cruise executive profiles and information on all FCCA Member Lines. It is a useful tool when dealing directly with the cruise industry.
- **Membership Directory** – The FCCA directory contains a complete listing of all FCCA Member Lines executives, FCCA Associate and Platinum members as well as all the Ministers of Tourism within partner destinations.
- **Conference and Gala Program** – Delegates who attend these functions receive comprehensive programs packed with useful FCCA schedules, information and accomplishments.

FCCA Cruise Conference & Trade Show

For many cruise executives, destinations, suppliers and tour operators, this is the premier industry event of the year, an opportunity to meet in a roundtable format with key players to analyze industry trends and discuss current issues. The FCCA Conference brings together over 100 cruise executives and 1,000 industry partners. For 2009, the Conference will be held in St. Lucia, October 26-30.

The Annual Golf Tournament has become an important resource for meeting top executives in an exclusive casual atmosphere. Play in a foursome hosted by a Cruise Executive and contribute to a worthy cause, the FCCA Foundation. The Golf Tournament will take place on Tuesday, October 27, 2009.

As the FCCA proceeds into tomorrow, they will remain steadfast in their mission to create win-win partnerships between the cruise lines and cruise destinations throughout the greater Caribbean and Latin American region.

Cruise Industry Overview

- The industry forecasts 13.5 million passengers in 2009, a 2.3% increase over 2008.
- In 2008 a record of 13.2 million passengers are forecasted to cruise (a 5% annual increase), with 10.15 million originating in North America.
- The cruise industry is the fastest-growing category in the leisure travel market. Since 1980, the industry has experienced an average annual passenger growth rate of approximately 7.5% per annum.
- Since 1990, over 141 million passengers have taken a 2+ day cruise. Of this number, over 60% of the total passengers have been generated in the past 10 years and nearly 36% in the past 5 years.
- The average length of cruises is nearly 7 days (6.9 days).
- The cruise product is diversified. Throughout its history the industry has responded to the vacation desires of its guests and embraced innovation to develop new destinations, new ship designs, new and diverse onboard amenities, facilities and services, plus wide-ranging shore side activities. Cruise lines have also offered their guests new cruise themes and voyage lengths to meet the changing vacation patterns of today's travelers.
- The cruise industry's establishment of over 30 North American embarkation ports provide consumers with unprecedented convenience, cost savings and value by placing cruise ships within driving distance of 75% of North American vacationers. By providing significant cost savings through the convenience of avoiding air travel, the new homeports have introduced leisure cruising to a wider customer base.
- From a capacity standpoint, utilization is consistently over 100% (104% in 2008).
- The Caribbean is the number one destination, with 38.19% of capacity in 2008.
- 35 new state-of-the-art new ships are contracted or planned to be added to the North American fleet through 2012, at a cost of nearly \$20 billion US.

Cruise Passenger Profile

- CLIA defines the cruiser target market as adults 25 years or older, with household earnings of \$40,000+. This segment represents 43% of the total US population.
- Of the total US population that is 25 years or older, with household earnings of \$40,000+, 44.6% indicates that they have taken a cruise, with 22.7% having cruised in the past three years.
- It is estimated that only 19.9% of the total US population has cruised ever and 9.9% have done so within the last three years.
- Cruisers spend, on average, approximately \$1,770 per person, per week for their cruise and other vacations as compared to non-cruise vacationers who spend an average of \$1,200.
- Cruisers average age is 50 years of age with a household income of \$109,000. 69% are college graduates and post-graduates. 86% are married and 62% work full-time.

Cruise Passenger Behaviors & Attitudes

Overall, the cruise product delivers unparalleled customer satisfaction. For both first-time and frequent cruisers, the cruise experience consistently exceeds expectations on a wide range of important vacation attributes. The on-going challenge for the industry is to convert cruise prospects into new cruisers.

- 80% of cruise passengers think that cruising is an important vehicle for sampling destination areas to which they may return. Cruisers indicate they return for land-based vacations as follows: Caribbean (50%), Bahamas (21%), Hawaii (13%), Mexico (13%), Europe (12%), and Alaska (11%).
- Cruisers are not exclusively cruisers; they are frequent vacationers that cruise as part of their vacation mix. They average approximately three (2.9) trips each year with 21% of their total vacations being a cruise.
- Cruisers generally plan their cruise trip an average of 5.6 months in advance.
- Cruisers primarily travel with their spouse (75%), followed by children under 18 (25%), friends (23%), and other family members (21%).
- Internal sources primarily dominate the major influences for both vacations and cruises:
 - Destination websites (39%)
 - Word of mouth referrals (33%)
 - Spouses (32%)
 - Cruise websites (28%)

- When comparing cruising to other vacations, cruisers are more likely than non-cruisers to consider cruising:
 - Explore a vacation area to return later (62% vs. 30%)
 - Good value for the money (53% vs. 22%)
 - Offers something for everyone (59% vs. 31%)
 - Reliable (49% vs. 22%)
 - Safe (45% vs. 18%)
 - Relax/get away from it all (63% vs. 37%)
 - Hassle-free (58% vs. 32%)
 - Fun vacation (53% vs. 28%)
- About three-quarters (74%) of all cruise passengers book at least some of their cruises through travel agents.
- For cruise passengers, the largest benefits to having more cruise embarkation points available are:
 - Drive-to convenience (71%)
 - Cost savings (67%)
 - Fewer airport hassles (64%)
- 72% of potential cruisers indicate that having more “close to home” ports will increase their likelihood of cruising in the next three years.

Most Appealing Destinations to Cruise

Caribbean	43%
Alaska	25%
Bahamas	25%
Hawaii	15%
Mediterranean/Greek Islands/Turkey	14%
Bermuda	11%
Europe	9%
Panama Canal	8%
Mexico (West Coast)	8%

Source for the following: CLIA 2008 Market Profile Study

Criteria for Making Vacation Decisions

	Cruisers	Non-Cruiser-Vacationers
Chance to Visit Several Locations	73%	50%
Being Pampered	62%	45%
Fine Dining	62%	41%
Luxurious	58%	42%
Relax/Get Away From It All	63%	37%
Unique & Different	56%	39%
Variety of Activities	58%	35%
Explore Vacation Area/Return Later	62%	30%
High Quality Entertainment	55%	36%
Hassle-free	58%	32%
Easy to Plan and Arrange	57%	33%
Offers Something for Everyone	59%	31%
Exciting and Adventurous	53%	32%
Fun Vacation	53%	28%
Romantic Getaway	46%	35%
Makes Me Feel Special- Rich & Famous	46%	30%
Good Value for the Money	53%	22%
Reliable	49%	22%
Good Vacation for Entire Family	46%	23%
Cultural Learning Experience	40%	24%
Safe	45%	18%
Comfortable Accommodations	38%	21%
Good Activities for Children	35%	24%
Participate in Sports You Enjoy	22%	16%

Survey Question:

Q11. How do you think cruise vacations compare to other vacations you've taken? Are cruises much better, somewhat better, the same, somewhat worse, or much worse than your other vacations in terms of...

Economic Impact of Cruise Industry on Destinations

Highlights of the 2006 Economic Impact Study conducted by Business Research & Economic Advisors (BREA) include:

- The analysis of cruise tourism's direct expenditures shows that the cruise ship calls that brought 16.3 million passenger and crew visits to the 19 participating destinations during the 2005-2006 cruise year generated \$1.8 billion in direct spending by passengers, crew and cruise lines.
- Cruise-related expenditures generated 41,500 jobs throughout the Caribbean. These cruise generated jobs paid \$600 million in wage income to Caribbean residents.
- Average per cruise passenger spending per port-of-call was \$98.01, and average spending per port-of-call by crew members was \$74.56.
- Cruise passengers were, in general, very satisfied with their Caribbean cruise vacation with a mean score of 7.2 (Very Satisfied) for "Visit Met Expectations" (Using a 10-point scale with 10 being the highest and 1 being the lowest).
- The typical cruise ship carrying 2,000 passengers and 800 crew members conservatively generates \$190,476 in passenger and crew expenditures during a single port-of-call visit.
(Total spending amount is based on 85% of passenger arrivals and 40% crew arrivals)

It is, therefore, clear that the cruise industry's economic impact in the Caribbean region is significant and continues to grow. The Member Lines of the FCCA urge you to carefully analyze all this information and see for yourself how the cruise industry is positively impacting the economy of your country.

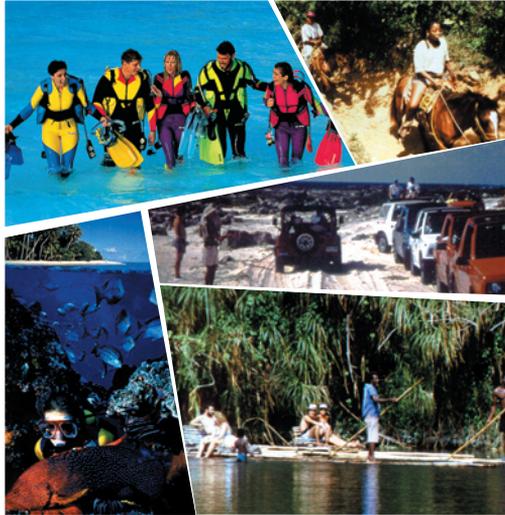
Participating destinations in the 2006 Economic Impact Study included: Antigua, Aruba, Bahamas, Barbados, Belize, Cayman Islands, Cartagena-Colombia, Costa Maya-Mexico, Cozumel-Mexico, Curacao, Dominica, Grenada, Key West-FL, Martinique, San Juan-Puerto Rico, St. Kitts, St. Lucia, St. Maarten and U.S.V.I.



AVIATION BUSINESS & INDUSTRY COMMERCIAL VESSELS YACHTS MARINE OPERATIONS PRIVATE CLIENT TRANSPORTATION

ROYAL MARINE INSURANCE GROUP

ROYAL MARINE IS NOW APPROACHING A DECADE OF PROVIDING THE PROGRAM TO COVER THE INSURANCE NEEDS OF THE FLORIDA-CARIBBEAN CRUISE ASSOCIATION SHORE EXCURSION OPERATORS AND TOUR SITES UNDERWRITTEN BY ACE USA RATED "A" EXCELLENT AND PROVIDING WORLDWIDE JURISDICTION.



THERE ARE THREE SEPARATE AND DISTINCT COVERAGE'S OFFERED OF WHICH SOME OR ALL MIGHT BE APPROPRIATE DEPENDING ON THE STRUCTURE OF YOUR PARTICULAR TOUR. ALL HAVE THE STANDARD LIMIT OF 2 MILLION DOLLARS WITH HIGHER LIMITS AVAILABLE TO 10 MILLION DOLLARS ALL AUTOMATICALLY NAMES THE FCCA CRUISE LINES AS

AS AN FCCA MEMBER YOU ARE ABLE TO ACCESS THIS INSURANCE PROGRAM DESIGNED AND DEVELOPED TO PROVIDE TRUE ONE-STOP-SHOPPING FOR THE INSURANCE COVERAGE'S NECESSARY TO MEET THE REQUIREMENTS FOR SHORE EXCURSION OPERATORS DOING BUSINESS WITH THE CRUISE LINES. WHILE DESIGNED AT THE REQUEST OF THE CRUISE LINES THIS POLICY COVERS ALL TOURS ALL THE TIME.

IF YOU ARE NOT A CURRENT MEMBER YOU MAY CONTACT VICTORIA LALTA, FCCA MEMBERSHIP DIRECTOR AT 954-441-8881 OR GO TO WWW.FCCA.COM AND COMPLETE EVERYTHING ON-LINE.

ADDITIONALLY INSURED. THEY ARE GENERAL LIABILITY, ALSO CALLED THIRD PARTY LIABILITY, CONTINGENT AUTOMOBILE LIABILITY AND CONTINGENT WATERCRAFT LIABILITY.

YOU ARE INVITED TO VISIT OUR WEB SITE WWW.RMIG.US FOR ADDITIONAL INFORMATION ON THE MANY INSURANCE COVERAGE'S AVAILABLE THROUGH THE ROYAL MARINE INSURANCE GROUP.

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