



Florida-Caribbean Cruise Association

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San Juan, Puerto Rico

Cruise Industry Overview - 2016

State of the Cruise Industry

2015

Another record was broken in 2015, with an estimated 23 million passengers cruising globally—a four percent increase over 2014's previous high of 22.04 million—with 12.01 million sourced from North America. Coupled with an annual occupancy percentage again exceeding 100 percent, this passenger growth shows sustained consumer interest in cruising and an industry where demand continues to outpace supply. To support the growing capacity and source markets, FCCA/CLIA member cruise lines released an additional six innovative, feature-rich ocean-going vessels in 2015, while enhancing demand by adding new features and increasing penetration in international source markets.

2016

This year is poised to reach new heights and break more records, with a forecast of 24 million sailing the oceans on FCCA and/or CLIA Member Lines—a four percent increase over 2015. Driven by nine new ocean-going vessels with more than 23,000 lower berths and an investment of more than \$5.5 billion launching in 2016, the record passengers will have the world as their gangway, with nearly 1,000 ports around the globe and expansion in markets like Asia and Australia.

Despite the global growth, the Caribbean continues to headline the industry's success. It again ranks as the dominant cruise destination, accounting for more than a third (33.7 percent) of the global deployment capacity market share, even after another slight decrease from 35.5 percent in 2015. Plus, the strength of the North American market and U.S. economy have led to higher ticket prices and yields for Caribbean cruises.

“ LOCAL FLAVORS AND GREAT MUSIC ”



Brinette H, Oregon

La Placita de Santurce, San Juan

... We took a short cab ride from our hotel and the minute we arrived, there was music in the streets and lots of smiling happy people. People arrived all night long and the music became even more a part of our experience. We had some cocktails and dinner at one of the restaurants. Definitely check this out if you want a local experience...

Puerto Rico's nightlife is more than lively music, dancing and unforgettable good times. It's a five star world class attraction. Live your own five star vacation story.

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Region	2016 Deployed Capacity Share
Caribbean/Bahamas	33.7%
Mediterranean	18.7%
Europe w/o Mediterranean	11.7%
Asia	9.2%
Australia/New Zealand/S. Pac	6.1%
Alaska	4.1%
South America	2.7%
Other Markets	13.8%

Today's ships offer a world of innovations that build cruise lines' brands—from sky-diving simulators and robotic bartenders to celebrity chef kitchens and all-suite staterooms—and facilities that accommodate family members of all generations traveling together or even passengers cruising solo. Cruise ships' facilities and services continue to exceed the expectations of a growing population of travelers, and cruisers can easily find a cruise line, ship, stateroom and itinerary to suit them.

Note: Data provided by CLIA. 2016 forecast based upon historical relationship between yearly capacity increase and yearly passenger increase. New vessels and capacity deployment as identified through September 2015. New ship announcements, vessel retirements and quarterly passenger reporting will affect these figures.

Cruise Industry Overview

- In 2015, a record 23 million passengers are estimated to have cruised globally.
- The industry estimates that 24 million will cruise globally in 2016.
- \$119.9 billion in total economic impact and \$39.3 billion in wages and salaries were generated by the global cruise industry in 2014.
- 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% per annum.
- Demand for cruising has increased 68% in the last 10 years.
- From a capacity standpoint, utilization is consistently over 100%.
- Throughout its history, the cruise industry has responded to 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 provides 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.

- The Caribbean and Bahamas continues to be the number one region, with 33.7% of deployed capacity share in 2016; however, this number has trended downward from 35.5% in 2015 and 37.3% in 2014.
- The current cruise ship order book from 2016-2020 includes 38 new ocean-going vessels from FCCA Member Lines, with more than 140,000 berths and an investment value of approximately \$31 billion.

Note: Data provided by CLIA. 2016 forecast based upon historical relationship between yearly capacity increase and yearly passenger increase. New vessels and capacity deployment as identified through September 2015. New ship announcements, vessel retirements and quarterly passenger reporting will affect these figures.

Economic Impact of Cruise Industry on Destinations

Highlights of the Business Research & Economic Advisors (BREA) 2015 study *Economic Contribution of Cruise Tourism to the Destination Economies** include:

- Cruise tourism contributed \$3.16 billion of direct expenditures in the participating 35 destinations for the 2014-2015 cruise year.
- Cruise-related expenditures generated 75,050 jobs, which paid \$976.5 million in wage income to residents.
- 23.63 million passengers and 4.5 million crew disembarked cruise ships and visited the participating destinations during the 2014-2015 cruise year, spending \$2.45 billion and \$302.2 million, respectively.
- Average expenditure per passenger across all destinations was \$103.83, and average expenditure per crewmember was \$67.10.
- The highest expenditure per passenger was \$191.26 in St. Maarten, and the highest expenditure per crewmember was \$149.44 in Puerto Rico.
- Cruise line expenditures—including port fees and taxes, payments to local tour operators and payments to local businesses for supplies and services—contributed \$400.8 million.
- Based on these average numbers, a single call from a mid-sized ship (130,000 GRT, carrying 3,000 passengers and 1,250 crewmembers) generates \$311,490 in passenger spending, \$83,875 in crew spending and roughly \$110,000 in cruise line expenditures: a total of \$505,365, not including employee wages and indirect contributions.
- Cruise passengers spent an average of 4.38 hours ashore during their cruise call.

It is clear that the cruise industry's economic impact in the Caribbean and Latin American is significant and continues to grow. The Member Lines of the FCCA urge you to carefully analyze all of the study's information and see how the cruise industry positively impacts your destination's economy.

Participants included: Antigua & Barbuda; Aruba; The Bahamas; Barbados; Belize; Bonaire; British Virgin Islands; Cabo San Lucas, Mexico; Cayman Islands; Colombia; Costa Maya, Mexico; Costa Rica; Cozumel, Mexico; Curacao; Dominica; Dominican Republic; Ensenada, Mexico; Grenada; Guadeloupe; Guatemala; Honduras; Jamaica; Martinique; Mazatlan, Mexico; Nicaragua; Progreso, Mexico; Puerto Rico; Puerto Vallarta, Mexico; St. Kitts & Nevis; St. Lucia; St. Maarten; Tobago; Trinidad; Turks & Caicos; and U.S. Virgin Islands

**This study is coordinated between the FCCA and BREA every three years, and participation is available for any interested Caribbean/Latin American destination. This study and past versions can be downloaded at <http://www.F-CCA.com/research.html>*

Who Cruises and Why?

Findings from CLIA's 2014 North American Cruise Market Profile

- Cruise travelers spread across the age spectrum, with one-quarter falling equally in the 30-39, 50-59 and 60-74 age groups.
- Cruisers' annual household income was \$114,000.
- The vast majority of cruise travelers were employed (72%), college educated (69%) and married (84%).
- Past cruisers predominately believed that cruises should be taken often while mixing it up with land-based vacations, with 34% responding this way. Another 18% strictly prefer cruise vacations over other types and want to cruise as often as they can.
- The greatest benefit cruisers derived from their cruise vacation was the ability to see several destinations in one trip, and 42% of cruisers later returned to a destination first visited during their cruise vacation.
- When weighing cruise vacation options, cruisers placed cost and destination as top factors in their selection, with entertainment and stateroom accommodations as important ship amenities.
- Past cruisers ranked the cruise vacation as the best overall vacation. The majority of cruisers (69%) believed it to be a better value over land-based vacations; 89% of cruisers gave their cruise vacation experience strong satisfaction ratings; and 84% would recommend cruising to friends.
- With a desire to cruise often, 62% of cruisers have taken multiple cruises, 3.8 on average. Yet new cruisers accounted for 38% of cruise travelers.
- 86% of cruisers planned to take another cruise in the next three years.
- Cruisers spent an average of \$2,200 per person on their last cruise, with \$1,635 allocated to the fare, \$565 for onboard and shore expenses and \$524 for airfare—among the 62% that flew to their port.
- The average length of cruises is over 7 days (7.3 days).

What is the FCCA?

The FCCA is a not-for-profit trade organization composed of 19 Member Lines operating more than 100 vessels in Floridian, Caribbean and Latin American waters. Created in 1972, the provides a forum for discussion on tourism development, ports, safety, security, and other cruise industry issue and builds bilateral relationships with destinations' private and public sectors. By fostering an understanding of the cruise industry and its operating practices, the FCCA works with governments, ports and private sector representatives to maximize cruise passenger, crew and cruise line spending, as well as enhance the destination experience and increase the amount of cruise passengers returning as stay-over visitors.

Member Lines

AIDA Cruises, Azamara Club Cruises, Carnival Cruise Line, Celebrity Cruises, Costa Cruise Lines, Croisières de France, Cunard Line, Disney Cruise Line, Holland America Line, MSC Cruises (USA) Inc., Norwegian Cruise Line, Oceania Cruises, P&O Cruises, Princess Cruises, Pullmantur Cruises, Regent Seven Seas Cruises, Royal Caribbean International, Seabourn, TUI Cruises

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, improvements and planned new services.
- **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 cruise tourism's benefits.
- **FCCA Outreach Program:** FCCA training seminars provide destination partners with valuable information regarding cruise passengers—their wants, needs and habits—enabling the destinations' private and public sectors to optimize the impact of cruise tourists in their country. The FCCA has five main training programs:
 - *Service Excellence:* "Cruise Passengers Equal Profits:" Workshop on the importance of excellent customer service and the economic impact of the cruise industry.
 - *Taxi Pride:* Entertaining and informative workshop geared toward taxi drivers, tour operators and vendors providing ground transportation. It focuses on five main areas: courtesy, professionalism, marketing, rules and safety.
 - *FCCA/Aquila Training:* The FCCA and Aquila Center for Cruise Excellence partnered to offer programs to improve the service levels and passenger satisfaction for destinations, tour guides and tour operators. From an online training course for tour guides and a two-hour workshop for tour operators to an intensive onsite program encompassing greeters, taxi drivers and everything in between, there is a training program to help tour guides, operators and destinations increase customer service, understand the industry's and cruise passenger's wants and needs, and positively impact guest satisfaction.

Additionally, the FCCA will design outreach programs based on destination requests, including, but not limited to, specialized training; customized meetings; and site visits to inspect and discuss new or planned infrastructure developments.

FCCA Membership

The FCCA has designed a two-tier membership program for destination partners and private organizations impacted by cruise tourism to cultivate an even closer, direct working relationship with FCCA Member Lines.

Associate Membership

The FCCA Associate Membership Program is designed as a partnership to help promote a business to the cruise industry at a great value. For only \$500 per year (about \$42 a month), it includes the following benefits:

- Exclusive Associate Member reception at the FCCA Cruise Conference and Trade Show
- Exclusive VIP tour during the FCCA Cruise Conference and Trade Show
- Upgraded FCCA membership badge at the FCCA Cruise Conference and Trade Show
- Discount on registration fees for the annual FCCA Cruise Conference and Trade Show
- \$500 discount on advertising for first year of membership
- Discount on insurance program for tour operators through AON Risk Services
- Discount on training programs and certifications for tour operators and tour guides from Aquila's Center for Cruise Excellence
- Discount on the FCCA Emergency Card Program through Trinity Air Ambulance
- Access to up-to-date research and statistical studies (customized to your destination if requested)
- Promotional updates on the cruise industry (current e-mail required)
- Listing/profile in the *FCCA Membership Directory*
- Listing in the Conference issue of the FCCA's magazine, *Travel and Cruise*
- Associate Member FCCA pin
- Membership certificate
- Use of Associate Member FCCA logo on printed materials and cruise line proposals

Platinum Membership

Platinum Membership cultivates close relationships with FCCA Member Line CEOs, presidents and executives that decide where ships call, what products sell onboard and how to invest in infrastructure. For the price of some publications' advertising, Platinum Members gain direct access to the cruise industry. In addition to the benefits above, Platinum Membership includes:

- One complimentary cabin for the annual FCCA PAMAC Cruise Summit
- One complimentary cabin for inaugural cruise events
- One complimentary hotel room for the annual PAMAC Conference
- One complimentary registration for the FCCA Gala
- One complimentary registration for the FCCA Cruise Conference and Trade Show
- Exclusive one-on-one meetings during the FCCA Cruise Conference and Trade Show
- Exclusive receptions during the FCCA Cruise Conference and Trade Show
- Private lunch meeting at the FCCA Cruise Conference and Trade Show
- Preferred VIP seating at the FCCA Cruise Conference Opening
- Exclusive VIP receptions at the FCCA booth during Seatrade Cruise Global
- Exclusive VIP events during Seatrade Cruise Global
- Access to FCCA Operations Committee meetings
- Chance to speak/present at FCCA panels and workshops
- Assistance setting meetings with Member Lines
- Company profile and updates in the FCCA's magazine, *Travel and Cruise*
- Platinum listing in the *FCCA Membership Directory*
- Advertising and marketing discounts with the FCCA and Member Lines
- Membership in the FCCA Urgent Care Program through Trinity Air Ambulance
- Seat on FCCA's Platinum Associate Membership Advisory Council (PAMAC)
- Platinum Membership plaque/clock

FCCA Events

The FCCA coordinates numerous events to promote mutual understanding and forge relationships between the cruise lines and cruise tourism stakeholders. These range from close-knit, members-only events to the larger, open-registration FCCA Cruise Conference & Trade Show, which gathers more than 1,000 attendees with cruise line decision makers for a four-day agenda of meetings, workshops and networking opportunities. The 2016 edition will be held in San Juan, Puerto Rico from September 26-30.

Marketing and Advertising

To help partners optimize the FCCA's network of Member Line representatives and industry stakeholders, the FCCA offers ways to target them through various methods and media. From e-mail campaigns and online and print publications—including the official magazine of the global cruise industry backed by the FCCA, CLIA and their Member Lines—to meetings and events, there are ways to capitalize and gain exposure from all of the FCCA's functions.

FCCA Magazines and Publications

- **Travel and Cruise Magazine** – Published quarterly, this is the official magazine of the global cruise industry, with backing by the FCCA, CLIA and their Member Lines. Through input from and access to over 500 cruise executives, along with distribution to more than 26,500 industry partners and travel agents, it gives a glimpse of the industry's inner-workings and happenings, while providing ways for anyone doing or desiring business in the cruise industry to maximize its impact.
- **The Highlight Issue:** Containing cruise executive profiles and information on FCCA Member Lines, this is a useful tool when dealing with the cruise industry and a popular resource for the FCCA's extensive distribution list.
- **Membership Directory:** With a complete listing of all FCCA Member Lines, FCCA Associate and Platinum Members and destinations' tourism ministers, this publication is used by cruise executives and stakeholders alike.
- **Conference and Gala Program:** These programs include schedules and information for the FCCA's annual open-registration events, offering a way to target the 100-plus cruise executives and 1,000-plus attendees.

Online Marketing

- **Travel and Cruise e-Newsletter:** This weekly e-mail newsletter communicates current trends, breaking news and marketing partners' featured content to more than 10,000 travel professionals around the world, including Member Line executives who use it as a resource to stay up to date. To target this influential audience every week, the newsletter offers Feature Campaigns, featuring a prominent location, 70-word sound bites, access to link a story or website and include an image, and a banner running the duration of the campaign.
- **TravelandCruise.com:** About to launch, this website will become a 24/7 source for travel and cruise industry news, spotlighting featured newsletter content, highlighting magazine articles, optimizing search engines, and streamlining and extending the reach and content of both the magazine and newsletter.
- **But Wait, There's More:** Other online marketing opportunities include using the FCCA's social media networks to generate and redistribute content; advertising on the official website; sending content through the FCCA's e-mail distribution list; and even placing a banner in the FCCA staff's e-mail signatures.

FCCA Foundation

The FCCA Foundation provides a tangible mechanism for the cruise industry to fund a range of humanitarian causes in Caribbean and Latin American destinations. In its 22 years, the Foundation has benefited thousands of citizens by providing funding and countless hours to causes and charities throughout the regions. In addition to assisting deserving institutions like charities and hospitals and aiding during crises like natural disasters, the Foundation executes annual projects, including:

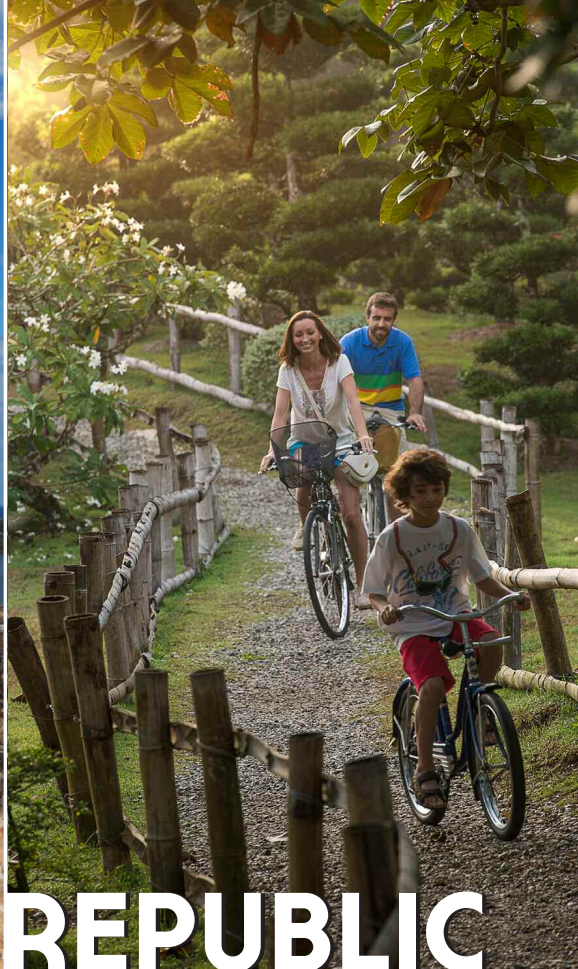
- **Holiday Gift Project:** The FCCA reaches out to many Caribbean and Latin American destinations by providing gifts and holiday cheer to children in foster homes or institutions. The presents are delivered to partner destinations on Member Lines' vessels, and the crew and FCCA partner representatives then give the gifts at a festive party. In 2015, 40 destinations participated, and more than 8,000 children had something to celebrate because of the efforts.
- **Children's Essay and Poster Competitions:** The FCCA orchestrates these competitions to further educate FCCA destination partners' youth by learning and thinking about the cruise industry's impact, along with their destinations' and citizens' roles in it, while also prompting practical problem solving. There are two divisions—junior (12 years and under) and senior (13-16)—that each receive 1st-3rd-place prizes of \$3,000, \$1,500 and \$1,000, respectively, for themselves and their schools, along with a \$200 award for every finalist submitted by the participating destinations. The first-place recipients also receive functions in their honor.

Foundation Events *(All Proceeds Support the Foundation):*

- **FCCA Online Auction:** Taking place during the FCCA Cruise Conference & Trade Show and open to anyone with a valid e-mail address, this online auction features items ranging from vacation packages, artwork, jewelry and sports memorabilia—all graciously donated by FCCA Member Lines and partners throughout the Caribbean and Latin America.
- **FCCA Gala:** Created by the Member Lines 22 years ago, the Gala gathers cruise executives and industry stakeholders on a social level to establish new relationships or enhance existing ones. It features a cocktail reception, silent art auction with works from Park West Gallery, and dinner with a selected table host—each a Member Line executive, president and/or CEO.

As the FCCA sails into the future, it remains steadfast in its mission to create mutually beneficial relationships between cruise lines and partner destinations' private and public sectors.

By land or by sea.



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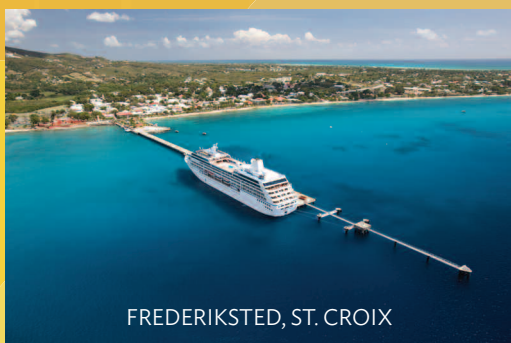


THERE ARE PORTS OF CALL, AND THOSE THAT BECKON.

Sail to a cruise destination that's as pleasurable for you as it is your passengers. The four ports of the U.S. Virgin Islands feature seven berths with fully established accommodations designed to attend to all of your vessel's needs. While ashore, your passengers will be overcome with our alabaster beaches, great shopping, and unique cultural and culinary attractions. For more information on the ports of the U.S. Virgin Islands, visit www.viport.com and www.wico-vi.com.



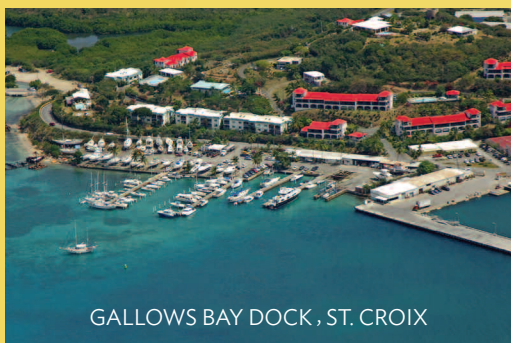
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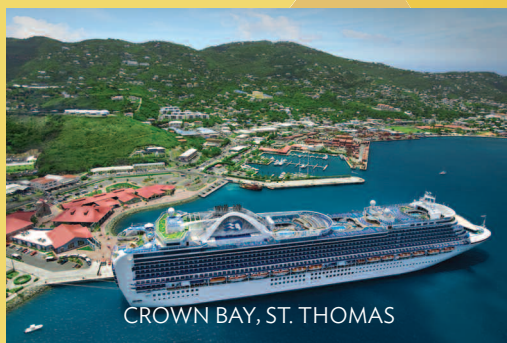
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Expertise.

Just ask the Florida
Caribbean Cruise
Association.

Aon focuses on delivering value and impact to all our clients, and as a result, Aon is the world's leading broker of insurance services.

Just ask the Florida-Caribbean Cruise Association. As the FCCA's endorsed broker for the Global Tour Operator Liability Insurance Program, Aon delivers value in a variety of areas, including Claims Consulting, Loss Control Services, and Disaster Recovery Planning.

With more than 40 Aon and Aon Affiliate offices located throughout the Caribbean and Latin America, we stand ready to serve the needs of the FCCA membership.

Key features of the Global Tour Operator Liability Program:

- Foreign Commercial Liability and Third-Party Liability Coverage
- Contingent Commercial Auto and Contingent Commercial Watercraft Liability Coverage
- Crisis Response and Crisis Management Coverage
- Meets Cruise Line coverage and limit requirements
- Provides worldwide jurisdiction covering claims brought by claimants anywhere in the world, including USA
- Underwritten by Chartis Insurance Company (Insurance Company of State of PA), A.M. Best Rated A (Excellent)
- An FCCA dedicated 24-Hour Catastrophe-Go Team available to respond in the event of incidents involving serious injuries or major accidents requiring immediate attention

Additional Product Solutions offered:

Tour Operators Professional Liability
Property and non-tour operations Casualty Programs involving Marine and Aircraft Liability
Directors and Officers Liability

To inquire about Aon solutions for FCCA Members contact:

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