



FLORIDA-CARIBBEAN CRUISE ASSOCIATION

11200 Pines Blvd., Suite 201 ~ Pembroke Pines, Florida 33026
Phone: (954) 441-8881 ~ Fax: (954) 441-3171 ~ E-mail: fcca@f-cca.com ~ Website: www.f-cca.com



Cruise Industry Overview - 2004

State of the Cruise Industry

The cruise industry has experienced nearly a full recovery from the setbacks following 9/11, and has restructured itself with strong marketing efforts, innovative thinking and the adaptation of the product in order to meet the changing needs of today's cruise traveler. This recovery and adaptation translated to having 2003 be a very successful year through — industry growth, improved travel climate and renewed consumer confidence...thereby creating an industry wide positive outlook for 2004.

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 ~ Radisson Seven Seas Cruises
Royal Caribbean International ~ Seabourn Cruise Line ~ Topaz International Cruises ~ Windstar Cruises*

Cruise Industry Overview 2004

- **In 2003**, the industry reached a record of **9.5 million cruise guests**, (7.99 million North American and 1.51 million European).
- It is projected that **10.6 million passengers** will take a cruise in **2004**, with a large concentration of first-timers.
- **2004** marks the fifth year of the increase in fleet growth adding 62 total ships, with previous years 2002 and 2003 adding 13 and 15 ships respectively. Bringing **12 new ships** to the fleet this year alone.
- CLIA will have a total of 235,881 beds in 2004 (an increase of 26,687 beds from last year).
- There was an **8.9 percent net capacity increase in 2003**.
- There will be an **11.5 percent increase in passenger volume in 2004's fleet growth**.
- Consistency in demand aided the cruise lines in reaching high sales goals and running at their most efficient levels, with an **average occupancy rate of 102.6 percent**.
- Restructuring of the homeport locations starting in 2002 was a strong influence on the 2003/2004 marketing efforts.
- Travel climate in the United States and Caribbean has been steadily viewed as safe, with the reinforced security measures set into place in late 2001.
- Online travel bookings have made this full occupancy possible by passengers making direct bookings with cruise lines such as Carnival at 15 percent and Royal Caribbean around 10. Although accounting for only a small percentage of bookings, many discount travel web sites also feature last minute cruise deals aimed at filling the few vacancies that the ships do have.
- Cruise lines continue to look out of the box for new markets and ideas. Carnival for example is making plans to expand into Asia, which hopefully will lead an industry wide trend of branching out into other markets. In Europe, easyJet's founder, Stelios Haji-Iannou is planning on launching an economy cruise line, appropriately titled, easy Cruise. Here, young budget travelers can cruise on 50 euros a day, giving them the opportunity to see different ports each day, without sacrificing large sums of money.
- The cruise industry expands each year, to match the wants, needs and desires of the cruise passenger. With this evolving cruise passenger, the industry has proven to have the strong ability to adapt and change quickly throughout the years.

Cruise Passenger Profile – Who They Are

- Cruisers average **50 years of age**, with above **average incomes (\$99,000 household per year)**. They are typically **married (83%)**, have **college educations (65%)** and are **employed (69%)**.
- On their last cruise they typically **sailed with their spouse (78%)** for about an **average of 6.2 days** and **spent approximately \$1,651 per person** for their cruise and onboard expenses (not including airfare).
- More than **half (54%)** took their first cruise within the past five years.
- Cruisers **plan their trips further in advance (4.3 months on average)** versus non-cruisers (3.4 months).

Cruise Passenger Vacation Behavior and Attitudes

- **The cruise industry is the most exciting growth category in the entire leisure market.** Since 1980, the industry has had an average annual passenger growth rate of **8.1% per annum**.
- **The cruise industry is young.** Since 1980, nearly **100 million passenger** have taken a deep-water cruise (2+ days). Of this number, **61%** of the total passengers have been generated in the past 10 years. **37%** of total passengers have been generated in the past five years alone!
- **The cruise market potential is strong.** Over the next three years, over **44 million** North Americans indicate an intent to cruise. To date, approximately **15%** of the U.S. pollution target market have ever cruised.
- **Cruising is an important vehicle for sampling destination areas to which passengers may return.** Over **85%** fully expect to return to the same geographical area/destination for another type of vacation. Cruisers are not exclusively cruisers; rather they are frequent vacationers who cruise as part of their vacation mix.

- **Cruisers are frequent travelers.** They average over three (3.3) trips each year, taking about 1 cruise in three years, thereby taking 10 vacations in a three year period with only 1 of which is a cruise.
- In comparison to non-cruisers, cruisers are more likely to take other types of trip:
 - land-based trips (37% vs. 18%)
 - land-based escorted tours (23% vs. 9%)
 - resort vacations (package) (33% vs. 9%)
 - they are less likely to camp (25% vs. 37%)
- The mayor influences for vacations or cruises distill down to internal sources, i.e.,
 - word of mouth (45%)
 - always wanted to go there (36%)
 - spouse or travel companion (25%)
 - good price/value (27%)
- There are distinct differences between cruisers and vacationers with respect to the information sources that influenced their last vacation/cruise choice. While word of mouth is the most influential for both groups, a slightly higher percentage of vacationers are influenced by it (46% vs. 41%). Cruisers are more likely to be influenced by:
 - a travel agent recommendation (17% vs. 4%)
 - a magazine advertisement (16% vs. 8%)
 - a direct mail piece (13% vs. 5%)
 - a cruise website (10% vs. nil.)
- When planning a cruise, four out five (83%) Internet users would research and gather information online and half (48%) would consider booking a cruise online. One traveler in four (with Internet access for personal use) would consider communicating (27%) or booking a cruise (26%) with a travel agent.



Destination is paramount in a vacation decision, followed by price

	Cruisers	Non-Cruiser-Vacationers
The destination	8.7	8.7
The price	7.3	7.1
Best opportunity to relax and unwind	7.1	7.1
Fit my vacation schedule/days available	6.5	7.0
Offered a unique experience	7.0	6.6
The convenience	6.8	6.6
The particular hotel/resort property or cruise ship	6.5	5.1
Good programs for children and family	3.8	4.4

Top 10 Most Appealing Places For Next Vacation

	Cruisers	Non-Cruise Vacationers/Cruise Intenders
Caribbean/Eastern Mexico	50%	61%
Alaska	30%	51%
Bahamas	25%	54%
Hawaii	17%	33%
Panama Canal	14%	6%
Bermuda	13%	33%
West Coast of Mexico	12%	16%
Mediterranean/Greeks Islands/Turkey	10%	22%
Europe	9%	13%
Canada/New England Area	3.8%	4.4%

Economic Impact of Cruise Industry on Destinations

Highlights of the 2000 Economic Impact Study conducted by Business Research & Economic Advisors (BREA) and PricewaterhouseCoopers (PwC) include:

- FCCA Member Lines' passengers and crew accounted for approximately \$1.4 billion in direct spending and \$1.2 billion in indirect spending – for a ***total annual economic impact of \$2.6 billion*** throughout the Caribbean from the cruise industry.
- Cruise-related expenditures generated ***60,136 jobs*** throughout the Caribbean. These cruise-generated jobs paid ***\$285 million in wage income*** to Caribbean residents.
- ***Average cruise passenger spending per port of call was \$103.88 and average spending per port of call by crew members was \$72.06.***
- The Caribbean's market share of the North American cruise capacity was ***45.6% in the year 2000 and is 45.1% for 2004.***
- Almost ***80%*** of cruise passengers reported a ***high degree of satisfaction with the destinations*** they visited while on their cruise vacation.
- The typical cruise ship carrying 2,000 passengers and 900 crew members generates conservatively ***\$259,000 in passenger and crew expenditures during a port of call visit.***

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.