

2018 CRUISE INDUSTRY OVERVIEW



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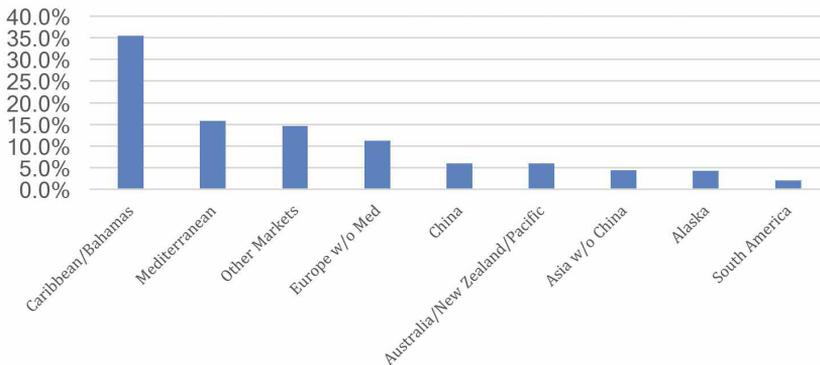
State of the Cruise Industry

2017

Another record was broken in 2017, with 25.8 million global ocean cruise passengers—a 4.5 percent increase over 2016’s previous high of 24.7 million. 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. In fact, demand for cruising has increased 20.5 percent in the last five years. To support this demand, FCCA and CLIA member cruise lines added nearly 22,000 lower berths through six new ocean-going vessels in 2017, while continuing to grow demand through innovative, exciting features and a more personalized guest experience complete with wearable, customizable onboard technologies, as well as media initiatives including even TV shows and movies to display what cruising offers.

The industry also continues to grow by becoming more global in both itineraries and passenger sourcing, but the Caribbean again headlined the industry’s success. It accounted for more than a third (35.4 percent) of the global deployment capacity market share. Plus, the region’s yields and ticket pricing continue to increase, aided by a strong U.S. economy and consumer sentiment.

2017 Deployed Capacity Share



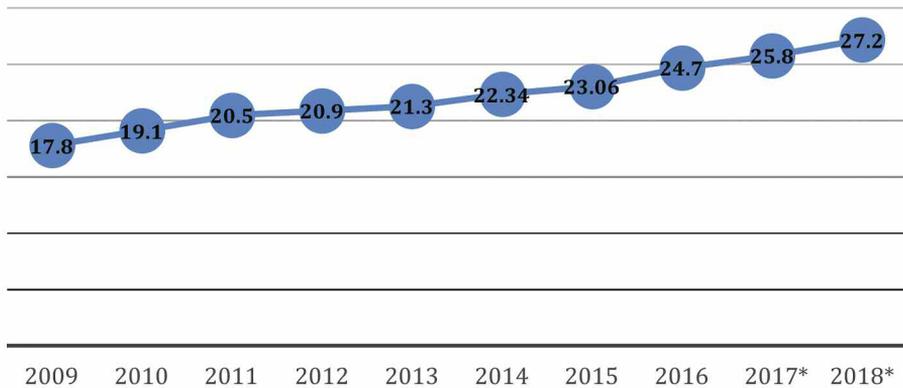
2018

This year is poised to reach new heights and break more records, with a forecast of 27.2 million sailing the oceans on FCCA and CLIA member cruise lines—a 10 percent increase over 2016. Driven by nine new ocean-going vessels with 32,000 lower berths and an investment of \$7.4 billion launching in 2018, the record passengers will have the world as their gangway, with nearly 1,000 ports. They will also hail from around the world, with growth in source markets like China.

Today’s ships offer a world of innovations that build cruise lines’ brands—from sky-diving simulators, biking above the ocean and robotic bartenders, to celebrity chef kitchens, butler service 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.

Yet even more options will soon be available, as FCCA and CLIA member cruise lines have 50 vessels on order between 2018-2025, representing 220,000 lower berths and an investment value of more than \$51 billion. And most of these vessels are large in both features and capacity, with the average newbuild on order tipping the scales at more than 155,000 GRT with more than 4,000 lower berths.

Global Ocean Cruise Passengers (Millions)



* = projection

Top Cruise Travel Trends for the Coming Year:

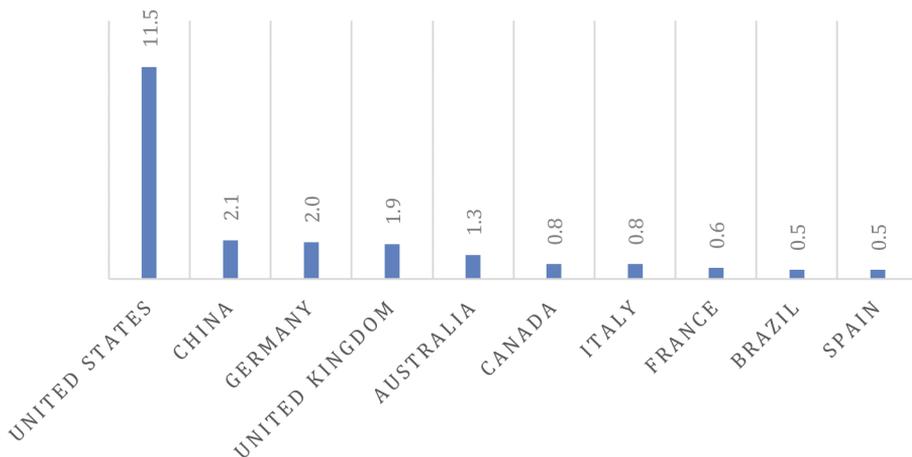
1. **All Budgets Will Cruise:** The 2018 Cruise Travel Report found that while cruising does skew a bit more to the affluent consumer than other types of vacations, almost all levels of income enjoy cruise vacations.
2. **Transformational Cruise Travel:** The next evolution of experiential travel sees travelers taking a step further and seeking "transformational" experiences, from cultural immersion and voluntourism to extreme adventures.
3. **Sustainability at Sea:** In the coming year there will be an even greater focus on sustainable tourism, with travelers participating in practices from recycling to voluntourism both on board and on land.
4. **Millennials Focus on River and Small Ships:** River and small ship cruising continues to gain traction among travelers, specifically the Millennial set, with a focus on the ever-expanding itineraries and destination experiences that reach far beyond walking and coach tours and endless options for the perfect "Instagram moment."
5. **Skip-Gen Cruising:** Multigenerational cruising is projected to increase in popularity, and "skip-generation" trips, with grandparents and grandchildren traveling together without their parents, are predicted to be highly popular in 2018 and beyond.
6. **Travelers Warm to Chilly Destinations:** The coming year is projected to see an increase in popularity of colder climate destinations.
7. **Healthy Doses:** Travelers are seeking health and wellness trips more than ever before, and the cruise industry is responding with services and experiences including onboard health wellness seminars led by popular health experts, custom fitness programs, stress management, spa services and even entire cruise itineraries dedicated to weight management and healthy living.
8. **Smart Travel Technology:** The coming year there will be a rise in traveler-friendly onboard technologies. Several cruise lines are introducing wearable technology for cruise guests that provide a personalized and seamless experience while onboard.

Cruise Industry Overview

- In 2017, a record 25.8 million passengers cruised globally.
- An estimated 27.2 million will cruise globally in 2018.
- \$126 billion in total economic impact and 1 million jobs paying \$41 billion in wages and salaries were generated by the global cruise industry in 2016.
- Demand for cruising increased 20.5% in the last five years.
- The cruise industry is the fastest-growing category in the leisure travel market.
- From a capacity standpoint, utilization is consistently over 100%.
- Eight out of 10 CLIA-certified travel agents expect increased cruise sales in 2018.
- 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 ship order book from 2018-2025 includes 50 new ocean-going vessels from FCCA/CLIA member cruise lines, representing 220,000 lower berths and an investment value of \$51 billion.

Note: Data provided by CLIA. 2018 forecast based upon historical relationship between yearly capacity increase and yearly passenger increase. New vessels and capacity deployment as identified through December 2017. New ship announcements, vessel retirements and quarterly passenger reporting will affect these figures.

Where Passengers Are Sourced*



**Represents 2016 total ocean cruise passengers (in millions)*

Cruise Industry's Economic Impact to Caribbean and Latin American 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.
- Cruise passengers spent an average of 4.38 hours ashore during their cruise call.

ECONOMIC IMPACT OF ONE SHIP

A single call from an average ship (155,000 GRT, 4,000 passengers, 1,670 crew) in the region generates approximately \$675,995:			
\$415,320 in passenger spending	\$112,057 in crew spending	\$148,618 in cruise line spending	Plus jobs & indirect contributions

*Data extrapolated from the 2015 BREA study, "Economic Contribution of Cruise Tourism to the Destination Economies"

It is clear that the cruise industry's economic impact in the Caribbean and Latin America 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 destination in the Caribbean or Latin America. This study and past versions can be downloaded at <http://www.F-CCA.com/research.html>. The new study will be released at the 2018 FCCA Cruise Conference & Trade Show.*

Who Cruises and Why?

Findings from CLIA's 2017 "Cruise Travel Report"

- *People who cruise are loyal to cruising, with 92 percent of cruisers saying they will probably or definitively book a cruise as a next vacation, and 65 percent of cruisers rating cruises as the best type of vacation, over land-based vacations, all-inclusive resorts, tours, vacation house rentals or camping.*
- *Cruises are a preferred vacation choice for families, especially those with children under 18, and children are involved with the decision process for cruises more than they are for land-based vacations.*
- *Younger generations—including Millennials and Generation X—are embracing cruise travel. Two-thirds of Gen Y/Millennials say that cruising is their favorite vacation, and this preference is even more pronounced among Gen Xers, with 71 percent.*
- *People who take cruises are younger and more diverse than non-cruisers, and different cruisers often have different priorities:*
 - o *Baby Boomers are influenced more by trips, ports and destinations, along with itineraries and sight-seeing options.*
 - o *Traditionalists are interested in programs for children and families.*
 - o *Gen Y and Millennials are more concerned with cost, convenience and onboard entertainment.*
- *A main benefit of cruises vs. land-based vacations is the opportunity to see and do new things.*
- *The vast majority of cruisers see cruising as a good way to sample destinations for later trips. Millennials and Gen Xers, in particular, like this benefit to cruising and are more likely to have done pre-/post-cruise stays in a port city and/or returned to a visited destination first experienced on a cruise.*
- *Sixty-eight percent of cruisers identified the destination of their vacation as the most important factor influencing their vacation choice.*
- *Even though they also take land-based vacations, the average cruiser has already taken more than five cruises as an adult.*

Are cruises better or worse than land-based vacations in terms of:	% Better	% Worse
Relaxing and getting away from it all	88%	12%
Being hassle-free	82%	18%
Offers something for everyone	80%	20%
Being easy to plan and arrange	80%	20%
Being pampered	79%	21%
Chance to visit several different destinations	78%	22%
Being luxurious	78%	22%
Fun vacation	77%	23%
Fine dining	77%	23%
Variety of activities	77%	23%
High quality entertainment	76%	24%
Having good activities for children	78%	24%
Good vacation for the entire family	76%	24%
Being reliable	76%	24%

What Is the FCCA?

The FCCA is a not-for-profit trade organization composed of 18 Member Lines operating nearly 200 vessels in Floridian, Caribbean and Latin American waters. Created in 1972, the FCCA provides a forum for discussion on tourism development, ports, safety, security, and other cruise industry issues 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, 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



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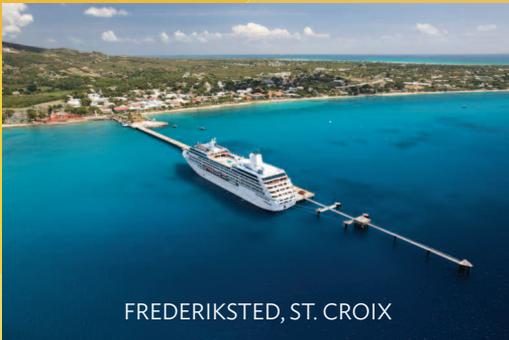


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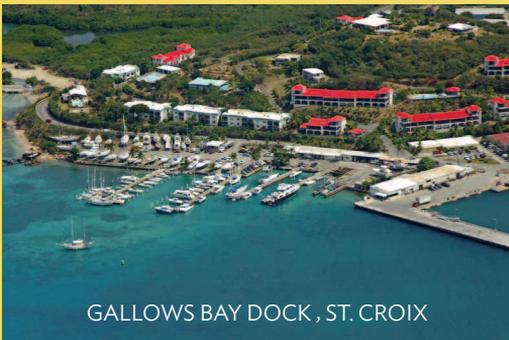
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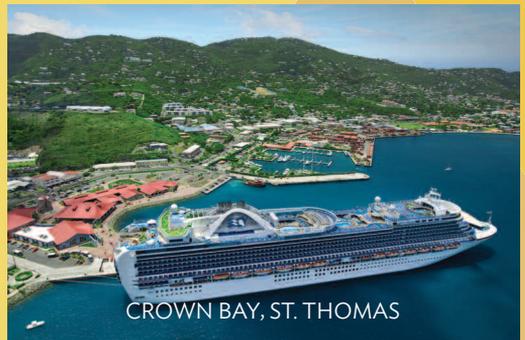
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