



# FLORIDA-CARIBBEAN CRUISE ASSOCIATION

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## Cruise Industry Overview - 2005

### State of the Cruise Industry

In 2004, cruise tourism continued to experience vast growth – 10.6 million passengers cruised (9 million of who were North Americans). It represented an 11.4% increase over 2003, thus achieving our highest occupancy level ever at 105%. In 2004, consumer demand exceeded capacity with capacity increasing by 6.9% and 11.4% more passengers. Twelve new ships made their debut in 2004.

Cruise lines have successfully adapted and transformed their products to meet the evolving market by means of new U.S. embarkation ports, new itineraries/ports of call, new on-board/on-shore activities, cruise lengths and theme/niche cruises — with the overall thrust being more choices and options. Today, there is literally a cruise option for everyone. The cruise industry has been able to stay ahead of the curve and exceed the expectations of the consumer, with value offered for money and the inclusive nature of cruising both being key forces behind cruising's expansion.

In 2005, the projections for industry growth is 11.1 million passengers – 9.4 million from North America and 1.7 million international passengers. Occupancy rates are forecasted to remain at 105% in 2005, with net capacity additions slowing to 4.6%. For 2005, there will only be three new ships introduced, and three ships reintroduced. The industry foresees more multigenerational family travel, with an expansion of youth activities, additional growth in domestic home-ports, more innovation in entertainment, and also more differentiation in the luxury sector.

#### 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 • Topaz International Cruises • Windstar Cruises*

# What is the FCCA?

Founded in 1972, the FCCA is a trade organization that represents 13 Member Cruise Lines in Florida, the Caribbean, Mexico, Central and South America. The FCCA is the symbol of unity between the cruise industry and each destination. By fostering an understanding between the lines and destinations, the FCCA seeks to strengthen existing relationships and build new ones, developing bilateral partnerships with every sector.

The FCCA is committed to fostering the growth and development that benefits both the destinations and cruise lines collectively. The FCCA works with the governments, ports, and private sector representatives to maximize the economic benefits that cruise tourism brings local economies and to also enhance each destination's product, to ultimately bring cruise passengers back to the destination as long-stay visitors.

## The FCCA works with partner destinations by providing the following:

**FCCA Foundation** - The Foundation provides a tangible mechanism for the cruise industry to fund a range of humanitarian causes in the Caribbean. In its twelve years of existence, it has provided over \$2 million in funding. Some of the beneficiaries include the Caribbean Special Olympics, holiday gifts for the underprivileged, hurricane relief, and many other programs for the needy.

**Research & Training** - The FCCA collects and distributes data on cruise passenger demographics, purchasing power, travel habits and more. The FCCA also utilizes its research and information capabilities to develop training seminars that are available to all partner destinations. The training programs available include *Service Excellence/Cruise Passengers Equal Profits* and *Taxi Pride*. These programs provide an understanding of today's cruise passengers; their wants, needs and habits.

**FCCA Caribbean Cruise Conference & Trade Show** - The annual FCCA Caribbean Cruise Conference & Trade Show is the premier industry event of the year, providing an opportunity for cruise executives, destinations, suppliers and tour operators to meet in a roundtable format to analyze industry trends and discuss current issues. The Conference opens up channels of communication between all parties.

The FCCA works with their partners to expand the number of destinations that receive cruise ships and also increase the range of attractions and activities that make each port-of-call unique. The FCCA's successes have been based upon the principles of win-win partnerships between the cruise lines and the destination's private and public sectors.

# Cruise Industry Overview

- In 2004, 10.6 million people, 9 million of whom were North American, cruised. In 2005, that number is expected to jump to 11.1 million total cruisers and 9.4 million North American cruisers.
- The cruise industry is considered the most exciting growth category in the leisure travel market. Since 1980, the industry has experienced an average annual passenger growth rate of 8.1% per annum.
- Since 1980, nearly 100 million passengers have taken a 2+ day cruise. Of this number, 61% of the total passengers have been generated in the past 10 years and 37% in the past five years.
- The average length of cruises is nearly 7 days (6.9 days).
- The cruise product is diversified. Over the past 10 years, the industry has responded to extensive market and consumer research guiding towards the addition of new destinations, new ship design concepts, new on-board/on-shore activities, new themes and new cruise lengths to meet the changing vacation patterns of today's market.
- Today's array of airlift options and streamlined port processing have opened up cruising as a vacation option to a wider consumer base. The addition of new North American embarkation ports provides cruise vacationers with more options and opportunities to drive versus fly.
- From a capacity standpoint, utilization is consistently over 90%.
- The Caribbean is the number one destination with 45% of capacity deployment.
- Slightly more than 18% of all North American cruisers embark out of Florida ports.
- Approximately 20 new ships are contracted or planned to be added to the North American fleet through 2008.

**Caribbean Capacity  
by Groups & Sub-Regions - 2004**

Group	Number of Ships	Passenger Capacity (gross/berth)	Number of Cruises	Passenger Potential	Passenger-Nights					TOTAL Passenger Nights
					Bahamas	Eastern & Southern	Western	Trans-Canal	Hybrid	
Carnival	56	100,454	1,651	3,403,478	1,533,318	8,286,490	11,027,378	622,162	151,692	21,721,010
ROCL	25	53,962	900	2,062,574	1,621,200	5,561,342	5,477,130	496,028		13,145,700
Star Cruises	8	14,546	176	338,740	513,744	676,724	1,277,512	195,558		2,663,538
Misc Operators	45	23,378	851	575,229	953,682	964,018	631,364	299,934	127,939	2,990,937
<b>Total</b>	<b>134</b>	<b>192,340</b>	<b>3,578</b>	<b>6,380,021</b>	<b>4,721,944</b>	<b>15,508,544</b>	<b>18,413,384</b>	<b>1,693,682</b>	<b>279,631</b>	<b>40,527,185</b>


## Cruise Passenger Profile

- 97% of cruisers are 25 years or older, with household earnings of \$40,000+. This segment represents 44% of the total US population (288,396,000).
- Of the total US population that is 25 years or older, with household earnings of \$40,000+, 34% has ever taken a cruise, 17% has cruised in the past three years. Of all cruisers, 51% took their last cruise within the last three years.
- Cruisers spend approximately \$1,632 per person, for their cruise and onboard expenses.
- It is estimated that 16% of the total US population has cruised *ever* and 7 to 8% have done so within the last three years.
- Cruisers average age is 50 with a household income of \$99,000. 65% are college graduates and 24% are post-graduates. 83% are married, 58% work full-time, and 93% are white/Caucasian.

## Cruise Passenger Behavior & 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. On a comparative basis versus other vacation categories, cruising consistently receives top marks. The on-going challenge for the industry is to convert cruise prospects into new cruisers.

- Over 85% of cruise passengers think that cruising is an important vehicle for sampling destination areas to which they may return. Nearly 50% fully expect to return to the sample geographical area/destination for another type of vacation.
- Cruisers are not exclusively cruisers; they are frequent vacationers that cruise as part of their vacation mix. They average over three (3.3) trips each year, taking only one cruise in three years. Thereby taking nine (9) other types of vacations in the three-year period.
- Cruisers generally plan their cruise trip four to six months out.

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- Cruisers primarily travel with their spouse (82%) followed by children (29%), friends (26%) and other family members (25%).
  - Internal sources primarily dominate the major influences for both vacations and cruises.
    - Word of mouth (45%)
    - Always wanted to go there (38%)
    - Spouse or travel companion desire (38%)
    - Destination websites (37%)
  - There are distinct differences between cruisers and vacationers with respect to the information sources that influenced their last vacation/cruise choice. Cruisers respond to a greater degree to external marketing/promotions. Cruisers are more likely to be influenced by:
    - Cruise website (26% vs. 3%)
    - Travel agent recommended (13% vs. 5%)
    - Travel magazine (12% vs. 9%)
    - Internet advertisement (10% vs. 8%)
    - Magazine advertisements (9% vs. 6%)
    - Direct mail (6% vs. 2%)
  - When comparing cruising to other vacations, cruisers are more likely than non-cruisers to consider cruising:
    - Good value for the money (57% vs. 24%)
    - Reliable (53% vs. 20%)
    - Safe (48% vs. 20%)
    - Easy to plan and arrange (64% vs. 36%)
    - Relax/Get away from it all (69% vs. 43%)
    - Explore a vacation area to return later (61% vs 35%)
  - When considering planning a cruise, 93% of travelers with Internet access for personal use would research and gather cruise information online.
  - Almost all cruise passengers (80%) book at least some of their cruises through travel agents.
  - For cruise passengers, the largest benefits to having more cruise embarkation points available are cost savings (29%), the convenience of the ability to drive (26%), and the reduced hassle of flying (20%).
  - 69% of potential cruisers indicate that having more cruise embarkation points will increase their likelihood of cruising in the next three years.

# 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 45.1% in 2004.**
- Almost **80%** of cruise passengers reported a **high degree of satisfaction with the destinations** they visited while on the cruise vacation.
- The typical cruise ship carrying 2,000 passengers and 900 crew members generates conservatively **\$300,000 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.

# Criteria for Making Vacation Decisions

	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

*Note: Data used is based on a 10-point scale where 10 is "most influence" and 1 "did not influence at all".*

## Top 10 Most Popular Cruise Destinations ~2004~

<b>Caribbean</b>	<b>45.1%</b>
Europe/Mediterranean	22.4%
Alaska	7.7%
<b>Mexico (West Coast)</b>	<b>6.2%</b>
<b>Panama Canal</b>	<b>3.8%</b>
Hawaii	3.4%
Canada/New England	1.9%
Transatlantic	1.8%
Bermuda	1.7%
<b>South America</b>	<b>1.4%</b>



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

## ROYAL MARINE INSURANCE GROUP

WE ARE NOW IN THE FORTH YEAR 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 COVERAGES 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

AS AN FCCA MEMBER YOU ARE ABLE TO ACCESS THIS INSURANCE PROGRAM DESIGNED AND DEVELOPED TO PROVIDE TRUE ONE-STOP-SHOPPING FOR THE INSURANCE COVERAGES 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 LAJBA, FCCA MEMBERSHIP DIRECTOR AT 954-441-8881 OR SIMPLY GO TO [WWW.F-CCA.COM](http://WWW.F-CCA.COM) AND COMPLETE EVERYTHING ONLINE.

CRUISE LINES AS 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.ROYALMARINE.COM](http://WWW.ROYALMARINE.COM) FOR ADDITIONAL INFORMATION ON THE MANY INSURANCE COVERAGES AVAILABLE THROUGH THE ROYAL MARINE INSURANCE GROUP.

FOR FURTHER INFORMATION PLEASE CONTACT BILL ROVERSI AT [BILL@RMIG.US](mailto:bill@rmig.us)