Hochschule Bremerhaven

Institut für Maritimen Tourismus

Cruise 4.0:
A 'Hands-On' View on Current Trends and the Future

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Cruise Management &

E-Tourism

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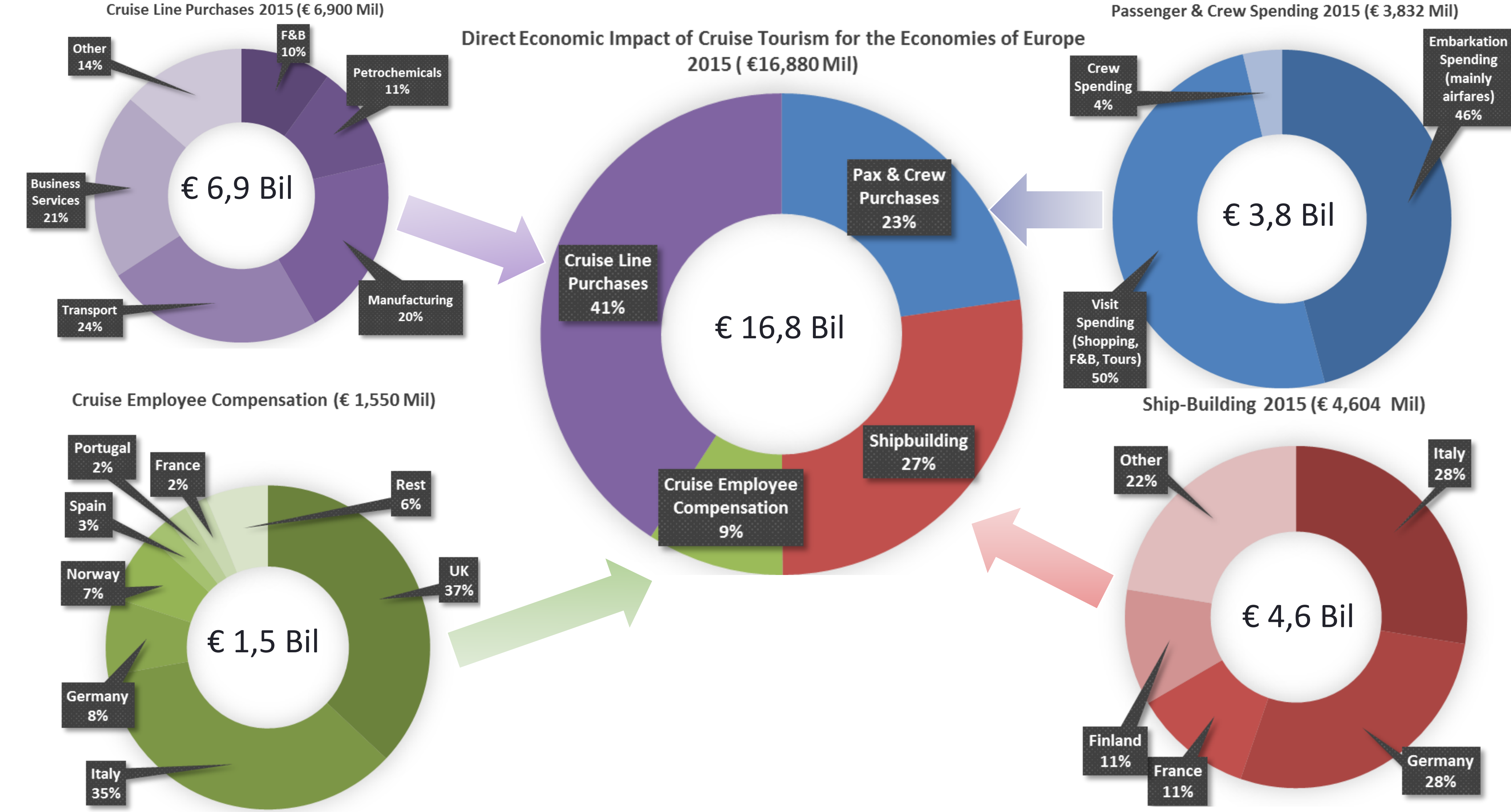
8. Rittal-Branchentag Schiff & See 2017
Hamburg (Germany)
9th May 2017

Cruise Research Society

Cruise Tourism… A Booming Sector!

Direct Economic Impact of Cruise Tourism for the Economies of Europe 2015



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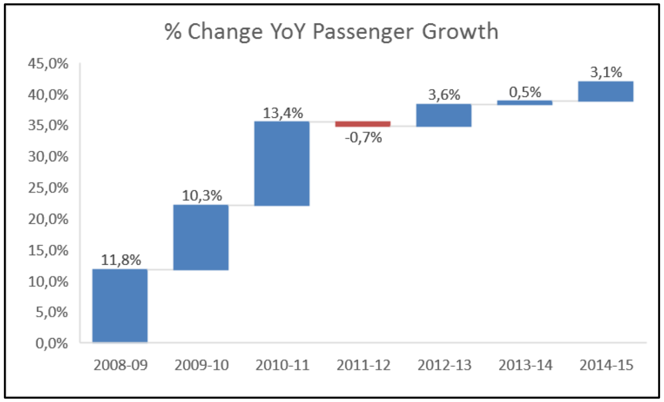
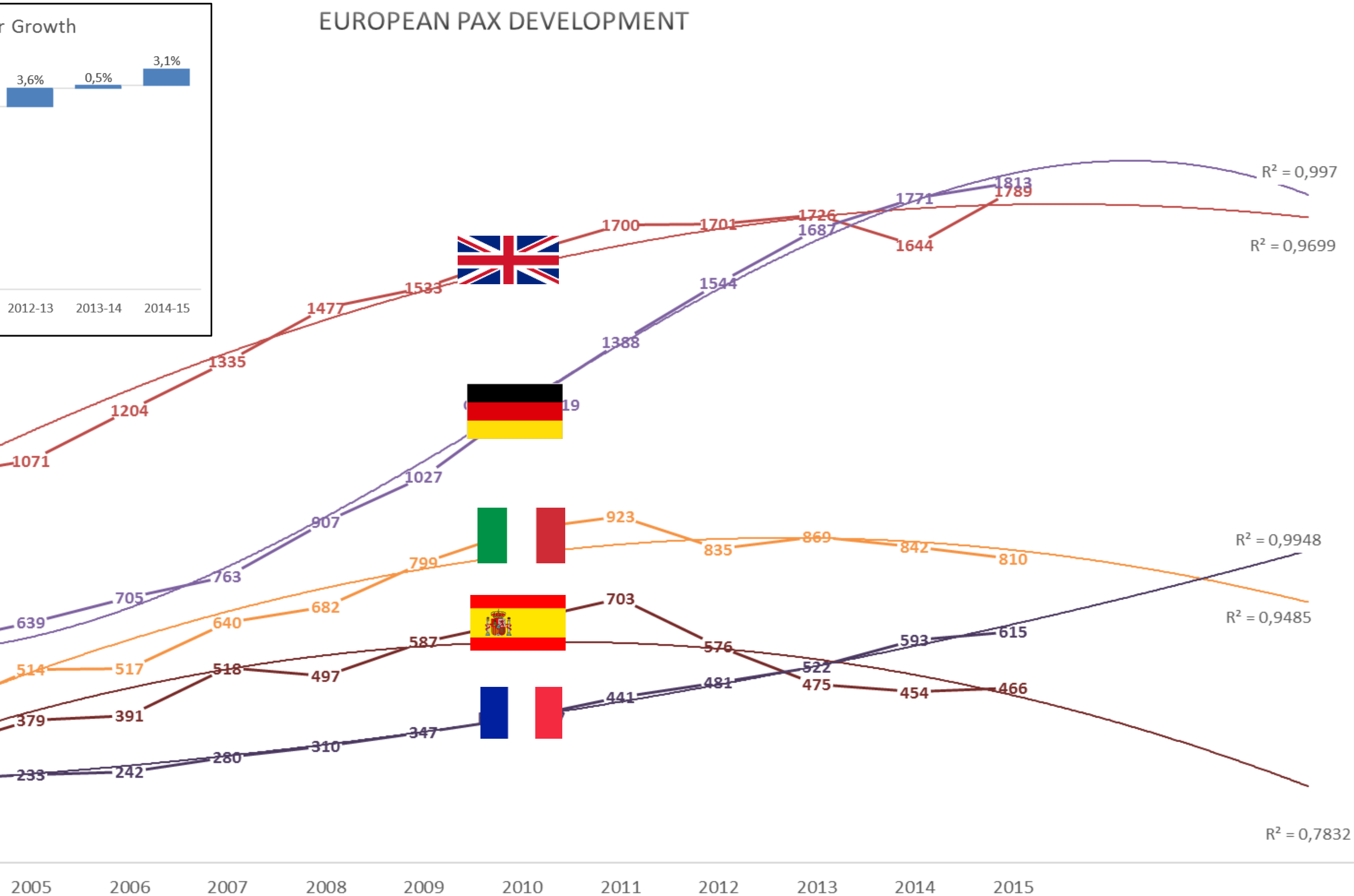
* Data Source: CLIA Europe Economic Impact Reports 2012-2016 – Online: http://www.cliaeurope.eu/media-room/clia-europe-economic-contribution-report

Cruise Passenger Development
Main European Markets





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* Data Source: CLIA Europe Economic Impact Reports 2012-2016 – Online: http://www.cliaeurope.eu/media-room/clia-europe-economic-contribution-report

My ‘Hands-On’-Theory of Cruise Management

Cruise Growth Sustainability…

Demand

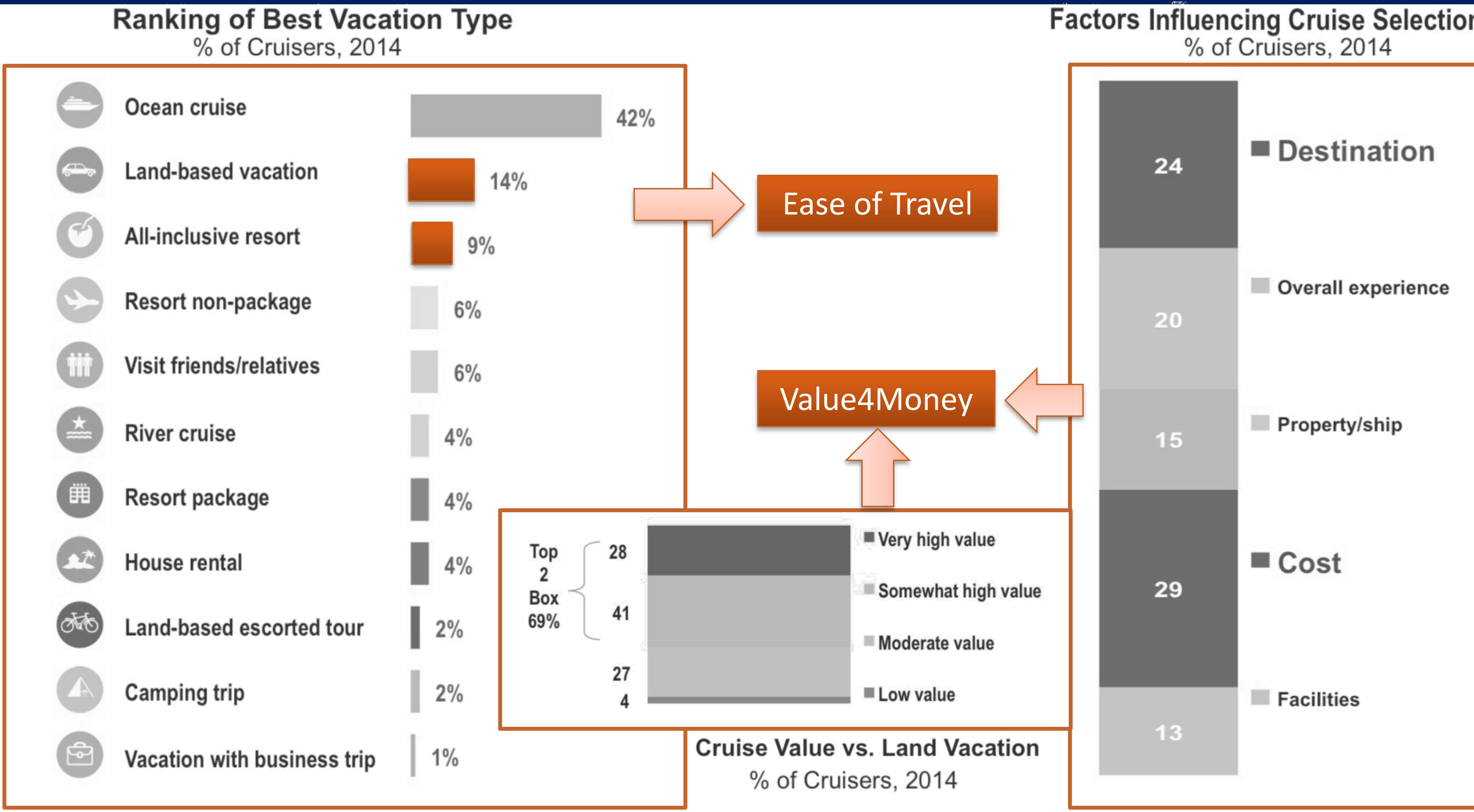
- Content Management
- Distribution Control
- Brand Protection
- Offering & Innovation

Supply

- Bargaining Power
- Capacity Risk Management
- Automation and Productivity
- Economies of Scope and Scale

Cruise Guest Motives*

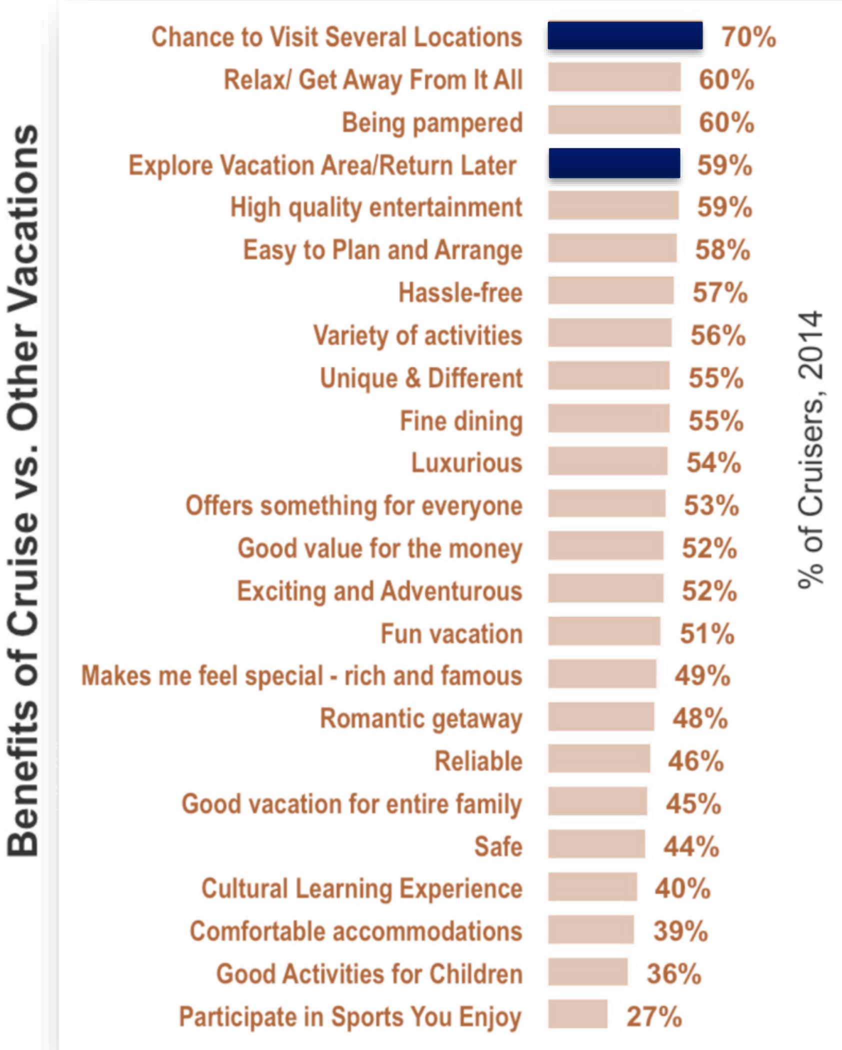
Value-for-Money PLUS Ease of Travel

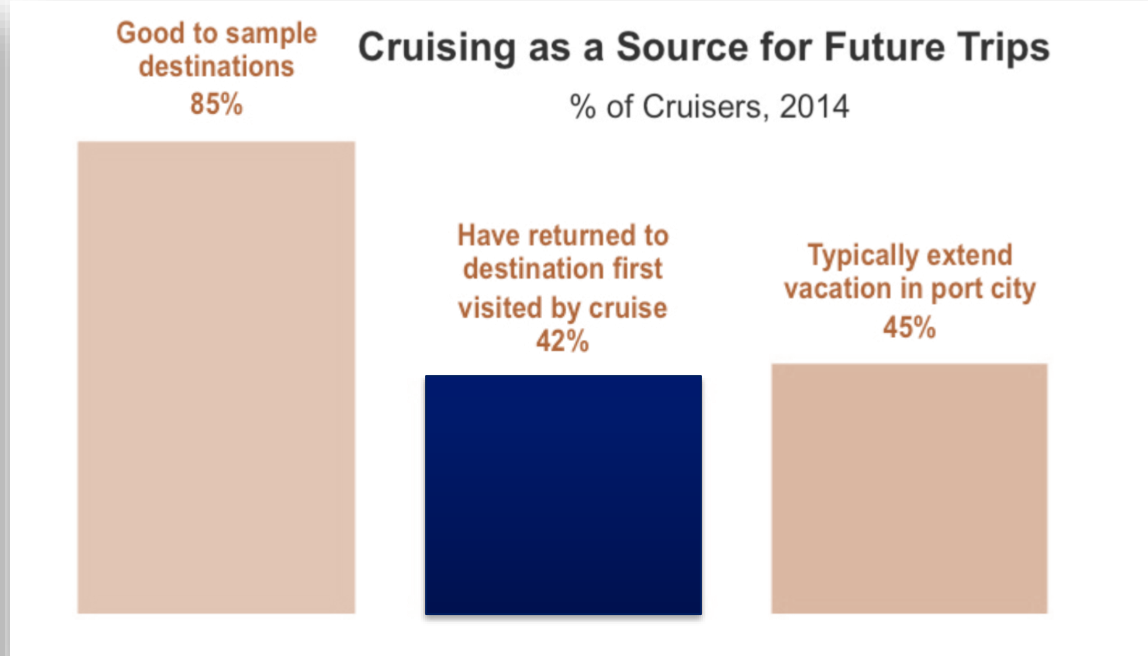


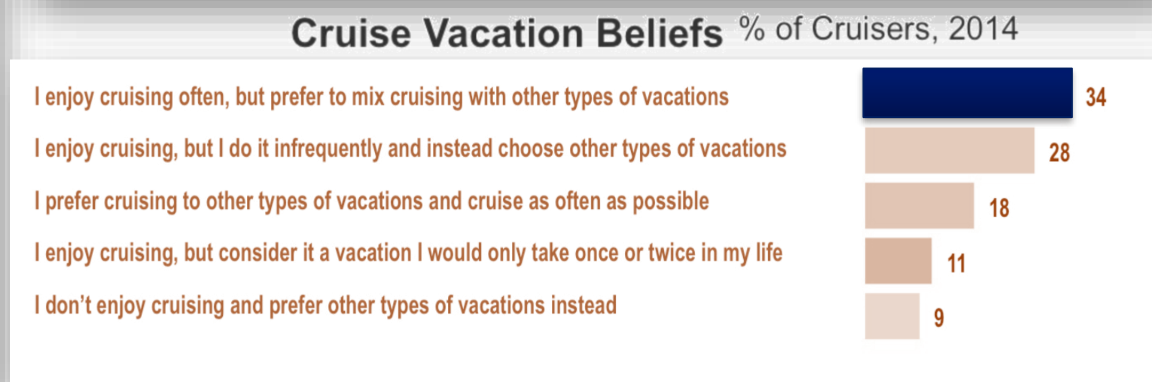
* CLIA (2015). 2014 North American Cruise Market Profile Report. Online: http://www.cruising.org/docs/default-source/research/clia_naconsumerprofile_2014.pdf

Cruise Guest Motives*

Hybrid Customers… Competitive Scope Extension!







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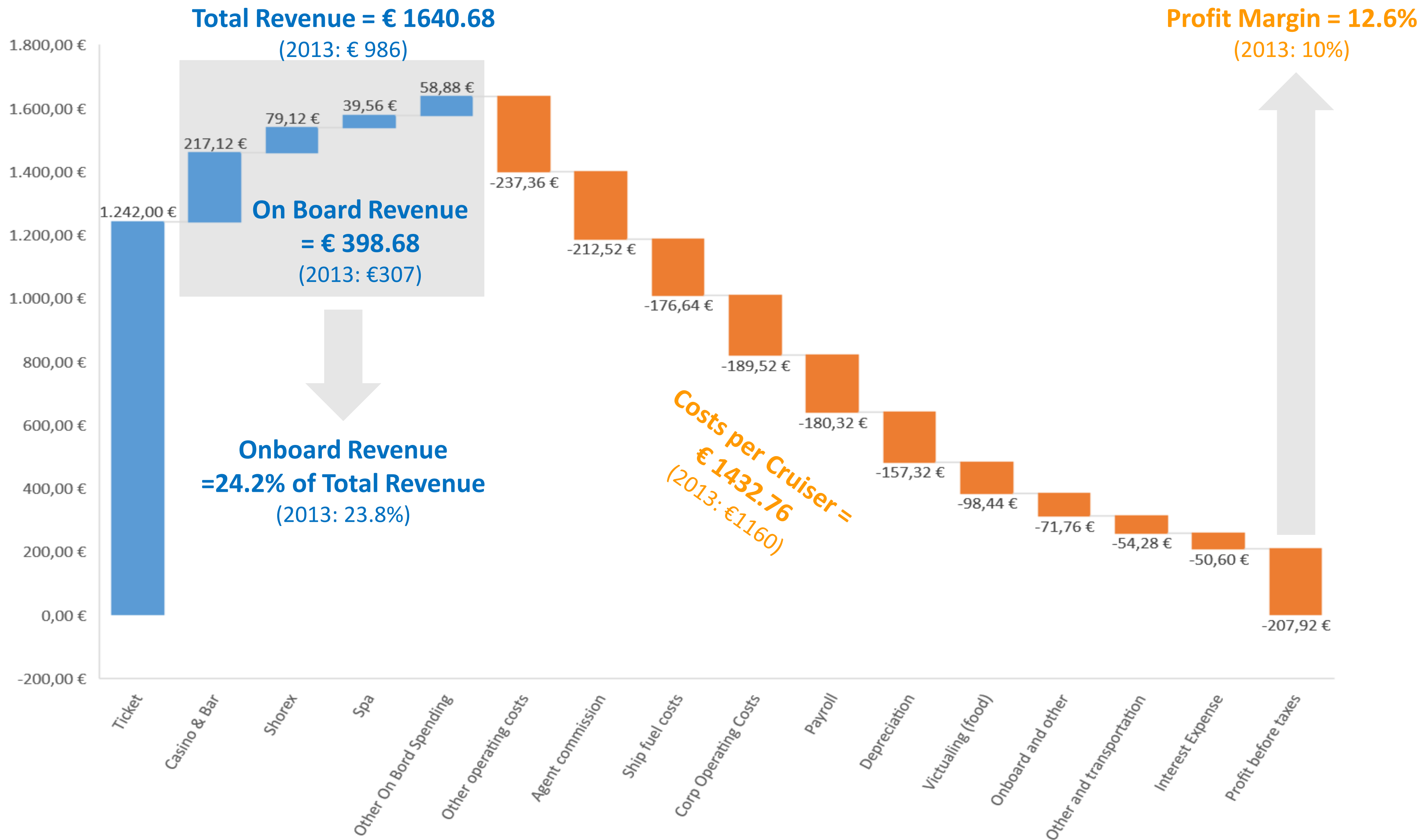
* CLIA (2015). 2014 North American Cruise Market Profile Report. Online: http://www.cruising.org/docs/default-source/research/clia_naconsumerprofile_2014.pdf

Average Cruiser 2015
*Financial Breakdown**



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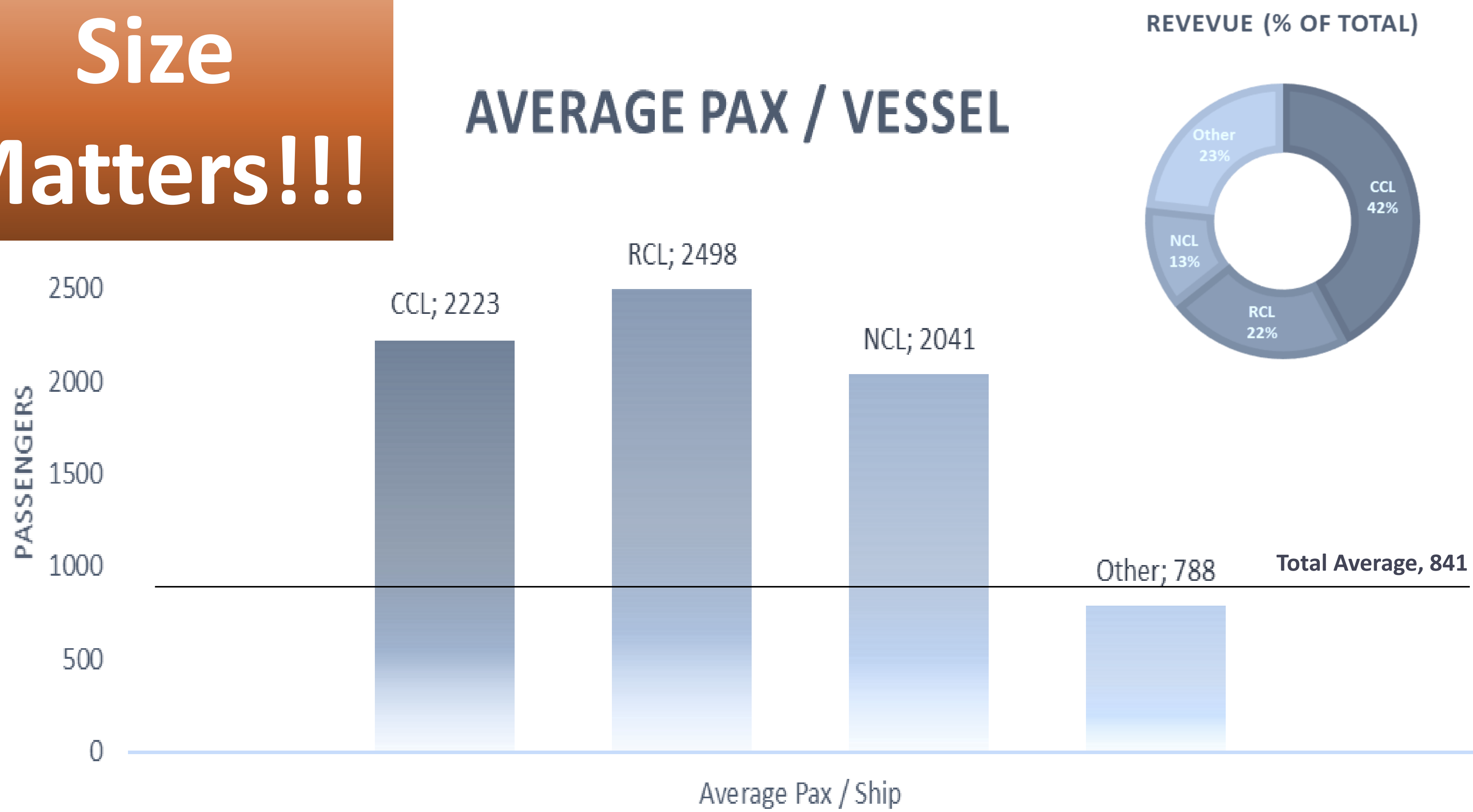
* Data Source: Cruise Market Watch (2016) - http://www.cruisemarketwatch.com/home/financial-breakdown-of-typical-cruiser/

Intl. Cruise Capacity 2015:

Big 3 = 57% of Vessels / 79% of Pax Capacity

Size Matters!!!



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* Data Source: Cruise Market Watch (2016) - http://www.cruisemarketwatch.com/market-share/

** Data Source: Cruise Market Watch (2016) - http://www.cruisemarketwatch.com/capacity/

Cruise **Growth** is mainly **supply-driven** and sustaining it requires **‘buying’ demand**!

Cruise Demand

Offering and Innovation…


ADWEEK

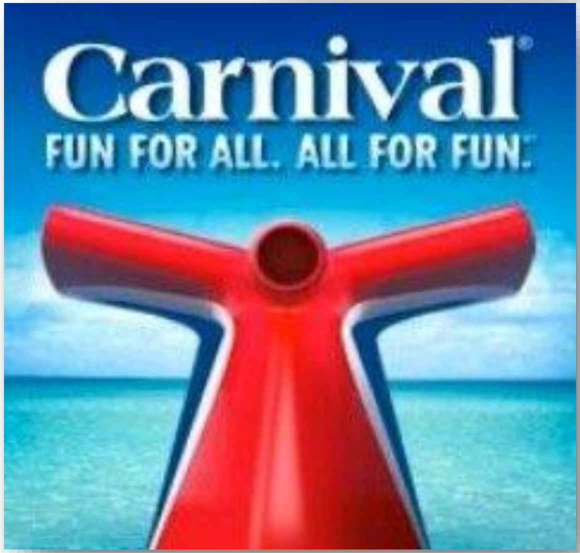
BRAND MARKETING | AGENCIES | DIGITAL | TV / VIDEO | CREATIVITY

CREATIVITY

Royal Caribbean Courts Millennials by Promising Them an Anti-Cruise That Won't Suck

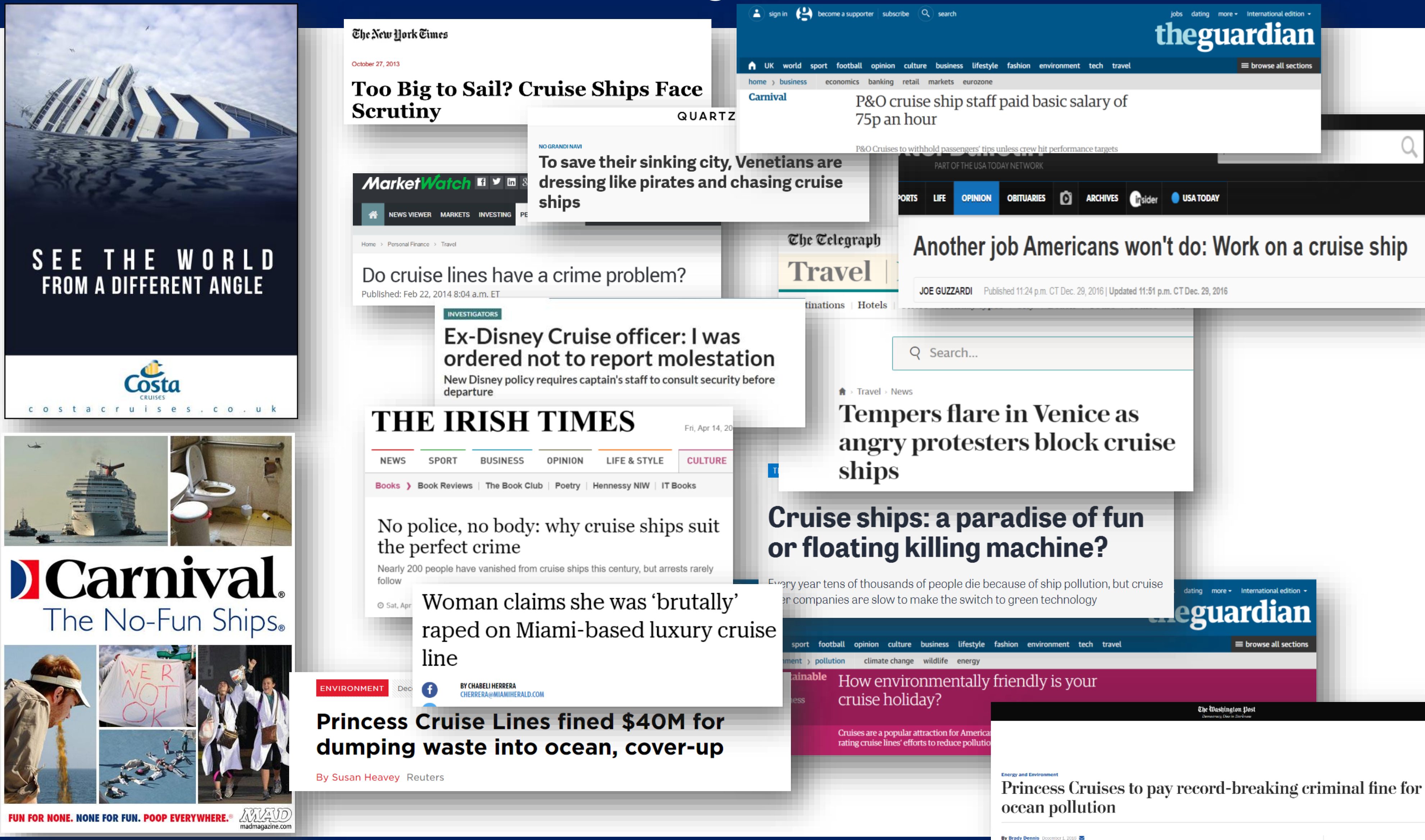
Because this is not the Caribbean. Or is it?

By David Gianatasio | October 19, 2015



Cruise Demand

Brand and Image Protection



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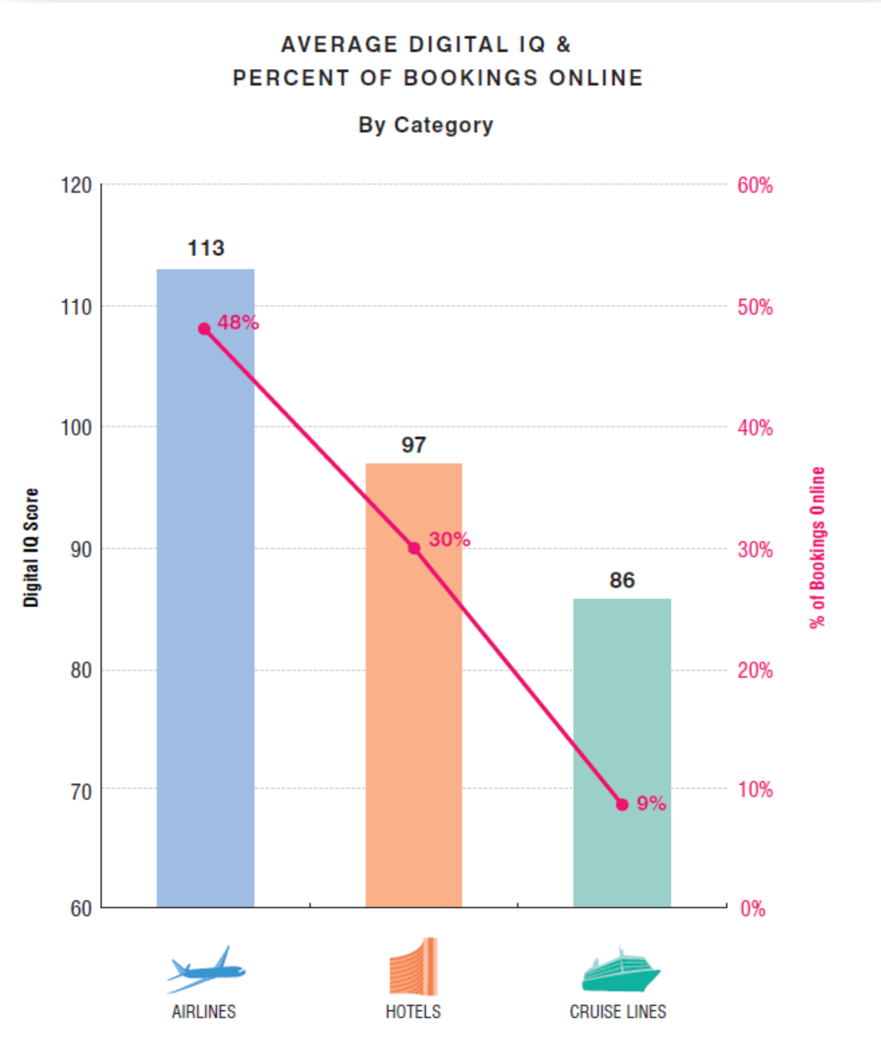
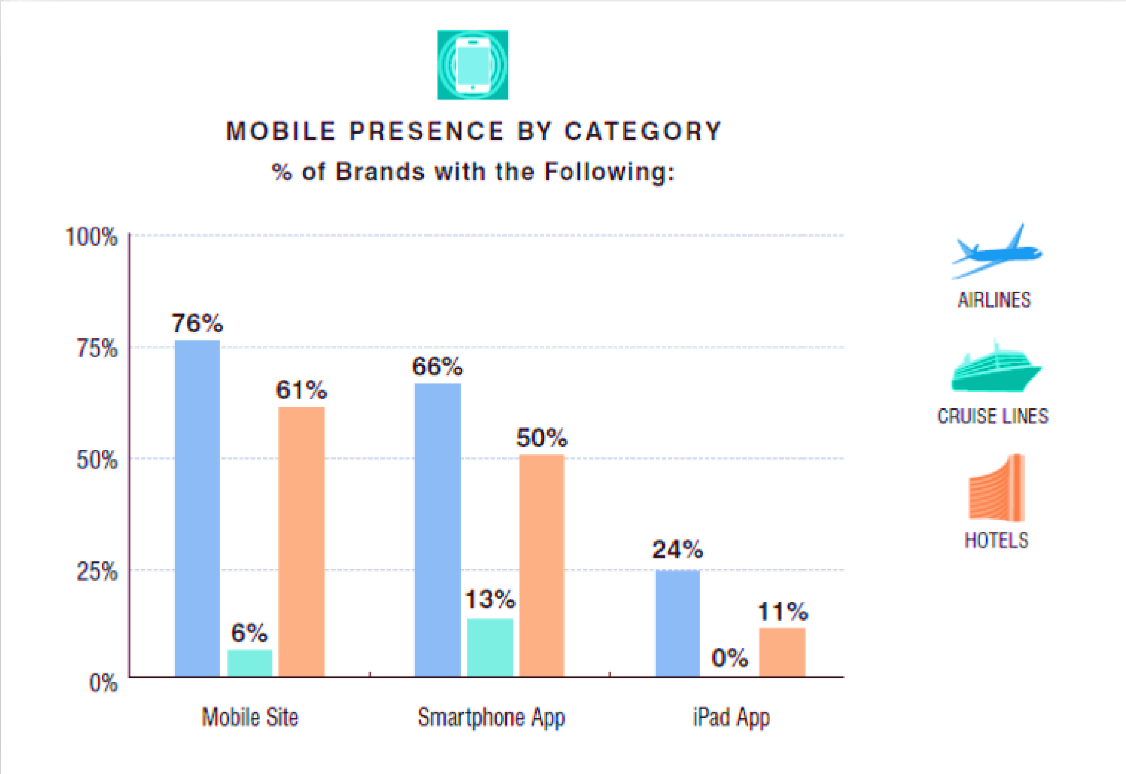
Cruise Sector Digital IQ
Content & Booking Process Complexity = Human Agents





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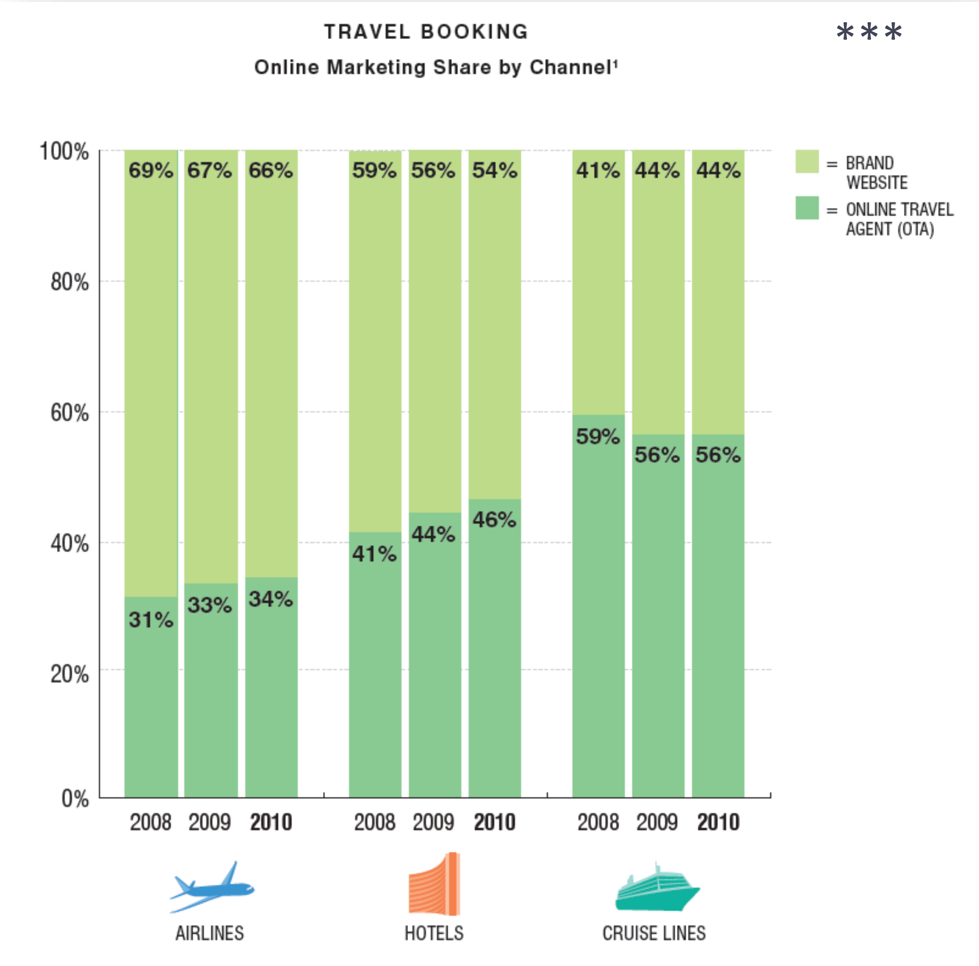
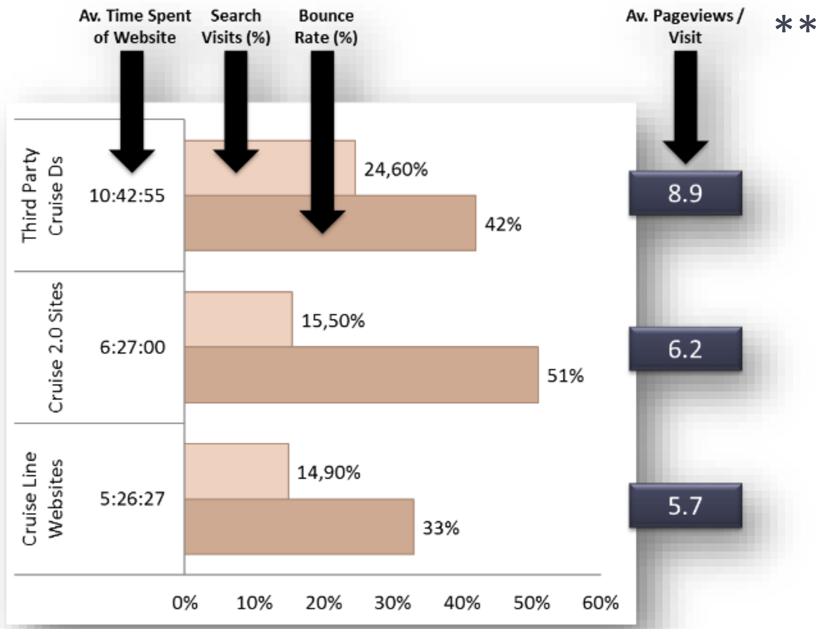
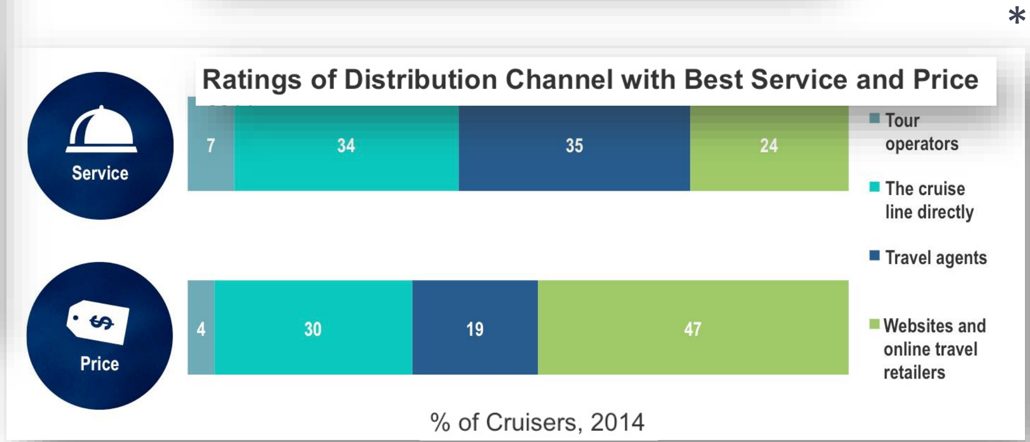
* Galloway, S. (2011). L2 Digital IQ Index: Travel. Available Online: http://www.l2thinktank.com/research/travel-2011. Access Date: 12.06.2011

Distribution Democratisation

Cruise Booking Process Complexity & Third Parties







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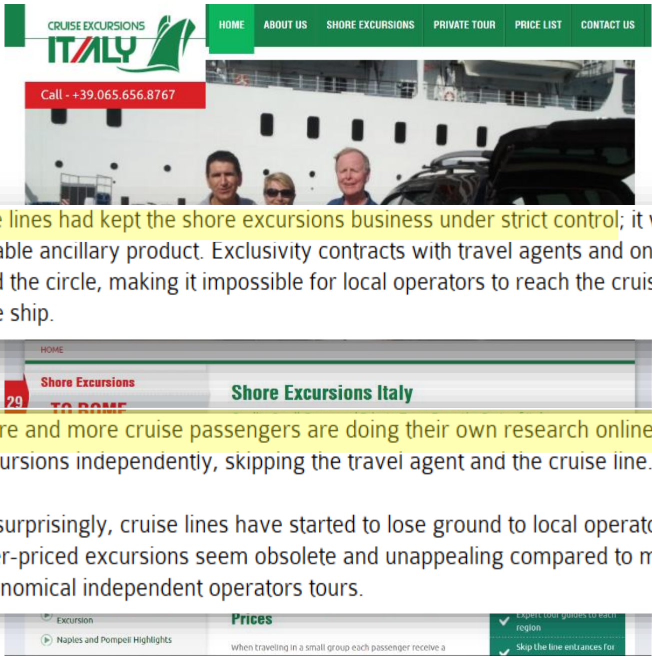
* CLIA (2015). 2014 North American Cruise Market Profile Report. Online: http://www.cruising.org/docs/default-source/research/clia_naconsumerprofile_2014.pdf
** Source Data: Alexa.com
*** Galloway, S. (2011). L2 Digital IQ Index: Travel. Available Online: http://www.l2thinktank.com/research/travel-2011. Access Date: 12.06.2011

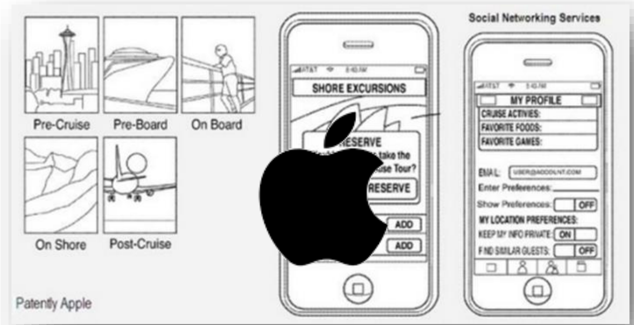
Cruise Demand
Distribution Control and Content Management



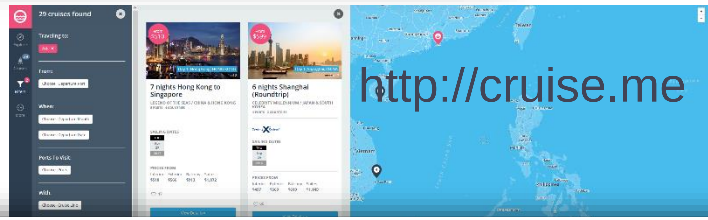
Cruise lines had kept the shore excursions business under strict control; it was in fact their most profitable ancillary product. Exclusivity contracts with travel agents and on-destination companies closed the circle, making it impossible for local operators to reach the cruise customers before they got off the ship.

More and more cruise passengers are doing their own research online and booking their shore excursions independently, skipping the travel agent and the cruise line.

Unsurprisingly, cruise lines have started to lose ground to local operators as standard, 45-passenger, over-priced excursions seem obsolete and unappealing compared to more local, personalized and economical independent operators tours.



ProPublica includes a ship-by-ship accounting for about 300 vessels. For any specific ship he or she might sail, a traveler can see a track record dating back to 2010.



Booking online is complex due to the vast number of ships, ports, destinations, cabin categories, etc. We have built a more intuitive way for consumers to search, discover and plan/book their cruise.

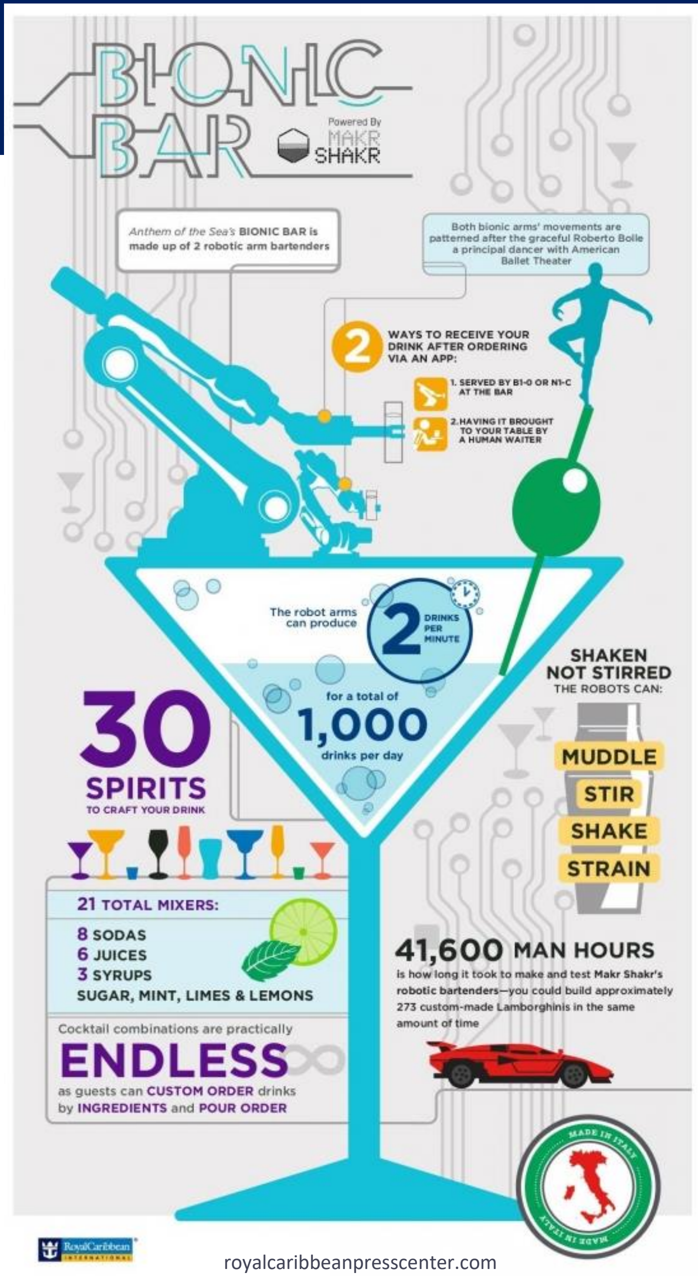
A cruise is definitely a social experience but so far social has been neglected by most OTAs. Cruise.me helps you to connect with the cruise community, your friends and family and even other passengers who travel on the same ship. We enhance your travel experience before, during and after your cruise.

Technological Innovation will be the main **competitive arena** for the cruise sector… And the **`Share of Passenger Wallet'** will be the **prize**.

(MONEY-) SMART CRUISE SHIPS

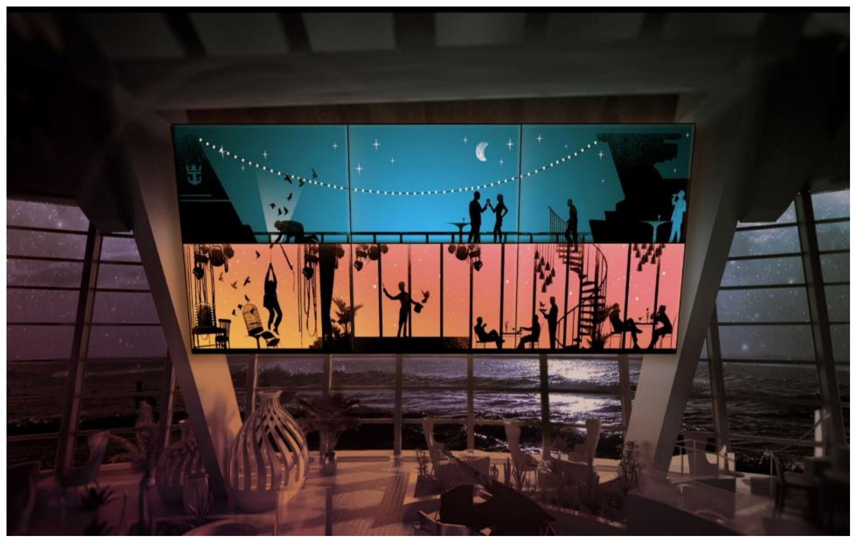
Just Gimmicks?!

Cruise Supply
Robo-Cruises!



royalcaribbeanpresscenter.com

Dancing Bionic Bar on Anthem of the Seas (Royal Caribbean)
https://www.youtube.com/watch?v=ABHuFv0sb3I



Fusing Technology & Entertainment: Inside Two70
https://youtu.be/Ns2QJk2--Rk

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Cruise Supply

Mario... Robotic Cruise Host

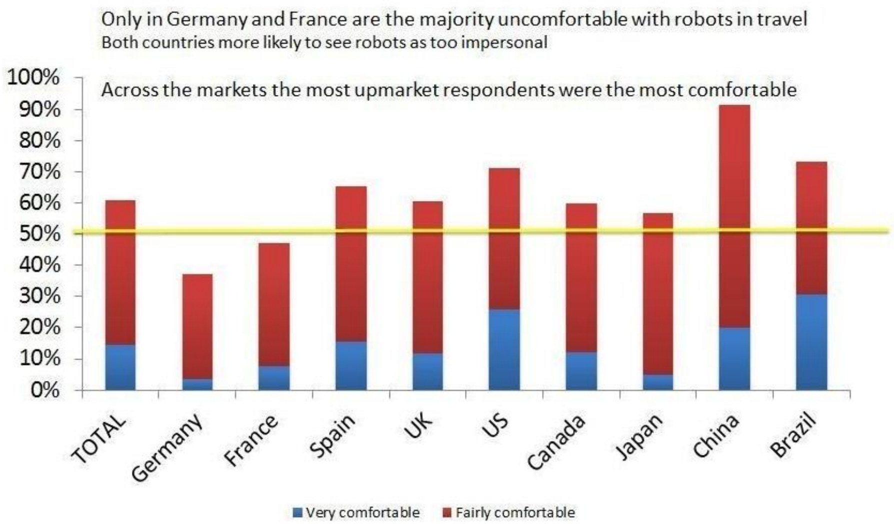
Robot hostess puts IT in international Tourism Fair https://www.youtube.com/watch?v=fljHh__UnPA

Meet Connie, the Hilton robot concierge https://www.youtube.com/watch?v=ghbS-aTYw14

Travelzoo Survey Results 2016

"Robophiles and Robophobes: Britons Divided over Use of Robots in Travel"

Comfortable with Robots in Travel



http://photos.prnewswire.com/prnh/20160303/340125-INFO

Advantages outweigh disadvantages

Top 5 reasons to use robots in travel	% who see it as a reason	Top 5 reasons not to use robots in travel	% who don't see it as a reason
Deal with data faster	81%	They take away jobs	75%
Don't tire	81%	Too impersonal	75%
Deal with languages	79%	Won't get slang/irony/ cultural nuances	70%
Save time for human colleagues	77%	Not creative enough	68%
Better memory/ recall	76%	Make humans lazy	60%

However, in three European countries the main disadvantage is as strong as the main advantage
France: 80% said it was good they didn't tire, 80% thought they were too impersonal
Germany: 88% said it was good they didn't tire, 87% thought they were too impersonal
UK: 78% said their speed dealing with data was good, 78% thought they wouldn't get slang/irony

And in unemployment hit Spain, fear of losing jobs to robots outweighed all advantages (so Spain is optimistic about robots overall but unemployment is a worry)

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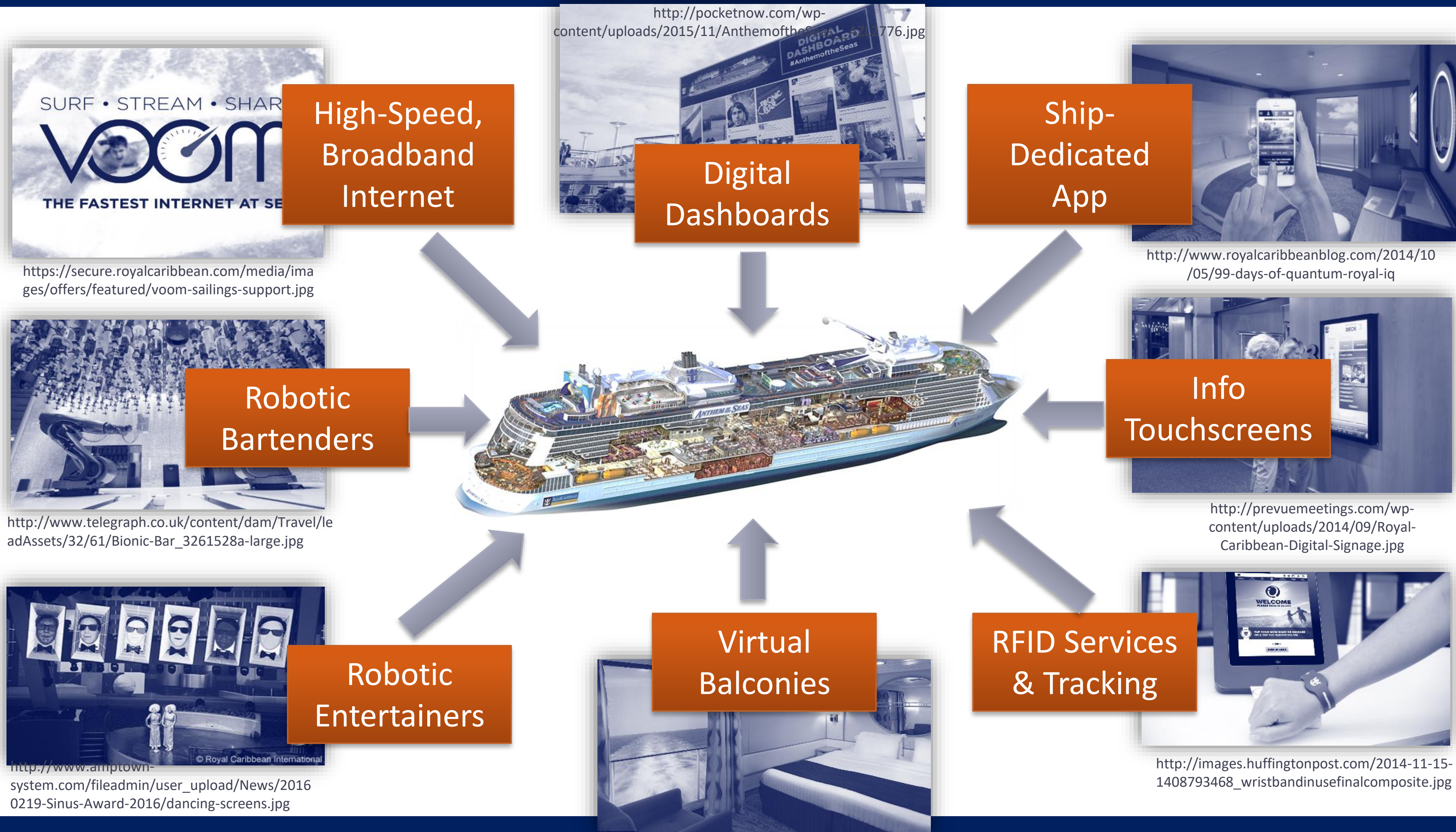
Cruise Supply

Smart Cruise Ships: RCL Anthem of the Seas



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http://www.royalcaribbeanblog.com/2014/10/05/99-days-of-quantum-royal-iq

http://www.telegraph.co.uk/content/dam/Travel/leadAssets/32/61/Bionic-Bar_3261528a-large.jpg

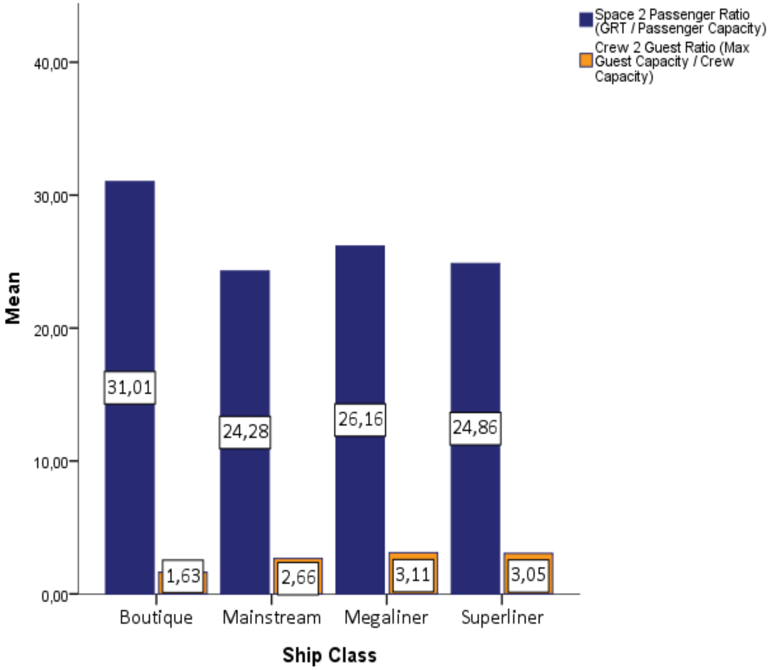
http://prevuemeetings.com/wp-content/uploads/2014/09/Royal-Caribbean-Digital-Signage.jpg

http://www.amptown-system.com/fileadmin/user_upload/News/20160219-Sinus-Award-2016/dancing-screens.jpg

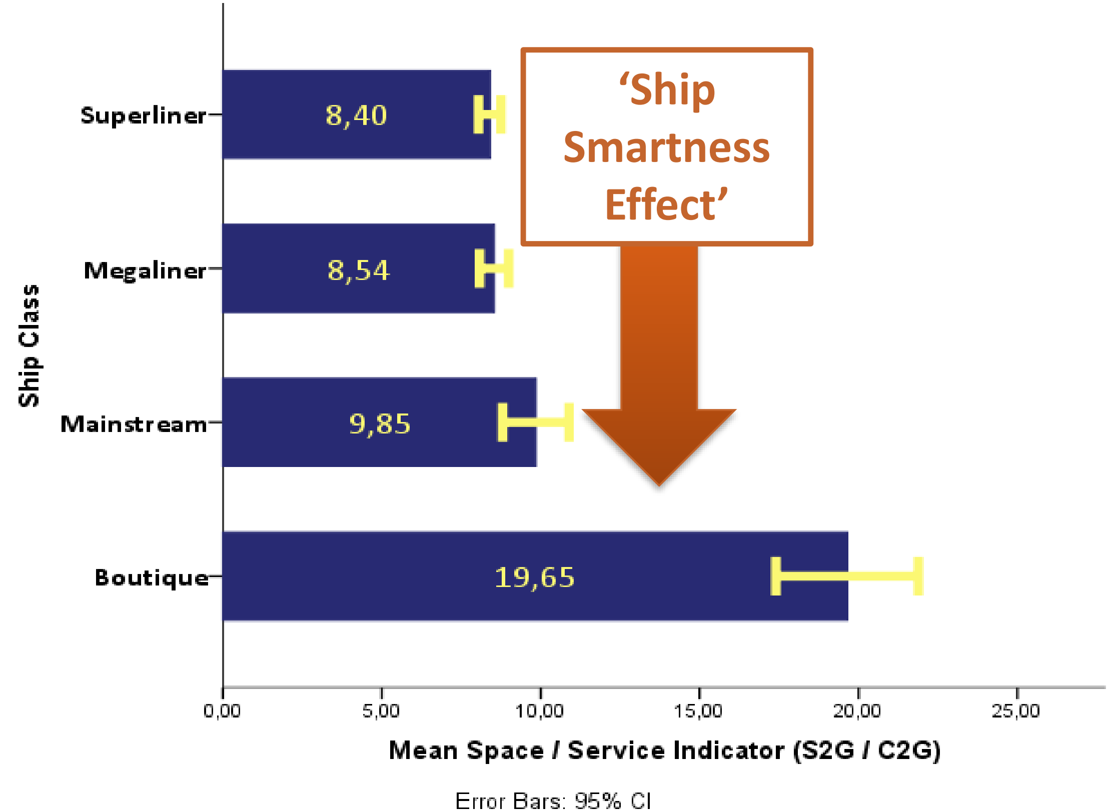
http://images.huffingtonpost.com/2014-11-15-1408793468_wristbandinusefinalcomposite.jpg

http://media.royalcaribbean.com/content/shared_assets/images/fleet/cabin_type/gallery_main/QN_studio_interior_305x202.jpg

Pax-Space & Pax-Crew Ratios…
A Look through 264 Vessels!



Average 26 GT per Passenger (Guest or Crew)
Average 1 Crew to 3 Pax:



RCL's Anthem of the Seas and Quantum of the Seas are the ONLY Megaliners with a Space-Service Indicator of over 10

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So where does this leave us?!

Cruise Business 'Techno-Oligarchy'

Cruise 4.0 Effects:

- Supply-Side:
  - *Mega-Smart Ships:*
    - *Technology and Ship-building Barriers*
    - Capacity - Space Optimisation
    - Revenue – Cost Optimisation
  - *Downward Vertical Competition (esp. Ports) – To maximise 'share of wallet' / Onboard revenue*
- *Demand-Side:*
  - *'Shake out' of SME Cruise Operators ('differentiate or die')*
  - *ICT-enabling of distribution and reduction of capacity risk (for large vessels)*
  - *Upward Vertical Integration (esp. Online Retail) – To capture market share*

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The current **Trend** of **Mega**ships and **‘Smart’** vessels is a **‘Game-Changer’** and will persist. There are strong **competitive** and **economic** drivers for this!

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