

Are Sustainable Cruises Possible?

(Kreuzfahrt nachhaltig - geht das?)

The 'Headline Law' of Cruising

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• **Murphy's Journalistic Principle***

• *“If a headline ends in a question mark, the answer is no.”*

• **Batteridge's Law of Headlines****

• *“Any headline that ends in a question mark can be answered by the word no.”*

• * Götz, Andreas (1997). "The Complete Edition of Murphy's Laws". MurphysLaws.net. Archived from the original on 17 October 2018. Retrieved 12 May 2019.)

** Betteridge, Ian (23 February 2009). "TechCrunch: Irresponsible journalism". Technovia.co.uk. Archived from the original on 26 February 2009. Retrieved 12 May 2019

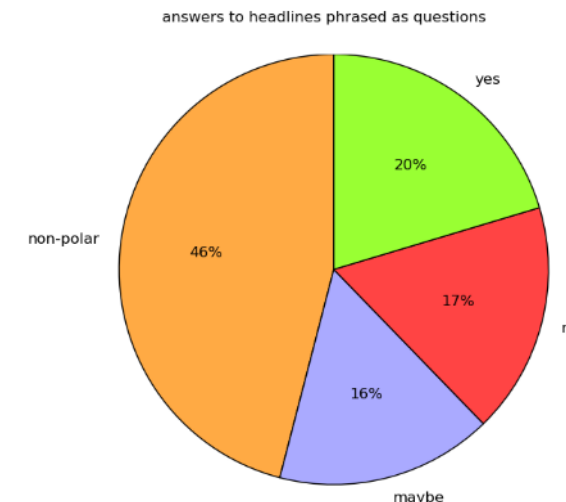
Does the “Headline Principle” work?

According to the principle... and science... The answer is 'NO'

- Academia (Cook & Plourde, 2016):
 - Articles from 60 academic journals
 - Dataset of 7845 titles in all
 - 177 with in question mark
 - 95 ‘Yes/No’ question type (**No: 35,8%**)
- Press (Linander, 2015):
 - ‘Crawled’ 13 separate news sites for a total of 26000 headlines (2000 per site)
 - 766 with question mark.
 - 413 ‘Yes/No’ question type (**No: 31,5%**)

Table 2 Frequency of answers to yes/no questions by discipline

All	Natural Sciences		Humanities		Social Sciences	
	Computer Science	Physics and Astronomy	Literature and Literary Theory	Philosophy	Psychology	Sociology and Political Science
Yes						
54.7 % (n = 52)	33.3 % (n = 1)	87.5 % (n = 7)	50.0 % (n = 2)	–	66.7 % (n = 18)	52.2 % (n = 24)
No						
35.8 % (n = 34)	66.7 % (n = 2)	12.5 % (n = 1)	25.0 % (n = 1)	71.4 % (n = 5)	33.3 % (n = 9)	34.8 % (n = 16)
Depends						
9.5 % (n = 9)	–	–	25.0 % (n = 1)	28.6 % (n = 2)	–	13.0 % (n = 6)



The End of Cruising?

≡

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Let's not go back to what wasn't working anyway.


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The Big Read Travel & leisure industry

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Coronavirus: is this the end of the line for cruise ships?

Operators aim to rebuild trust with health measures but still face calls to improve conditions for their crews



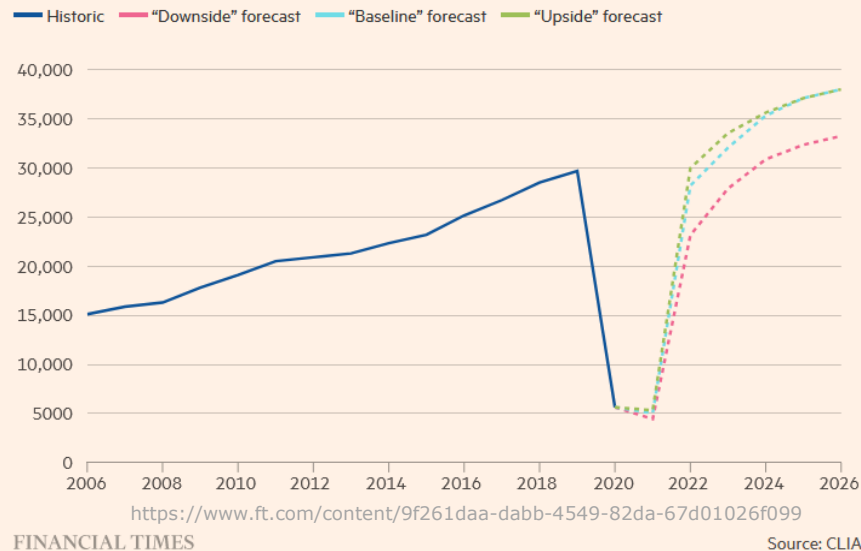


“Like the tides, We will return”... This time cleaner!

We can survive anything!

Cruise passenger numbers are expected to resume their long-term growth trajectory after the pandemic dip

Global cruise passengers, actual and forecast



Supply Impact*:

- 2019: Total fleet capacity = 581 K Pax
- 2020-21: Loss of 8% = 532 K Pax
- 2021-22: Recovery of 6% = 566 K Pax

Demand Impact*:

- 2019: 27.5 million Pax
- 2020-21: Decrease of 74% = 7.05 million Pax
- 2021-22: Recovery of 25% = 13.9 million Pax

Revenue and Spending Impact*:

- 2019: \$27.4 B
- 2020: Decrease of 88% = \$ 3.3 B
- 2021: Recovery = \$ 6.6 B = - 76% compared to 2019
- 2021 Average Pax Revenue = \$ 247 / Day = 9% less than 2019
- 2021 Average Pax Onboard Revenue = \$71 / Day = 5% less than 2019

Financial Impact (Top 3 Cruise Operators):

- 2019: Profit ≈ \$ 0,5 B / Month***
- 2020-21: 'No Sail Cash-Burn' ≈ \$1 B / Month**
- 2020-21: New Debt and Equity Capital ≈ \$12 Billion ***

Recovery
Potential

Recovery
Risk



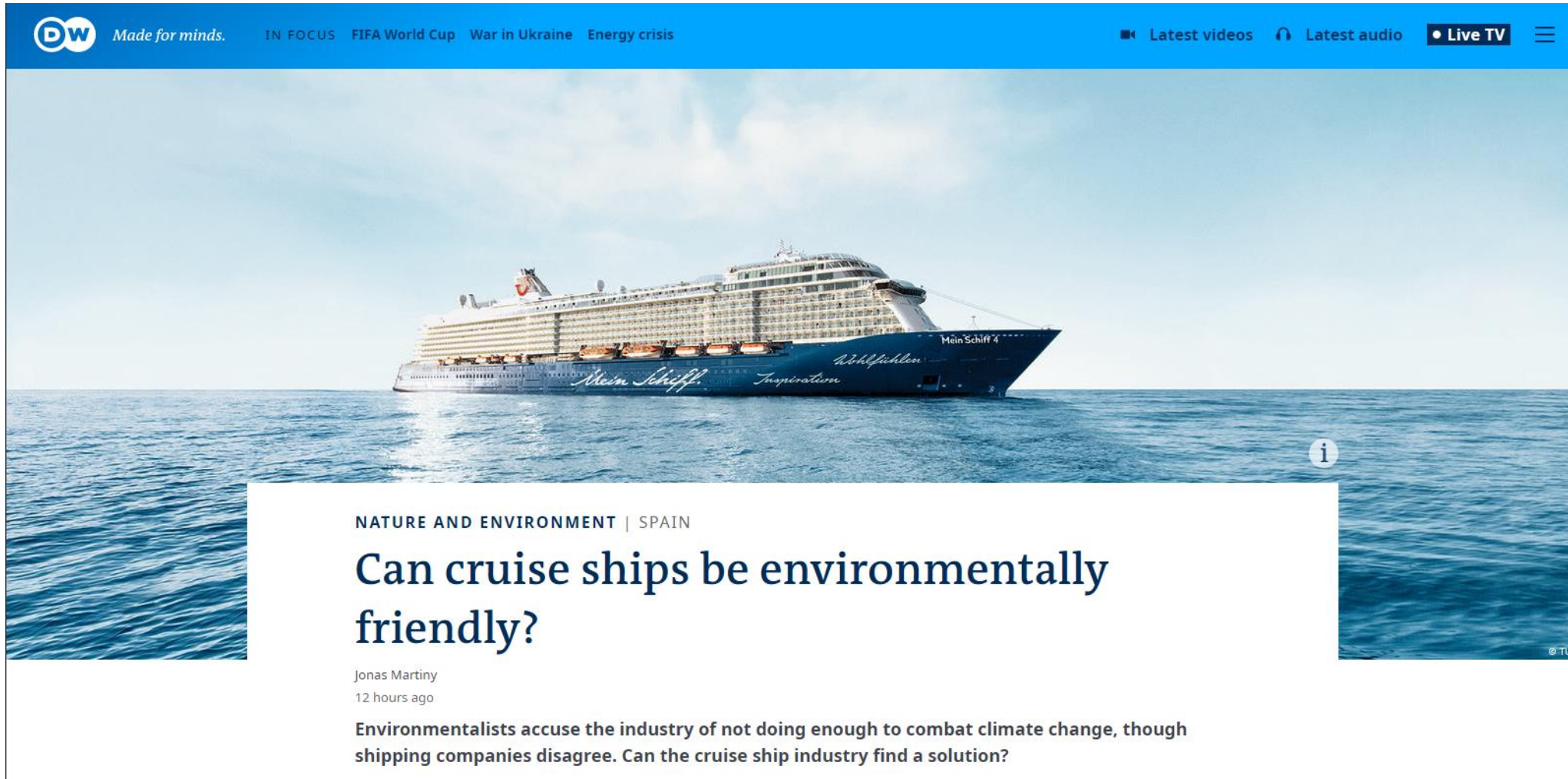


LIKE THE TIDES,
WE WILL RETURN


#WeAreCruise

Deutsche Welle Headline... from Yesterday!

Can cruise ships be environmentally-friendly?



DW Made for minds. IN FOCUS FIFA World Cup War in Ukraine Energy crisis Latest videos Latest audio Live TV

Mein Schiff 4

NATURE AND ENVIRONMENT | SPAIN

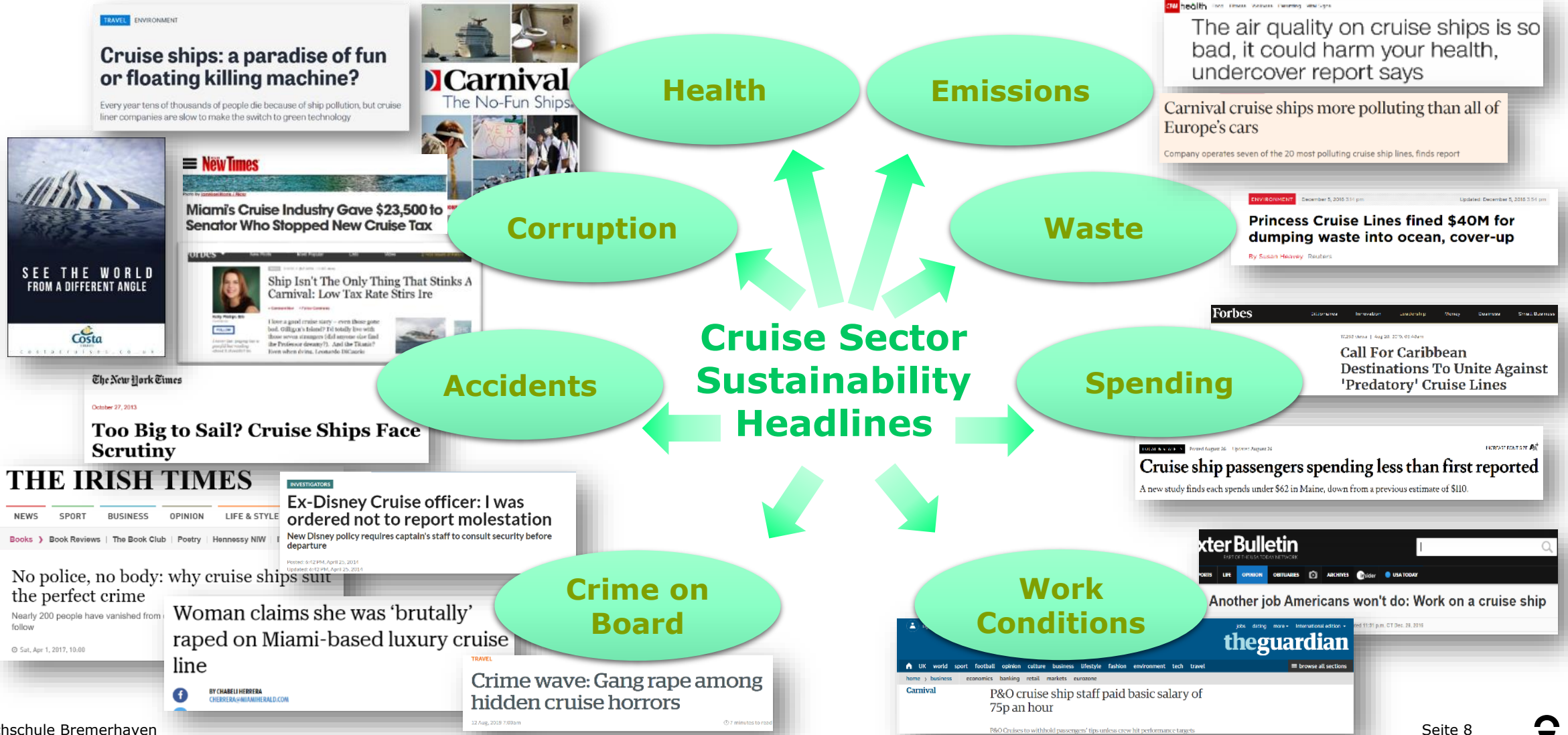
Can cruise ships be environmentally friendly?

Jonas Martiny
12 hours ago

Environmentalists accuse the industry of not doing enough to combat climate change, though shipping companies disagree. Can the cruise ship industry find a solution?

Cruise Sustainability Headlines

Public scrutiny in the headlines... In all dimensions!



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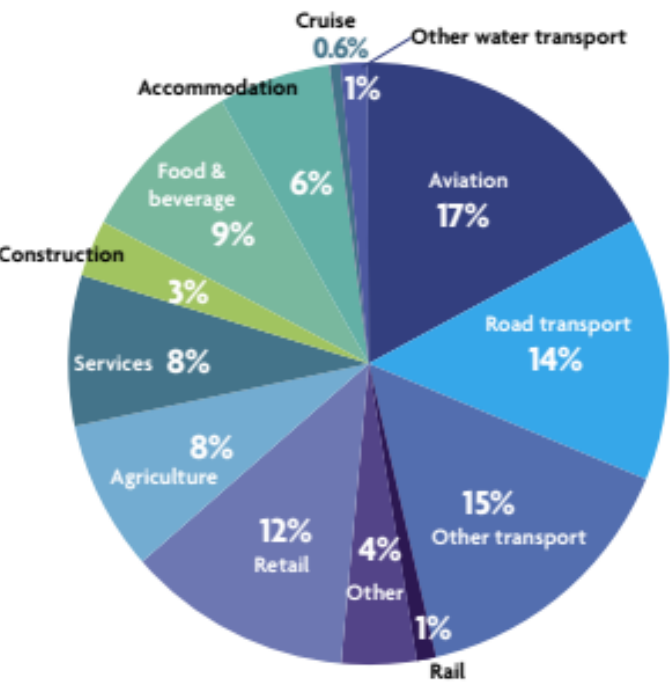
Ecological Dimension Answer

- *“Not yet... But working on it!”
(BTW: “We are not that bad!”)*

CO₂ emissions: Absolute vs. percentage values

World Travel & Tourism Council 2021

Exhibit 3: Split of tourism-related GHG emissions by industry (pre-pandemic)²¹



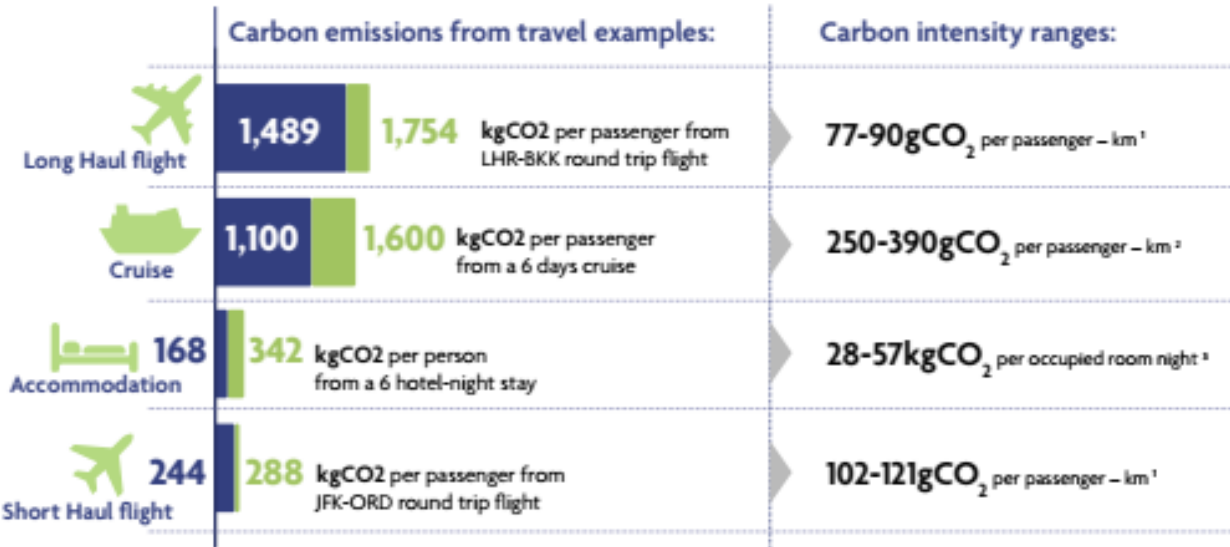
Note: The above emission share has been updated for aviation by using the latest IATA's Aviation and Climate Change Fact Sheet pre-pandemic estimates. Cruise was separated from water transport by conducting a bottom-up estimation based on sustainability reports. The chart includes shares of most contributing scope 3 emission sources (e.g. agriculture).

Exhibit 4: 2019 carbon emissions estimates per industry²²

Industry	Carbon Emissions (million tCO ₂ e)
Accommodation	324
Tour Operators	N/A
Aviation	915
Cruises	27
OTAs	<1
Travel Agencies	N/A

Note: Estimates exclude Scope 3 emissions. Aviation emissions reported in tCO₂.

Exhibit 5: Carbon emissions from selected travel examples and overview of carbon intensity ranges²⁶



Key: Low Range High Range

Note: (1) Carbon intensity for economy cabin seats, (2) Average emissions intensity of the world's largest cruise operator (low range) and emission intensity of the cruise ship class with the second highest intensity measure (3) Averages of Measure 1 lower and upper quartile from Cornell Hotel Sustainability Benchmarking Index (CHSB) 2021 (4) While cruise is often considered as a transport-only industry, it provides accommodation and transportation services.

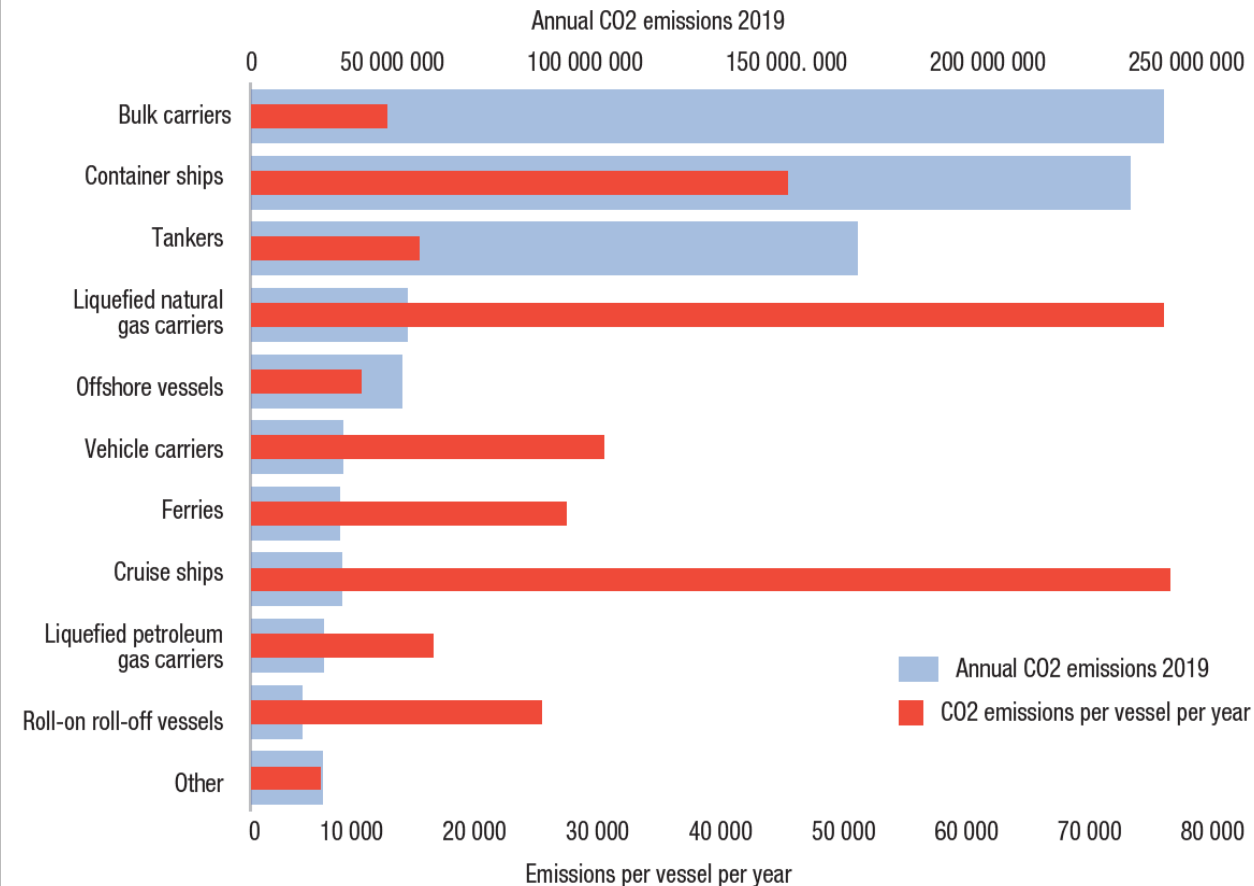


Cruise ship orderbook 2021-2027:

Commitment to sustainability or merely 'organic modernisation'?

	TOTALS	%
Ship Orders (2021-2027)	107	
<i>Small and Expedition Vessels</i>	34	32%
<i>Maistream Vessels</i>	27	25%
<i>Mega Ships</i>	46	43%
<i>LNG Powered Vessels</i>	22	21%
Total Inv. Cost (M \$)	62.474	
Total Inv. Cost / LNG-powered Vessels (M \$)	21.424	34%
Average Inv. Cost / Vessel (M \$)	584	
Average Inv. Cost / LNG-powered Vessel (M \$)	931	+59%
Total Tonnage	9.222.705	
Total LNG-powered Vessel Tonnage	3.640.150	39%
Average Tonnage / Vessel	86.194	
Average Tonnage / LNG-powered Vessel	158287	+83%
Total Pax Capacity	215.151	
Total LNG Powered Vessel Pax Capacity	89.851	42%
Average Pax Capacity / Vessel	2.011	
Average Pax Capacity / LNG-powered Vessel	3906	+94%

Data Source: <https://www.cruiseindustrynews.com/cruise-news/cruise-ship-orderbook.html>



Source: UNCTAD calculations, based on data provided by Marine Benchmark.
<https://unctad.org/news/covid-19-cuts-global-maritime-trade-transforms-industry>



Industry size into perspective

"Too small to make a difference... unless it's positive!"

Global Capacity	2017	Number of Units	Cruise Fleet / Sector as a % of...	Data Source
	Cruiseships	369		
	Airplanes	24,400	1.51%	Statista (2018a)
	Merchant Ships	52,000	0.71%	Statista (2018b)
	Hotels	184,449	0.20%	STR (2018)
Global Economic Contribution	2017	Direct Contribution (mil USD)		
	Cruise Sector	\$61,020,000		CLIA (2018)
	Tourism Sector	\$2,036,000,000	3.00%	WTTC (2017)
	2017	Employment (Jobs /FTEs)		
	Cruise Sector	1,100,000		CLIA (2018)
	Tourism Sector	118,454,000	0.93%	WTTC (2017)
	2017	Direct Contribution per Arrival / Port Visit		
	Cruise Sector	\$445.82		CLIA (2018)
	Tourism Sector	\$1.538.93	28.97%	WTTC (2017)

'If you were to close the cruise industry tomorrow, it would make zero difference to overtourism issues.'
(David Dingle, Carnival U.K.**)

"The cruise industry goes to about 1,000 places. The vast majority want more tourists from us, not less."
(Adam Goldstein, vice chairman of Royal Caribbean Cruises Ltd)**

"Venice alone attracts 24 million tourists annually, nearly the same number of people the entire cruise industry carried in 2017. So I mean we are quite small"
(Carnival Corp. CEO Arnold Donald)



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Economic Dimension Answer

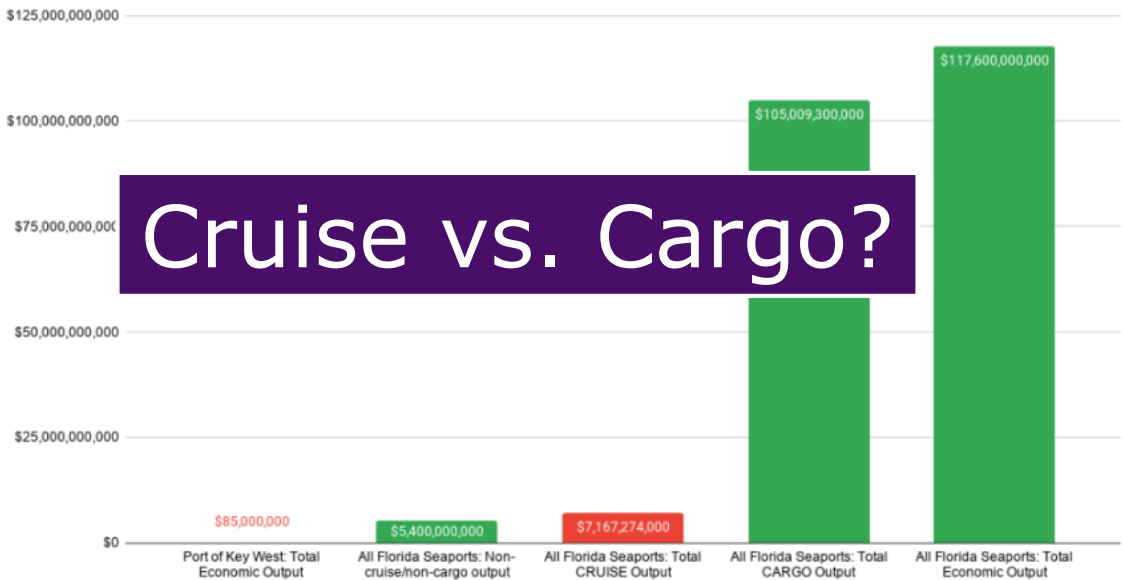
- *“We fuel economies and create jobs... generally!”*

Comparative economic impact of cruising...

Cargo shipping and other forms of tourism more beneficial?

Economic Impact: Key West's Cruise Economy in Context of Florida Seaports

Port of Key West accounts for less than 1/10th of 1% of the total economic output of Florida's Seaports

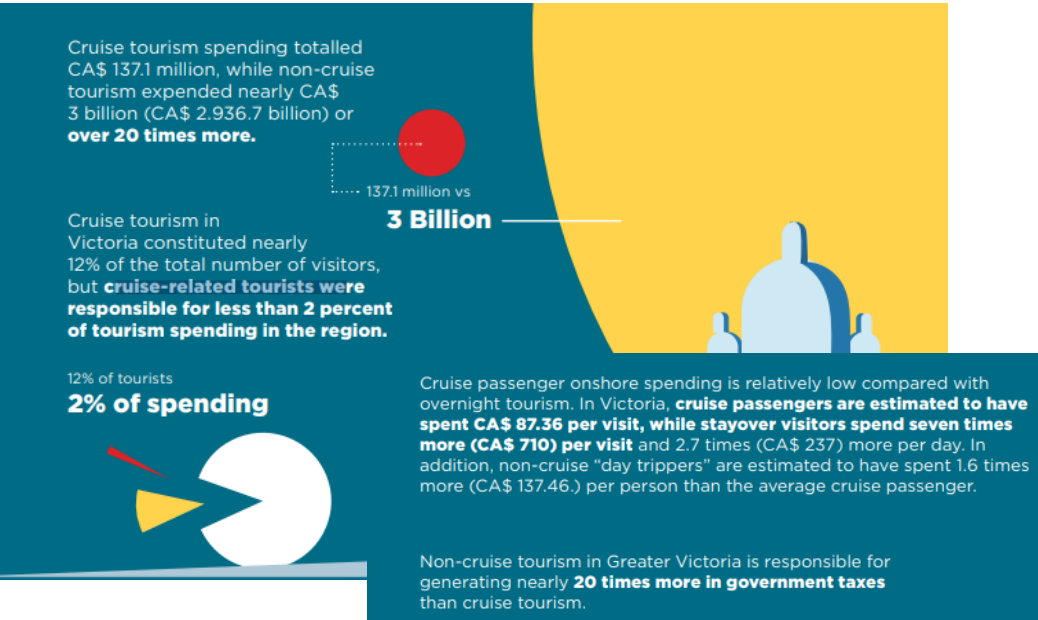


Cruise vs. Cargo?

REPORT: New analysis exposes cruise tourism benefits as overinflated myth

WEDNESDAY APRIL 06, 2022

Economic benefits of non-cruise tourism dwarf cruise tourism



The Port of Key West accounts for less than 1/10th of 1% of the total economic output of Florida's Seaports.

<https://www.safercleanships.com/news/economic-impacts-florida-seaports-and-cruise-ships-at-the-port-key-west>

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Tourism

Caribbean Tourists Arriving by Plane Worth More to Local Economy Than Cruise Guests

Siemoneke Steadman, Skift
March 10th, 2015 at 11:05 AM EDT

Find average per visit and per day spend for cruise and air arrivals in three tourism economies:

Country	Cruise Arrivals	Air Arrivals	Cruise Spend Per Person	Air Spend Per Person
U.S. Virgin Islands	1,900,000	800,000	\$138-\$158 per day	\$200-\$250 per day w/o lodging
Puerto Rico	1,356,822	8,600,413	155.62 per day	\$298.15 per day w/ lodging
Bermuda	355,880	224,329	\$153 per visit	\$1249 per visit w/ lodging

Cruise- vs. Land-Tourism?

Non-cruise tourism created nearly **31 times more jobs** (37,411 vs. 1210) than cruise operations in Greater Victoria.

<https://www.stand.earth/latest/ocean-protection-shipping/canadian-shipping/report-new-analysis-exposes-cruise-tourism>



Comparative economic impact of cruising...

Can we depend on passenger-spending data?

“Camping tourists spend twice as much as cruise tourists”**

“Results indicate that cruise passengers **spend** significantly **less** at their destinations than **other tourists**. In addition, the data indicate that cruise tourists **overestimate** their expenditure to a higher degree than other tourists” (Larsen, 2013)*

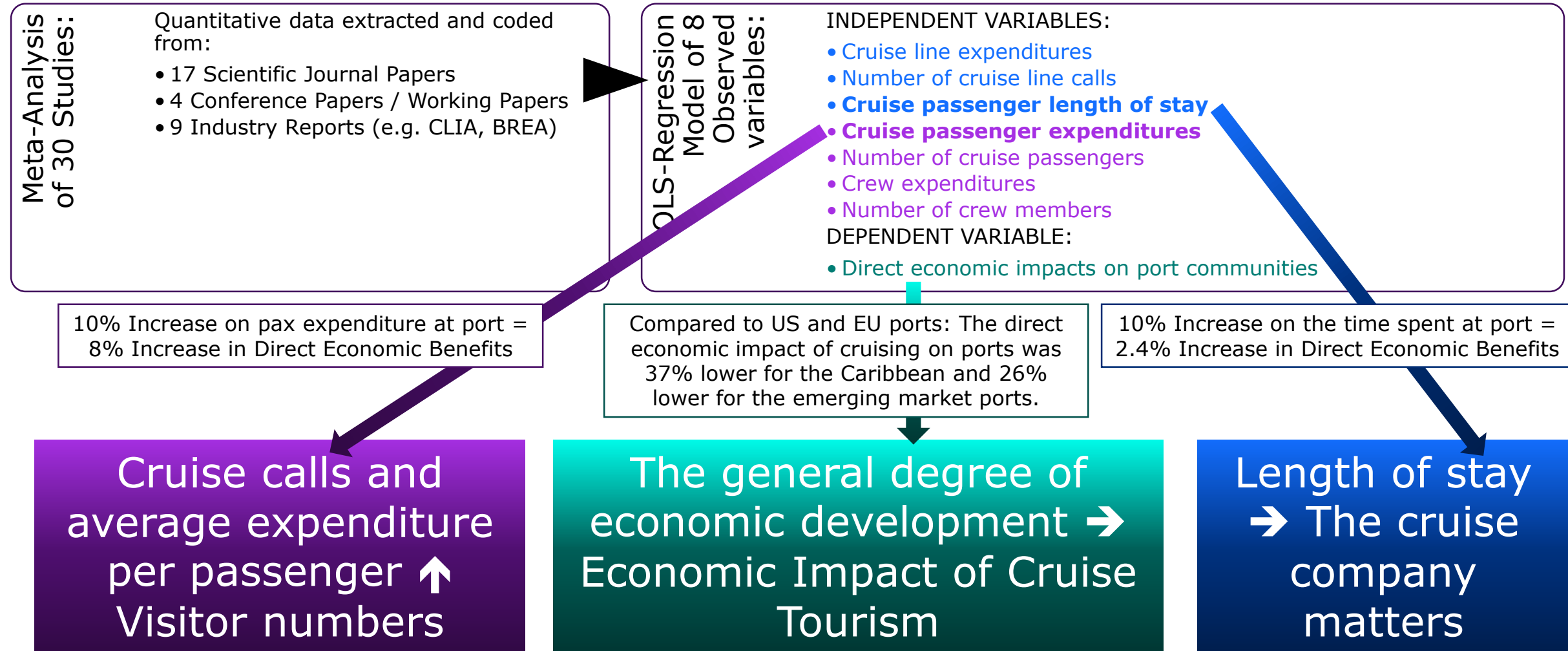
“The most obvious question is whether passengers have any money left for spending onshore given the range of **spending options onboard**” (Klein, 2009)***

An even larger problem...is
the **uncritical acceptance** of the assumption that cruise passengers on average spend US\$100 in each and every port of call. (Klein, 2009)***



The economic impact of cruising on ports varies...

A Meta analysis of the economic impact of cruises on destinations



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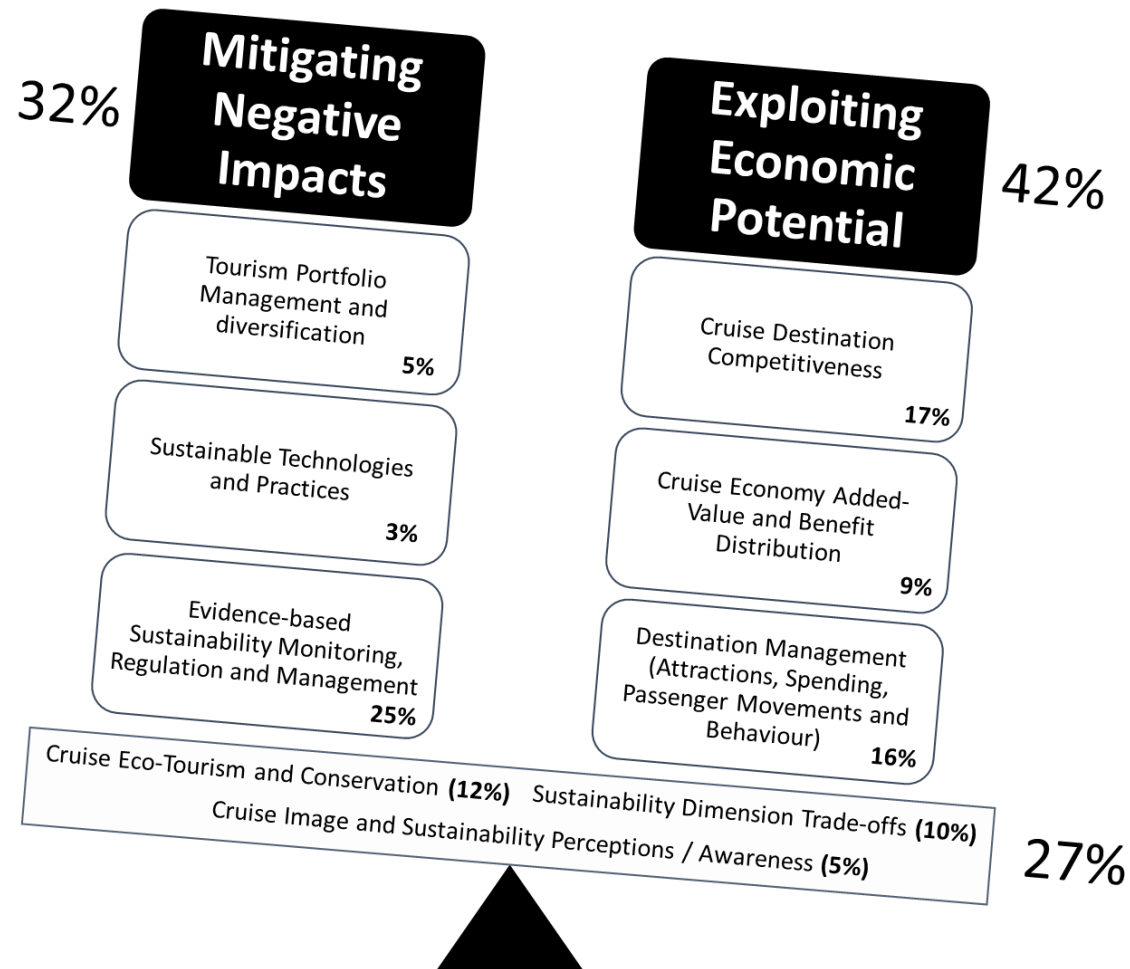
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Beyond Polarity... From 'Yes/No' to 'What', 'Why', 'How' and 'Who?'

- “Sustainability is taking responsibility and not assigning it to others...”

WHAT? Cruise tourism sustainability – A decade of scientific research

It is all about responsibility and community now... Not carbon neutrality by 2050!




The percentages reflect the proportion of published sources in the selected sample for this systematic literature review (N=151)

Ocean Decade Laboratories

A PRODUCTIVE OCEAN

31 May – 2 June 2022



“Tourism does not manage itself and sustainability gets lost between apathy and advocacy. Empathy is what we need. We empathise with what we experience. Tourism is experience.”

Prof. Dr. Dr. Alexis Papathanassis,
Bremerhaven University of Applied Sciences

www.oceandecade-conference.com



WHY? RCL's Icon of the Seas – Polarisation trend in cruising

Floating Destination: 20 decks, 8 neighbourhoods, 10.000 pax and crew



Tonnage:
250,800 GRT

Length: 365 m

Passenger
Capacity:
7600

Crew: 2350

Fuel: LNG

Sail start:
28 January
2024

28 Cabin
Categories

8 Neighbour-
hoods/
Districts



Thrill Island

Slide waterpark (6
waterslides)



Chill Island

Pool area (7 pools) ft
largest pool at sea



Surfside

For young families, with
places to eat, drink, and
play



Hideaway

Look and feel of a beach
club, multilevel terrace,
infinity pool



Aqua Dome

Theater, Tallest waterfall
at sea



Central Park

Park with real plants,
boutiques, live
entertainment and
restaurants



Royal Promenade

Ice arena, shops, catering
venues



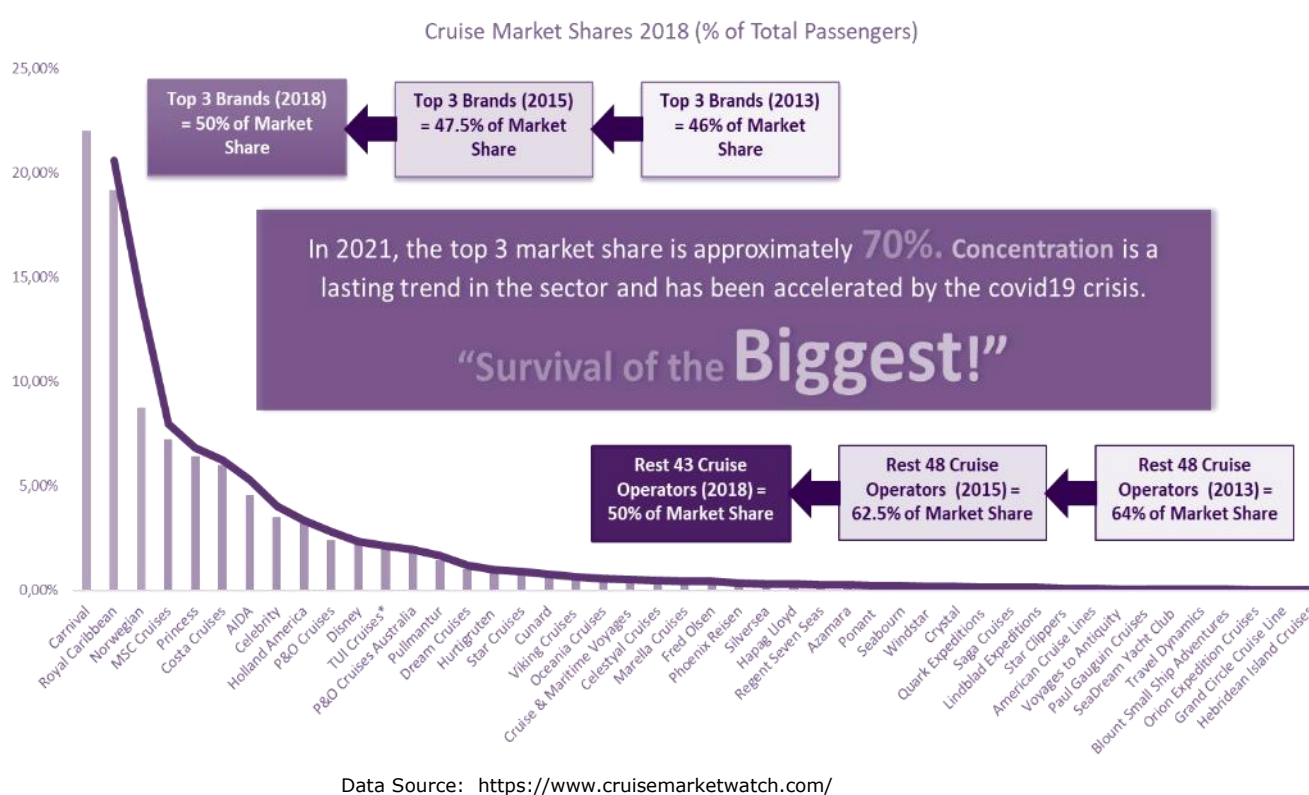
Suite Neighbourhood

Restaurant, sun deck,
restaurants, pools



WHY? Fewer players and larger cruise ships!

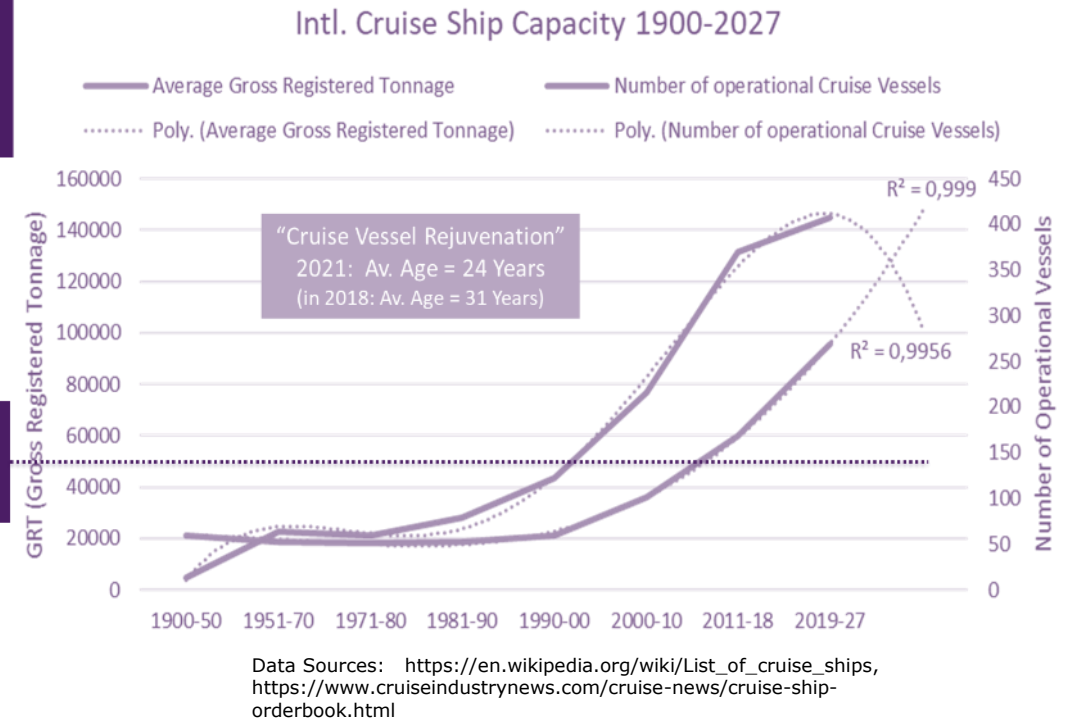
Trend acceleration due to COVID-induced fleet consolidation



Symphony of the Seas (RCCL)
228021 GRT

x5

Titanic (46.348 GRT)



Fewer but larger ships and increasing market share **concentration** shift the balance of power in the supply chain. For **ports** this means higher **regional competition**



Trend acceleration due to COVID-induced restrictions and debt

Trend acceleration due to COVID-induced restrictions and debt

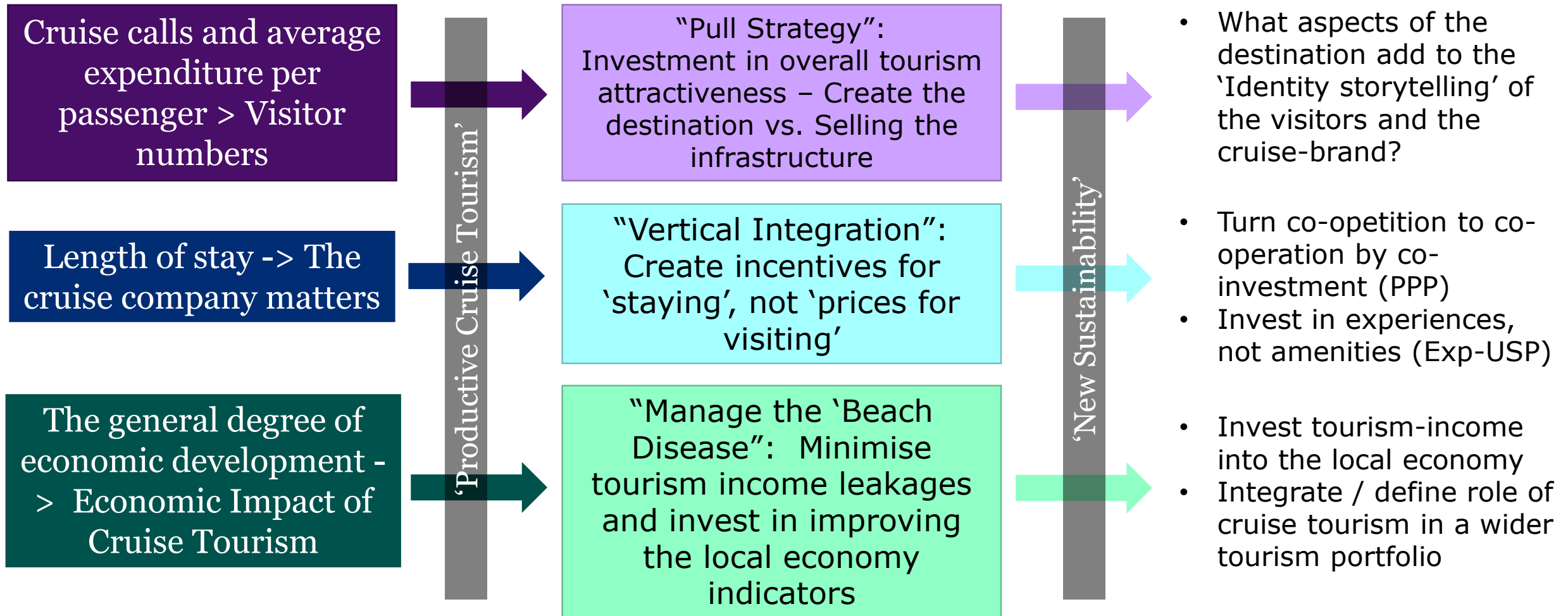


The **Competition**
on Land and
Monopolies on
Board create the
premises for
Captive
Pricing. On
Board Revenue is
vital for **economic**
survival and
profitability



WHO & HOW? Cruise tourism and destination management:

Critical success factors and strategic drivers



The Non-Headline Question for Today?

Remember:

- Cruise ships will sail... with or without you!
- Cruise ships will enter ports... yours or others'!
- Sustainability comes at a cost... to someone!

What are YOU going to do to contribute to more sustainable cruising?



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Thank you for your attention

