

Hochschule  
Bremerhaven

# Post-Pandemic Cruise Tourism

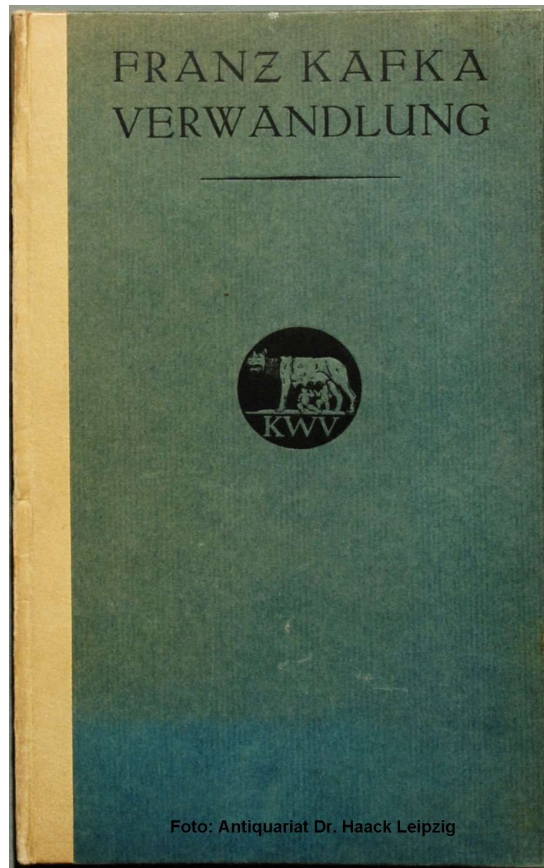
## A Re-enactment of Kafka's 'Metamorphosis'?

(Cruise Copenhagen - General Assembly, 28. Oct 2022)



# Franz Kafka's 'Metamorphosis'

*How could it have turned out differently for Gregor?*



- “Gregor converted his success at work straight into cash that he could lay on the table at home for the benefit of his astonished and delighted family.”
- “They had even got used to it, both Gregor and the family, they took the money with gratitude and he was glad to provide it, although there was no longer much warm affection given in return.”
- “As Gregor Samsa awoke one morning from uneasy dreams he found himself transformed in his bed into a gigantic insect.”
- “We can't carry on like this. Maybe you can't see it, but I can. I don't want to call this monster my brother, all I can say is: we have to try and get rid of it.”





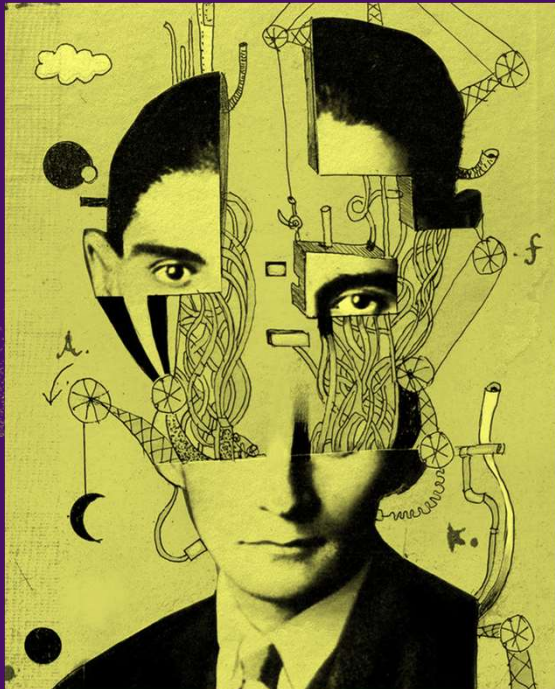
Prof.Dr.Dr.Alexis Papathanassis

Cruise Tourism Management  
Bremerhaven University of Applied Sciences

E: [apapathanassis@hs-bremerhaven.de](mailto:apapathanassis@hs-bremerhaven.de)

T: +49 471 4823 100

M: +49 173 613 2565



<https://medium.com/@compadrejaunior/quando-gregor-samsa-certa-manh%C3%A3-despertou-de-sonhos-intranquilos-ffd094f86d2e>

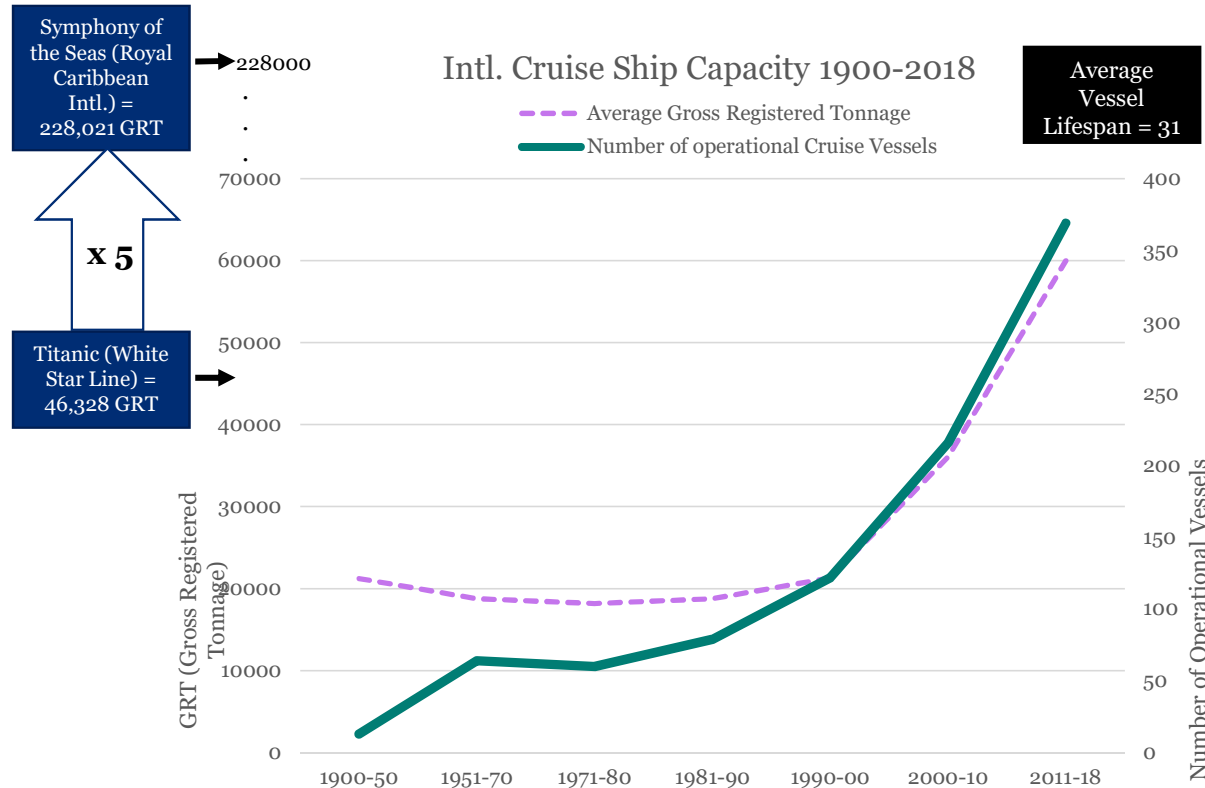
# Cruise Sector Growth and Resilience

*“Gregor converted his success at work straight into cash that he could lay on the table at home for the benefit of his astonished and delighted family.”*

(Franz Kafka, The Metamorphosis)

# A Short history of cruising

## *A history of resilience and technology-enabled transformation*



Source: Papathanassis, A. (2019). The growth and development of the cruise sector: A perspective article. *Tourism Review*. <https://doi.org/10.1108/TR-02-2019-0037>

### 1960-70s: Crisis in passenger shipping

- Early 20<sup>th</sup> Century, mainly focused on Transatlantic crossings
- Crisis through the commercialisation of jet-engine flight transportation

### 1980s: Transformation of a cruiseline voyage to a cruise holiday

- Amenities and facilities on board
- Increasing vessel size – floating resorts, enabled by ship-building technological advances

### 1990s: Capacity investments and modernisation

- New-builds and capacity investments
- Gradual reduction of prices / 'democratisation of cruising'

### 2000s: Consolidation

- Horizontal M&A resulting to high concentration

### 2010-Today: Crisis in Cruise Tourism's Supply Chain

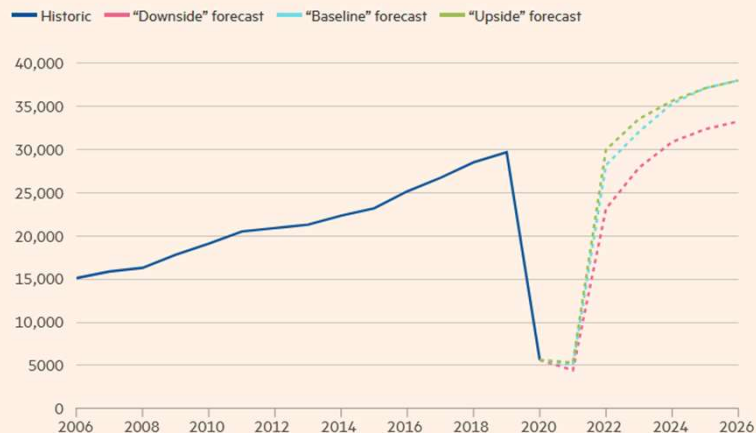
- Maturity in main source markets
- Sustainability-, Health and Safety Regulations
- Overcrowding / Port infrastructure / Destination Carrying Capacities



# “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



FINANCIAL TIMES

Source: CLIA

## Supply Impact\*:

- 2019: Total fleet capacity = 581 K Pax
- 2020-21: Los 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



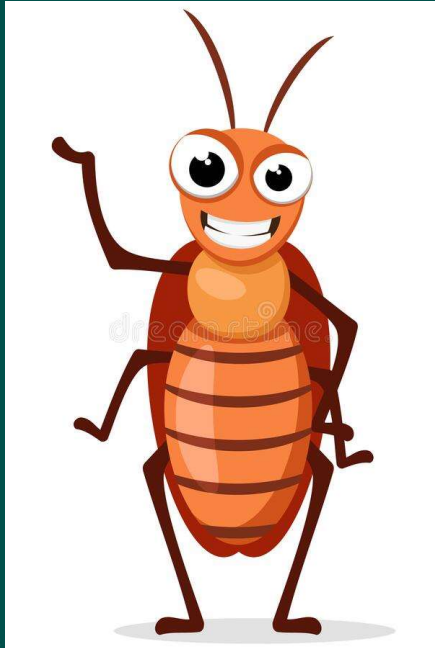
CRUISING'S NET  
ZERO COMMITMENT

We are reducing the rate  
of carbon emissions across the  
industry fleet 40% by 2030.

## Recovery Risk







*Roaches are highly resilient and evolutionary successful... They only become a problem when we see them and have them in our home!*

Prof.Dr.Dr.Alexis Papathanassis

Cruise Tourism Management  
Bremerhaven University of Applied Sciences

E: apapathanassis@hs-bremerhaven.de  
T: +49 471 4823 100  
M: +49 173 613 2565



<https://discover.hubpages.com/literature/An-Analysis-Metamorphosis-by-Franz-Kafka>

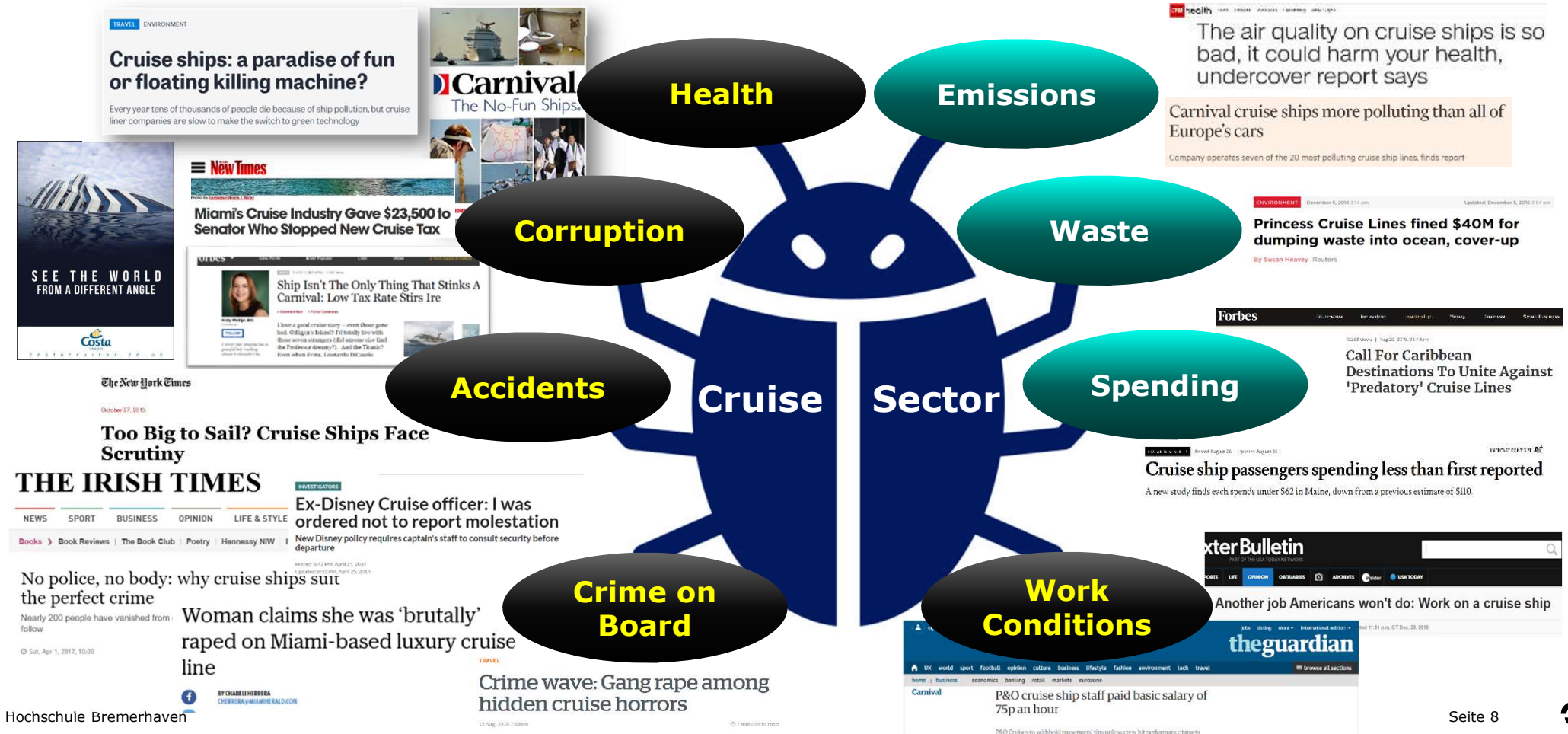
## ‘Creeping Crisis’ & ‘Value Question’

*“As Gregor Samsa awoke one morning from uneasy dreams he found himself transformed in his bed into a gigantic insect.”*

(Franz Kafka, The Metamorphosis)

# Gregor Cruise waking up as a “monstrous vermin”

## *Cruise sector under public scrutiny in the headlines*





# Questioning the cruise-sector's community impact

## *Negative over-representation*

*“Why was Gregor the only one condemned to work in a firm where, at the slightest lapse, someone immediately attracted the greatest suspicion?”*

(Franz Kafka, The Metamorphosis)

Health

Emissions

Accidents

Crime on Board

Work Conditions

Cruise ships: a paradise of fun or floating killing machine?



The air quality on cruise ships is so bad, it could harm your health, undercover report says

“Why was Gregor the only one condemned to work in a firm where, at the slightest lapse, someone immediately attracted the greatest suspicion?”

(Franz Kafka, The Metamorphosis)

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## 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)



## Sector narrative:

*Growth story-telling facilitates size-misconception*



Google  
search  
(2019):

“Cruise Boom”  
(Filter: News)  
resulted to  
228,000 hits

“Tourism Boom”: 7,500,000 hits  
**“Cruise Boom” hits -> 3%**

“Cruise Growth”  
(Filter: News)  
resulted to  
4,450,000 hits

“Tourism Growth”: 38,900,000 hits  
**“Cruise Growth” hits-> 11%**

“Sustainable  
Cruises” (Filter:  
News) resulted to  
76,000 hits

“Sustainable Tourism”: 5,960,000 hits  
**“Sustainable Cruises” hits -> 1%**

“Cruise  
Overtourism”  
(Filter: News)  
resulted to 27,000  
hits

“Overtourism” 107,000 hits  
**“Cruise overtourism” -> 25%**





# Questioning the cruise-sector's economic impact

## *Comparative perspective and skepticism*

*“They had even got used to it, both Gregor and the family, they took the money with gratitude and he was glad to provide it, although there was no longer much warm affection given in return.”*

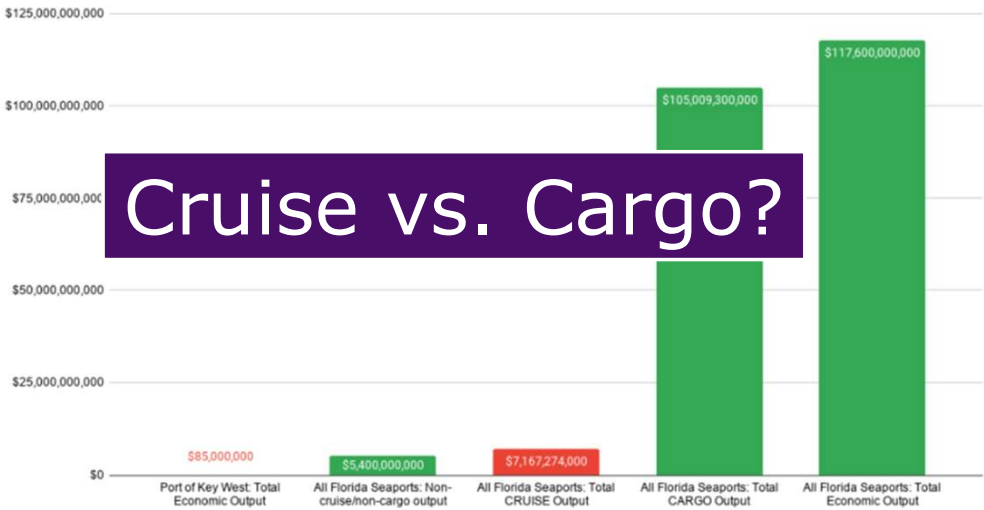
*(Franz Kafka, The Metamorphosis)*



# 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?

The Port of Key West accounts for less than 1/10th of 1% of the total economic output of Florida's Seaports.  
<https://www.saferclearships.com/news/economic-impacts-florida-seaports-and-cruise-ships-at-the-port-key-west>

Skift News Events Research Advertise Get Access

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

Samantha Shankman, Skift  
March 10th, 2015 at 1:15 PM EDT

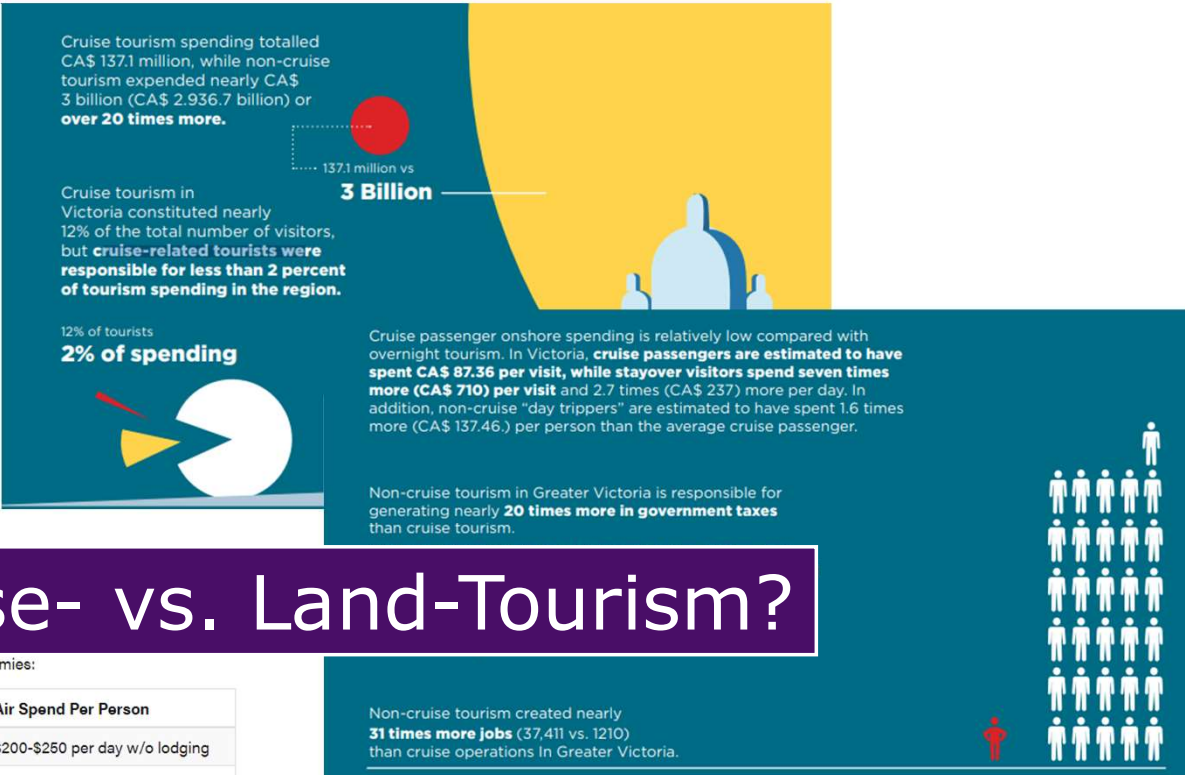
Find average per visit and per day spend for cruise and air arrivals in three tourism economies:

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

### REPORT: New analysis exposes cruise tourism benefits as overinflated myth

WEDNESDAY APRIL 06, 2022

#### Economic benefits of non-cruise tourism dwarf cruise tourism



## Cruise- vs. Land-Tourism?

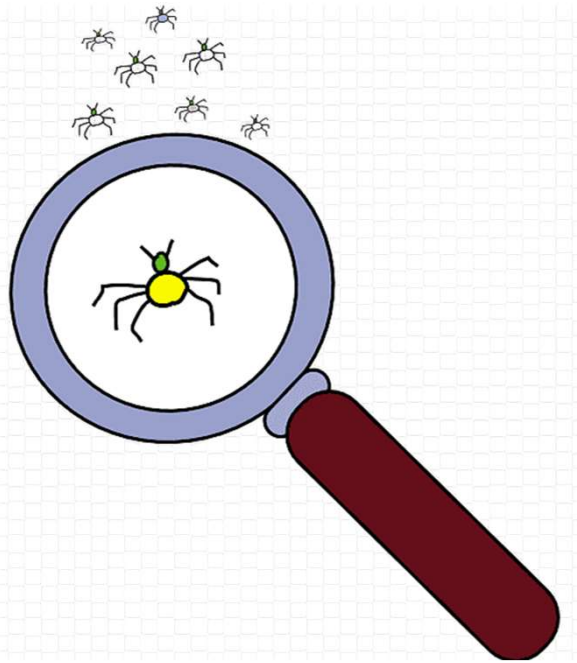
Hochschule Bremerhaven

<https://skift.com/2015/03/10/caribbean-tourists-arriving-by-plane-worth-more-to-local-economy-than-cruise-guests/>

<https://www.stand.earth/latest/ocean-protection-shipping/canadian-shipment-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)\*\*\*





# Questioning the cruise-sector's sustainability impact

*Cruise sector's passive / reactive PR stance*

*“How about if I sleep a little bit longer and forget all this nonsense... For now he must lie low and try, through patience and the greatest consideration, to help his family bear the inconvenience he was bound to cause them in his present condition.”*

(Franz Kafka, The Metamorphosis)

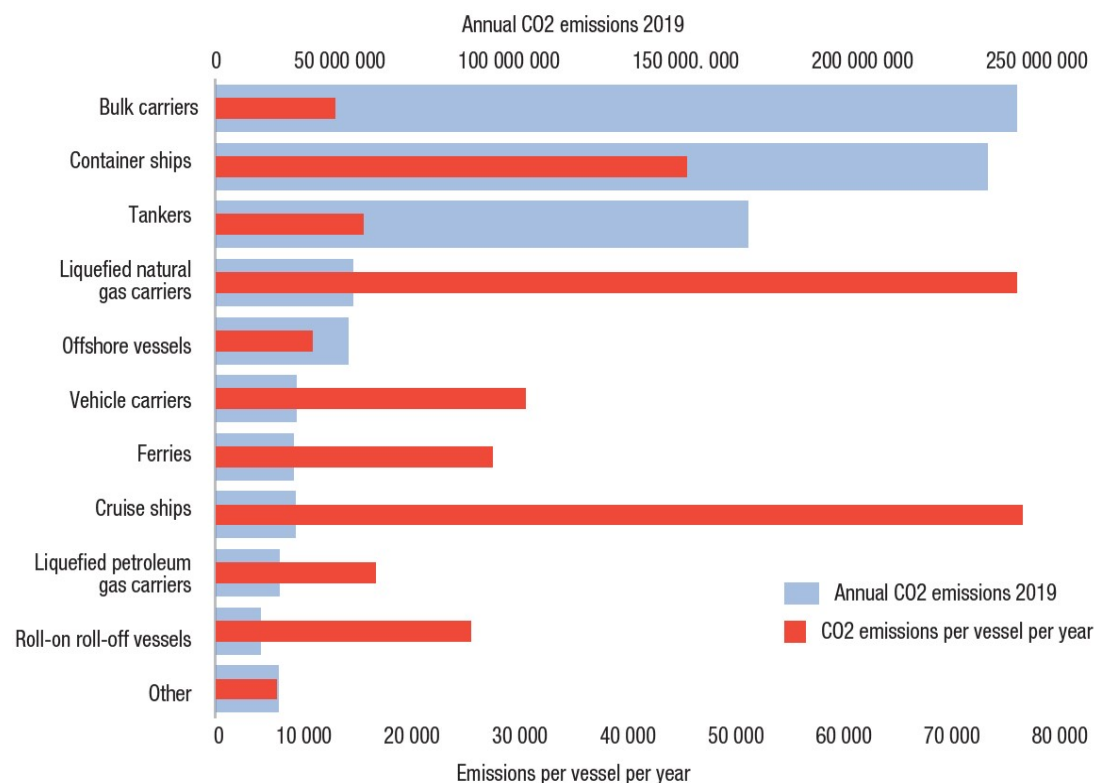


# Cruise ship orderbook 2021-2027:

## Commitment to sustainability or merely 'organic modernisation'?

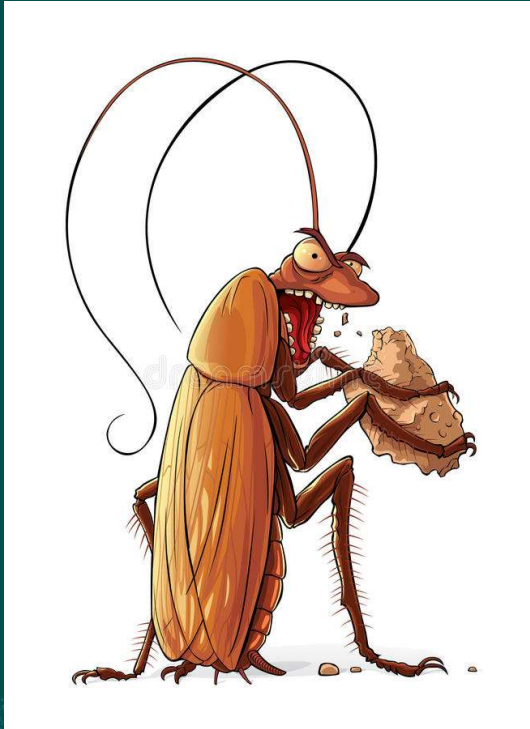
	TOTALS	%
<b>Ship Orders (2021-2027)</b>	<b>107</b>	
<i>Small and Expedition Vessels</i>	34	32%
<i>Maistream Vessels</i>	27	25%
<i>Mega Ships</i>	46	43%
<i>LNG Powered Vessels</i>	22	21%
Total Inv. Cost (M \$)	62.474	
Total Inv. Cost / LNG-powered Vessels (M \$)	21.424	34%
Average Inv. Cost / Vessel (M \$)	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>





*Was it the size of the  
'Gregor-Bug' that  
made him repulsive  
to his family?... Or  
was it the nature of  
what he became?*



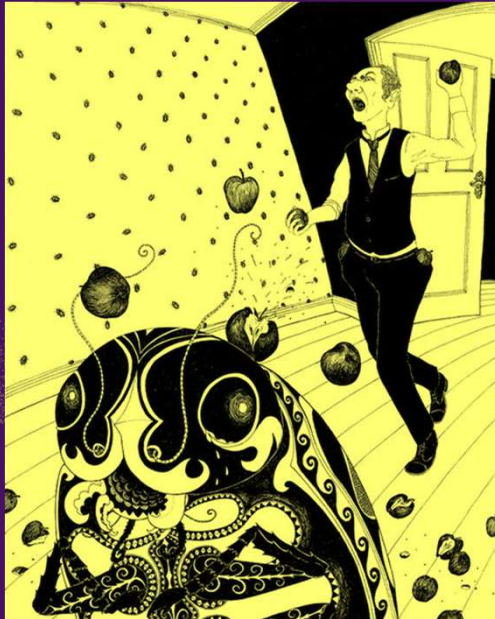
Prof.Dr.Dr.Alexis Papathanassis

Cruise Tourism Management  
Bremerhaven University of Applied Sciences

E: [apapathanassis@hs-bremerhaven.de](mailto:apapathanassis@hs-bremerhaven.de)

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M: +49 173 613 2565



<https://www.wired.com/2013/08/my-first-kafka/#slideid-180201>

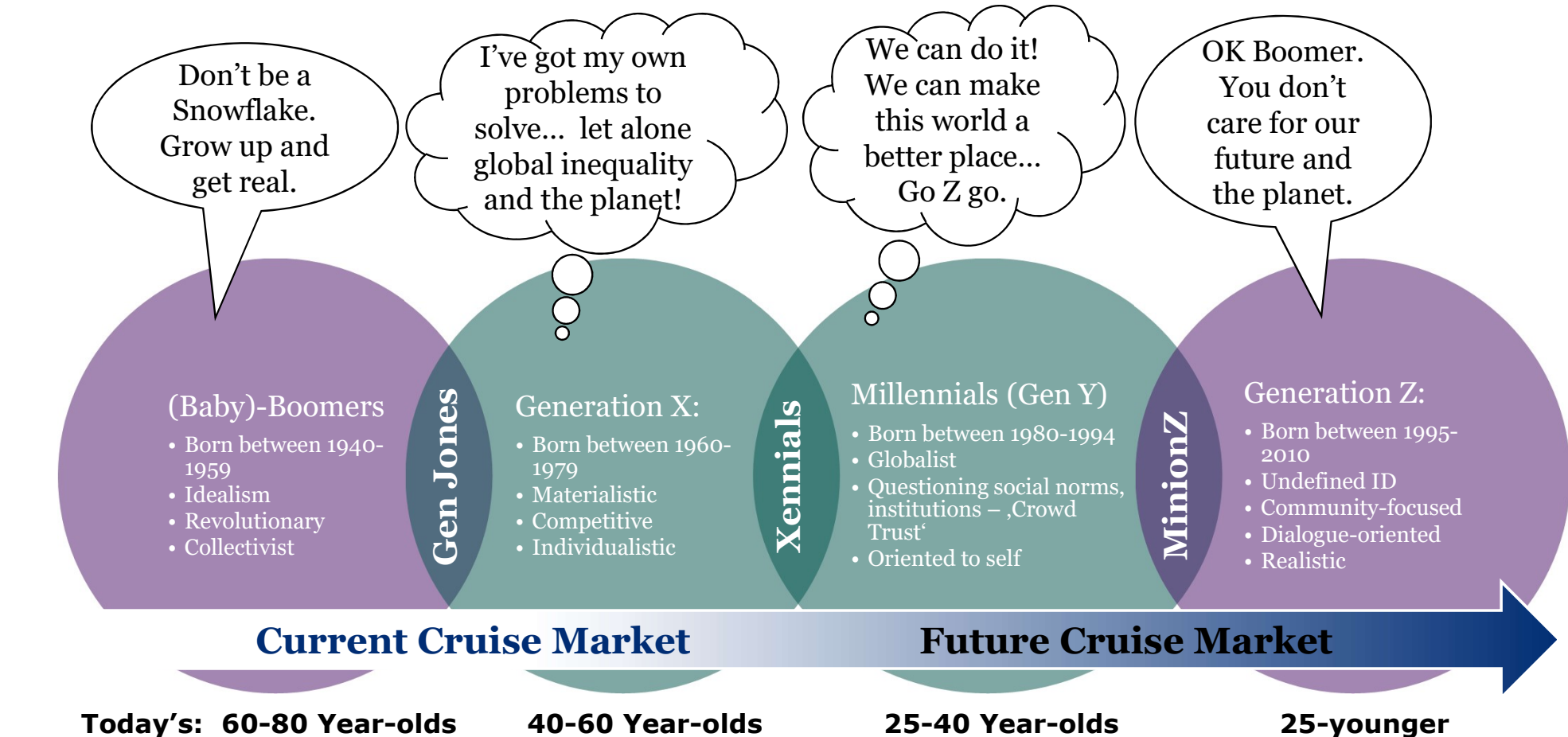
## The ‘Cruise Family’

*“We can't carry on like this. Maybe you can't see it, but I can. I don't want to call this monster my brother, all I can say is: we have to try and get rid of it.”*

(Franz Kafka, The Metamorphosis)

# Hey Boomer... Have a nice Cruise!

*Generational conflict and cruises as a symbol for 'Intergenerational Inequity'*



# 'Hedonism' is losing appeal: "Tell me how you travel and I will tell you who you are"

## *Modern (Cruise) Tourists distance themselves from Consumerism!*

Bujarski, L. (n.d.). *The Supertraveler Manifesto*. Retrieved 10 June 2022, from <http://www.skift.com/supertraveler-manifesto>

- Maxims of the Supertraveller Mindset:
  - "We want genuine brands that actually care about us and the communities that they impact."
  - "We want to come back to our ordinary worlds feeling transformed and inspired."
  - "We want the human element back in an otherwise commoditized and impersonal experience."

Story-Telling of a Transformational Experience

Robledo, M. A., & Batle, J. (2017). Transformational tourism as a hero's journey. *Current Issues in Tourism*, 20(16), 1736–1748. <https://doi.org/10.1080/13683500.2015.1054270>

- "The full potential of tourism lies in providing experiences that transform and give meaning to the lives of the people." (p.146)
- "Reviews of marketing material would help analyse how the industry markets its products in terms of their transformative power." (p.146)

Transformational experiences give meaning to the lives of people

Cave, J., & Dredge, D. (2020). Regenerative tourism needs diverse economic practices. *Tourism Geographies*, 22(3), 503–513. <https://doi.org/10.1080/14616688.2020.1768434>

- "Rising concerns about climate change, overtourism, declining employment and labour conditions and resource degradation have all highlighted the inadequacy of the current capitalist system in addressing the failures of mass tourism. Now, under COVID-19, there are calls for tourism to move beyond 'business as usual' and to find a pathway to regenerative tourism." (p. 504)

"New Sustainability" is more than Conservation... It is also Regeneration!

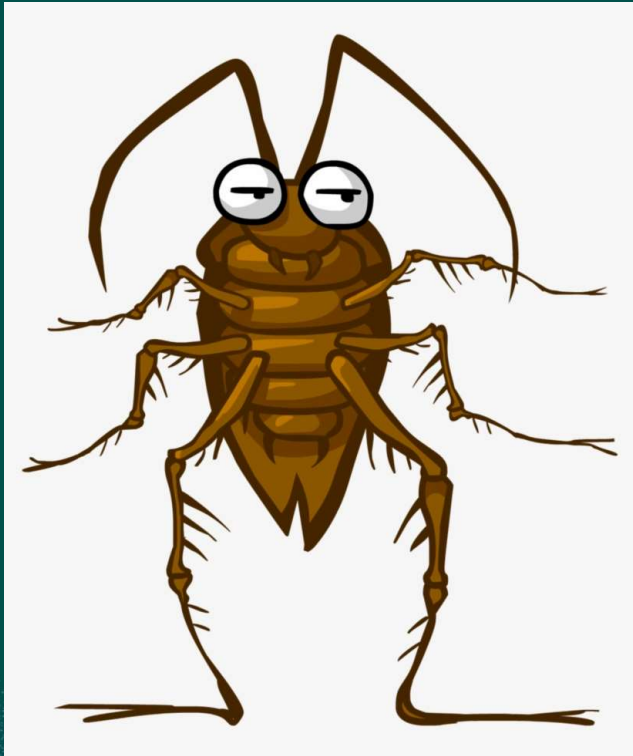
Bellato, L., Frantzeskaki, N., & Nygaard, C. A. (2022). Regenerative tourism: A conceptual framework leveraging theory and practice. *Tourism Geographies*, 1–21. <https://doi.org/10.1080/14616688.2022.2044376>

- "Regenerative tourism focuses its interventions on building the capacity of whole systems for regeneration, rather than managing social-ecological impacts whilst ultimately pursuing infinite economic growth." (p.10)

Adding socio-ecological value locally!







- *Whether we*
- *appreciate roaches*
- *or not, most people*
- *do not want to be*
- *described as one or*
- *be associated with*
- *them!*

Prof.Dr.Dr.Alexis Papathanassis

Cruise Tourism Management  
Bremerhaven University of Applied Sciences

E: apapathanassis@hs-bremerhaven.de

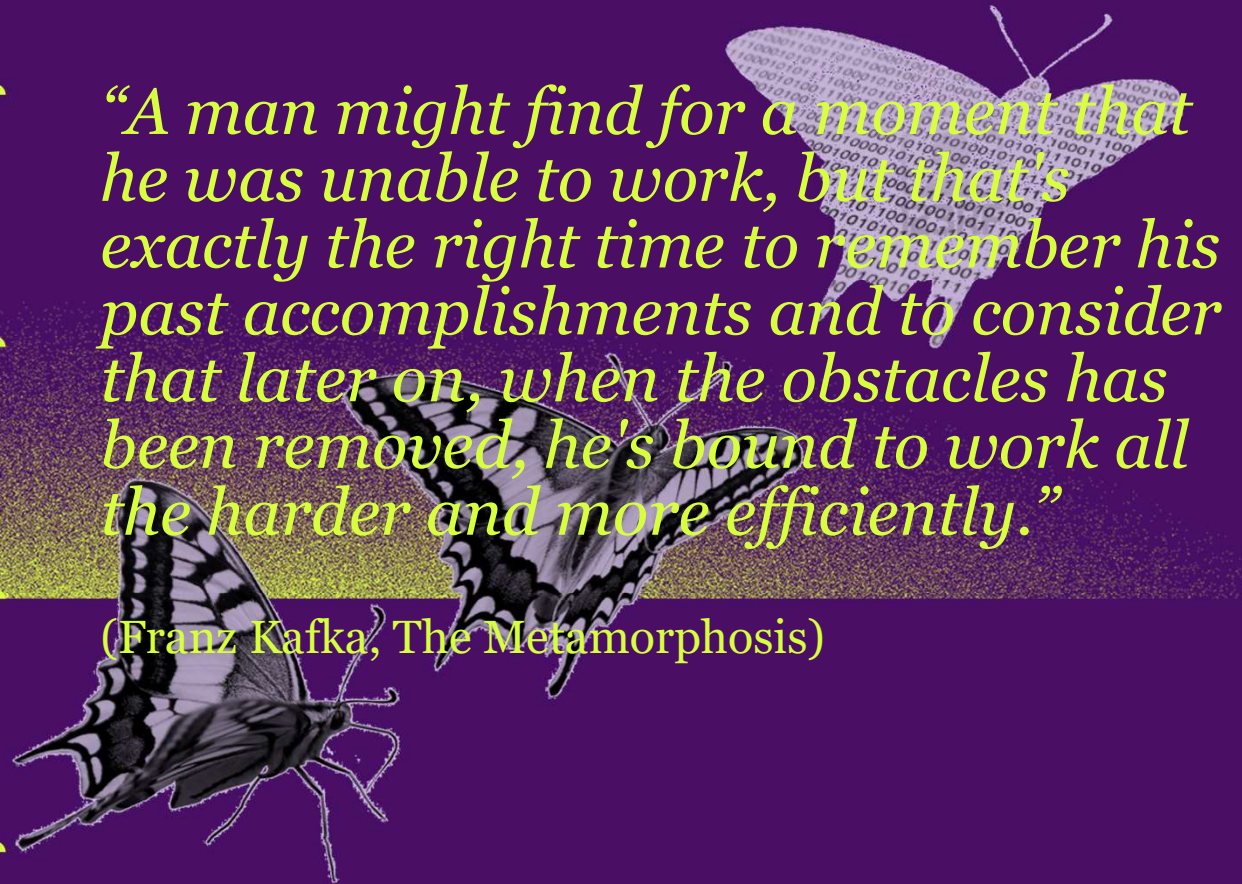
T: +49 471 4823 100

M: +49 173 613 2565

# • Cruise Future... From Advocacy to Management

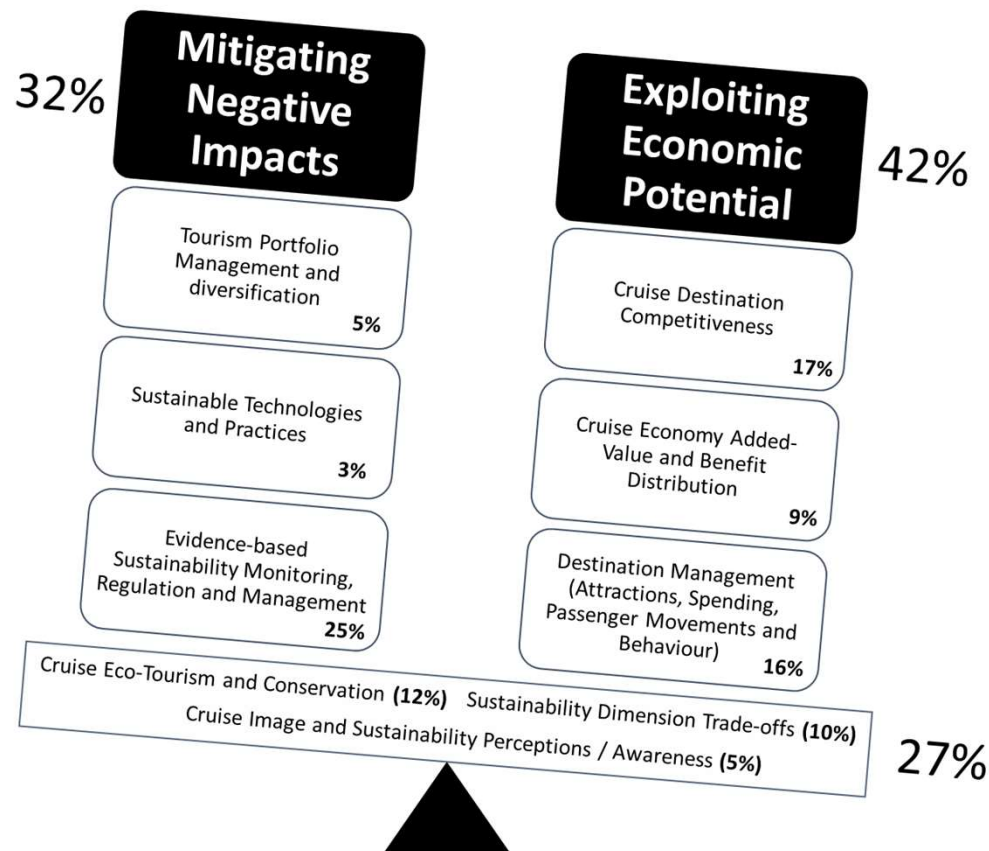
- “A man might find for a moment that he was unable to work, but it is exactly the right time to remember his past accomplishments and to consider that later on, when the obstacles has been removed, he's bound to work all the harder and more efficiently.”

(Franz Kafka, The Metamorphosis)



# 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)

Hochschule Bremerhaven

**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](http://www.oceandecade-conference.com)





# 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

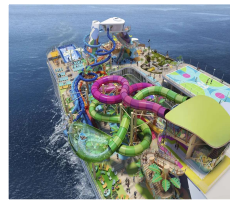
Crew: 2350

Fuel: LNG

Sail start:  
28 January  
2024

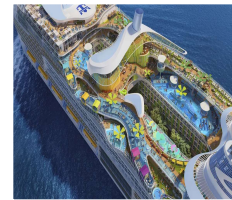
28 Cabin  
Categories

8 Neighbour-  
hoods/  
Districts



Thrill Island

Slide waterpark (6  
waterslides)



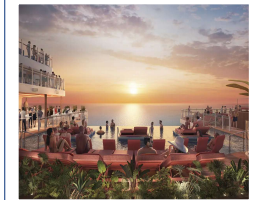
Chill Island

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

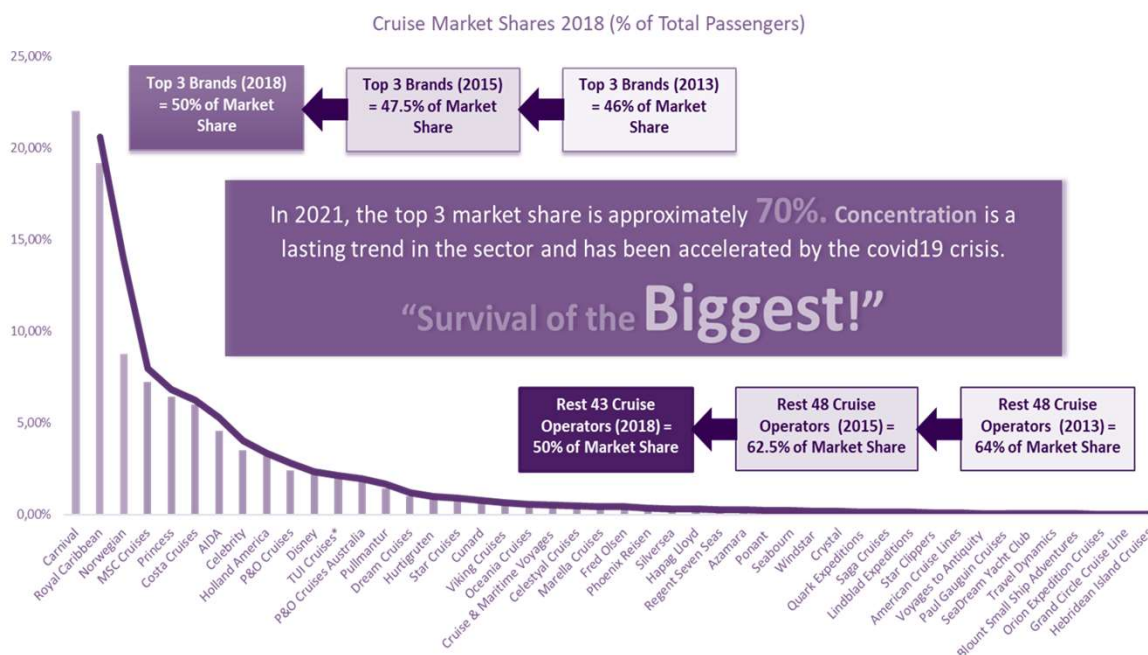


Suite Neighbourhood

Restaurant, sun deck,  
restaurants, pools

# Fewer players and larger cruise ships!

## *Trend acceleration due to COVID-induced fleet consolidation*

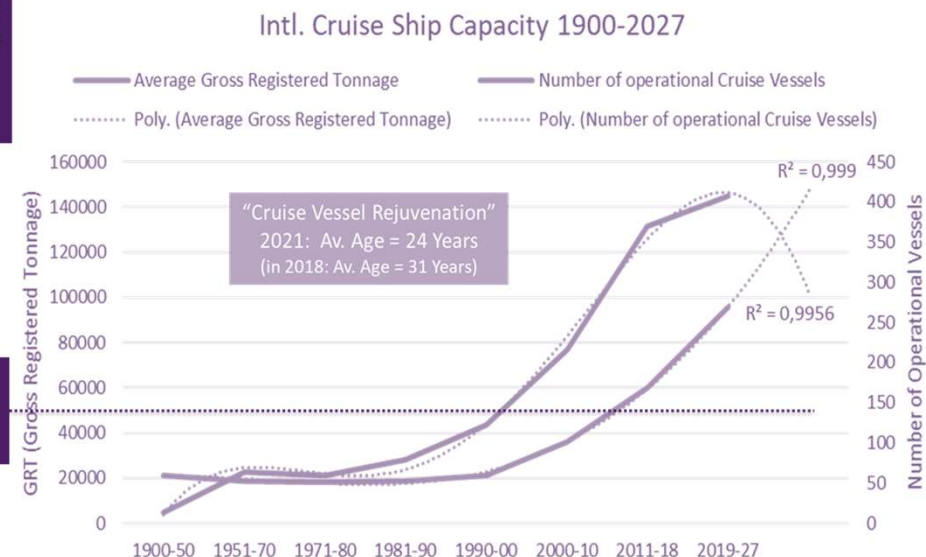


Data Source: <https://www.cruisemarketwatch.com/>

Symphony of the Seas (RCCL)  
228021 GRT

x5

Titanic (46.348 GRT)



Data Sources: [https://en.wikipedia.org/wiki/List\\_of\\_cruise\\_ships](https://en.wikipedia.org/wiki/List_of_cruise_ships),  
<https://www.cruiseindustrynews.com/cruise-news/cruise-ship-orderbook.html>

**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**



# Coopetition with ports / destinations

*Trend acceleration due to COVID-induced restrictions and debt*

AVERAGE CRUISER FINANCIAL BREAKDOWN 2013-2021

■ Ticket Revenue ■ OnBoard Revenue ■ Total Expenses ■ Profit before Tax



Own Figure - Data Source: <https://cruisemarketwatch.com/financial-breakdown-of-typical-cruiser/>

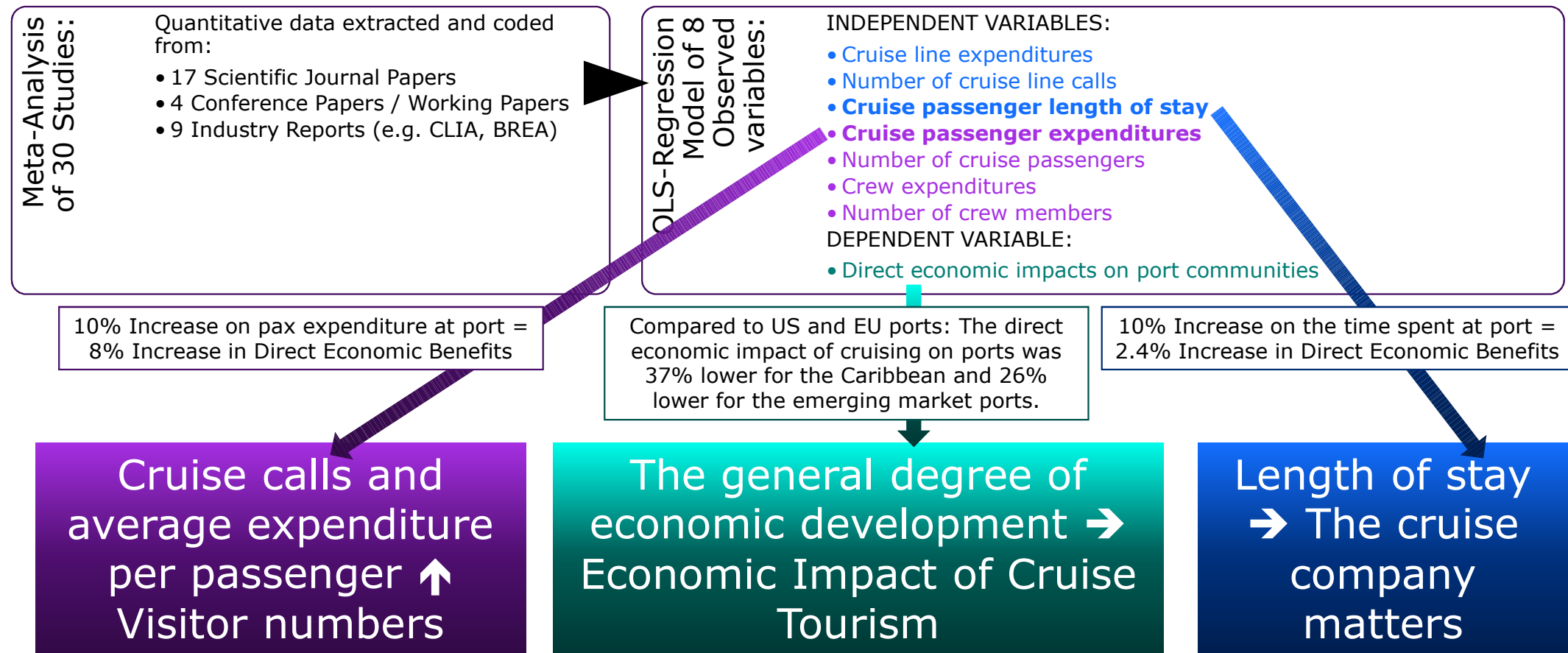
The **Competition** on Land and **Monopolies** on Board create the premises for **Captive Pricing**. On Board Revenue is vital for **economic survival** and profitability





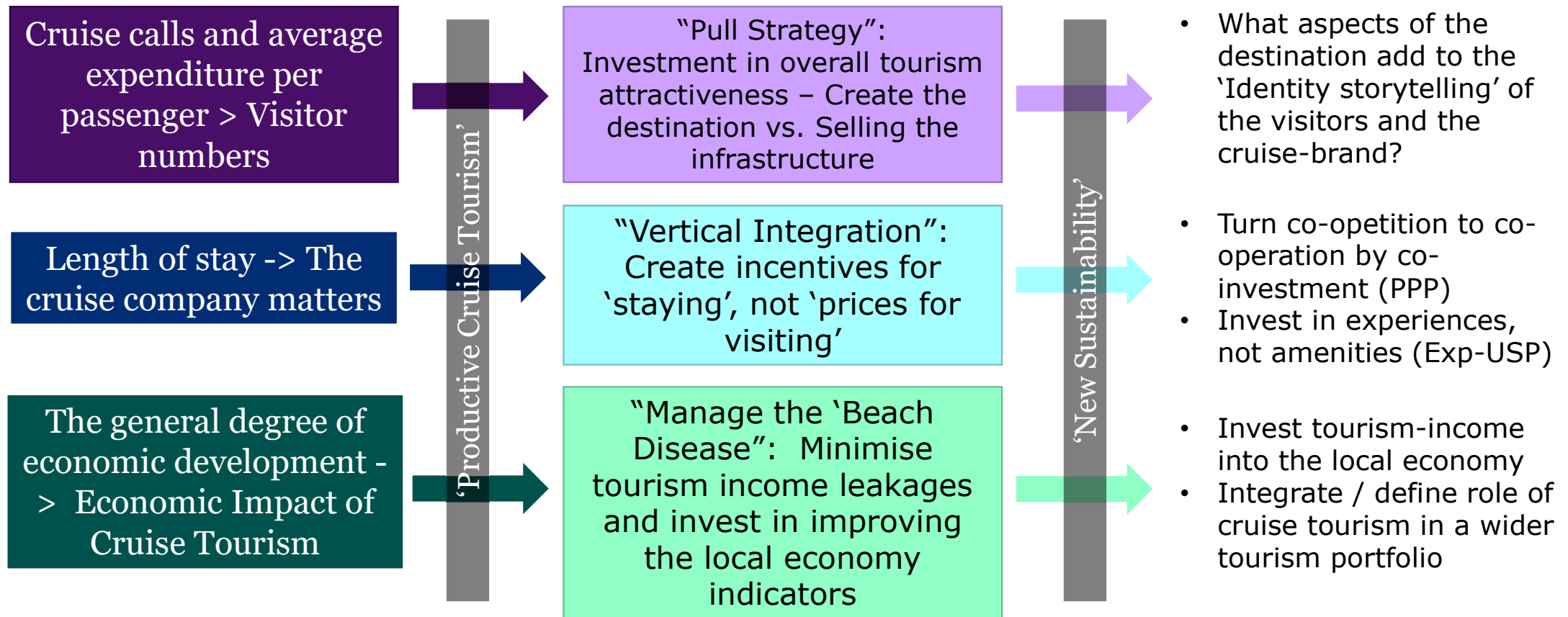
# The economic impact of cruising on ports varies...

## *A Meta analysis of the economic impact of cruises on destinations*



# Cruise tourism and destination management:

## *Critical success factors and strategic drivers*





*Not every bug or insect is a harmful vermin... It depends on what and how you deal with it... Was it Gregor or those around him to blame for the tragedy?*





Prof. Dr. Dr. Alexis Papathanassis  
Hochschule Bremerhaven

T +49 471 4823-100

M +49 173 6132-565

W [www.hs-bremerhaven.de](http://www.hs-bremerhaven.de)

E [apapathanassis@hs-bremerhaven.de](mailto:apapathanassis@hs-bremerhaven.de)

Hochschule  
Bremerhaven

# Thank you for your attention

