U.S. Cruise Industry Set for Smoother Sailing While China’s Fares Sink

Summary of Findings

- The U.S. wave season has improved in terms of bookings and pricing year to year and even more than in Blueshift Research’s Jan. 8, 2015, report, which also was positive on the industry. Security concerns have not significantly affected U.S. cruise travel.

- Five of seven U.S. travel agents expect bookings to be higher or stable year to year for the 2016 wave season, and all five supplier sources expect their sales to cruise lines to be equal to or higher than in 2015. Two port sources expect greater cruise traffic, while the remaining industry specialist forecast stable U.S. bookings.

- Cruise lines have improved their pricing power year to year, according to two U.S. seven travel agents. Five others said fares are stable. Discounts are being offered primarily for shorter cruises and closer to launch dates.

- Although security concerns exist, they are not deterring bookings. Sources said travelers who are concerned often postpone or reroute their reservations rather than cancel their bookings. Cruise lines are taking increased measures to ensure security at every level, including greater scrutiny of their subcontractors.

- From our online survey of 130 U.S. consumers who plan to book a cruise in 2016, we learned that global security issues are expected to affect just over a third of respondents’ cruise plans. Those who are swayed by global security issues are choosing different destinations, are limiting travel to the United States, are waiting to book, are postponing trips, or are considering a cancellation.

- Bookings so far this year in China are up, but fares have fallen by as much as 40% year to year. China’s economic issues are expected to dampen bookings throughout 2016.

- However, China’s cruise market is likely to succeed in the longer term because of continuing government support, expansion to tier 2 and 3 ports, and more market penetration, including family vacationing.

- Our three travel agency sources in China are disgruntled over the country’s cruise business model in which agents must buy the bookings and then resell them to consumers, taking on all financial risk if the tickets need to be discounted or go unsold.

- River cruises continue to grow in popularity. Viking River Cruises holds the largest market share, but Group Voyagers Inc.’s (Globus) Avalon Waterways is gaining momentum.

Silo Summaries

1) U.S. Travel Agents
These seven sources were split on their wave season booking success for 2016, but said pricing mostly was stable to up year to year. Two sources’ bookings have increased since 2015, with one specifying a 30% wave-season jump and a 50% to 55% rise for 2016. Bookings have been stable for three others and down year to year for two. Six sources said security was a concern for passengers but was limited to European and North African routes. They said many travelers simply have booked a route closer to home instead of canceling or forgoing a cruise. U.S. consumers show little to no interest in cruise routes in China thus far. Four sources said river cruises continue to grow in popularity. Although Viking holds the largest market share, one source said Avalon Waterways is gaining momentum.

2) Travel Agents in China
Two of these three sources expect their 2016 bookings to be higher than in 2015 although all three reported steep discounting, as much as 40% year to year. Security concerns are minimal. Two sources foresee growth in cruises originating from China’s tier 2 and 3 cities. One deemed government support of the cruise industry as a positive, while another cited many untapped Chinese markets such as family travel.

3) Cruise Line Suppliers
Four of these five sources expect their sales to cruise lines to improve this year, and five expect to charge similar prices as in 2015. Three have observed heightened security measures; one specified that cruise lines are increasingly requiring their subcontractors to perform background checks on employees.

4) Industry Specialists
Two port-based sources are expecting a year-to-year increase in cruise traffic for 2016; one noted that 2016 bookings are already 40% ahead of 2015’s. The third specialist source sees stable bookings in the United States and higher bookings abroad this year. Security concerns have had little effect on cruise bookings; year to year.
Background

As the cruise industry prepares for the 2016 wave season, Norwegian Cruise Line Holdings Ltd. (NCLH), Carnival Corp./Carnival plc (CCL/CUK) and Royal Caribbean Cruises Ltd. (RCL) have ramped up marketing efforts and hired new primary advertising or digital agencies. All are hungry for share in China, with many headlines pointing to Carnival as a current leader there because of inroads made in the last year.

In the wake of France’s terrorist attack, many, including 20% of corporate travel managers, believe tourism will be stymied all over the Eurozone for some time. So far though vacationers who have booked through travel agents have not been canceling trips to Paris. Also, several cruise lines have given customers the option to cancel or change dates penalty-free, but few travelers have taken advantage of this offer so far.

China still is viewed as a major growth opportunity. Almost 700,000 Chinese consumers cruised in 2014, and that number is expected to grow to 4.5 million by 2020. Carnival’s Costa was seeing more return customers in China, even in the face of increasing competition.

Blueshift Research’s Jan, 8, 2015, report largely forecast increased cruise bookings for that year. Fares were expected to rise in the mid-single digits, and capacity was projected to be near full. Two of three sources in China named Royal Caribbean as the country’s top cruise line.

Current Research

Blueshift Research assessed whether security concerns are putting pressure on cruise bookings and prices for the 2016 wave season. We also explored the health of China’s cruise market. We employed our pattern mining approach to establish six independent silos, comprising 18 primary sources (including 12 repeat sources), an online customer survey of 130 U.S. respondents, and six relevant secondary sources focused on Europe’s hospitality industry since Paris’ terrorist attack, security at Europe’s borders, and China’s cruise industry:

1) U.S. travel agents (7)
2) Travel agents in China (3)
3) Cruise line suppliers (5)
4) Industry specialists (3)
5) Online customer survey (130)
6) Secondary sources (6)
Cruise Lines: 2016 Wave Season

Next Steps
Blueshift Research will monitor cruise bookings in China to determine if ships are launching at full capacity. We also will assess how much China’s travel agencies are paying cruise lines for bookings and how that compares with what the agents are then charging travelers. Finally, we will follow U.S. cruise lines’ efforts to offer fewer discounts and incentives.

Silos

1) U.S. Travel Agents
These seven sources were split on their wave season booking success for 2016, but said pricing mostly was stable to up year to year. Two sources’ bookings have increased since 2015, with one specifying a 30% wave-season jump and a 50% to 55% rise for 2016. Bookings have been stable for three others and down year to year for two. Six sources said security was a concern for passengers but was limited to European and North African routes. They said many travelers simply have booked a route closer to home instead of canceling or forgoing a cruise. U.S. consumers show little to no interest in cruise routes in China thus far. Four sources said river cruises continue to grow in popularity. Although Viking holds the largest market share, one source said Avalon Waterways is gaining momentum.

Key Silo Findings
Bookings for 2016
- 2 of 7 said bookings are up year to year.
  - 1 said bookings are up 30% for the first quarter and 50% to 55% for 2016 overall.
- 3 reported stable bookings year to year.
- 2 said bookings have declined year to year.

Security
- 6 of 7 sources said clients are concerned about security, but said those concerns are limited to European and North African travel.
- 1 reports no concerns.

Pricing Power for 2016
- 5 said prices are stable.
  - 2 of the 5 service the luxury market.
- 2 report a 10% increase in cruise prices year to year.
- 1 said cruise lines are offering incentives closer to launch.

Routes in Europe
- 4 reported fewer European bookings.
  - 3 said such bookings are down 25% year to year.
  - 1 said clients are choosing other routes instead.
- 1 has seen stability in European bookings.
- 1 has seen European routes become more popular.
- 1 has seen European river cruises rise in popularity.

Routes in China
- 6 have seen little interest in China cruises.
- 1 said U.S. travelers are beginning to be interested in China-based cruises.

Other
- 4 discussed the growing popularity of river cruises.

1) Travel agent specializing in cruises; repeat source
Cruise Lines: 2016 Wave Season

Cruise bookings were up 10% to 15% during the fourth quarter of 2015 year to year, and first-quarter 2016 bookings have risen slightly to date. Fares are stable, but 70% of cruise lines are not needing to offer last-minute incentives to fill their ships. European and North Africa bookings were off 25% during the fourth quarter because of increased security concerns, but bookings have increased for Alaska, Canada and New England tours. Royal Caribbean is set to reap the benefits of increased North American bookings.

**Bookings for 2016**
- “Our bookings are up 10% to 15% during the fourth quarter of 2015 compared to last year. I think we are just seeing generally more stability in the market. First-quarter bookings are up slightly so far.”
- “I’m not seeing any change in the length of cruises.”

**Security**
- “I am aware of a lot of cancellations or postponements for European cruises since the Paris attacks, but the cruise line policies have stayed the same as always.”

**Pricing Power for 2016**
- “Pricing is stable, but more cruise lines do not have to offer incentives to fill ships.”
- “Luxury ships do not offer last-minute incentives because they do not want to lower their clientele just to fill the ship.”
- “Pricing trends depend upon the sector. I would say 70% of cruises have increased overall pricing because they do not need last-minute incentives. Maybe 20% have offered more aggressive, last-minute incentives to fill their ships, and 10% have no change in prices or incentives.”

**Routes in Europe**
- “Europe bookings are down significantly, like 25% in the fourth quarter. The attacks in Tunisia, Turkey and Paris all caused a hit in the cruise industry, but the most significant has been this recent attack in Paris.”
- “Alaska, Canada and New England routes are all up because people just choose a different route. Most will just travel somewhere else, somewhere safer and more stable.”
- “Sophisticated travelers know the likelihood of getting blown up is like 0.001%. Still, only a small minority of travelers will say, ‘Let’s go to Europe. It will be great because no one else is going there right now.’”
- “Pricing and incentives in Europe have stayed the same so far, but we are expecting to see some softening—just no idea when it will happen yet.”

**Routes in China**
- “I only do minimal bookings in China. My clientele is 75% American travelers; only about 25% are international calls. But there is no increasing demand for China at this point.”

**Other**
- “Caribbean cruises are still the most popular, but I am seeing growing interest in Alaska, Canada and New England.”
- “Royal is in the best position to capitalize on increasing North American and Caribbean demand.”
- “[Carnival’s] Holland [America] and Royal are filling ships up without last-minute incentives. Most of my clients book six to nine months in advance. They get to secure the schedule, the room and the itinerary they want, rather than taking whatever they can get closer to the travel date.”

2) **Travel agent specializing in luxury cruises, Florida**

After a flat fourth quarter in 2015, bookings are up 30% for the first quarter of 2016 and 50% to 55% for 2016 overall so far. Customers have not voiced security concerns about Europe, but the source was aware of many cancellations in ultra-luxurious Mediterranean cruises after the Paris attacks. Also, bookings are off by 25% for European tours. Royal Caribbean was first to enter the Chinese market and the first to bring in a bigger, newer ship. Now all the others are chasing its lead. Luxury lines are moving away from Caribbean routes, while Antarctica routes are “exploding,” from which Seabourn’s (Carnival) smaller luxury ships are in the best position to capitalize.

**Bookings for 2016**
Cruise Lines: 2016 Wave Season

- “Typically I see a surge [in bookings] at the end of the year, but in fourth quarter 2015 it just did not happen. I do not know why exactly. My steady repeat clientele was just not calling.”
- “Now 2016 is on track to be my biggest year ever. My 2016 sales are up 50% to 55% so far, with first-quarter bookings up 30% over last year at this time.”
- “Only 5% of the U.S. market has ever cruised, so the potential is there. We continue to grow demand. The industry is building massive, beautiful new ships. I see nothing but blue skies ahead. I am truly optimistic about the whole industry.”

Security
- “I have not heard one comment, not one concern about security influencing anyone when making travel plans.”

Pricing Power for 2016
- “I work with luxury lines, and their pricing has not changed in a number of years. For one thing, travelers who book a premium suite get a significant onboard credit or even a room upgrade. Not new—just a good program.”
- “Incentives have not changed either.”
- “Luxury cruises are all-inclusive, so there are no significant changes to onboard costs either.”

Routes in Europe
- “I am aware of a lot of cancellations on ultra-luxurious Mediterranean cruises in the wake of the Paris attack. But that does not impact my business. Those cruises have dropped prices.”
- “For example, I heard about one 7-day Mediterranean cruise that dropped prices $1,000 per person.”
- “My bookings for Europe tours are down maybe 25%.”

Routes in China
- “My bookings for Asian tours are pretty stable but minimal. Some Asian cruises have China as a port of call. China cruises are not really being marketed to or for Americans. China is a huge market, and they are marketing to Chinese travelers. I do not see any of that in my business.”
- “Pricing in China is strong and stable, and no incentives are needed there to fill ships.”
- “From the beginning, Royal Caribbean started in China. It was the first to take in newer, bigger ships. Everyone else is just chasing them, but they are definitely the leader in China.”
- “Now they are building beautiful brand-new ships just for China. In fact, it may be too aggressive for the market to bear. They may have too many beds to fill. If the economy shifts in China, it could be a big issue. But so far all are doing well and reporting record profits in China every quarter.”
- “If they start seeing a slowdown in China, it is possible to move the ships out. But these new ships are designed to accommodate Asian travelers. I expect these ships would require a major refit to accommodate American passengers.”
- “Everything goes in waves. Hurricanes and weather issues come and go, economies grow and shrink. It always comes back in time.”

Other
- “[Royal Caribbean’s] Celebrity holds the lion’s share of the cruise market. They were the first to start offering add-ons to full-priced fares—free drinks, free Internet, free food, even tip packages and shipboard credits. Now everyone is doing it to stay competitive. But [Celebrity is] still leading the pack.”
- “Luxury lines are always all-inclusive, and they have stable pricing. I have heard that mass-market cruises are doing more penny-pinching onboard than they were a year ago.”
- “We may be seeing a shift away from the Caribbean routes for luxury lines and premium Celebrity cruises. People are just tired of it and looking for somewhere new to go.”
- “Antarctica routes are exploding, especially in the luxury sector. They have to take smaller ships in there, and Seabourn is leading the way.”
- “Cuba is opening up, but I have no desire to go or to sell any Cuba trips. They have no infrastructure. It is a filthy, dirty place, and any money spent there goes to help the government, not the people.”
- “Carnival is starting a line called Fathom that will be offering humanitarian cruises. It is a new concept, not likely to appeal to my clientele but it may draw in some people who are new to cruising.”

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Travel agent specializing in luxury cruises, Florida
3) California travel agent specializing in cruises

Bookings for the first quarter of 2016 are flat year to year after this agent saw a 25% increase in the fourth quarter of 2015. The fourth-quarter increases were driven in part by the Cruise Lines International Association’s (CLIA) plan-a-cruise month offers and incentives. Concerns over international flights have motivated more domestic travel. The source noted only one European river cruise cancellation after the Paris attacks, but said lower water levels were blamed. European river cruise bookings are up significantly, and more travelers are being drawn to Germany and Scandinavia. Viking holds the lion’s share of the river cruise market in Europe, but Avalon is taking some of it. The Travel Corp.’s Uniworld and AmaWaterways also are players. Southeastern Asia river cruises have become very popular; AmaWaterways’ Myanmar bookings are sold out for a year, and lines all trying to add inventory to capture demand. Seattle-to-Alaska cruises also are gaining in popularity as passengers prefer the U.S. port departure over the Vancouver, BC, port. Antarctica is gaining some attention but still is very expensive. Mass-market lines are offering various all-inclusive pricing with “good, better, best” options.

Bookings for 2016

- “Bookings for U.S. travelers at U.S. ports were up about 25% for the fourth quarter of 2015 compared to [fourth quarter 2014]. Currently looking at first quarter 2016, bookings so far are flat to last year. It is a little early to see much activity for wave season. Over the next two to three months I will be booking for the [U.S.] wave season.”
- “The CLIA plan-a-cruise month was very successful. It is not a new promotion, but the marketing this year was better, the offers from the cruise lines were a bit more aggressive. In addition, I was able to offer additional benefits because of my level of membership [at CLIA].”
- “For example, I was able to book a family of four on a seven-day Mexican Riviera tour for $900. The cruise line was offering the third and fourth passengers travel for free.”
- “Seven days is a more standard cruise length, and more customers are going for the longer seven-day cruises. I think people realize the destinations and the places they are able to visit on the seven-day trip are just so much more appealing than the shorter trips.”

Security

- “Concerns over international flights have increased domestic travel.”
- “A Seine river cruise was canceled after the Paris attack, or maybe postponed. The water levels were too low on the Seine and the Danube, but it seems the attacks were also compelling.”

Pricing Power for 2016

- “In general, the fares are pretty stable and incentives are not changing much.”
- “I have not seen any incentives yet for first quarter of 2016 except for one I just received from Norwegian. ... But I will be getting more on incentives over the next few weeks.”
- “The mass-market lines are really trying to differentiate themselves from each other by offering the ‘good, better, best’ pricing packages that include different things. But each package is more ‘all-inclusive’ offerings. For example, Norwegian may be offering free beverages with the room, but if you upgrade you could get additional items included.”

Routes in Europe

- “European river cruises are up significantly.”
- “Viking holds the lion’s share of the river cruise market, but Avalon, Uniworld and Ama are also players and are holding their own. Avalon is seeing some nice growth. It is owned by Globus, which is a big land tour/travel company in Europe. They are having some success offering combined travel tours.”
- “German routes and Scandinavia are more appealing recently.”
- “Mostly European fares are the same. I am seeing some discounting, but incentives are changing, maybe down some. I see less of the ‘free airfare’ offers but more offers or incentives for singles to travel. A lot of the client base for European river cruises are older retirees, often traveling in groups and a lot of them are single or widowed. So these more single-friendly offers lower or eliminate the fees for just one passenger in a room.”
- “Mostly I think companies are trying to increase capacity, add some new ships, and we are seeing some new competition.”

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California travel agent specializing in cruises
Cruise Lines: 2016 Wave Season

Routes in China
- “I have booked some U.S. passengers on Yangtze River tours that are designed for Westerners. But U.S. travelers do not go on Asian trips. The expectation is too different. Westerners would never be comfortable on an Asian tour planned for Asian passengers.”
- “U.S. passengers are more interested in ocean cruises that may stop in Hong Kong. ... One popular route stops in Hong Kong, Malaysia, Singapore and Thailand. These countries do not have a lot to offer in the way of amenities for travelers, and the food is very different. A Western cruise offers the comforts a U.S. traveler expects while being able to see these exotic Asian places.”
- “I would have to say that the Chinese economic boom is ending, and I expect to see bookings there decline.”
- “Southeast Asia river cruises are exploding. Ama is sold out to Myanmar for the next year. They are trying to add inventory massively to capture the current demand. It is a huge new market, and I am selling so much of it, they paid for my trip recently. I paid the airfare, but they covered the trip. The only Western brand I saw was Coca-Cola.”

Other
- “Jamaica is gaining some attention again. More cruises going there now.”
- “[Walt Disney Co./DIS] is making some multigenerational offers to motivate larger family bookings.”
- “In luxury lines, [Norwegian’s] Regent Seven Seas holds a stable share.”
- “[Royal Caribbean’s] Celebrity and [Carnival’s] Princess lines are growing and taking share from Carnival.”
- “Seattle-to-Alaska is gaining popularity. People like to start at a U.S. port rather than the Canadian port in Vancouver. I am not sure why, but it seems to be a thing.”
- “Two kinds of people want to go to Antarctica: The wildlife, global warming crowd who wants to see it before it has melted away, and those who have it on their bucket list. The first group is pretty motivated to get there soon, and they have some money and can pay the $10,000 price per person. The other crowd is not in a big hurry and needs something to motivate them to go ahead and book. More ships are going there, more inventory, so we may see prices begin to come down in the near future. More all-inclusive pricing may help.”

4) Owner and president of a travel agency in Minnesota

This source books largely higher-end cruises, especially smaller boats and river cruises, primarily because doing so is more lucrative. Bookings have remained stable. Recent global security concerns have hindered cruise bookings for the Middle East and Israel, and she expects Europe eventually to be affected as well. Australia and New Zealand remain popular, but she has not gotten many calls about China. She expects the 2016 wave season to be strong, particularly if the cruise lines start discounting again, but so far discounts remain stable year to year.

Bookings for 2016
- “Bookings have stayed about the same. For a while the real expensive stuff had to come down to meet the consumer. Cruising is pretty stable.”
- “I book many different cruise lines but do not book many large ships anymore. I book the higher-end stuff.”
- “There are a lot of people that can book the cheaper stuff online, and I let them do it. I book river cruises, smaller boat cruises, Regent, [Nippon Yusen Kabushiki Kaisha’s/TYO:9101] Crystal, and some Celebrity and Princess. I steer the client where they need to go.”
- “I do not book Carnival anymore. They have taken the money out of the game, so we need to go where the money is. River cruising is huge now and is growing by leaps and bounds. Smaller boats are growing and a lot more expensive.”
- “I book cruises to the South Seas, to New Zealand. Alaska is huge.”
- “All-inclusives are so popular.”
- “People who cannot afford cruises take the short ones. And then there are people doing 30-day cruises around Africa. The cruise industry has expanded, and ships go all over the place. Most people call for a week.”

Security
- “Recent security concerns have impacted cruise bookings to the Middle East and Israel. The stuff in the Middle East has definitely dropped off. They are a mess over there right now. And with all of the immigration stuff coming out of Syria and Iraq, it will definitely hit Europe. It already has.”
Cruise Lines: 2016 Wave Season

Pricing Power for 2016
- “One thing cruise lines are doing is waiting longer to discount. They want people to book early. The whole ‘waiting to book’ thing killed them. People are waiting and waiting, but those are not my clients. My clients listen to me. Cruise lines can’t make money on a $500 fare either. They make their money when you spend it onboard.”
- “Over the last two years the fares have been stable, and there are great deals. There is a big range on what you are getting on the ships too. They are not created equal.”
- “If the cruise ships discount again, the 2016 wave season will be stronger this year. Cruises are always discounting, and they do not ever sell anything full fare. People will also be looking for a deal.”

Routes in Europe
- “More people are starting to enjoy European cruises. It’s a great way to see Europe. Yes, there are security concerns.”
- “I have not booked a lot of European cruises this year, but from what I am seeing, they are pretty stable.”

Routes in China
- “China is really just opening up for the river cruises and stuff. I do not book China as much as Australia and New Zealand.”
- “I really have not gotten many calls for China.”

Other
- “Why do cruise lines keep building the ships that they can’t fill? A lot of corporations make bad moves, so that’s the one question I have.”

5) Luxury travel manager for a large U.S. agency; repeat source
This source expects 2016’s bookings to be stable year to year after she saw a 25% increase in bookings between 2014 and 2015. Cruise fares are about 10% higher this year as well. European cruise bookings have dropped about 25%. She has not received much interest in China-based cruises, and said Viking and Victoria Cruises are best positioned to be the market leaders there. She is seeing increased interest in Myanmar and Asia in general, along with Australia/New Zealand and New England. Recent security concerns have affected all types of travel bookings.

Bookings for 2016
- “The 2016 wave season will not be stronger this year.”
- “The number of cruise bookings are higher in 2015 among U.S. travelers. My bookings are probably 25% higher year to year, from 2014 to 2015. I also just booked two cruises today, so going into 2016 they are probably the same year to year.”
- “I book upscale cruises and a lot of river cruises.”
- “The length of cruises being booked year to year is probably the same.”
- “Myanmar/Burma and Asia are popular now. A person I just spoke with said she did not want to go through Paris and did not want to be on any train, and she is one who also booked Burma/Asia.”
- “Alaska for us is not as popular as in years past, but travelers have already done that and have sort of grown up. We are seeing more people doing New England.”

Security
- “Recent security concerns have had an impact on bookings—and not just cruises.”

Pricing Power for 2016
- “Cruise fares are a little higher this year, less than 10%, for U.S. travelers.”
- “I’m certainly happy that Crystal is getting into the river cruising, though prices are certainly higher than Scenic and Uniworld.”

Routes in Europe
- “So far the number of cruise bookings for Europe are lower, maybe 25% less.”
- “Fares for European cruise routes are equal to last year, maybe a little higher.”

Routes in China
- “Over the last year China cruise bookings are the same. I have not booked China in a while. For a while I was, but it seems like most of my travelers have done that and now are going to Myanmar and Vietnam. Australia/New Zealand seems to be good. I have people booked in 2017 for that.”
- “Victoria Cruises and Viking are possibly the best positioned to be the market share leaders in China.”
6) CEO and founder of an East Coast cruise-only travel agency; repeat source

Wave season bookings are lower year to year, in part because travelers still are waiting until the last minute to book. Fares are about 10% higher year to year, mainly because cruise lines finally have stopped lowering prices continuously. Cruise-goers are finding Europe a less popular destination because of security concerns, but these same concerns have not affected bookings overall since travelers are just going elsewhere. Since U.S. consumers have short memories, he believes the anti-Europe sentiment will be short-lived. U.S. travelers are not interested in China-based cruises.

Bookings for 2016
- “The number of cruise bookings is lower. But by the time it comes to the sailing date, the ships are going out full. People are still waiting to book because they think they will get a better deal.”
- “The length of cruises booked by U.S. travelers has remained the same. People who go on three- and four-day cruises are not changing, and those that are 60-plus [years old] are doing the eight-, 10-, 12-day cruises.”

Security
- “Recent security concerns have not had an impact on bookings. Travelers are redirecting their vacations. Part of it has to do with Paris and Belgium, which is still recent. But Americans have a very short attention span and a shorter memory. Give it six months and everything will be back to normal.”

Pricing Power for 2016
- “Cruise fares that U.S. travelers are paying are higher, at least 10% year to year, because some of the cruise lines have finally wised up. They kept lowering prices and got themselves into a bad hole.”
- “Stuff that we booked early in 2015 for 2016 is significantly higher now than it was. That’s good for travel agents and for profit margins.”
- “In the contemporary market there are only three cruise lines and two halves: Carnival, Norwegian, Royal Caribbean, Holland America and Princess. Those are the main players. Carnival does not know who they are and what they are, so leave them out of the whole equation. Norwegian and Royal have indicated that they are not going to lower pricing—and basically they’ve done pretty good about maintaining their price integrity. Princess is lacking identity, but is getting competitive when they want to compete in the contemporary market. Holland America’s main target is the 65-plus group, and they do not pay attention to the pricing.”

Routes in Europe
- “The only routes that are less popular are those in parts of Europe because of security concerns. Travelers are not going to Turkey and are not going to various ports. A lot of the consumers are rethinking Europe right now in general.”

Routes in China
- “I’ve seen no change in China cruises from U.S. travelers. China is not high on their list. The cruise lines are really pushing going into China, but they are going after the Chinese market with Chinese ships and Chinese personnel. As far as Americans sailing to China, there is not a lot to choose from. China is not a major market at all.”
- “I do not think the fares for China cruises are significant because China-based cruises do not make a blip on the screen.”
- “Everybody has something going on in China—Carnival, Royal, Princess—but they are all marketing to the Chinese. Will they be good for the Americans? Yeah, but it’s not on anybody’s radar.”

7) Travel agent specializing in cruises, Florida; repeat source

Bookings, currently slightly below last year’s wave season, are expected to be flat to slightly up by the end of the period because many travelers are looking for last-minute incentives. These incentives are similar to last year, but more lines are offering free airfare. Security will remain a concern for the near future, but so far the effect has been minimal. European trips have been sporadic. Chinese routes are just beginning to gain interest, and more lines are opening new routes in the Far East.
Cruise Lines: 2016 Wave Season

Bookings for 2016
- “It is still a little early to be looking at the first quarter because so many people are waiting until the last minute to book cruises these days. They get the best deals that way.”
- “My sales are off maybe around 10% to my total sales last year for the first quarter. But I would call that pretty much the same because I can easily still book that much before the quarter is over. That is only maybe 10 bookings. I could end the quarter even slightly higher.”
- “I would say the average trip length is the same. Some people like the short weekend cruises and book them regularly. Retirees like the long, extended trips.”

Security
- “Security concerns will continue to be a driving factor, and if anything is slowing sales, it is that.”
- “After the Tunisia bombing at the port [in June 2015], Holland canceled or changed a lot of routes. They offered everyone the opportunity to change itineraries or anything else they could to keep people from canceling trips altogether.”
- “We have only seen the tip of the iceberg in terms of what security concerns will become. And it just depends on what happens next, but I expect more terrorist attacks to keep hindering travel for the near future anyway.”

Pricing Power for 2016
- “Prices are up slightly on early bookings, but the last-minute pricing and incentives even out to last year.”
- “With early bookings you get the best locations, the ship and itinerary you want and some other advantages, but you do pay more. And you can choose your cabin and guarantee a better room, a better view, even a balcony.”
- “More people are definitely waiting later to book cruises in order to get the best deals. They get late incentives, and almost everyone offers free airfare. Celebrity and Royal started it first about four years ago, but now almost everyone is doing it. Carnival just started offering it. Holland offers it, but you have to go through their customer service to get it. Norwegian is not offering it yet.”
- “Royal Caribbean has announced that they are going to stop offering the last-minute deals, but I have not seen a trip yet where they did not. Maybe in 2016. We shall see.”

Routes in Europe
- “My bookings for Europe are the same as last year so far.”
- “Since the bombing in Tunisia, sales for Europe have dropped off some.”
- “Airfare to Europe went way up, and that hurt our bookings to Europe for a while. But now it has dropped back down, and our bookings have picked up again.”
- “People generally book well in advance for a European cruise. It is a much bigger deal to be gone that long, travel to Europe to get on the ship and just make all the arrangements. Incentives for those trips have not changed since last year.”

Routes in China
- “I have only booked a few cruises in China ever, but my personal bookings to China increased a few this year.”
- “Pricing for China cruises is up slightly, less than 5% over last year.”
- “It seems like their incentives are pretty stable. Just not that many from the U.S. are going to the Far East to cruise yet. But it is gaining some interest, some appeal.”

Other
- “MSC [Mediterranean Shipping Co. S.A.] is still new but growing. I expect they are taking some share of lower-end cruises. They have gorgeous ships and great shows, but everyone says they have the worst food. I think they are getting a handle on the food issue.”
- “We book the most cruises to the Caribbean and the Mediterranean.”
- “Interest in Viking River Cruises is definitely growing. Viking is doing the best TV ads, and it is working.”

2) Travel Agents in China
Two of these three sources expect their 2016 bookings to be higher than in 2015 although all three reported steep discounting, as much as 40% year to year. Security concerns are minimal as most Chinese travelers take cruises based in
Cruise Lines: 2016 Wave Season

Asia, not Europe. Two sources foresee growth in cruises originating from China’s tier 2 and 3 cities. One deemed government support of the cruise industry as a positive, while another cited many untapped Chinese markets such as family travel.

Key Silo Findings

2016 Bookings for Routes in China
- 1 source from a new agency has seen bookings increase from 300 in 2015 to 2,500 in 2016.
- 1 expects more bookings for 2016.
- 1 expects a decrease because of the country’s poor economic expectations.

Security
- No source reported security concerns around Asian routes.
- 1 discussed concerns surrounding European routes.

2016 Pricing Power for Routes in China
- All 3 reported fare decreases ranging from 10% to 40% year to year.

China’s Cruise Market
- 2 note potential for strong growth.
  - 1 discussed largely untapped markets like family travel.
  - 1 cited strong government backing.
- 2 said cruises out of China’s tier 2 and 3 cities will increase.

Other
- 2 said the travel agency chartering model is a negative for the Chinese cruise industry.

1) General manager of a top OTA in China; repeat source

This source expects bookings to be up year to year for the first quarter but down for the full year. Fares have fallen 10% to 20% this year so far. The typical trip duration remains about four to five nights. Recent security concerns have not affected bookings. Royal Caribbean’s Quantum of the Seas is best positioned to be the market share leader in China. Carnival’s Costa also is in a leading position.

2016 Bookings for Routes in China
- “The number of cruise bookings is higher than a year ago. Most cruises are selling by big discounts. There are more cruise ships staying in the Shanghai port in January and February in 2016 than 2015.”
- “However, I expect the overall number of cruise bookings from Chinese travelers to be lower in 2016 year to year because the supply is much more than the demand. Also, the Chinese economy will be bad in 2016.”
- “The duration of cruise trips that Chinese travelers are booking is similar year to year. The most popular duration is still a short trip, four to five nights.”
- “The cruise routes that include Japanese ports are all popular.”

Security
- “The recent security concerns have not an impact on bookings because Japan and South Korea are two major cruise destination in China, and they are not as affected by terrorism.”

2016 Pricing Power for Routes in China
- “The cruise fares are much lower year to year. I think they will be about 10% to 20% lower in 2016 than in 2015.”

China’s Cruise Market
- “There is no doubt that Royal Caribbean’s Quantum of the Seas is best positioned to be the market share leader in China. It is big, luxurious and has many new features compared to other ships.”
- “Carnival Cruise line’s Costa is also positioned to lead in China because it entered the market early. Also, its prices are relatively lower than other international cruise lines.”
- “In China, cruise lines don’t sell directly. Instead, travel agencies charter the cruises first, and then they sell the bookings. In my opinion, this will destroy the cruise market.”

General manager of a top OTA in China; repeat source
Cruise Lines: 2016 Wave Season

the cruises first, and then they sell the bookings. In my opinion, this will destroy the cruise market. Consumers know that the travel agencies will sell the cruises at big discounts at the last minute because they chartered them.”

- “The major cruise travelers are transferring from coastal regions to hinterland cities now. From 2010 to 2014, most travelers were from coastal cities and tier 1 cities, but now the travel agencies are focused on tier 2 and tier 3, even tier 4 cities.”

2) General manager of a new travel agency in Shanghai serving the luxury market

This new firm’s bookings have increased from 300 to 2,500 year to year. The source said Southeast Asian routes have shown particular strength. Cruise fares have decreased as much as 40% year to year though this source foresees strength in Asia’s cruise industry as it is largely untapped. Family cruise travel is starting to build. This source criticized the business model of travel agencies having to book cruises and then resell them. Security concerns have affected bookings on European cruises.

2016 Bookings for Routes in China

- “The number of cruise bookings from our company will increase significantly year to year. Our company only sold to 200 to 300 people in the first quarter of 2015, and we expect to sell over 2,500 in the first quarter because we chartered cruises in 2016. Our sales channels are also much wider year to year.”
- “The duration of cruise trips is stable year to year. The short duration, five-night cruises are still the most popular. Our company is chartering seven-night cruises, which have higher risk but also higher profits.”
- “The most popular cruise trips are the South Korea and Japan routes. The Mediterranean route is also hot now.”
- “Shanghai home port cruise bookings are stable. Southeast Asian cruises bookings are very good. The European cruise bookings are selling the worst.”

Security

- “The recent security concerns had a serious impact on bookings, especially for European cruises. Paris’ terrorist attack is really making Chinese travelers worry. As time passes I expect the impact will lessen, and bookings will be better again after March.”

2016 Pricing Power for Routes in China

- “The cruise fares are lower year to year. Although fares of some cruises in the peak season of summer may increase, most will decrease about 10%. Some of them may even decrease more than 40%.”

China’s Cruise Market

- “Royal Caribbean’s Quantum of the Seas is the best-selling cruise not only in China but also in whole Asia. It includes a lot high-tech elements. Its food is unique. Also, its advertisement is really good.”
- “Carnival Cruise Line’s Sapphire Princess is the second best-selling cruise, and Royal Caribbean’s Mariner of the Sea is the third best-selling cruise line, according to our company’s bookings.”
- “In China, the cruise industry still has big potential because the market penetration is not high. We can see that the number of family travelers is increasing now.”

Other

- “The way of selling the cruise by chartering cruises in China will negatively impact the market’s development because all of the risk is on the travel agency’s side. Hopefully this will change soon.”

3) Regional director of China for a Japanese cruise agency; repeat source

This source expects the number of bookings from Chinese travelers to increase in 2016, particularly for tier 2 and 3 cities. The duration of cruise trips is stable; four- to five-night Japanese routes are the most popular. Travelers are not too worried about terrorism and security issues, though the 2015 MERS outbreak in South Korea seriously hurt China’s cruise business and fares declined 20% to 25%. Royal Caribbean’s Quantum of the Seas is best positioned to be the share leader in China, followed by Carnival’s Princess and Costa lines. The Chinese government strongly supports the development of the country’s cruise industry.
Cruise Lines: 2016 Wave Season

2016 Bookings for Routes in China
- “It is hard to judge what the final number of cruise bookings by Chinese travelers will be year to year. It was crazy to charter the cruises in 2015, and most travel agencies didn’t earn money from chartering them. Some of them even lost money. Hence, the travel agencies are more cautious this year. Personally, I expect the booking number to increase. The old ports market, such as Shanghai, will be relatively stable or increase slightly, but the new market, such as tier 2 and tier 3 cities, will increase because the home port travel agencies will move their attention to these regions.”
- “I haven’t seen any changes in the duration of cruise trips year to year. Four to five nights were the major cruise trips in China, and South Korean cities were the major destinations, but now travelers think South Korean trips are too monotonous. However, travel agencies think it is too much risk to charter the longer durations, such as seven- to eight-night cruises. The most popular trip now is still four to five nights, but the major destination has changed from South Korean cities to Japanese cities.”

2016 Pricing Power for Routes in China
- “Fares are about 20% to 25% lower year to year. Prices decreased significantly after the MERS outbreak. For example, Royal Caribbean’s prices fell from ¥4,000 ($614) to ¥3,000 ($461). Many travel agencies even gave away tickets during that time.”

China’s Cruise Market
- “Royal Caribbean’s Quantum of the Seas is best positioned to be the market share leader in China because of its luxury renovation and high-tech equipment. Also, its marketing propaganda is doing very well. It has already built a reputation as a high-end cruise.”
- “Carnival Cruises Line’s Princess is ranked as No. 2, and [Carnival’s] Costa is No. 3.”
- “The Chinese government is strongly in support of developing the cruise industry, so I believe it will continue to grow over the next few years.”

3) Cruise Line Suppliers
Four of these five sources expect their sales to cruise lines to improve this year, and five expect to charge similar prices as in 2015. Three have observed heightened security measures; one specified that cruise lines are increasingly requiring their subcontractors to perform background checks on employees.

Key Silo Findings
Supplier Sales
- 4 of 5 sources expect an improved 2016 year to year.
- The remaining source expects steady sales to cruise lines year to year.

Pricing Power
- All 5 sources said their prices to cruise lines are expected to be stable in 2016.

Security
- 3 of 5 sources report increased security in the industry.
Cruise Lines: 2016 Wave Season

- 1 noted cruise lines are asking subcontractors to do background on their employees more often.
- 1 source has not seen any changes in security.
- 1 had no comment on security.

1) Cruise photographer, Texas; repeat source

The source’s sales to cruise lines have been flat during the first quarter, but an increase is expected later in the year when new and bigger ships arrive at the local port. Pricing has not changed. May through August is this port’s busiest cruise season. A major renovation will solve current capacity issues. Security has been heightened at the port and the new cruise terminal, but has not affected this source’s business. Carnival holds the most market share locally, but its Princess line is likely to have lost share since moving out of this port.

Supplier Sales
- “My work with the cruise lines is similar to last year, but I am expecting an increase later in the year when new ships and bigger ships come to our local port.”
- “May through August are our busiest cruise season here.”

Pricing Power
- “I have not changed my pricing or product significantly in 15 years other than keeping up with technology advances.”

Security
- “I have not changed anything with regard to security. But I am aware of heightened security at the port and at the new terminal. No impact to my business.”

Other
- “With our recent renovation, we see positive growth opportunities in the cruise industry for our local economy. The only thing that could cause this share here would be something like a hurricane.”
- “Carnival holds more market share here than anyone else. And Princess moved out of our port to another one recently, and I expect they have lost some business as a result.”

2) General manager for a Southeast rigging supplier to the marine industry

Sixty percent of this company’s sales comes from cruise lines, and the source expects double-digit growth compared with 2015, which is a continuation of the past three years. Despite some security concerns, the wave season will be stronger this year than last. The cruise lines have high security standards and know which areas and ports to avoid. Retirees are still going to European and Scandinavian destinations, but the real growth is in the Australian and Chinese markets. Royal Caribbean owns revenue-generating shipyards and is in the best position to capitalize on the China excursions.

Supplier Sales
- “Close to 60% of our business is to the cruise industry.”
- “For 2016, our revenue projection is higher than 2015. In the four years that I have been here as general manager, we have steadily increased double digits, and we are projecting the same for next year.”
- “The system is in play, and our 10-year projection from 2014 is that we will continue to grow and evolve. We are working on expanding and hiring new people. We feel that this company has been on the move for the last four years since I have been here, and we feel we have a great commitment and good return potential.”
- “The wave season will be stronger this year despite heightened security concerns. We are feeling this from all the indications we have from our purchasers. I am bidding projects out for March and April 2017. There is expansion and larger vessels, so business is getting better. The cruise industry companies, such as Disney and others, are starting to request background checks on subcontractors.”

Pricing Power
- “The prices we are charging the cruise lines for the 2016 wave season are the same as last year.”
Cruise Lines: 2016 Wave Season

Security
- “Recent security concerns have not impacted our revenues. Our cruises go worldwide, and we have employees in Singapore and in the Mediterranean, so [concerns] have not affected us. ... The cruise industry is growing.”
- “A couple of cruise lines are no longer going to Greece and Egypt, where it is a hotbed. The industry very much has its fingers on the pulse of where to go, and security is very, very high.”

Other
- “Holland America and Princess typically cater to the retirees, and I have seen an increase especially for European and Scandinavian cruises. But the big markets right now are Australia and China. We were in Singapore, and two Holland America ships were converted for the Australian market. And we are seeing Americans start to come in with the Chinese.”
- “Royal Caribbean is best positioned to be the market share leader in China. Royal Caribbean [is] really tough to work with, but they do as much in-house as they can and do a lot of projections. Royal Caribbean doesn’t just corner the cruise ship market—they own the shipyards that the cruise ships go to and make money off that. They have a market on a lot of that, and we design some systems for the new build that is going directly to China. Looking into the future, I’m not sure where Carnival is going because I do not think they have a grasp on what they are doing right now. We’re not seeing as much from them as we are from Princess.”

3) General manager and director of a global cruise line supplier based in Florida

This supplier’s revenue from and prices to cruise lines should be stable year to year. Security concerns have affected the source’s business logistically and financially, as drivers need to go through higher levels of background checks and frequent truck searches. This has caused delays in delivery times, and as a result, his company has had to compensate drivers for the extra hours.

Supplier Sales
- “We expect our revenue to be about the same in 2016 as 2015.”
- “The cost of fuel is a major component of the cost of our products. Some may be petroleum-based, and the others are impacted by the delivery cost.”
- “We service the hospitality industry in general, and being based in Florida, tourism is a huge driver of our business.”

Pricing Power
- “We sell many, many products to the cruise industry, but overall the prices will remain where they are through 2016 [assuming fuel pricing remains low].”

Security
- “In regards to our deliveries to ports, schools, stadiums or any other high-profile customers, most now require our drivers to have higher levels of background checks depending on the facilities. The trucks are also searched and at times have dogs going through them to ensure the loads are safe. This has caused a delay in delivery times, and drivers’ compensations have risen as a result.”
- “We have budgeted for and expect another good year of sales growth, but at the same time we are very concerned. Tourism drives the sales, and if the public is afraid to travel, shop or go out to dinner, it will have a dramatic effect on sales.”

Other
- “It’s a challenge to ensure all ships receive the product on time every time. There are a lot of steps taken behind the scenes to ensure all runs smoothly. I have seen many suppliers try to service the industry and fail because they didn’t do the due diligence prior to getting the business to fully understand what needs to take place. Many times we will lose business to a smaller supplier because of price, only to get it back a few weeks later because of missed deliveries or wrong items being supplied.”
Cruise Lines: 2016 Wave Season

4) President and owner of a U.S. ship chandler; repeat source

This company provides everything from eggs to zucchini to cruise ships in need. The source expects the cruise season to be stronger than last year because of the growing economy and being in a popular destination. The cruise ships in his region have not been affected by security, but an oil terminal client will no longer allow deliveries by water.

**Supplier Sales**
- “The 2016 wave season will be stronger than last year because the economy is improving, and the number of people who came to [this state] this year was up on the cruise ships. [This state] remains a popular destination. ... It is beautiful and is attractive to travelers.”
- “Cruise ships normally get their supplies at their home port. The only time they buy things here is if the cooks need something or they need last-minute or ‘panic’ stuff.”

**Pricing Power**
- N/A

**Security**
- “Security concerns impacted one of the oil terminals we go to, but they have not impacted the cruise ship people we deal with. One terminal will not let us deliver by water anymore. The cruise ships agents make their arrangements, and I have not noticed anything has changed in terms of security.”

5) Sales and business development manager for a Turkish ship supply company; repeat source

This company has to work hard to generate more revenue despite the fact that the cruising industry is a significant part of its business. Still, the source expects higher sales in the wave season year to year, in part based on preliminary requests. He does not expect much change in terms of what his company charges cruise lines for its products. He also anticipates European travel bookings to drop slightly from 2015. Carnival and Royal Caribbean are best positioned to obtain significant market share in China.

**Supplier Sales**
- “The cruising industry is a decent portion of our annual revenue. The internal consensus would be that we expect better volume of sales in the upcoming season compared to 2015 season, albeit current geopolitical unrest affecting markets globally.”
- “The 2015 season industrial sales were not as strong as expected; therefore, we would hope to better [our sales] during the new season, considering the vessels port call count.”
- “Let’s keep fingers crossed that next season will pick up speed [based on] preliminary requests, and that the industry can pour cash flow more rapidly than compared to first quarter of 2015. The profitability ratio might be small as in the past season.”

**Pricing Power**
- “The [pricing] figures [we are charging cruise lines this year] are most likely the same.”

**Security**
- N/A

**Other**
- “I do not have a precise update about cruise booking counts for Europe, but I assume it may drop a little in the 2016 season compared to 2015. Obviously, sanctions reciprocally influence all segments in global trade.”

4) Industry Specialists

Two port-based sources are expecting a year-to-year increase in cruise traffic for 2016; one noted that 2016 bookings are already 40% ahead of 2015’s. The third specialist source sees stable bookings in the United States and higher bookings abroad this year. Security concerns have had little effect on cruise bookings; one said most passengers will just reroute their trips. One source reported increased interest among U.S. travelers for Chinese cruises but said this has not yet translated into significant bookings. The two port sources said their 2015 traffic was higher year to year.
Cruise Lines: 2016 Wave Season

Key Silo Findings

Bookings for 2016
- 2 port sources are expecting an increase in cruise traffic.
  - 1 said 2016 bookings are already 40% ahead of 2015’s.
- 1 industry specialist said 2016 bookings will be stable in the United States and up globally.

Security
- 2 said security concerns have had no effect on bookings. If anything, people will just cruise closer to home.
- 1 had no comment.

Pricing Power for 2016
- 1 said prices in 2016 will be lower year to year.

Routes in Europe
- 1 said European bookings are stable for U.S. travelers.

Routes in China
- 1 reported increased interest in China-based cruises hasn’t translated to bookings yet.

Other
- Both port sources said their 2015 traffic was up year to year.

1) Founder and editor of an online cruise website and a professor at a Canadian university; repeat source

Cruise bookings should remain stable year to year, and security concerns have risen for Mexico and Europe. Still, thanks to the weather, the improving economy, slightly lower cruise fares than last year and the upcoming U.S. presidential election, travelers may take cruises to the Caribbean, Alaska and Central America to get away from it all. The number of European cruise bookings by U.S. travelers has remained stable. Travelers also are increasingly interested in China and Australia, but are not always following through in booking a cruise.

Bookings for 2016
- “Cruise bookings are remaining stable year to year. There is growth in other places of the world.”
- “The length of cruises is stable year to year.”
- “Southeast Asia has more interest, and the same is true of Australia. People are interested but not necessarily booking. But people who can afford travel outside the United States are looking at Europe and the Mediterranean.”

Security
- “Recent security concerns have not had an impact on bookings, to my knowledge.”
- “People still have a bit of an aversion to Mexico.”
- “The 2016 wave season may be stronger this year, between the weather and economy and people wanting to get away from the election. Security concerns are not as big a deal for cruises in the Caribbean, Alaska and Central America.”
- “If people have to get on an airline and fly to a European port, many travelers will be more cautious about that. I would expect that there could be a strong season near home—such as traditional Caribbean and Mexican Riviera cruises.”
- “River cruises attract an older clientele who may be less influenced by security than the younger folks.”

Pricing Power for 2016
- “Cruise fares for U.S. travelers are probably a bit lower right now. It is minor, but with the increased value of the U.S. dollar and decreased cost of fuel, cruise lines are able to be a bit more flexible on price, primarily in the mass market.”

Routes in Europe
- “The number of European cruise bookings for U.S. travelers is stable given the security and economic uncertainty. But it looks like the economy is growing.”
- “Fares for European cruise routes are about the same as last year.”

Routes in China
- “I have seen an increase interest from U.S. travelers for China cruises, but there is a lower real increase in following through with the bookings.”
Cruise Lines: 2016 Wave Season

- “Carnival appears to be well positioned in its relationship with Chinese companies. Carnival was their first with ships. Royal Caribbean is investing its more modern ships there, and took the Voyager of the Seas there when it was not too old. [Genting Hong Kong Ltd.’s/HKG:0678] Star Cruises is there as well.”

2) Port-based specialist focused on research; repeat source

Passenger counts for fiscal year 2015 were slightly up compared with 2014. The trend is for cruise lines to keep adding more ships, including newer, bigger ones, and to carry more passengers. Security concerns have not affected passenger counts so far. The most popular routes from this port continue to be the Caribbean, the Bahamas and Mexico, but adding Cuba as a port of call is of interest. This source expects 2016 to be good to the cruise market.

Bookings for 2016
- “All the signs are pointing to another great year for the cruising industry. We are expecting 2016 to be another growth year.”
- “Our port hosts 18 cruise lines and 36 ships, with three additional ships added in 2015 and more to come in 2016.”
- “I do not see anyone suffering. We see some repositioning of ships, but the net number of passengers just keeps growing with more ships, newer and bigger ships.”
- “It appears that the length of cruises has not changed significantly, but we do not track that specifically, only in regard to scheduling ships arrival and departure dates.”

Security
- “Any changes that have been made to security procedures have not impacted cruise passengers, and I have not seen any impact of security concerns to the number of travelers so far.”

Pricing Power for 2016
- N/A
- Routes in Europe
- N/A
- Routes in China
- N/A

Other
- “On a month-to-month basis, cruise passengers have been down just slightly over the last few months. However, we are counting a little differently than last year, so that could account for the slight disparity. Our full fiscal year of 2015 ended up slightly over 2014.”
- “Most popular routes from our port are always Caribbean, Bahamas and Mexico.”
- “Smaller ships are working on opening up Cuba. People are interested in going there, but it is all about the rules regulating how that will work at this time.”
- “We had one cruise line make our port their home port in 2015, and we are expecting another in 2017. We are in discussions with another line as well. Everything looks positive for everyone.”

3) Port-based specialist focused on research; repeat source

2016 cruise calls already are scheduled to be 40% higher year to year. Security concerns are not yet affecting passenger counts. The most common routes are the Mexican Riviera, Hawaii and the Pacific Coast. Luxury and mass-market ships alike will be increasing their business at this port in the next season.

Bookings for 2016
- “In 2015 we had 68 cruise calls, and we are already scheduled for a 40% increase on that in 2016.”
- “Trends are not really changing, but everything is increasing. Holland moved a ship out of our port, but will be bringing in a bigger ship that will carry an additional 600 passengers in the next few months. That will quickly offset the lower counts we are seeing in the in-between time.”
- “This port used to be primarily luxury cruises, but now we have mostly mass-market ships with only a few luxury lines. We will be seeing more of both luxury and the mass-market cruise ships in the 2016–2017 season.”

Security
Cruise Lines: 2016 Wave Season

- “Several years back we had security issues in Mexico, and it hurt the cruise industry here. But now all that is recovered. I am not aware of any significant impact of security concerns recently. No impact to passenger counts. I have not even really heard any concerns expressed about security at our port.”

Pricing Power for 2016
- N/A
- Routes in Europe
  - N/A
- Routes in China
  - N/A
- Other
  - “2014 was all down compared to 2013, but [2015 cruise passenger counts] were all increasing year to year.”
  - “Routes here include Hawaii, the Mexican Riviera and the Pacific Coast. There are some longer cruises occasionally that go the Pacific Islands.”

5) Online Customer Survey
Blueshift Research’s online survey consisted of 130 U.S. respondents who plan to book a cruise in 2016. Global security issues are expected to affect slightly more than a third of our respondents’ cruise plans for this year, who either will change their destination, limit travel to only the United States, will wait to book, or will postpone or cancel a trip. Respondents most often are considering Royal Caribbean, Carnival and Norwegian based on the companies’ destinations, specific cruise lines, and prices. The number of respondents considering Norwegian rose more than for any other cruise line compared with last year. Respondents primarily plan to use food and drink discounts, room location discounts/promotions, and room size promotions, but the use of discounts on future cruises booked through the same travel agent has risen the most since 2015. Slightly more than half of our respondents who plan to book a cruise in 2016 also took a cruise in 2015. Respondents are becoming more loyal to specific cruise lines; three-fourths plan to book with the same cruise line as they did in 2015, a 10.2 percentage-point or 15.2% increase year to year. Those who did not choose the same cruise line as last year did so based on the destination, theme or price. Themed cruises are influencing the switch more than any other reason. Disney, Carnival and Norwegian were the top three cruise lines that respondents are planning to take in 2016.

Q2. Most respondents who plan to cruise in 2016 are ages 30 to 59.
- 39.5% of our respondents are ages 30 to 44.
- 36.4% of our respondents are ages 45 to 59.
- 12.4% of our respondents are ages 18 to 29.
- 11.6% of our respondents are 60 or older.

Q3. Destination, specific cruise lines, and price are the top criteria respondents will use when making a booking this year. The use of promotional offers from travel agents rose the most year to year.
- Destination (31.5%, down 4.4 percentage points), specific cruise lines (15.4%, up 4.5 percentage points) and price (14.6%, down 7.3 percentage points) are the top three criteria used by respondents.
  - The number of respondents using a promotional offer from a travel agent rose the most out of all criteria, up 6.1 percentage points compared with last year.
  - 18- to 29-year-olds consider the theme of the cruise, the destination and the price when choosing a cruise. (Filtered by age)
  - 30- to 44-year-olds consider the destination, a specific cruise line, the theme of the cruise and the type of cruise when choosing a cruise. (Filtered by age)
  - 45- to 59-year-olds consider the destination, a specific cruise line and the type of cruise when choosing a cruise. (Filtered by age)
  - Those 60 or older consider the destination and price when choosing a cruise. (Filtered by age)
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Q4. Royal Caribbean, Carnival and Norwegian are the top cruise lines being considered by respondents this year. The number of those considering Norwegian grew more than for any other cruise line compared with last year, thanks to increased interest among older respondents.

- Royal Caribbean (55.4%, down 6.3 percentage points), Carnival (44.6%, down 5.4 percentage points) and Norwegian (41.5%, up 14.6 percentage points) were the top cruise lines respondents are considering or have already booked.
  - Older respondents are more likely than other age groups to consider Norwegian. (Filtered by age)
  - Younger respondents are more likely than other age groups to consider Disney. (Filtered by age)
  - Carnival is considered primarily by 30- to 44-year-olds. (Filtered by age)
  - 18- to 44-year-olds are more likely than other age groups to consider Royal Caribbean. (Filtered by age)
  - 18- to 29-year-olds are more likely than other age groups to consider Royal Caribbean’s Celebrity. (Filtered by age)

Q5. Food and drink discounts, room location, and room size were the top three promotions/discounts that respondents will use in 2016. The number of respondents using discounts on future cruises booked through the same travel agent grew the most out of any promotion or discount.

- Food and drink discounts (41.5%, up 1.8 percentage points), room location (35.4%, up 1 percentage point), and room size (34.6%, up 0.2 percentage point) were the top three promotions/discounts respondents will use in 2016.
  - The number of respondents using discounts on future cruises booked through the same travel agent grew the most out of any promotion or discount, up 4.4 percentage points or 20.8%.
  - 18- to 29-year-olds will use adventure packages and discounts, food/drink discounts, and room location promotions/discounts the most in 2016. (Filtered by age)
  - 30- to 44-year-olds will use food/drink discounts, room size, room location and onboard entertainment packages promotions/discounts the most in 2016. (Filtered by age)
  - 45- to 59-year-olds will use room location and discounts on future cruises with the same cruise company promotions/discounts the most in 2016. (Filtered by age)
  - Those 60 or older will use room size and discounts on future cruises with the same company the most in 2016. (Filtered by age)

Q6. Global security issues will affect slightly more than a third of our respondents’ cruise plans for 2016. 18- to 29-year-olds are the most influenced by global security issues, followed by respondents 60 or older.

- Global security issues have influenced 36.2% of our respondents’ travel plans for 2016.
  - 18- to 29-year-olds are the most influenced by global security issues, followed by respondents 60 or older. (Filtered by age)

Q7. Among those who are influenced by global security issues, the top related trip changes are choosing a different destination, limiting travel to only the United States, waiting to book, and postponing or canceling bookings.

- Changing a destination (38.3%), limiting travel to only the United States (34%), waiting to book (25.5%), postponing a trip (25.5%) and considering canceling a trip (25.5%) are the top travel plan changes respondents are making based on global security issues among those who answered “yes” to the previous question.
  - Respondents who will limit their travel to the United States or have changed their destination comprised the majority of those who are influenced by security concerns.
  - Those canceling or have canceled a booking are the minority.

Q8. Slightly more than half of our respondents who plan to book a cruise in 2016 also booked a cruise in 2015.

- 51.5% booked a cruise in 2015, a 3.2 percentage-point or 5.9% decrease compared with a year ago.
  - Younger respondents are the most likely to also have booked a cruise in 2015. (Filtered by age)

Q9. Respondents are becoming more loyal to specific cruise lines; three-fourths plan to book with the same cruise line as they did in 2015, a 10.2 percentage-point or 15.2% increase year to year.

- 77.3% are planning to book with the same cruise line as in 2015, a 10.2 percentage-point or 15.2% increase.
  - 18- to 29-year-olds and 45- to 59-year-olds are the most loyal to a specific cruise line, followed by 30- to 44-year-olds. (Filtered by age)
Q10. Those who did not choose the same cruise line as they did last year said they switched based on the destination, theme or price. Themed cruises are influencing the switch more than any other reason compared with last year.

- Respondents who chose or are planning to choose a different cruise line than last year did so for the destination (26.7%, down 21.1 percentage points), theme (26.7%, up 22.4 percentage points) or price (20%, down 1.7 percentage points).
  - Theme experienced the most growth compared with last year as a reason to switch cruise lines, up 22.4 percentage points or 520.9% year to year.
  - 18- to 29-year-olds chose a different cruise line based on the theme. (Filtered by age)
  - 30- to 44-year-olds chose a different cruise line based on the theme, the destination or a specific cruise line. (Filtered by age)
  - 45- to 59-year-olds chose a different cruise line based on the destination or price. (Filtered by age)
  - Those 60 or older chose a different cruise line based on the price or a promotional offer through a travel agent. (Filtered by age)

Q11. Disney, Carnival and Norwegian are the top three companies through which respondents are planning to book a cruise in 2016.

- Disney (27.3%, up 14.4 percentage points), Carnival (22.7%, down 7.3 percentage points), and Norwegian (16.7%, up 6.7%) were the top three cruise lines that respondents are planning to take in 2016.
  - 15.2% are planning to take a Royal Caribbean cruise in 2016, down 9.1 percentage points or 37.4% year to year.
  - 18- to 29-year-olds primarily are planning to take a Disney cruise, followed by Norwegian, Carnival and Carnival's Princess. (Filtered by age)
  - 30- to 44-year-olds primarily are planning to take a Disney cruise, followed by Carnival and Royal Caribbean. (Filtered by age)
  - 45- to 59-year-olds primarily are planning to take a Carnival cruise, followed by Disney and Royal Caribbean. (Filtered by age)
  - Those 60 or older are planning to take a Norwegian cruise, followed by Carnival. (Filtered by age)

Q12. Carnival, Royal Caribbean and Norwegian were the top three cruise lines used in 2015. Seabourn experienced the most growth year to year, followed by Disney.

- Carnival (21.2%, down 17.4 percentage points), Royal Caribbean (19.7%, up 1.1 percentage points) and Norwegian (15.2%, up 5.2 percentage points) were the top three cruise lines used in 2015.
  - Seabourn experienced the most growth year to year, up 9.1 percentage points.
  - Disney experienced the second greatest growth compared with 2014, up 6.6 percentage points.
  - 18- to 29-year-olds used Seabourn the most in 2015, followed by Carnival, Royal Caribbean and Celebrity. (Filtered by age)
  - 30- to 44-year-olds used Carnival the most in 2015, followed by Royal Caribbean. (Filtered by age)
  - 45- to 59-year-olds used Disney the most in 2015, followed by Carnival and Royal Caribbean. (Filtered by age)
  - Those 60 or older used Norwegian the most in 2015, followed by Princess. (Filtered by age)

Q13. Last year respondents’ top criteria for booking a cruise were destination, price and theme.

- In 2015, respondents’ top criteria were destination (34.8%, up 4.8 percentage points), price (15.2%, down 7.7 percentage points) and theme (12.1%, up 0.8 percentage point).
  - 18- to 29-year-olds’ top criterion for booking a cruise in 2015 was the theme, followed by the port city, specific cruise line, and a promotional offer by the travel agent. (Filtered by age)
  - 30- to 44-year-olds’ top criterion for booking a cruise in 2015 was the destination, followed by price and theme. (Filtered by age)
  - 45- to 59-year-olds’ top criterion for booking a cruise in 2015 was the destination, followed by price and a specific cruise line. (Filtered by age)
  - Those 60 or older primarily considered the destination, followed by price. (Filtered by age)

Q14. Last year respondents used food and drink discounts, bulk/group discounts and discounts on future cruises booked through the same travel agent the most out of any promotions/discounts.
Cruise Lines: 2016 Wave Season

- Last year respondents used food and drink discounts (33.3%, up 3.3 percentage points), bulk/group discounts (30.3%, up 4.6 percentage points) and discounts on future cruises booked through the same travel agent (28.8%, up 7.4 percentage points) the most out of any promotions/discounts.
  - 18- to 29-year-olds used food/drink discounts the most in 2015, followed by bulk/group discounts and discounts on future cruises booked through the same travel agent. (Filtered by age)
  - 30- to 44-year-olds used food/drink discounts the most in 2015, followed by room location, adventure package discounts at destinations, and bulk/group discounts. (Filtered by age)
  - 45- to 59-year-olds used discounts on future cruises booked through the same travel agent the most in 2015, followed by room size and room location. (Filtered by age)
  - Those 60 or older used onboard entertainment packages the most in 2015, followed by discounts on future cruises booked through the same travel agent. (Filtered by age)

1. Do you plan to book a cruise in 2016?
Cruise Lines: 2016 Wave Season

2. What is your age?

![Age Distribution Chart]

3. What are the top criteria when considering which cruise to book? Select all that apply.

![Criteria Distribution Chart]
4. Which cruise line are you considering or have already booked for 2016? Select all that apply.
Cruise Lines: 2016 Wave Season

5. Which type of promotions/discounts will you use in 2016? Select all that apply.
6. Have recent global security issues influenced your travel plans for 2016?

<table>
<thead>
<tr>
<th></th>
<th>Yes (47)</th>
<th>No (83)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>36.2%</td>
<td>63.8%</td>
</tr>
</tbody>
</table>

Dec-15
7. How have your plans changed? Select all that apply.
Cruise Lines: 2016 Wave Season

8. Did you book a cruise last year?

9. Are you planning to use the same cruise line this year that you did last year?
10. Why did you choose a different cruise line this year?

- Destination: 47.8% (Dec-14), 26.7% (Dec-15)
- Theme of the cruise: 26.7% (Dec-14), 21.7% (Dec-15)
- Price: 20.0% (Dec-14), 13.3% (Dec-15)
- Specific cruise line: 4.3% (Dec-14), 4.3% (Dec-15)
- Promotional offer by a travel agent: 13.3% (Dec-14), 4.3% (Dec-15)
- Type of cruise: 6.7% (Dec-14), 6.7% (Dec-15)
- Age/newness of the ship: 8.7% (Dec-14), 4.3% (Dec-15)
- Port city: 0.0% (Dec-14), 0.0% (Dec-15)

11. Which cruise line are you planning to use?

- Disney Cruises: 27.3% (Dec-14), 30.0% (Dec-15)
- Carnival Cruise Lines: 22.7% (Dec-14), 16.7% (Dec-15)
- Norwegian Cruises: 10.0% (Dec-14), 15.2% (Dec-15)
- Royal Caribbean: 12.9% (Dec-14), 12.1% (Dec-15)
- Princess Cruises: 5.7% (Dec-14), 3.0% (Dec-15)
- Holland America: 0.0% (Dec-14), 1.5% (Dec-15)
- Seabourn: 0.0% (Dec-14), 0.0% (Dec-15)
- Celebrity Cruises: 4.3% (Dec-14), 1.5% (Dec-15)
12. Which cruise line did you choose last year?

![Bar chart showing the percentage of cruise lines chosen last year with data for Dec-14 and Dec-15.]

- Carnival Cruise Lines: 38.6% (Dec-14), 21.2% (Dec-15)
- Royal Caribbean: 18.6% (Dec-14), 19.7% (Dec-15)
- Norwegian Cruises: 10.0% (Dec-14), 15.2% (Dec-15)
- Disney Cruises: 8.6% (Dec-14), 7.1% (Dec-15)
- Princess Cruises: 9.1% (Dec-14), 9.1% (Dec-15)
- Seabourn: 0.0% (Dec-14), 0.0% (Dec-15)
- Celebrity Cruises: 5.7% (Dec-14), 6.1% (Dec-15)
- Holland America: 11.4% (Dec-14), 4.5% (Dec-15)

13. What were the top criteria when you booked your cruise last year? Select all that apply.

![Bar chart showing the percentage of criteria used in booking cruises last year with data for Dec-14 and Dec-15.]

- Destination: 34.8% (Dec-14), 30.0% (Dec-15)
- Price: 22.9% (Dec-14), 15.2% (Dec-15)
- Theme of the cruise: 11.4% (Dec-14), 12.1% (Dec-15)
- Specific cruise line: 8.6% (Dec-14), 10.6% (Dec-15)
- Port City: 4.3% (Dec-14), 9.1% (Dec-15)
- Type of cruise: 5.7% (Dec-14), 6% (Dec-15)
- Promotional offer by a travel agent: 6.1% (Dec-14), 11.4% (Dec-15)
- Age/newness of the ship: 5.7% (Dec-14), 4.5% (Dec-15)
Cruise Lines: 2016 Wave Season

14. Which type of promotions/discounts did you use last year? Select all that apply.

Secondary Sources

The following six secondary sources discussed softening hotel and travel figures in Europe since the Paris terrorist attacks, a comparison of busy cruise ports and the busiest travel destinations, increased border patrol in Europe, the booming cruise industry in China and how Carnival is benefiting from it, and high expectations for the 2016 cruise booking season.

Traveler Security Concerns

Since the terrorist attacks in Paris, the city’s hotel revenue fell by 40% and new flight bookings dropped 27%. Meanwhile, a UK bus and train operator issued a profit warning because of fewer passengers traveling into major cities. Carnival may not be as affected by security-conscious travelers. Infographics show little overlap between the most popular travel destinations and the busiest cruise ports. European nations are upping border security, requiring passports for intercontinental travel.

Dec. 16, 2015, The Daily Telegraph article

At first Britons seemed determined to move forward with travel plans after the Paris attacks. However, new data showed that Paris’ hotel revenue down 40% and new flight bookings to the city fell by 27%. A bus and train operator in the United Kingdom recently issued a profit warning, blaming customer fears about trips to major cities. Carnival could be least affected since it offers a wide range of destinations and its ships are not viewed as likely terror targets.
Cruise Lines: 2016 Wave Season

- “The Paris attacks could wipe more than £660million off the value of Europe’s tourism industry, analysts say. The full extent of the damage following the November 13 terrorist attacks in the French capital that killed 130 people will not be known until fourth-quarter results are published, but already the industry has shown signs of weakness.”
- “The initial response to the Islamic State attacks seemed to be that of defiance,” with a Telegraph Travel poll finding that the majority of Britons had not been deterred from visiting.”
- “However, hotel revenues in Paris are down up to 40 per cent from 2014’s levels, while restaurant income has fallen a similar margin. New flight bookings to Paris fell by 27 per cent in the week following the attacks, costing Air France KLM €50million (£33m).”
- “Analysts told Reuters that the effect on Europe’s €500billion (£330bn) tourism industry could be anything between €800million and €1billion.”
- “It can get worse when, instead of having one event, you are starting to have a series of events, because people then feel very insecure,” said Daniele Patti, senior research analyst at Allianz Global Investors.”
- “British bus and train operator Stagecoach last week issued a profit warning because of customer fears about trips to major cities.”
- “There were, however, hopes that holiday companies could ride out the storm, with low oil prices and a recovering economy offsetting the terror damage.”
- “According to Reuters, investors are keen to benefit from the positive factors, and are focusing on groups that offer a wide range of destinations, can avoid places where safety is in doubt, and have robust enough finances to absorb potential shocks.”
- “On the plus side, analysts cited tour operator TUI, cruise operator Carnival, online holiday retailer On The Beach Group, Ryanair and British Airways parent IAG as being able to weather the storm. With ships seen as less likely to be targeted in attacks, Carnival was cited as a good bet in the current context.”

Jan. 4 Citymetric.com article

The top 15 busiest travel destinations were measured by overnight stays paired with the top 42 busiest cruise ports. Blueshift observed that only Barcelona and Rome made both lists. However, five Italian ports and three French ports made up the top 42 busiest cruise ports. Overall, 25 ports in Europe were part of the top 42.

- “Every year, MasterCard—you know, the plastic money people—publishes a report by the thrilling name of the Global Destinations Cities Index. Actually, this isn’t that much of a shock: in the seven years that Master Card has produced the survey, London has topped the charts five times. The other two years it was pipped to the twice by Bangkok, which is generally stuck in second place.”
- “Incidentally, this list includes seven cities in Europe, six in Asia, one in the Middle East, one in North America—and literally none elsewhere. Look at this map from this year’s report—it shows the top 20 cities, rather than the top 15, but nonetheless—and you can suddenly see quite how narrow a strip of the world we’re looking at here.”
### Cruise Lines: 2016 Wave Season

#### Top destination cities by international overnight visitors in 2015

<table>
<thead>
<tr>
<th>Rank 2014</th>
<th>Port</th>
<th>Country</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Port of Miami</td>
<td>🇺🇸</td>
<td>4,850,000</td>
</tr>
<tr>
<td>2</td>
<td>Port Everglades</td>
<td>🇺🇸</td>
<td>4,160,000</td>
</tr>
<tr>
<td>3</td>
<td>Port Canaveral</td>
<td>🇺🇸</td>
<td>4,001,000</td>
</tr>
<tr>
<td>4</td>
<td>Port of Nassau</td>
<td>🇧🇸</td>
<td>3,412,000 (2012)</td>
</tr>
<tr>
<td>5</td>
<td>Port of Cozumel</td>
<td>🇲🇽</td>
<td>2,700,000</td>
</tr>
<tr>
<td>6</td>
<td>Port of Barcelona</td>
<td>🇪🇸</td>
<td>2,364,292</td>
</tr>
<tr>
<td>7</td>
<td>Port of Civitavecchia</td>
<td>🇮🇹</td>
<td>2,140,039</td>
</tr>
<tr>
<td>8</td>
<td>Port of The Virgin Islands</td>
<td>🇺🇸</td>
<td>2,083,890</td>
</tr>
<tr>
<td>9</td>
<td>Port of Saint Martin</td>
<td>🇫🇷</td>
<td>2,000,864</td>
</tr>
</tbody>
</table>
### Cruise Lines: 2016 Wave Season

#### Annual cruise passengers

<table>
<thead>
<tr>
<th>Rank 2014</th>
<th>Port</th>
<th>Country</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Port of Venice</td>
<td>🇮🇹</td>
<td>1,733,839</td>
</tr>
<tr>
<td>11</td>
<td>Port of The Balearic Islands</td>
<td>🇪🇸</td>
<td>1,587,064</td>
</tr>
<tr>
<td>12</td>
<td>Port of Southampton</td>
<td>🇬🇧</td>
<td>1,529,000 (2013)</td>
</tr>
<tr>
<td>13</td>
<td>Port of Marseille</td>
<td>🇫🇷</td>
<td>1,311,284</td>
</tr>
<tr>
<td>14</td>
<td>Port of Naples</td>
<td>🇮🇹</td>
<td>1,113,762</td>
</tr>
<tr>
<td>15</td>
<td>Port of Piraeus</td>
<td>🇬🇷</td>
<td>1,055,556</td>
</tr>
<tr>
<td>16</td>
<td>Port de Genoa</td>
<td>🇮🇹</td>
<td>1,051,015 (2013)</td>
</tr>
<tr>
<td>17</td>
<td>Port of Savona</td>
<td>🇮🇹</td>
<td>1,018,794</td>
</tr>
<tr>
<td>18</td>
<td>Port of New Orleans</td>
<td>🇺🇸</td>
<td>1,014,325</td>
</tr>
<tr>
<td>19</td>
<td>Port of Galveston</td>
<td>🇺🇸</td>
<td>901,000 (2013)</td>
</tr>
<tr>
<td>20</td>
<td>Port of Dubrovnik</td>
<td>🇭🇷</td>
<td>894,216</td>
</tr>
<tr>
<td>21</td>
<td>Port of Tenerife</td>
<td>🇪🇸</td>
<td>848,159 (2013)</td>
</tr>
<tr>
<td>22</td>
<td>Port of Copenhagen</td>
<td>🇩🇰</td>
<td>840,000 (2013)</td>
</tr>
<tr>
<td>23</td>
<td>Port of Seattle</td>
<td>🇺🇸</td>
<td>823,780</td>
</tr>
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<td>24</td>
<td>Port Metro Vancouver</td>
<td>🇨🇦</td>
<td>812,398 (2013)</td>
</tr>
<tr>
<td>25</td>
<td>Port of Corfu</td>
<td>🇬🇷</td>
<td>744,651 (2013)</td>
</tr>
<tr>
<td>26</td>
<td>Port of Kusadasi</td>
<td>🇹🇷</td>
<td>583,459 (2013)</td>
</tr>
<tr>
<td>27</td>
<td>Port of Lisbon</td>
<td>🇵🇹</td>
<td>559,434 (2013)</td>
</tr>
<tr>
<td>28</td>
<td>Port of Los Angeles</td>
<td>🇺🇸</td>
<td>578,668</td>
</tr>
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</table>
## Cruise Lines: 2016 Wave Season

### Annual cruise passengers

<table>
<thead>
<tr>
<th>Rank 2014</th>
<th>Port</th>
<th>Country</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td>Port of Tunis</td>
<td>🇹🇳</td>
<td>560 000 [15]</td>
</tr>
<tr>
<td>30</td>
<td>Port of Hamburg</td>
<td>🇩🇪</td>
<td>552 459 (2013)[16]</td>
</tr>
<tr>
<td>31</td>
<td>Port of Saint Petersburg</td>
<td>🇷🇺</td>
<td>523 525 (2013)[17]</td>
</tr>
<tr>
<td>32</td>
<td>Port of Tallinn</td>
<td>🇳🇴</td>
<td>519 319 (2013)[18]</td>
</tr>
<tr>
<td>33</td>
<td>Port of Helsinki</td>
<td>🇫🇮</td>
<td>420 000 [15]</td>
</tr>
<tr>
<td>34</td>
<td>Port of Valencia</td>
<td>🇪🇸</td>
<td>379 732 [18]</td>
</tr>
<tr>
<td>35</td>
<td>Port of Nouméa</td>
<td>🇫🇷</td>
<td>351 400 [18]</td>
</tr>
<tr>
<td>36</td>
<td>Port of Ajaccio</td>
<td>🇫🇷</td>
<td>302 700 [18]</td>
</tr>
<tr>
<td>37</td>
<td>Port of Oslo</td>
<td>🇳🇴</td>
<td>298 000 [18]</td>
</tr>
<tr>
<td>38</td>
<td>Port of Villefranche-sur-Mer</td>
<td>🇫🇷</td>
<td>296 100 [18]</td>
</tr>
<tr>
<td>39</td>
<td>Port of Toulon</td>
<td>🇫🇷</td>
<td>278 000 [18]</td>
</tr>
<tr>
<td>40</td>
<td>Port of Casablanca</td>
<td>🇶🇦</td>
<td>198 140 (2013)[20]</td>
</tr>
<tr>
<td>41</td>
<td>Port of Quebec</td>
<td>🇨🇦</td>
<td>180 836 [21]</td>
</tr>
<tr>
<td>42</td>
<td>Port of Montreal</td>
<td>🇨🇦</td>
<td>92 000 [22]</td>
</tr>
</tbody>
</table>

Source: Wikipedia.com

### China Cruise Growth

Four in 10 Chinese cruise-goers book with Carnival’s Costa, and this figure is expected to grow as the cruise line sees more return customers. Also, Carnival inked a deal with China to partner with a state-owned ship builder and develop a Chinese cruise brand.

**Oct. 13, 2015, Cruise Industry News article**

Four out of 10 cruise reservations made in China were booked with Costa. More Chinese passengers are becoming frequent cruisers on the Carnival subsidiary. Costa believes it will book 4.5 million passengers by 2020.
Cruise Lines: 2016 Wave Season

- “This is an exciting scene for the overall development of the cruise industry in China,’ said Buhdy Bok, president of Costa Asia. ‘The entry of local players caters to local needs, while the foreign cruise lines offer more choices for the passengers who expect to experience the international lifestyle.”
- “Bok said he was happy to see some Chinese passengers returning, becoming frequent cruisers. With forecasts targeting 4.5 million cruise passengers by 2020, Costa may be sitting in the best position of the Western brands operating in China.”
- “The market is expected to be more vibrant with more brands and more ships,’ said Bok. ‘Costa continues to see itself as an international brand of great value with our product greatly welcomed by Chinese passengers. We will stick to our ‘Italy at Sea’ strategy and continue to adjust our product to the needs of the local market.”
- “According to statistics, said Bok, four out of 10 cruise reservations in China are made for Costa ships. He said since 2006, over 1 million Chinese passengers have taken cruises with Costa, with customer satisfaction coming in at 98 percent.”
- “Earlier this year, the brand launched China’s first world cruise, tailor-made for Chinese guests and leaving from Shanghai on the Costa Atlantica.”

Oct. 21, 2015, Skift.com article
Carnival will soon launch a Chinese cruise brand with backing from China’s sovereign wealth fund. A 25-year agreement was entered with China State Shipbuilding Corporation to create a multiship Chinese cruise brand with both new and existing ships.
- “It was only a matter of time until Carnival Corp. introduced a brand to serve Chinese cruisers. With the imprimatur of the Chinese government and the backing of its massive sovereign wealth fund, Carnival now has a huge advantage over its competitors in Asia.”
- “Carnival Corp. will launch a Chinese cruise brand with financing from a Chinese sovereign wealth fund, bringing the cruise giant’s portfolio to 11 global cruise brands.”
- “China State Shipbuilding Corporation (CSSC) and China Investment Corporation (CIC) have entered into a 25-year joint-venture with Carnival Corp. on the creation of a multi-ship domestic Chinese cruise brand featuring both new and existing ships.”
- “Cruising has been specifically listed by the Chinese government as an industry they want to encourage in ship building and creating domestic cruise brands,’ said Carnival Corp. global COO Alan Buckelew. ‘If the Chinese government is going to encourage state-owned enterprises to start building cruise ships and develop brands, we felt it was in the best interest for the industry for Carnival to be involved.”

2016 Bookings
The government of Belize forecast a very strong cruise season for 2016, and a CLIA outlook report also expects this year to be very strong for the industry.

Jan. 3 The Reporter Newspaper article
Belize anticipates its economy slowing in 2016, but expects it to be propped up by tourism, particularly cruises.
- “The year 2016 will not be as robust as 2015 as loss of revenues in various sectors has caused the government to take certain measures.
- “But the biggest revenues come from our tourism industry. ‘In 2016, we expect to maintain and better the record-breaking, year-over-year increases in stayover tourism. On the Cruise side…the headline news for 2016 is twofold: NCL’s Harvest Caye project becomes fully operational by April and brings with it two thousand jobs for Southern Belize; and the Supreme Court ruling on Belize City Port exclusivity-or lack thereof-clears the way for us to greenlight a new, Old Capital alongside docking facility.’
- “This project is expected to significant improve on cruise calls at the Belize City harbour.”

Dec. 1, 2015, Cruising.org article
The cruise industry shows no signs of slowing down in 2016 per a CLIA outlook report. Thirteen trends shaping the cruise industry are listed and include the growing popularity of river cruises, an increasing number of ships, the booming Asian and Australian cruise industries, cross-promoting, and luxury cruises.
“The industry shows no signs of slowing down, with nearly 24 million passengers expected to sail in 2016, a dramatic increase from 15 million just 10 years prior (2006), or even 1.4 million when CLIA began tracking passengers in 1980. CLIA also revealed Member cruise lines are scheduled to debut 27 new ocean, river and specialty ships in 2016 for a total investment of more than $6.5 billion in new ocean vessels alone. Travel agents are also experiencing a higher demand for cruise travel. Eight out of ten CLIA member travel agents stated they are expecting an increase [in] sales in 2016 over last year.”

“Following are the Lucky 13 Cruise Industry Trends showcasing how the cruise industry has transformed to meet today’s travelers’ styles and preferences:”

- **Rise of the River Cruise**—River cruises are growing in popularity, introducing the value and unique travel experience to new cruise travelers. CLIA cruise line Members currently deploy 170 river cruise ships with 18 new river cruise ships on order for 2016, an increase of 10%.
- **More Ships, More Options**—In 2015, there are a total of 471 cruise ships* with an additional 27 new ocean, river and specialty ships scheduled to debut in 2016.
- **On the Map**—Five years ago, cruise travel was almost unheard of in Asia. Today, the region is the fastest growing in the cruise industry. Between 2012 and 2014, passenger volume grew from 775,000 to nearly 1.4 million passengers, a 34% compound annual growth rate.
- **G’Day for a Cruise**—While Asia continues to grow rapidly, Australia also continues to experience record growth. In fact, Australia’s cruise industry surpassed a major milestone in 2014, exceeding more than one million passengers in a calendar year. In ten years, Australia’s cruise passengers have grown more than six-fold, from a base of 158,000 in 2004.
- **Cruise Specialists**—The cruise industry continues to leverage the expertise of cruise specialists to help guide travel decisions. Today, there are more than 30,000 CLIA-member travel agents globally compared to 12,000 travel agents in 2010.
- **A Love for Luxe**—The desire for luxury travel continues to rise. Specialty cruise lines are responding with yachting experiences, concierge services, exclusive tours, gourmet dining and personal butler service.
- **Brands at Sea**—Cruise lines are leveraging the cross-promotional appeal of brands to appeal to new cruise travelers. From family-friendly household names like LEGO and Dr. Seuss, to upscale luxury brands like Hermes and Veuve Clicquot Champagne, and even dining options like Johnny Rockets and Margaritaville, brands are setting sail on cruise lines.
- **Stay the Night**—Many cruise lines are offering overnight stays at designated ports of call to give cruisers an opportunity to fully immerse themselves in the experiences available at the destination.
- **Cruise Voluntourism**—More ‘voluntourism’ cruises are available in 2016 with several ships including excursions to help areas of need around the world. These service-oriented cruises offer a wonderful opportunity to make a meaningful difference in the communities cruise ships visit and a rare experience to embrace and impact local culture.
- **Culturally Customized**—Cruise lines are continuing to customize cruise ships based upon passenger cultures. From shopping and dining preferences, vessels are being outfitted to serve guests as well as pay homage to their ports of call.”
Cruise Lines: 2016 Wave Season

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