

The Cruise Industry  
Entertainment & Tourism  
Hayley Hinger

Even though transport by ship has been around for thousands of years, cruising as a form of travel and entertainment is a relatively new phenomenon. Many of us have seen the movie Titanic, and the conditions that people lived in. Some very luxurious, the others sharing rooms with strangers. Over the years, however, cruise ships have grown, along with the activities available on board. Nowadays, most cruise ships include several dining rooms, a casino, several bars and lounges, multiple pools, a gym, spas, ice skating rinks, theaters, malls, and even rock-climbing walls. While cruising has its benefits, there are some obstacles that the cruise industry has and continues to run into. We will dive into the cruise industry to see how it operates, key players in the industry, and future goals and problems that cruise companies have their eye(s) on.

**Content:**

Consisting of every aspect that transpires in order to make the product to be sold, content - in the cruise industry - encompasses everything from the cruise director, to choreography in the matinee shows. The heart of the content is the cruise director. They are responsible for coordinating the creation and production of the daily activities and itinerary for the ship's passengers throughout their vacation - much like a heart pumping blood to the body. This itinerary, as well as several other aspects of the content are influential factors in which cruise consumers choose to purchase. Although the cruise director leads the entertainment content, cruise ships consists of up to two-hundred other crew members dedicated solely to the entertainment of passengers. These positions can include: performers, activity planners, and

lighting and sound experts<sup>1</sup>. In the US alone, cruise lines employ more than 295,077 people, paying over \$11.6 billion in wages<sup>2</sup>.

While there are many employees that work in varying trades on the ship, there are many other types of content that cruise vacations have to offer that you simply can't get elsewhere - the destinations. Passengers are able to de-board the ship during the day and experience a different culture or country, take excursions to waterfalls, scuba diving or even lazer tag at Mayan ruins. At night, the passengers can then take part in various entertainment activities such as shows, the casino, or even a quick game of trivia. The endless options and variety of content is what attracts consumers of all ages to the cruise industry. The biggest (literally) obstacle is how the cruise industries can manage to squeeze all of this onto one boat and provide all of this content to their consumers - but they've managed to.

### **Conduit:**

The conduit of an industry consists of the distribution of an entertainment product(s), or more specifically where the consumer experiences the product. In terms of the cruise industry, the conduit can be defined as the actual ship, itself. Cruise vessels can range in capacities from three-hundred to almost nine-thousand passengers and are often referred to as 'floating cities'<sup>3</sup>. The smaller capacity ships tend to provide more luxurious content, containing a smaller passenger-to-crew ratio, allowing for a much more intimate and passenger-oriented crew. The larger ships however, such as the Oasis of the Seas, by Royal Caribbean - with the passenger

---

<sup>1</sup> Nassauer, S. (2010, March 3). What It Takes to Keep a City Afloat. Retrieved December 14, 2015, from <http://www.wsj.com/articles/SB10001424052748704486504575097423296506784>

<sup>2</sup> Bailey, K., Mansour, S., Silue, R., & Singleton, D. (2004). Sustainable Tourism and the Cruise Line Industry.

<sup>3</sup> Pino, G. , & Peluso, A. (2015). The development of cruise tourism in emerging destinations: Evidence from salento, italy. *Tourism and Hospitality Research*.

capacity of over six thousand - tend to offer the cheaper deals, sacrificing overall quality<sup>4</sup>. Over the years, cruise liners have also expanded their amenities to include other entertainment conduits in order to enhance passenger experience. Some popular amenities include: large theaters, restaurants, spas, ice skating rinks, and even rock-climbing walls. Ships also contain a wide-variety of room options, from almost Titanic-like bunk-bed rooms, to ultra-luxurious suites with balconies and private jacuzzis.

### **Consumption:**

Consumption occurs after the product is offered to the public, such as passengers boarding the cruise ship to consume the experience of a lifetime. Like previously mentioned, the cruise industry has continued to innovate and produce new content in order to provide a unique and previously unexperienced vacation. The ultimate goal of cruise line companies is to increase the consumption from each passenger and initiate future consumption. These consumers begin consumption when they choose a cruise destination and itinerary. Next, passengers board their ship and take part in one of the ship's many activities, such as watching a theatrical performance, receiving a couple's massage at the spa, gambling, or trying the newly advertised restaurant on board. Consumption, while on a cruise vacation, does not occur only onboard the ship, but also while exploring each destination. In fact, certain destinations can lead to an increase in consumption. For instance, studies have shown that the Caribbean region accounts for 50% of booked cruises<sup>5</sup>. Cruise liners use these consumption opportunities as ways to market as many

---

<sup>4</sup> Nassauer, S. (2010, March 3).

<sup>5</sup> Dwyer, L. , & Forsyth, P. (1998). Economic significance of cruise tourism. *Annals of Tourism Research*, 25(2), 393-415.

ships as possible to a broad market. With the continuous increase in amenities, travel destinations, and special incentives - cruiseliners are sure to spike a wide variety of interests.

### **Convergence:**

The last C is convergence, which occurs when the use of technology expands into the cruise industry. This allows the product to be consumed from multiple sources. Royal Caribbean has been known as the ringleader in the expansion of technology onto ships. Their ship, Quantum of the Seas, has incorporated the use of advanced technology in order to improve their customers' experiences. For example, Quantum of the Seas now offers online registration, the ability for customers to track their luggage from their smart phones. They even have an app, The Cruise Planner, that allows you to book a table at an onboard restaurant, purchase shore excursions, and even schedule spa treatments.<sup>6</sup> Royal Caribbean is continuing this trend with a release of a fleet of 'Smart Ships' that consist of new innovative technology, such as robotic bartenders. In the next few years one noticeable trend in convergence will be the expansion of WiFi access. Regent Seven Seas Cruises plans on having the first cruise ship to offer free unlimited WiFi to every passenger starting in late 2016. While Carnival recently announced the release of the industry's largest WiFi network that reaches global coverage across numerous ships.<sup>7</sup>

### **The Big Boys:**

Due to such large increases of consumption in the cruise industry over the decades, many companies have been formed that offer varying cruise services to the consumer. Currently, three

---

<sup>6</sup> Parnyakov, A. (2015). Innovation and design of cruise ships. *Pacific Science Review*.

<sup>7</sup> Elliott, C. (2015, October 15). Here's why cruise ship Wi-Fi is about to get way better. Retrieved December 14, 2015, from <http://fortune.com/2015/10/15/cruise-ships-tech-wifi/>

corporations have a controlling interest in the cruise market - Carnival, Royal Caribbean, and Norwegian. Over the years, these companies have acquired the smaller, more specialized, cruise liners in order to add to their portfolio - and eventually their bottom line. The largest of the three, Carnival, “has a portfolio of twelve cruise brands in North America, Europe and Australia”.<sup>8</sup> With an annual revenue of 8.7 billion dollars in 2005, Carnival simply dominated the cruise industry with eighty-one total ships, compared to thirty-four by the next largest player, Royal Caribbean.<sup>9</sup> Not only have these companies been able to expand their businesses due to a rise in the market, with more efficient and cost-effective ships, profits have increased, as well. Carnival saw a 21.7% increase in their profit between 2004 and 2005 - netting nearly 1.8 billion dollars.<sup>10</sup> Since the cruise industry is predominately ran by a small group of companies who own the majority of the market, it’s market structure would be considered an oligopoly.

### **Regulation of the Cruise Industry... or lack thereof:**

While the cruise industry generates billions of dollars of revenue a year not only for the cruise companies but for port of call countries, the industry is plagued with a reoccurring problem - regulation. While many travelers can now access websites, such as Yelp or Tripadvisor, to research ratings and customer reviews for hotels and cities in general, it proves nearly impossible for cruise liners. This is due to the fact that “there’s no one entity or country that oversees or regulates the [cruise] industry”.<sup>11</sup> This has proven to be a continuous issue when problems arise on the ships. In the United States, the U.S. Coast Guard is allowed to inspect

---

<sup>8</sup> Sun, X. , Jiao, Y. , & Tian, P. (2011). Marketing research and revenue optimization for the cruise industry: A concise review. *International Journal of Hospitality Management*, 30(3), 746-755.

<sup>9</sup> Sun, X. , Jiao, Y. , & Tian, P. (2011). 746-755.

<sup>10</sup> Sun, X. , Jiao, Y. , & Tian, P. (2011). 746-755.

<sup>11</sup> CBS News, No central agency oversees, inspects cruise ships. (2013, February 16). Retrieved December 14, 2015, from <http://www.cbsnews.com/news/no-central-agency-oversees-inspects-cruise-ships/>

each cruise ship that makes port in the U.S., inspecting issues such as correct operation of backup generators to the lifeboats on board. However, when it comes to regulations and standards, the organization that sets the precedents actually has no power to enforce them. The United Nations' International Maritime Organization (IMO) takes part in issues such as the way ships are designed to how crews train for emergencies.<sup>12</sup> But according to Jim Walker, Miami maritime attorney, "the IMO guidelines are not law and there is no consequence if the cruise lines ignore the guidelines and recommendations".<sup>13</sup> With this kind of lack of regulation, consumers have no way of knowing whether or not their safety is accounted for.

While the IMO has, to date, not had any actual control of their guidelines and regulations, rules were adopted in 2010 to address safety precautions on new ships. They required any large cruise ship, built from that year on, to have a separate propulsion system in order to maintain steering in case an engine was disabled by fire or breakdown. It also mandates that ships be able to maintain necessary services such as, sanitation, consumables and lighting - in order to maintain a habitable environment for travelers.<sup>14</sup> While regulation of the industry is just now starting to take shape, and the cruise industry growing faster than any other travel industry, we can expect major reforms to begin over the next several years not only in the United States government, but internationally.

While the cruise industry has proven to be the fastest growing industry in the travel world, there are a few hurdles that stand in the way of their continued growth(insert reference). Many forms of travel, such as planes, trains, and even cars, have adapted to the wireless world

---

<sup>12</sup> "Default About IMO //." *About IMO*. N.p., n.d. Web. 14 Dec. 2015.

<sup>13</sup> CBS News, No central agency oversees, inspects cruise ships. (2013, February 16).

<sup>14</sup> CBS News, No central agency oversees, inspects cruise ships. (2013, February 16).

and modified existing forms of transport with WiFi technology in order to allow their customers to always stay connected.<sup>15</sup> However, the cruise industry has been lagging behind their counterparts in this field. As stated earlier, cruise lines are just now starting to get into the free internet access on their ships. Some ships have had WiFi technology, but the cost to stay connected is astronomical - the unlimited beverage package is a better deal! In order to keep interest in the cruise industry and prevent consumers from switching to different types of travel experiences, companies have delved into newer technologies and entertainments; new shows, robotic bartenders, celebrity restaurants, theme-inspired cruises, and promotional events. Not only will these new experiences keep interests high, new technology, innovation, and design will keep costs low. The cruise industry has just just started setting sail, and there's no signs of it slowing down.

---

<sup>15</sup> Polat, N. (2015). Technical innovations in cruise tourism and results of sustainability. *Procedia - Social and Behavioral Sciences*, 195, 438-445.

## BIBLIOGRAPHY:

## Academic Sources:

Dwyer, L. , & Forsyth, P. (1998). Economic significance of cruise tourism. *Annals of Tourism Research*, 25(2), 393-415.

Polat, N. (2015). Technical innovations in cruise tourism and results of sustainability. *Procedia - Social and Behavioral Sciences*, 195, 438-445.

Pino, G. , & Peluso, A. (2015). The development of cruise tourism in emerging destinations: Evidence from salento, italy. *Tourism and Hospitality Research*.

Sun, X. , Jiao, Y. , & Tian, P. (2011). Marketing research and revenue optimization for the cruise industry: A concise review. *International Journal of Hospitality Management*, 30(3), 746-755.

Parnyakov, A. (2015). Innovation and design of cruise ships. *Pacific Science Review*.

## Non-Academic Sources:

"Default About IMO //" *About IMO*. N.p., n.d. Web. 14 Dec. 2015.

Bailey, K., Mansour, S., Silue, R., & Singleton, D. (2004). Sustainable Tourism and the Cruise Line Industry.

Nassauer, S. (2010, March 3). What It Takes to Keep a City Afloat. Retrieved December 14, 2015, from <http://www.wsj.com/articles/SB10001424052748704486504575097423296506784>

Elliott, C. (2015, October 15). Here's why cruise ship Wi-Fi is about to get way better. Retrieved December 14, 2015, from <http://fortune.com/2015/10/15/cruise-ships-tech-wifi/>

No central agency oversees, inspects cruise ships. (2013, February 16). Retrieved December 14, 2015, from <http://www.cbsnews.com/news/no-central-agency-oversees-inspects-cruise-ships/>