

New horizons: How Covid changed cruise



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Pre-Covid

- Robust growth
- Key decision-making factors for consumers were price, itinerary and self-congruity
- More about educating consumers about all the different kinds of cruises
- Health & safety were not a big concern
- People accepted risk is inherent in travel but people choose to cruise **especially because they see it as safe and they trust the cruise lines** to look after them
- Cruise industry leader in prevention and management of health risks

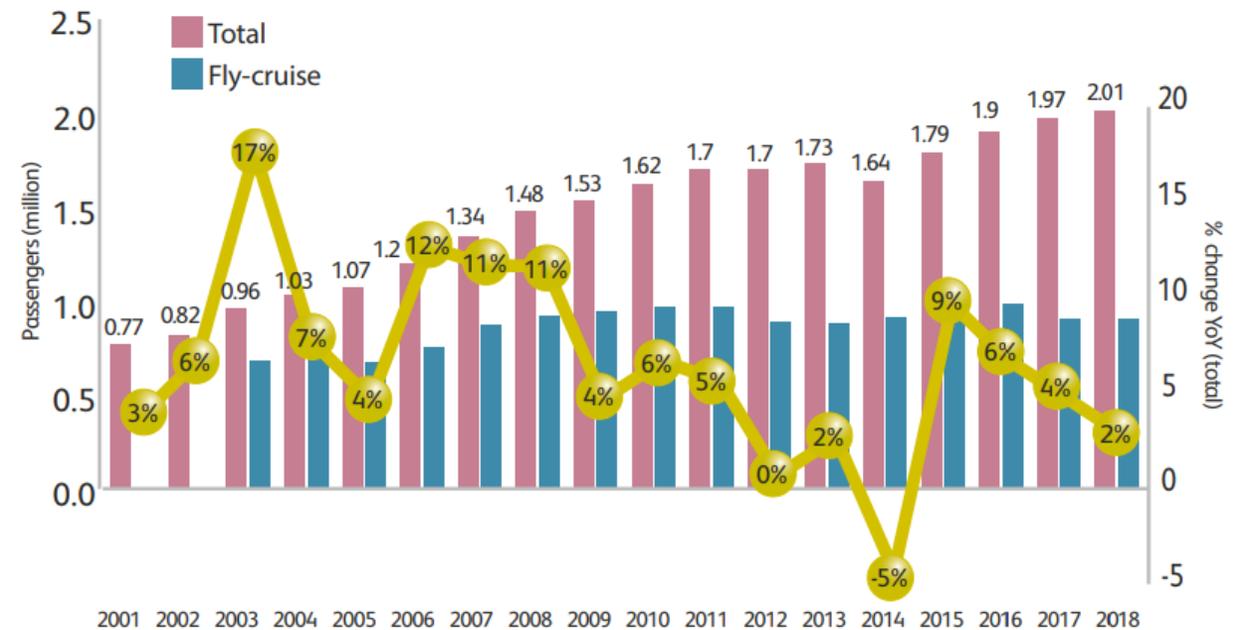
71% of people feel a cruise is the safest form of travel

(G.P. Wilde for CLIA, 2017)

- High proportion of the UK population have not cruised yet compared to other markets
- UK cruise market 3rd highest volume but still very low
- Prior to 2020, steady growth in number of cruisers (7% for 2017-2018)
- Strong UK domestic market with 42 cruise ports

58% of International Travellers who have never cruised are likely to cruise in the next few years

(CLIA-Qualtrics, 2020)



Source: Clia/ONS

Covid

- 2020 should have seen 32 million passengers
*2 million people cruising out of the UK
- Global industry was worth \$150 billion
£10 billion to the UK economy
- At least 50 ships with confirmed cases
- 83 directly linked deaths
- Several lines restructuring
- 18 cruise ships at least have been sold
- Widespread cancellations and disruption
- \$50 billion in losses across the sector
- 1.17 million job losses



Stability and resilience

April 2020 CruiseCompete

40% increase in bookings

Spring 2020 CLIA

75% of cruisers very likely/likely to cruise again
(compared to 79% pre-covid)

May & June 2020 Silver Travel

25% say never travel long haul again
30% don't plan to travel until 2022

74%

of cruisers are likely to cruise in the next few years

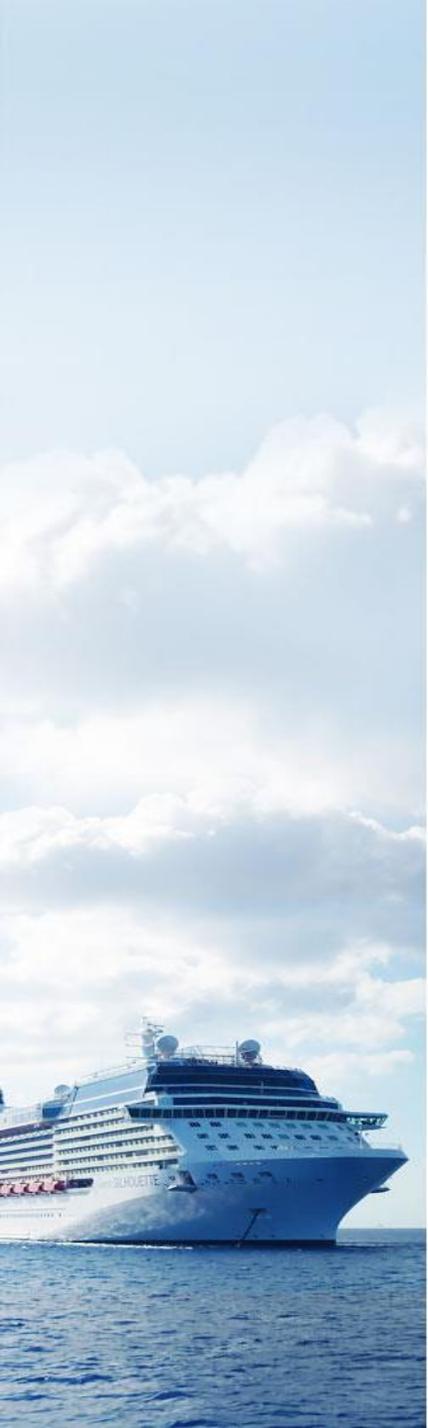
2 out of 3

cruisers are willing to cruise within a year

58%

of international vacationers who have never cruised are likely to cruise in the next few years





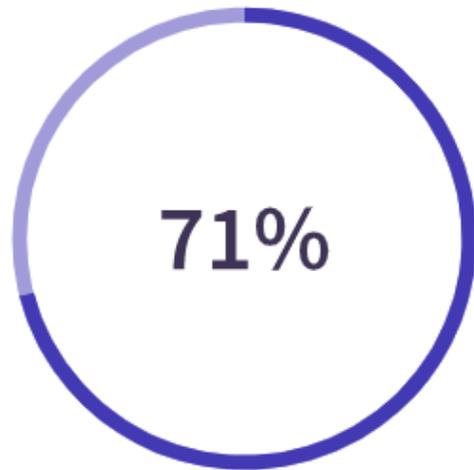
- Research shows majority people felt very safe onboard during the initial outbreak
- Highlights how important communication is to foster trust
- When information not given often those passengers felt anxious and less trusting
- Interviews with cruisers were who onboard that were quarantined or stuck at sea told me they felt safe at the time and most still believe the cruise lines did every thing possible to protect them (even after testing positive for COVID-19)

“I felt safer onboard than anywhere else on earth”

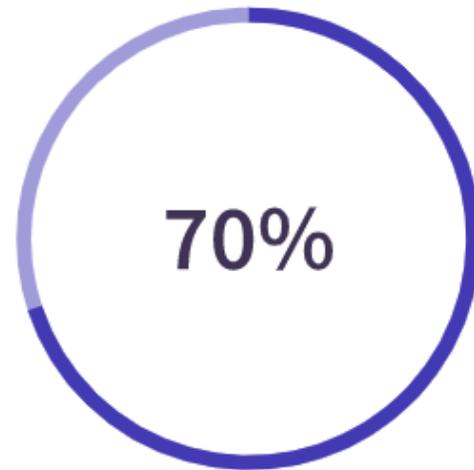
“This was my best cruise ever”

Changes in consumer sentiment

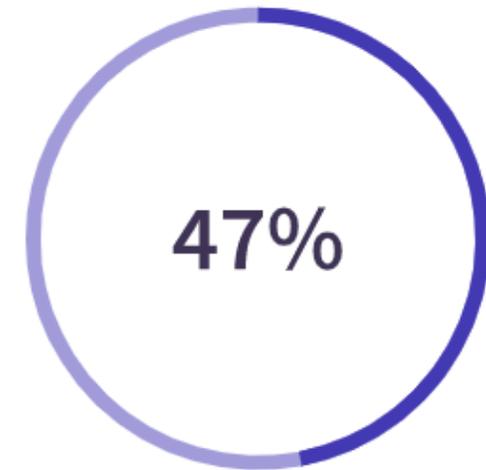
Based on survey of 613 respondents in the UK and Australia - July 2020



Less willing to cruise



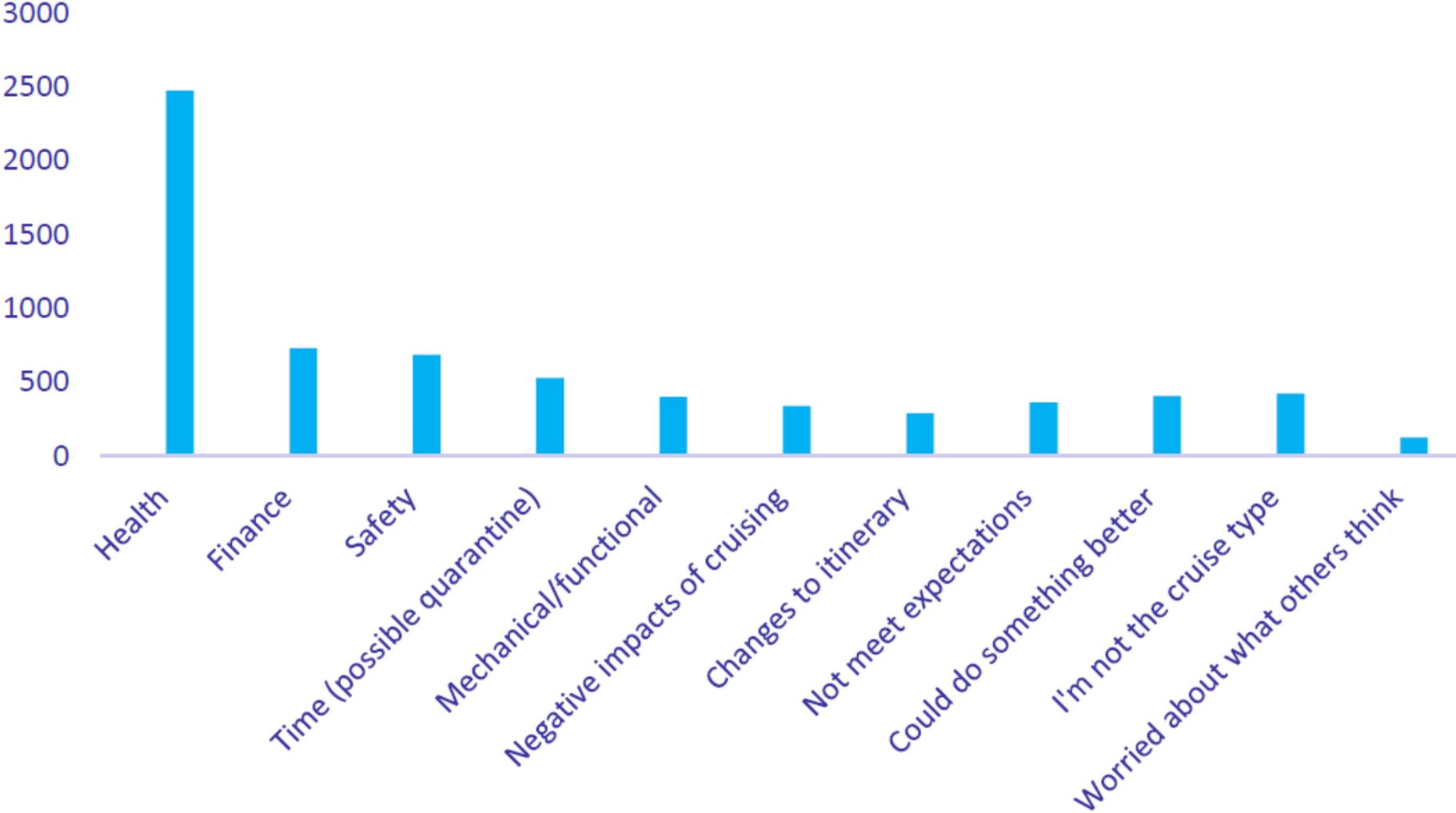
Feel less positive about
cruising



Have less trust in the
cruise lines looking
after them if something
went wrong

*60% of respondents had cruised at least once

What concerns you the most?



Current Situation

Several brands have restarted since last July

Over 400,000 passengers have sailed with 50* confirmed cases

TUI - 84,000 guests onboard since July – only 4 positive cases found in pre-embarkation testing

Dream has welcomed over 100,000 passengers since November with no outbreaks

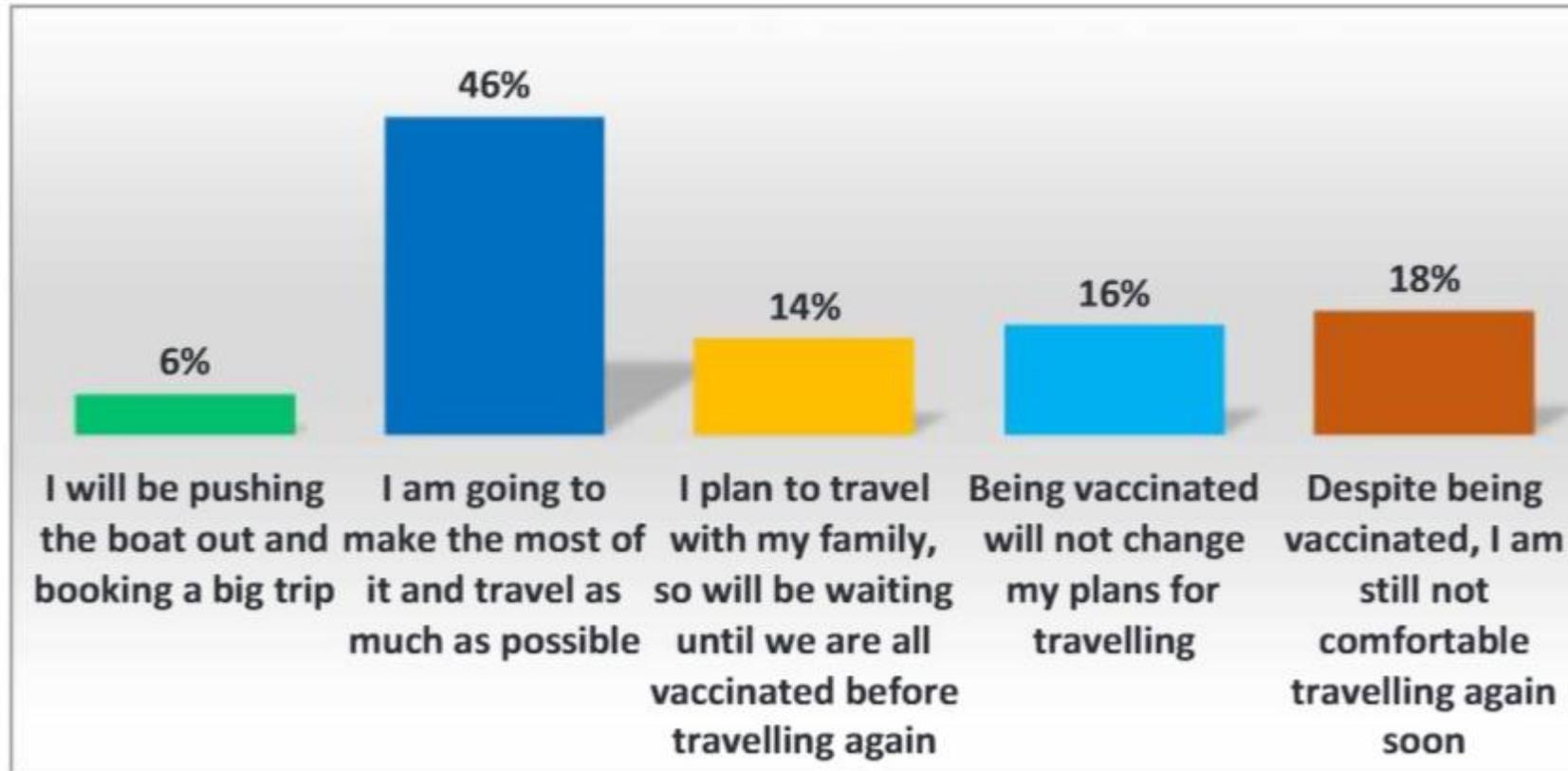
Bookings are high as a result of pent-up demand

Regional markets re-opening with UK on May 17

Key to long-term recovery for those new-to-cruise will depend on image held of cruising before covid



How will having the freedom to travel safely, once vaccinated, affect your travel plans?



86% of Silver travellers say they will spend as much as or more on travel in the next year

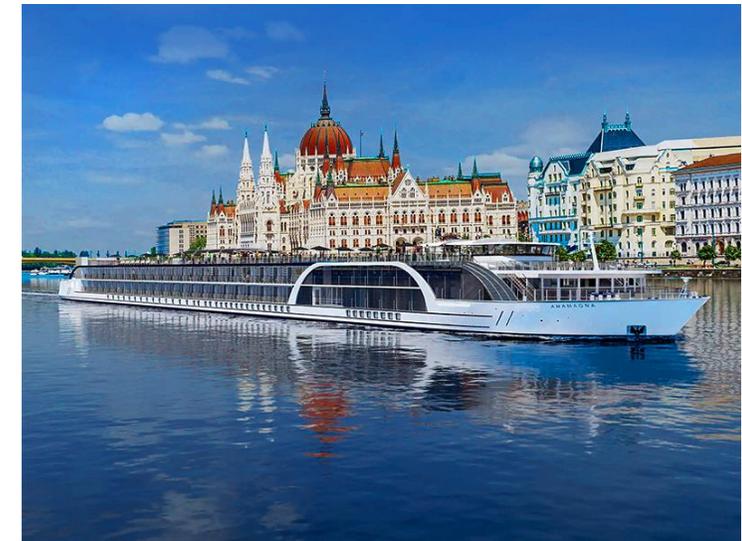
(Silver Travel Report, February 2021)

Looking to the Future

- Significant pent-up demand
- Reputation of the cruise line will be more important
- Cruise closer to home
- Anxious about international travel
- Cruise to “safe” destinations
- Want more reassurance
- Trust will be very important

Shifting demand

- Choose larger and outside cabins & plan to upgrade to suites
- Willing to pay more for enhanced cleaning measures
- Plan to choose smaller cruise ships
- Plan to try river and expedition
- Pricing and Incentives
- Plan to book direct
- Opportunities for innovation and personalization



(AMA Waterways)

Key points

- Cruising is still safer than any other form of travel
- Need to clearly show potential cruisers enhanced health protocols and measures
- To attract new-to-cruise we need to promote more about what we are doing right
 - Sustainability initiatives
 - Advances in technology for emissions
 - Health and safety best in the world
- Return to pre-pandemic levels unlikely until 2023

The cruise industry is resilient and has 180+ years of safely taking people on holiday and we will emerge better and stronger with innovations in the guest experience

The cruise industry can lead the way forward for global tourism recovery and has shown travel can be resumed safely and responsibly





QUESTIONS?

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