TOURISM ECONOMICS
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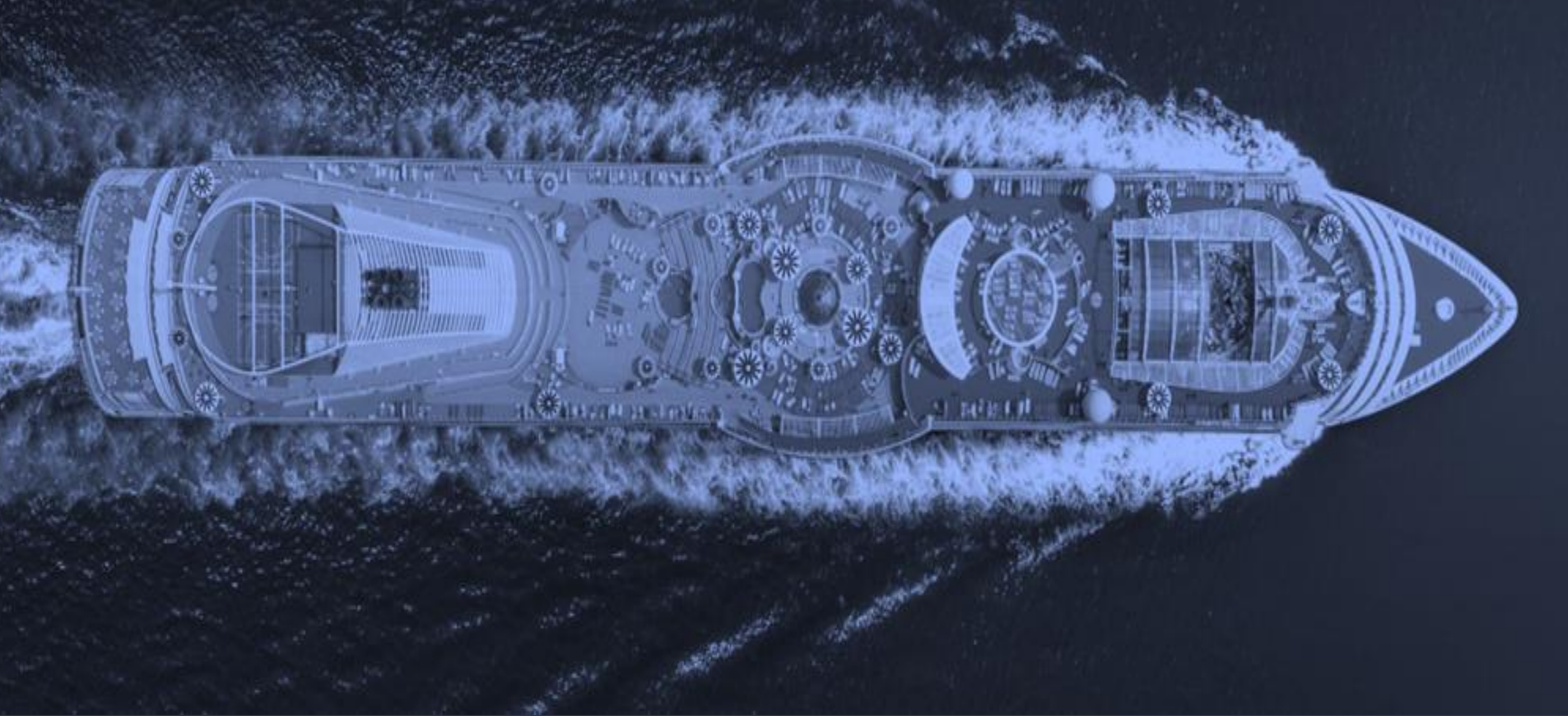
Cruise Trends Survey Summary Report



March 2024

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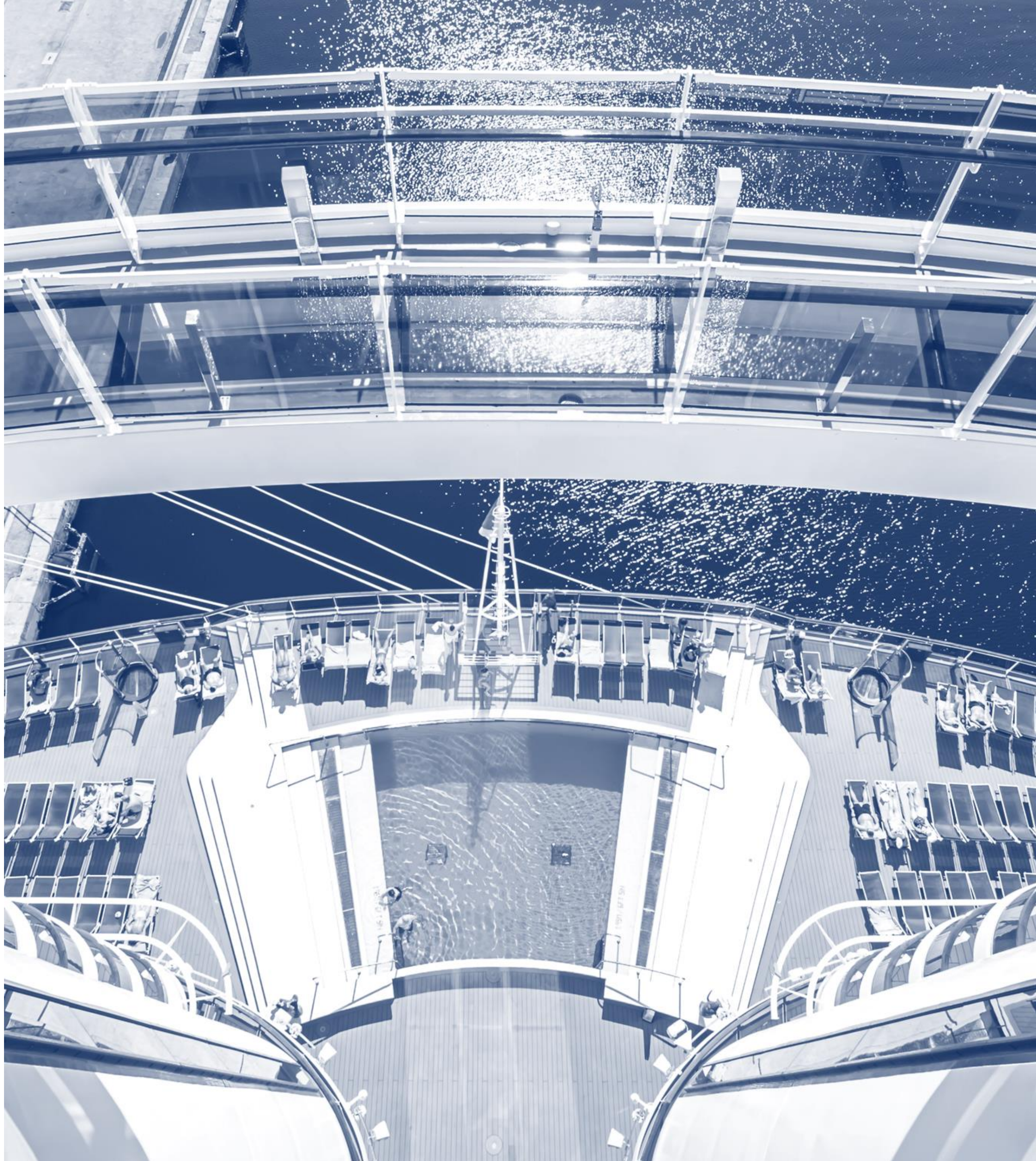


Foreword

Tourism Economics, an Oxford Economics company, is pleased to share results from our inaugural Cruise Trends Survey with valued partners.

It is an exciting time for the industry with a strong outlook. The research indicates strong demand for cruises which supports our Cruise-Intelligence Platform forecasts as we anticipate global cruising passenger capacity to increase 7% in 2024.

The industry is responding to demand trends; we expect global cruise passenger capacity to reach 18% above pre-pandemic peaks this year. Cruise lines are also innovating with new experiences and routes to satisfy more personalised consumer preferences.

This report includes an overview of key findings from research we conducted in Q4 2023 across five key cruise markets.

Our goal is to provide the cruise industry with comprehensive market intelligence to enable effective capitalisation on the significant growth potential in the industry.

We hope you find this report useful and welcome any questions or feedback.

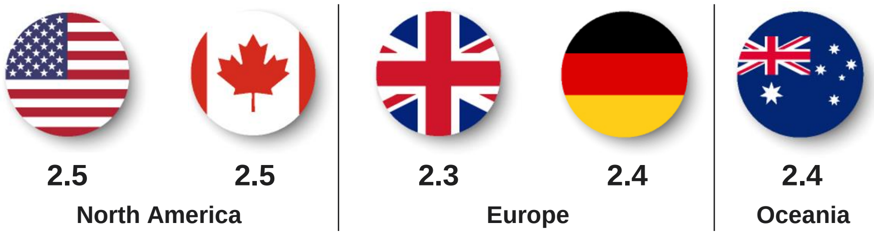
Adam Sacks
President, Tourism Economics

Cruise Passenger Profile

- Cruise passengers tend to be aged 55 years or above. UK customers had the oldest profile with 79% aged 55+. Meanwhile, German customers had the youngest profile with 49% younger than 55 years.
- The most common age group in each market, except Germany, was 65+, accounting for around 50%.
- The average age of German customers was significantly lower compared to other markets (52 years versus 60 years) due to the higher share of customers aged under 65+.
- The most common party type was couples, accounting for between 47% (US customers) and 64% (UK customers). The highest incidence of customers with children was in the US and Germany (~20%) which reflects their younger profile.
- The average party size was around 2.5 people in each market.

Average party size (by market)

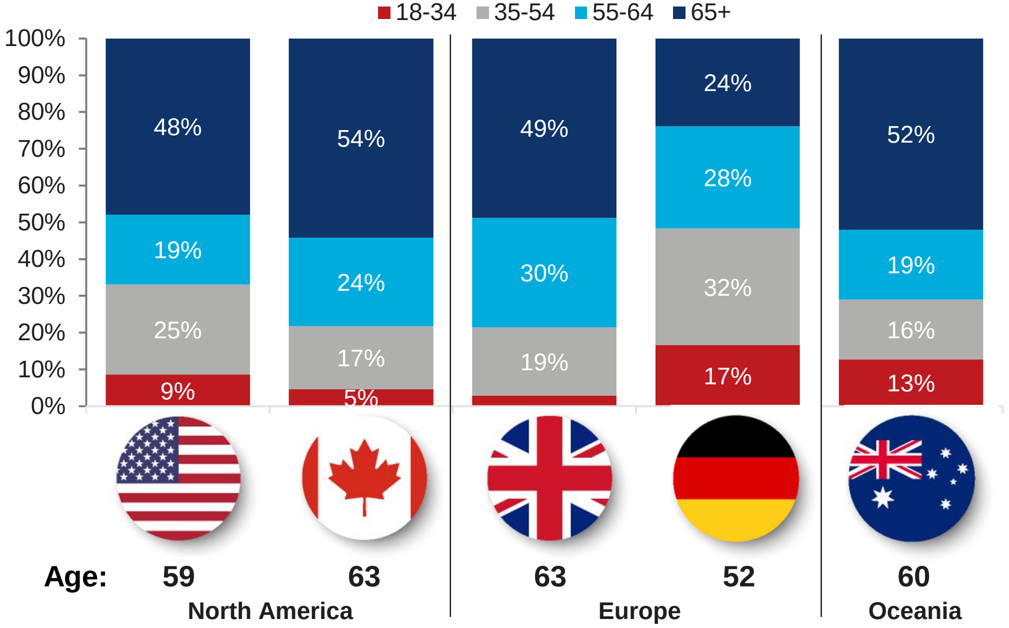
Average number of adults and children in travelling party*



**Weighted average derived using group size composition assumptions*

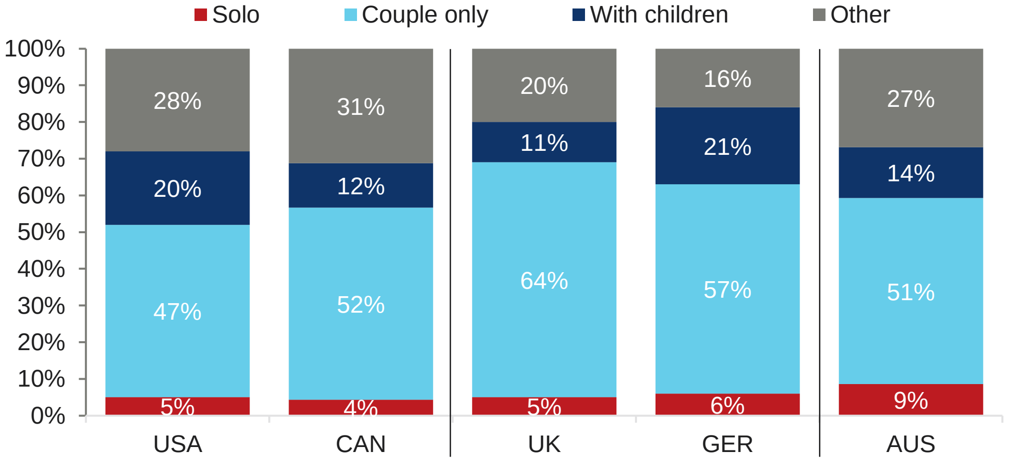
Age profile (by market)

Age group and average age (in years)



Travelling party profile (by market)

Composition of travelling party*



**Other includes family groups without children, individuals cruising with a friend or groups of friends.*

Cruise Location

- Cruise regions visited are heavily influenced by customer origin. North Americans were more likely to undertake a cruise in the Caribbean or Alaska/British Colombia while Europeans were more likely to go on a cruise in the Mediterranean or Northern Europe. Similarly, Australasia was a key cruise region for Australians with 79% market share.
- Aligning with the above dynamic, the most common embark ports were typically in or close to customers' own country.
- Highlighting a clear customer preference, the vast majority undertook a roundtrip cruise (embarking and disembarking from the same port). This was most pronounced among US, UK and German customers with 80% or more undertaking a roundtrip.

Top five embark ports (by market)

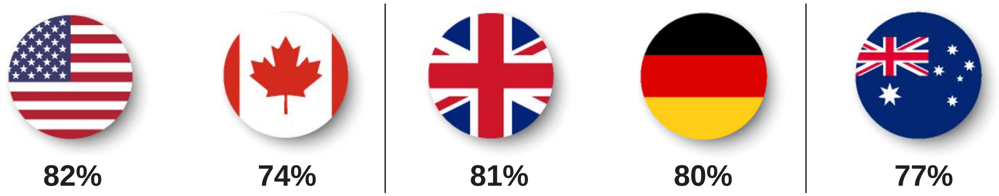
Proportion of respondents who embarked on cruise at port

	USA	CAN	UK	GER	AUS
#1	Miami 15%	Vancouver 23%	Southampton 38%	Hamburg 23%	Sydney 34%
#2	Fort Lauderdale 14%	Fort Lauderdale 18%	Barcelona 7%	Kiel 15%	Brisbane 17%
#3	New York City 12%	Miami 7%	Miami 6%	Palma de Mallorca 8%	Melbourne 13%
#4	Port Canaveral 9%	Barcelona 5%	Palma de Mallorca 4%	Barcelona 6%	Vancouver 3%
#5	Los Angeles 6%	Rome* 4%	Athens/Piraeus 4%	Genoa 5%	Auckland 3%

Note: * Rome/Civitavecchia

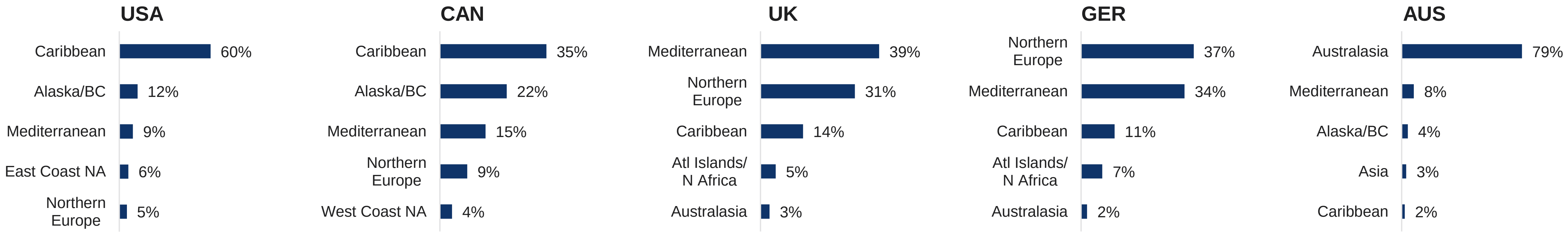
Roundtrip cruises (by market)

Proportion of respondents who returned to same port to disembark cruise



Top five cruise regions (by market)

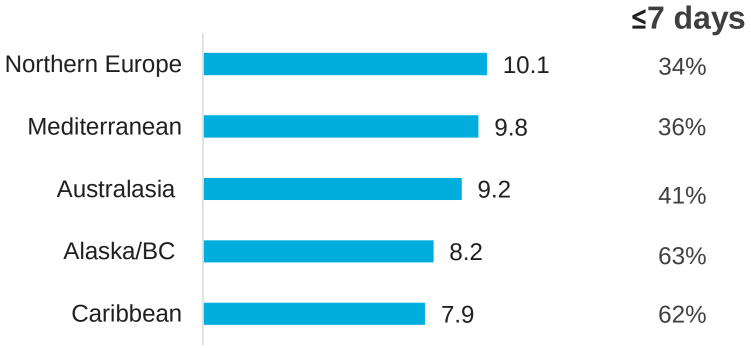
Proportion of respondents who undertook a cruise



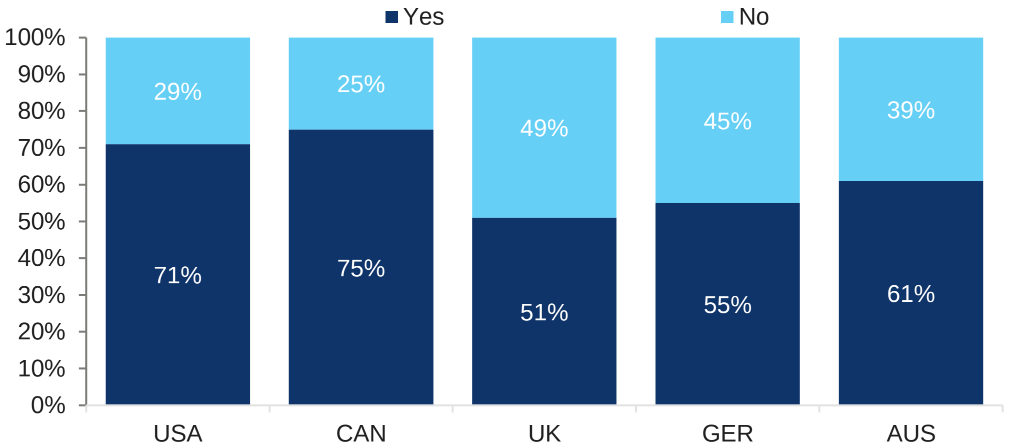
Cruise Length

- North Americans were most likely to stay at the port before or after their cruise. Europeans were least likely to do this, although around half stayed overnight in the port as part of their cruise.
- US customers undertook the shortest cruises of about 8 days on average whereas Brits and Germans undertook the longest cruises of about 10 days.
- The above results are reflected in the cruise regions that customers visited. The longest cruises were in Northern Europe and the Mediterranean while the shortest cruises were in the Caribbean and Alaska/British Colombia.
- Cruise length correlated with age group as those aged 18-34 undertook the shortest cruises (c. 7 days on average) and those aged 55+ undertook the longest cruises (c. 10 days on average).

Average length of cruise (by 5 largest cruise regions)
Average length in days and proportion 7 days or under and 8 days or more



Overnight stay in port as part of cruise (by market)
Proportion of respondents who stayed overnight in the port before and/or after cruise



Average length of cruise (by market)
Average length in days and proportion 7 days or under

	USA	CAN	UK	GER	AUS
Cruise Length:	7.7	9.6	10.3	10.0	9.1
≤7 days	64%	44%	35%	33%	42%

Average length of cruise (by age group)
Average length in days and proportion 7 days or under

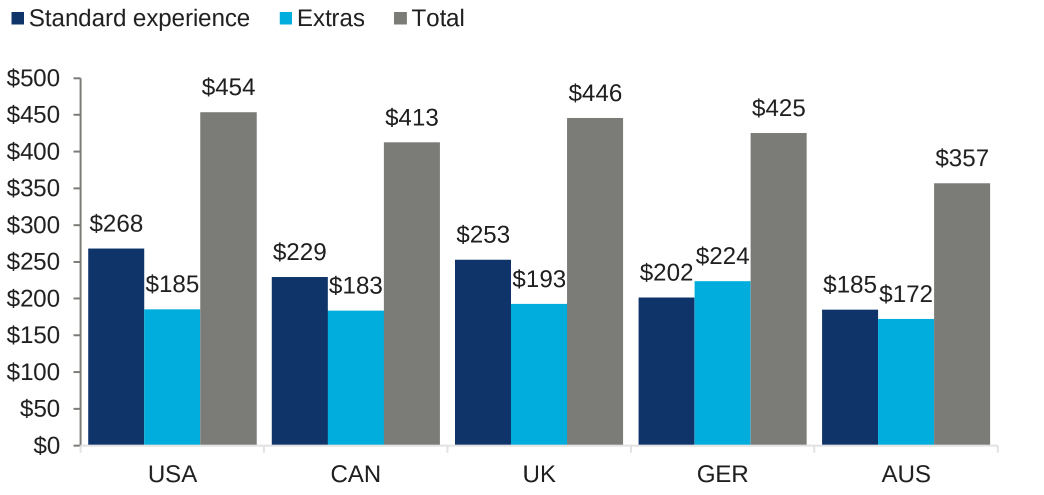
	18-34	35-54	55+
Cruise Length:	7.2	8.2	9.6
≤7 days	66%	54%	42%

Cruise Spend

- Customers spent between $268 (Americans) and $185 (Australians) per person per day for the standard experience, excluding additional services offered during the cruise.
- Factoring in extras such as alcoholic drinks, tours, gratuities and specialty food, the overall spend per person per day ranged from $454 (Americans) to $357 (Australians).
- Standard experience expenditure was highest among those aged 55+ which highlights a preference for premium operators. Meanwhile, spend on extras was highest among those aged 35-54 which is linked to family groups engaging more with additional services during the cruise.
- Reflecting the customer origins, spend per person per day was lowest in Australasia and notably higher in North American and European cruise regions.

Cruise spend (by market)*

Average spend for standard experience, extras and total spend per person per day ($US)



Cruise spend (by age group)*

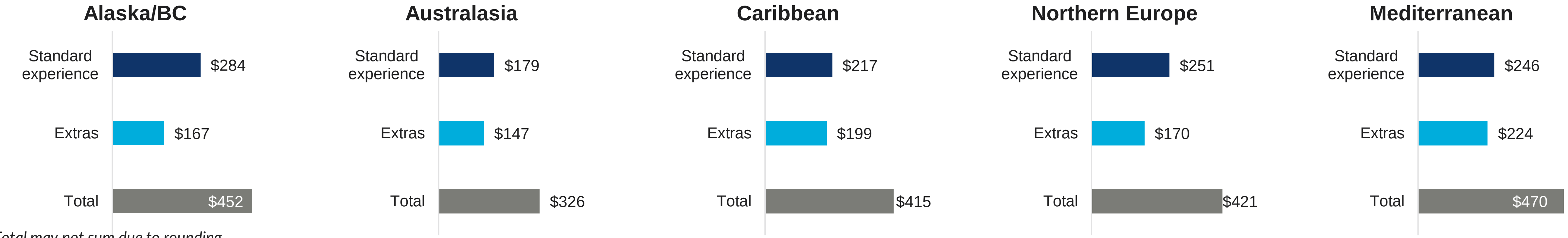
Average spend for standard experience, extras and total spend per person per day ($US)

	18-34	35-54	55+
Standard experience	$200	$212	$245
Extras	$209	$235	$174
Total	$408	$447	$419

Cruise spend (by top 5 cruise regions)*

Average spend for standard experience, extras and total spend per person per day ($US)

Cruise region ordered left to right alphabetically



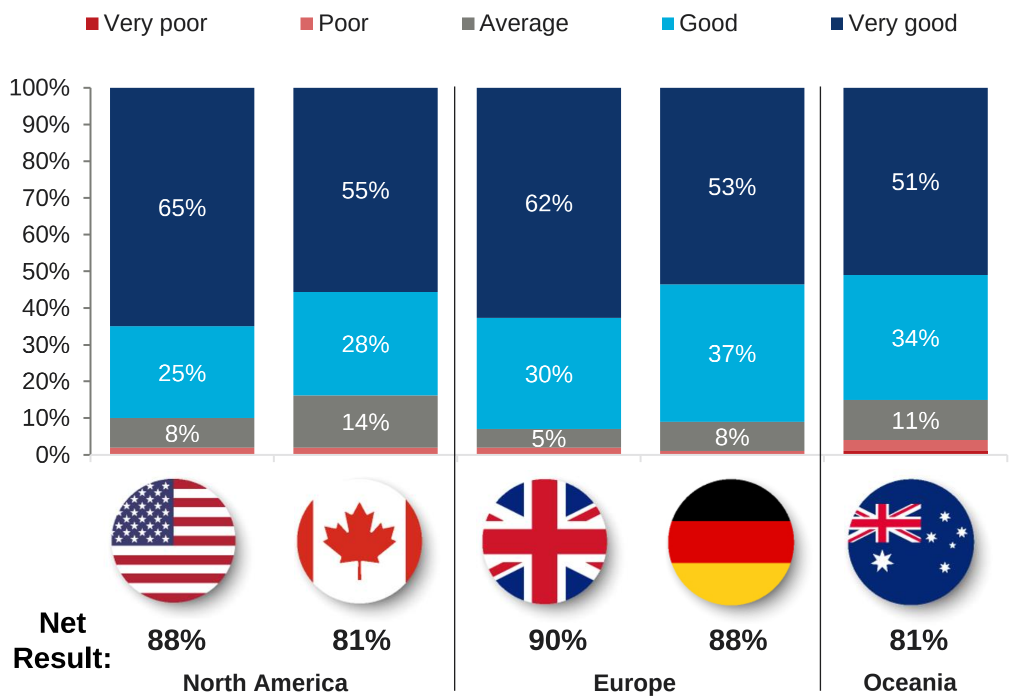
*Total may not sum due to rounding

Cruise Experience

- The industry received high satisfaction marks; more than 80% of respondents rated their overall cruise experience as good or very good in every country. Satisfaction was highest among UK, US, and Germany customers (90%) but lower among Canadians and Australians (~80%).
- Younger customers indicated higher satisfaction than those aged 55+, a key cruise segment in terms of market share. The net result among those aged 18-54 was over 90% compared with 82% among those aged 55+.
- Families with children were most satisfied with their cruise while those who travelled alone and those who travelled in other family or non-family groups were least satisfied.
- There was a clear trend between satisfaction and repeat business as those who indicated they were likely to go on a cruise in the next 12 months had the highest satisfaction.

Overall rating of cruise experience (by market)

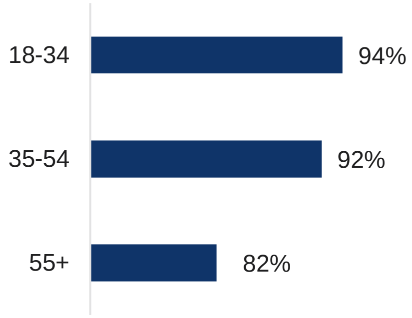
Proportion of respondents and net result (% difference between good and poor)



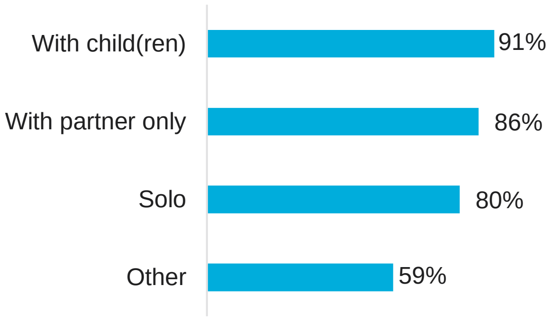
Overall rating of cruise experience

Net result (% difference between good and poor)

By Age Group

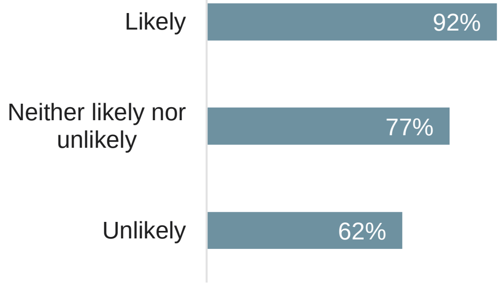


By Party Type



Overall Net Result: 86%

By Likelihood to Cruise (in next 12 months)

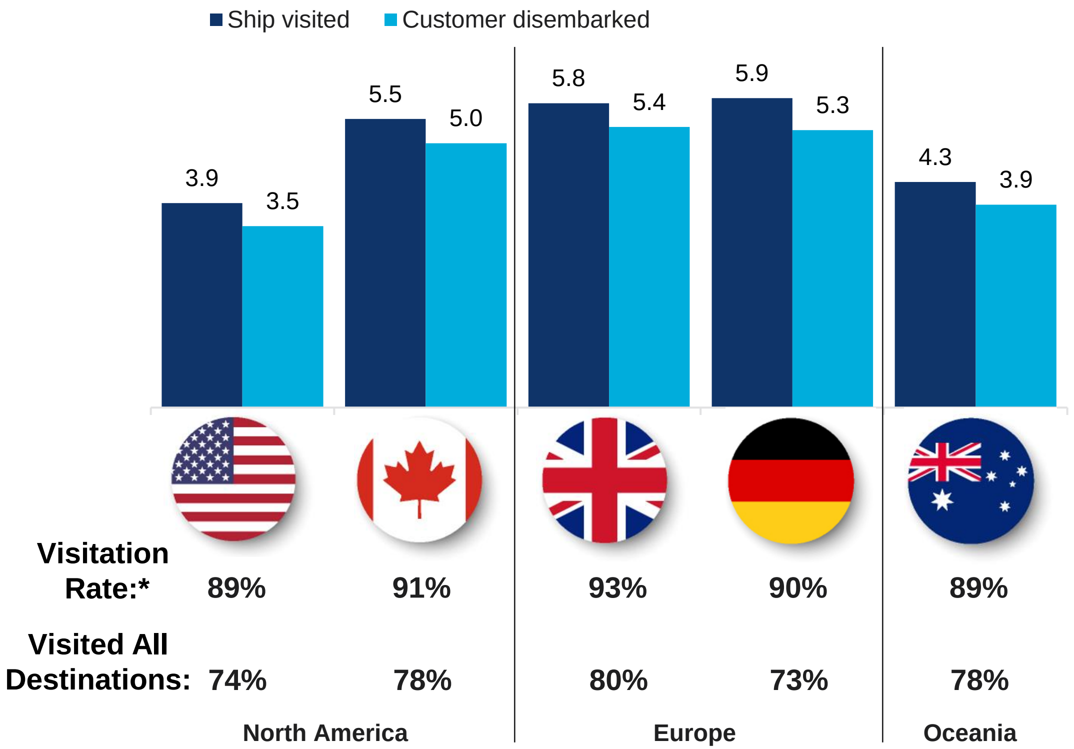


Destination Engagement

- European customers visited more destinations than Northern Americans or Australians due to undertaking typically longer cruises. This result was also influenced by variations in itineraries across the key cruise regions.
- There were similar levels of engagement as the visitation rate was around 90% in each market. Indeed, over 70% of customers in each market visited all destinations in the cruise itinerary.
- Reflecting demographic trends in cruise length, those aged 55+ tended to visit more destinations than younger audiences. Similarly, couples who went on cruises visited more destinations than other party types.
- Again, influenced by cruise length, customers visited the most destinations in the Atlantic Islands/North Africa and the least in the Caribbean, Australasia and West Coast of North America.

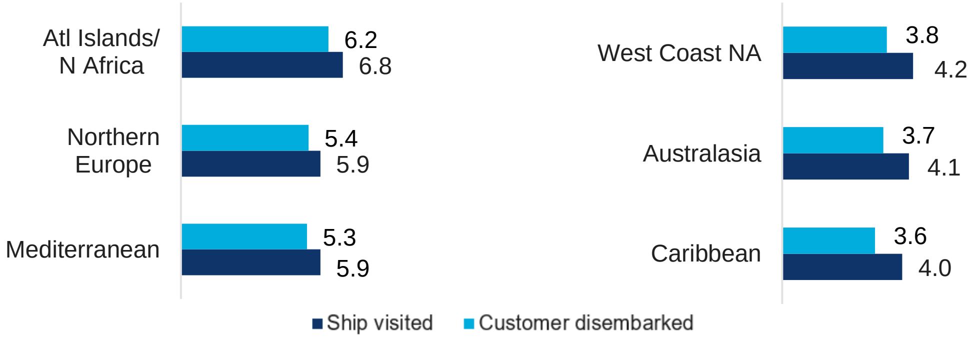
Destinations visited (by market)

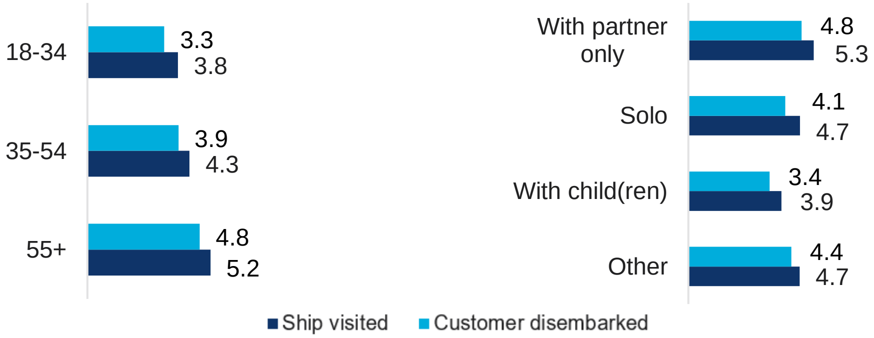
Average number of destinations ship visited and customer disembarked ship to visit



Destinations visited

Average number of destinations ship visited and customer disembarked ship to visit





Note: * Based on number of destinations customers embarked and regions with sample sizes of 30 or above.

Note: * Visitation Rate = proportion of destinations customers visited relative to destinations the ship visited.

Destination Activities

- The activities undertaken in destinations varied by cruise region and customer profile. Overall, the three most common activities were walking around, eating/drinking, and shopping.
- Shopping and eating/drinking was more common than walking around in the Caribbean while in the Mediterranean the key activity was eating/drinking followed by walking around.
- Older customers tended to walk around and interact less with shops and restaurants than younger customers.
- Those aged 18-34 were most likely to eat/drink or shop with 76% and 59% doing so, respectively. These activities were also more popular among families with children (62% and 59%, respectively). Indeed, younger customers and families with children undertook the most activities overall.

Top 5 activities in destinations (by age group and party type)*

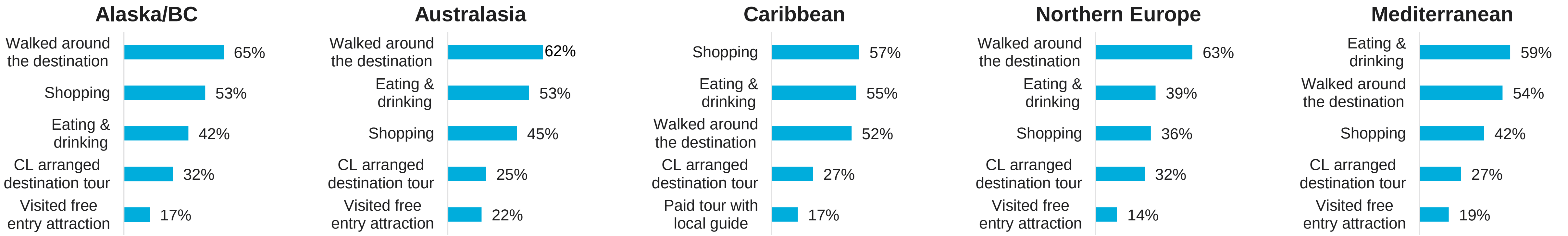
Proportion of respondents who undertook activity

	18-34	35-54	55+
#1	Eating & drinking	Eating & drinking	Walked around the destination
#2	Shopping	Shopping	Eating & drinking
#3	Walked around the destination	Walked around the destination	Shopping
#4	CL arranged destination tour	CL arranged destination tour	CL arranged destination tour
#5	Visited free entry attraction	Visited free entry attraction	Visited free entry attraction
	Solo	**With partner only**	**With child(ren)**
#1	Eating & drinking	Walked around the destination	Eating & drinking
#2	Walked around the destination	Eating & drinking	Shopping
#3	Shopping	Shopping	Walked around the destination
#4	CL arranged destination tour	CL arranged destination tour	CL arranged destination tour
#5	Visited free entry attraction	Visited free entry attraction	Paid tour with local guide

Top 5 activities undertaken in destinations (by 5 largest cruise regions)*

Proportion of respondents who undertook activity

Cruise region ordered left to right alphabetically



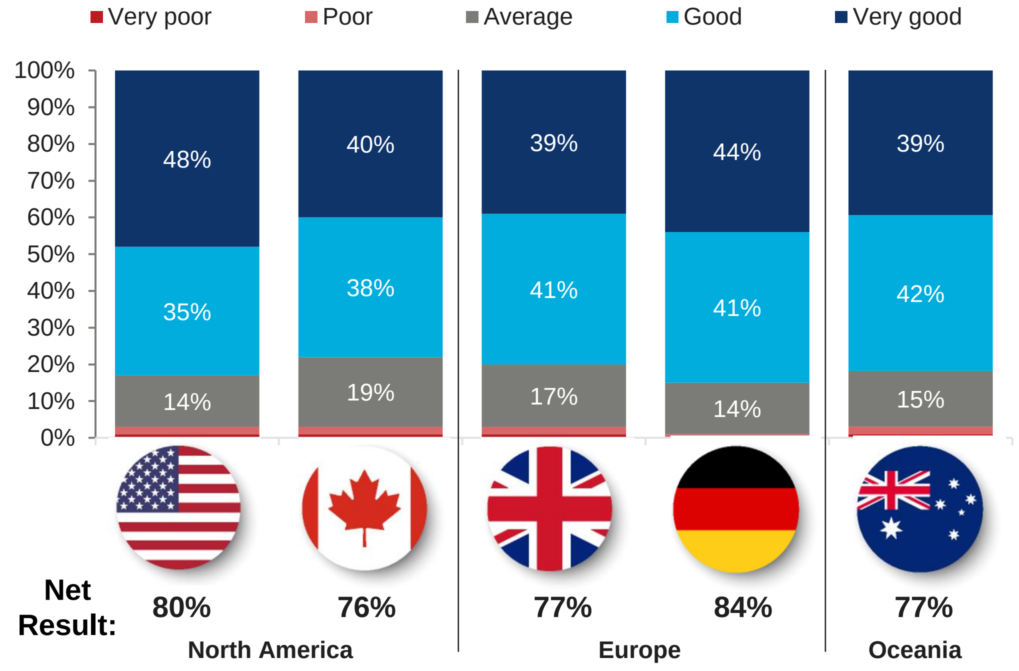
Note: * CL = Cruise Line

Destination Satisfaction

- There was high satisfaction with the destinations visited, although destination satisfaction was below overall cruise satisfaction as the overall net result was nearly 10 ppts lower.
- Germans and North Americans rated destinations above the overall net result while Canadians and Australians rated them below. These results were consistent with overall cruise satisfaction. An exception was Brits who rated destinations below average but had the highest overall cruise satisfaction.
- Destinations in Hawaii, the Atlantic Islands/North Africa and Northern Europe were rated the highest while those in South and Central America and West Coast of North America itineraries were rated the lowest by some distance.
- Consistent with the overall cruise satisfaction results, younger audiences and families with children demonstrated the highest satisfaction with destinations.

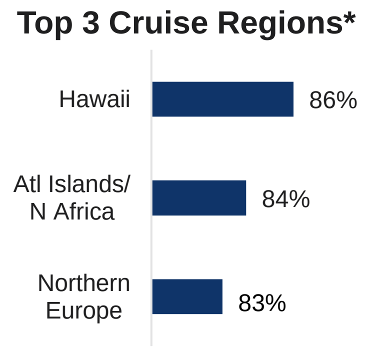
Rating of destination visit (by market)

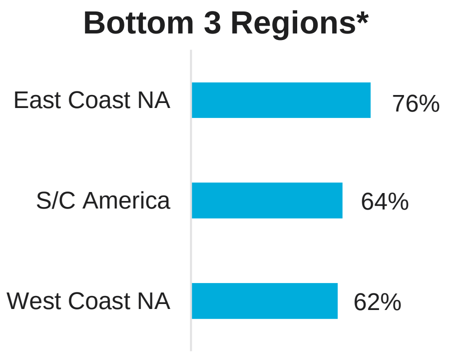
Proportion of respondents and net result (% difference between good and poor)

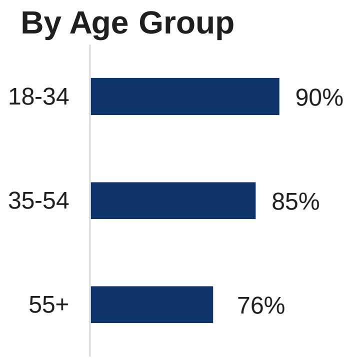


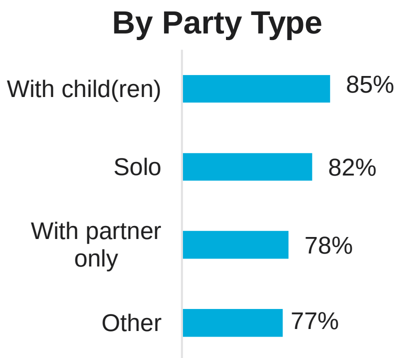
Rating of Destination Visit

Net result (% difference between good and poor)









Overall Net Result: 79%

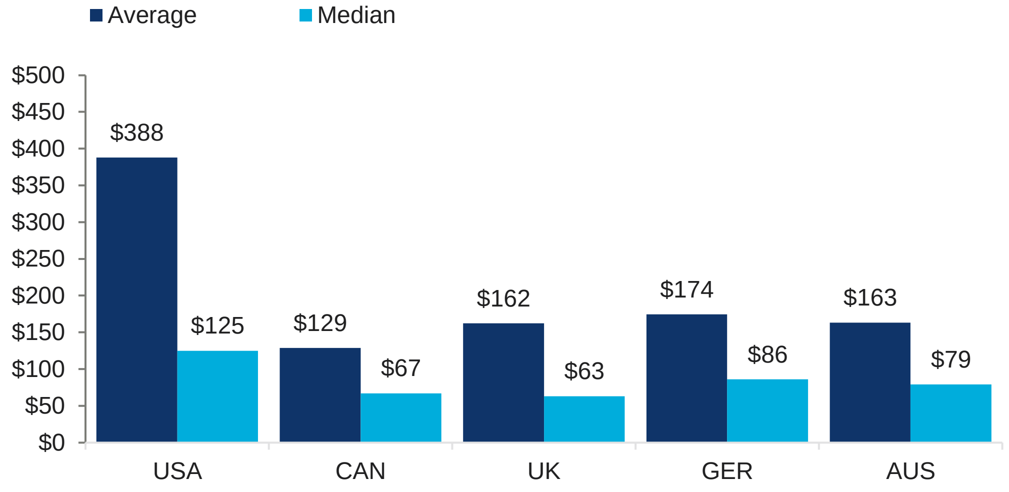
Note: * Based on cruise regions with sample sizes of 30 or above.

Destination Spend

- There were significant differences in expenditure at destinations based on averages and medians. This was due to infrequent high expenditure (e.g., customer purchases of luxury goods).
- US customers spent significantly more at destinations than other markets. This was partly due to undertaking typically shorter cruises compared to the other markets.
- As a result of undertaking the most activities those aged 18-34 spent the most in destinations. Whereas those aged 55+ spent the least, spending around a quarter of that of 18–34-year-olds.
- Influenced by customer origin, cruise itineraries and destination attributes, the highest spend was in the Caribbean destinations and the lowest was in Northern Europe destinations.
- Consistent with the overall cruise satisfaction results, younger audiences and families with children demonstrated the highest satisfaction with destinations.

Destination spend (by market)*

Average and median spend in destination per person per day ($US)



Destination spend (by age group)*

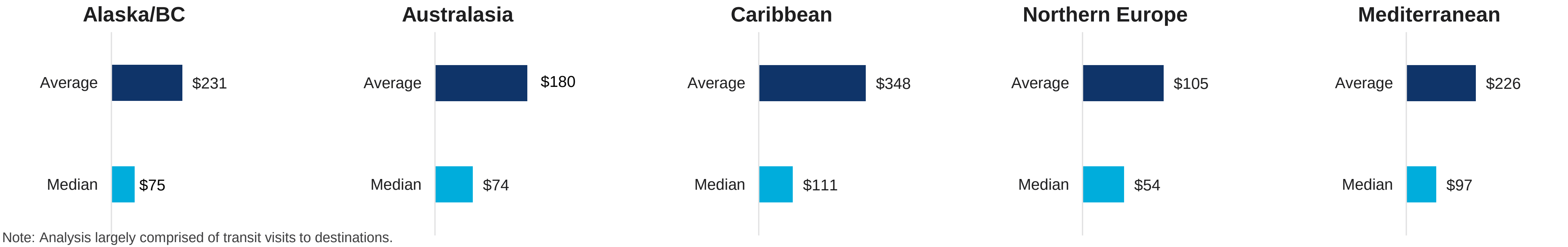
Average spend in destination per person per day ($US)

	18-34	35-54	55+
Average	**$496**	**$464**	**$122**
Median	**$216**	**$164**	**$63**

Destination spend (by top 5 cruise regions)*

Average and median spend in destination per person per day ($US)

Cruise region ordered left to right alphabetically



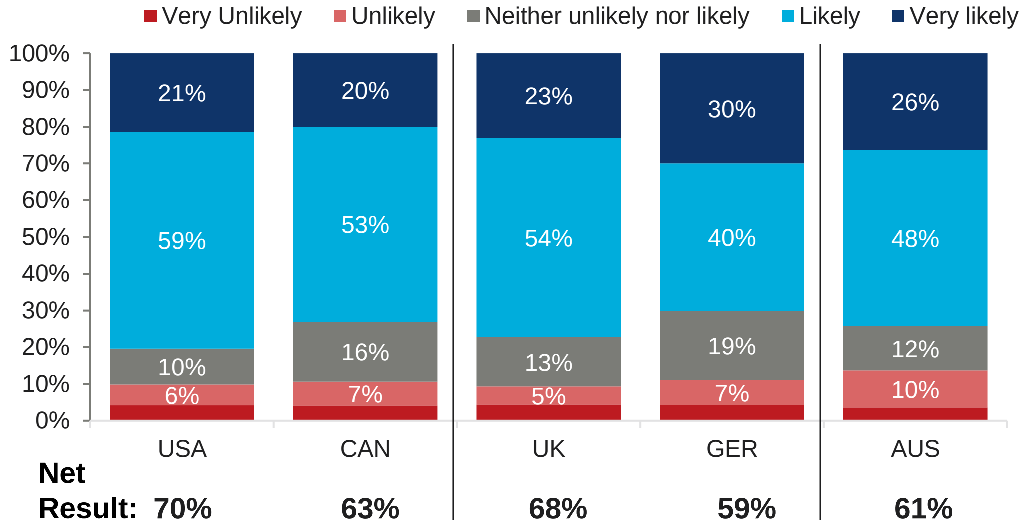
Note: Analysis largely comprised of transit visits to destinations.

Future Cruises

- US customers were most likely to indicate they would undertake a cruise in the next 12 months with 80% stating this was likely or very likely. The next most engaged market was the UK (77%) and followed by Australia (74%).
- Germans were least confident about undertaking a cruise within the next 12 months, although most (70%) still indicated this was likely or very likely. This result was surprising as younger audiences, which account for a large share of German customers, indicate a higher likelihood to undertake a future cruise.
- The Caribbean is the most popular region for future cruises among Americans and Canadians. The Caribbean is also the most popular region, along with Northern Europe, among Germans. Meanwhile, the Mediterranean and Australasia were key regions among Brits and Australians, respectively, which was partly due to ease of access.

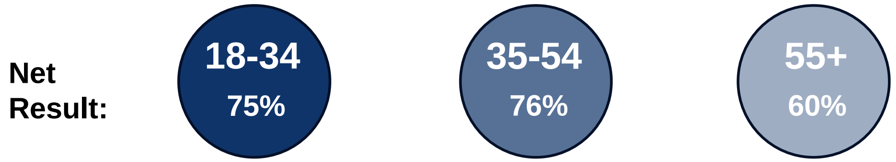
Likelihood to undertake cruise in next 12 months (by market)

Proportion of respondents and net result (% difference between likely and unlikely)



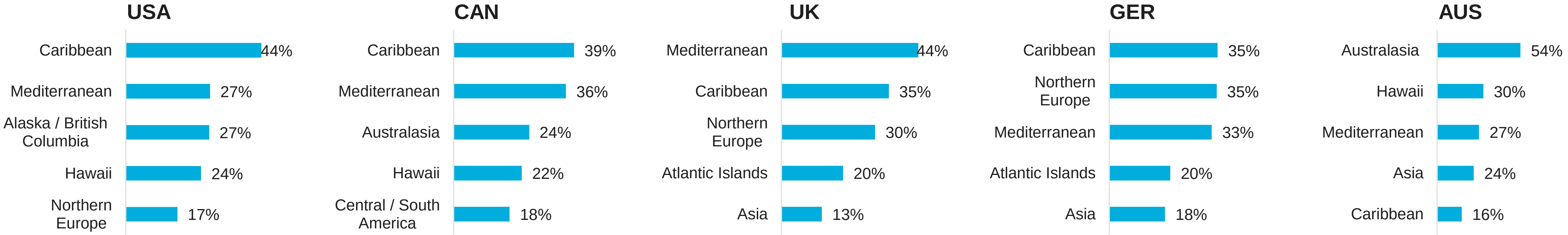
Likelihood to undertake cruise in next 12 months (by age group)

Net result (% difference between likely and unlikely



Top 5 cruise regions for future cruise (by market)

Proportion of respondents showing interest to undertake cruise in region

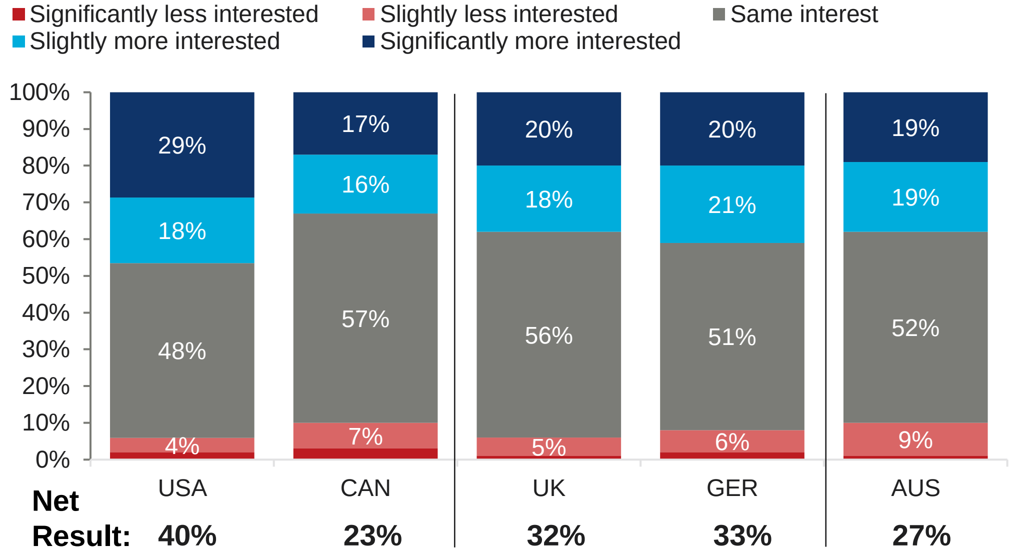


Evolving Preferences

- The outlook is positive as consumers are more interested in cruising now than before COVID-19. This is particularly true for US customers (+40% net result) while Canadians and Australians show the weakest growth in interest which aligns with their lower overall cruise satisfaction.
- Interest in cruising has grown much faster since the pandemic among customers aged 18-34 and those aged 35-54 compared with those aged 55+.
- There is a clear preference for the industry to use smaller and, more so, mid-size vessels now compared to before the pandemic.
- Highlighting a demand for fuller and more attentive experiences, all-inclusive cruises appeal more now. The converse is true for limited-service (e.g., pay as you go).
- Aligning with the above finding, customers are more interested now in longer cruises than shorter cruises.

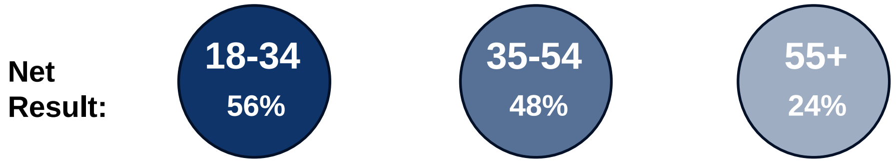
Change in interest for cruising overall vs. before COVID-19 (by market)

Proportion of respondents and net result (% difference between more and less interested)



Change in interest for cruising overall vs. before COVID-19 (by age group)

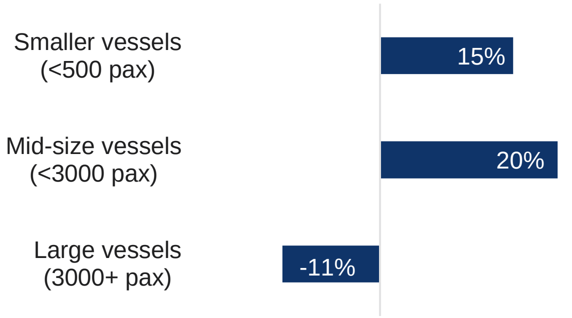
Net result (% difference between more and less interested)



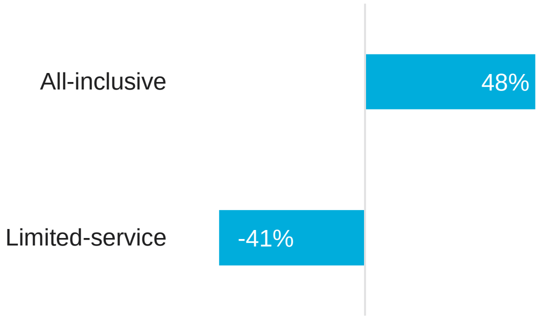
Change in interest for cruising aspect vs. before COVID-19

Net result (% difference between more and less interested)

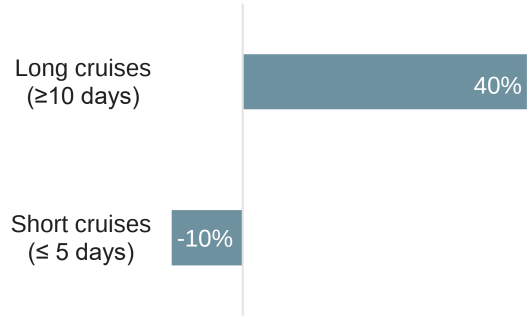
Vessel Size



Service Type



Cruise Length



Conclusions

- A key segment is those aged 65+ accounting for around half of customers in each market, except Germany which has a younger profile. Meanwhile, those under 55 years make up a relatively small share of the market (circa 30%). However, there are contrasting views among the youngest and oldest cruisers with younger audiences demonstrating higher interest and satisfaction with cruising.
- **Action:**
    - **These results signal increased opportunities to attract younger audiences to cruising. New marketing approaches targeting younger audiences alongside existing efforts will help to capitalise on this trend.**
- Cruise selection is heavily influenced by customer profile as consumers tend to choose routes that are more easily accessible within their country or region. Younger audiences and families demonstrate more interest in shorter cruises than older audiences and those cruising without children.
- **Action:**
    - **Developing itineraries to best suit the needs of different customer segments and undertaking targeted, localised marketing are important considerations for cruise operators across regions.**

Conclusions

- Visiting destinations is an integral part of the cruise experience. Cruisers chose to visit around 90% of destinations. However, there is sense that destination experiences are not consistently matching or exceeding customer expectations as around 20% rated the experience as average or poor. This compares to around 10% that rated their overall cruise experience the same way.
- Action:
  - **Continued evaluation of destinations and devising operational improvements when calling at ports will help to drive up destination satisfaction.**

- There are higher levels of interest in cruising now compared to before COVID-19 with US cruisers showing the highest interest uplift. However, there are varying levels of interest towards different cruise aspects. All-inclusive experiences are much more in demand compared to more streamlined services. In addition, there was a clear preference for smaller and, more so, mid-size vessels over larger vessels. This is an interesting finding as significant capacity growth is currently focused on larger vessels based on our Cruise-Intelligence Platform data.
- Action:
  - **Better understanding the specific needs and interests of cruise segments will help to facilitate increased cruise satisfaction and more successful growth.**

Appendix

- **Survey Methodology:**
  - The research was conducted in Q4 2023 via an online survey of consumers in 5 key cruise markets, accounting for circa 70% of historic global passenger volume.
  - Overall, 2,459 survey responses were achieved among individuals who had undertaken a cruise within the last 3 years.
  - Survey responses per market: United States (n=803), Canada (n=416), United Kingdom (n=409), Germany (n=414), Australia (n=417).
  - Additional information about the survey methodology and questionnaire are available upon request.
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