



# CLIA 2006 Cruise Market Profile

## Report of Findings

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Presented to: CLIA

Presented by: Peter Ostrowski  
VP, TNS Travel & Transport



# I. Background and Objectives

In the tradition of bi-annual CLIA consumer surveys since 1986, this 2006 Market Profile Study:

- Sizes the existing cruise market and its potential in the US.
- Identifies cruising and other vacation intent among cruisers and prospects.
- Measures the satisfaction level of travel agent users with their travel agents and provides consumer perceptions of travel agents..
- Surveys cruise patterns such as: number in travel party, relationship to respondent, and length of trip.
- Gauges monetary spending patterns while on a cruise or vacation.
- Evaluates the impact of close-to-home embarkation points.
- Reports the advantages of cruising from different viewpoints – cruisers, non-cruise vacationers.
- Provides a demographic profiles of cruisers & non-cruiser vacationers.

## II. Research Methodology

The sample criteria and data collection for the 2006 study are as follows:

- 2,482 national online interviews
- Adults 25 years or older
- Household incomes \$40,000 or higher (encompasses 97% of cruise market based on findings from the 2002 CLIA Industry Study)
- Half male, half female
- Balanced national sample derived from TNS' Panel of over 1,000,000 U.S. households.
- Interviewing was conducted from February 2nd to February 10th, 2006.

## II. Research Methodology (cont.)

- Individuals were screened, and based on their responses, fell into one of the following three categories:

Segment	# Completions
1. Cruiser (one who has ever taken a cruise)	1,150
2. Vacationer (one who has taken a vacation away from home (but <u>not</u> a cruise) for at least 3 nights in the past 3 years) and has not taken a cruise	1,174
3. Non-cruiser/Non-vacationer (one who has neither cruised nor taken another type of vacation in the past 3 years)	158
<b>Total</b>	<b>2,482</b>

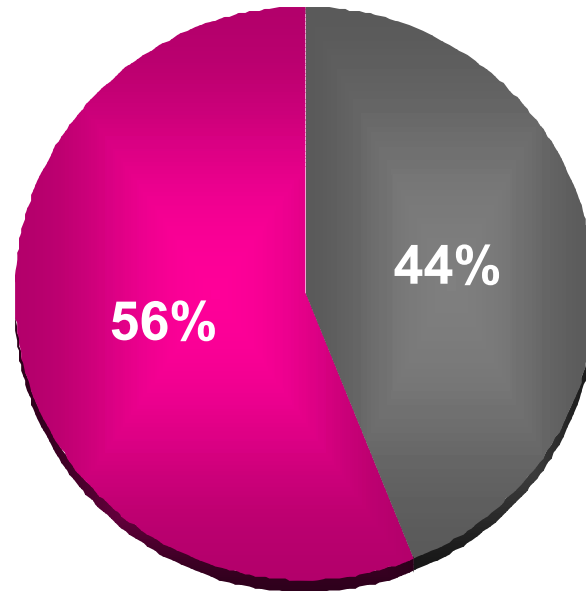
- Cruisers responded to questions about their most recent voyage, vacationers about their most recent trip, and non-travelers were asked demographic questions.

# Relationship of Sample to Total Population

- Sample definition: Individuals 25 years or older/household income of \$40,000 or more

**Total U.S. Population - 2006**  
(289,092,000)

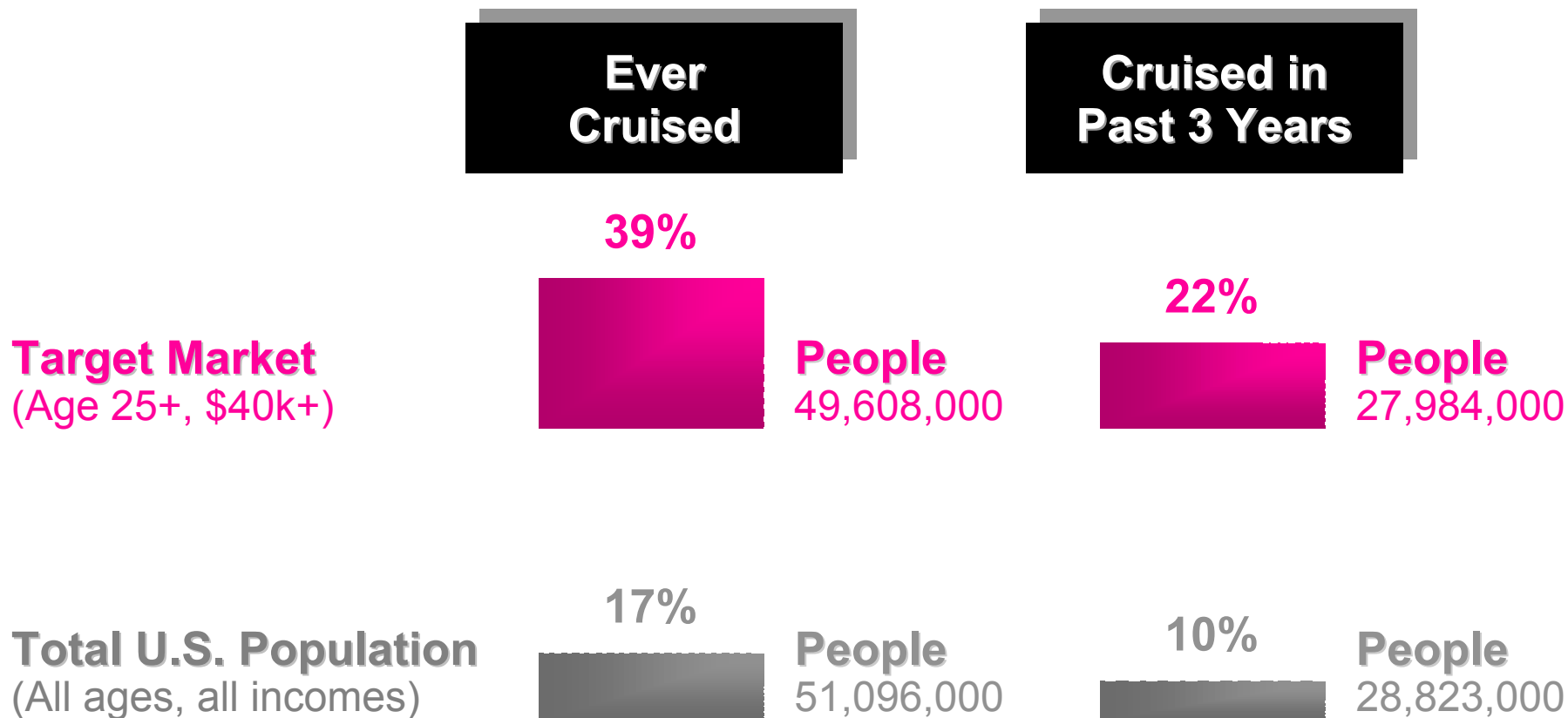
Not included in  
sample definition  
(161,892,000)



Included in  
sample definition  
(127,200,000)

# III. Incidence of Cruising

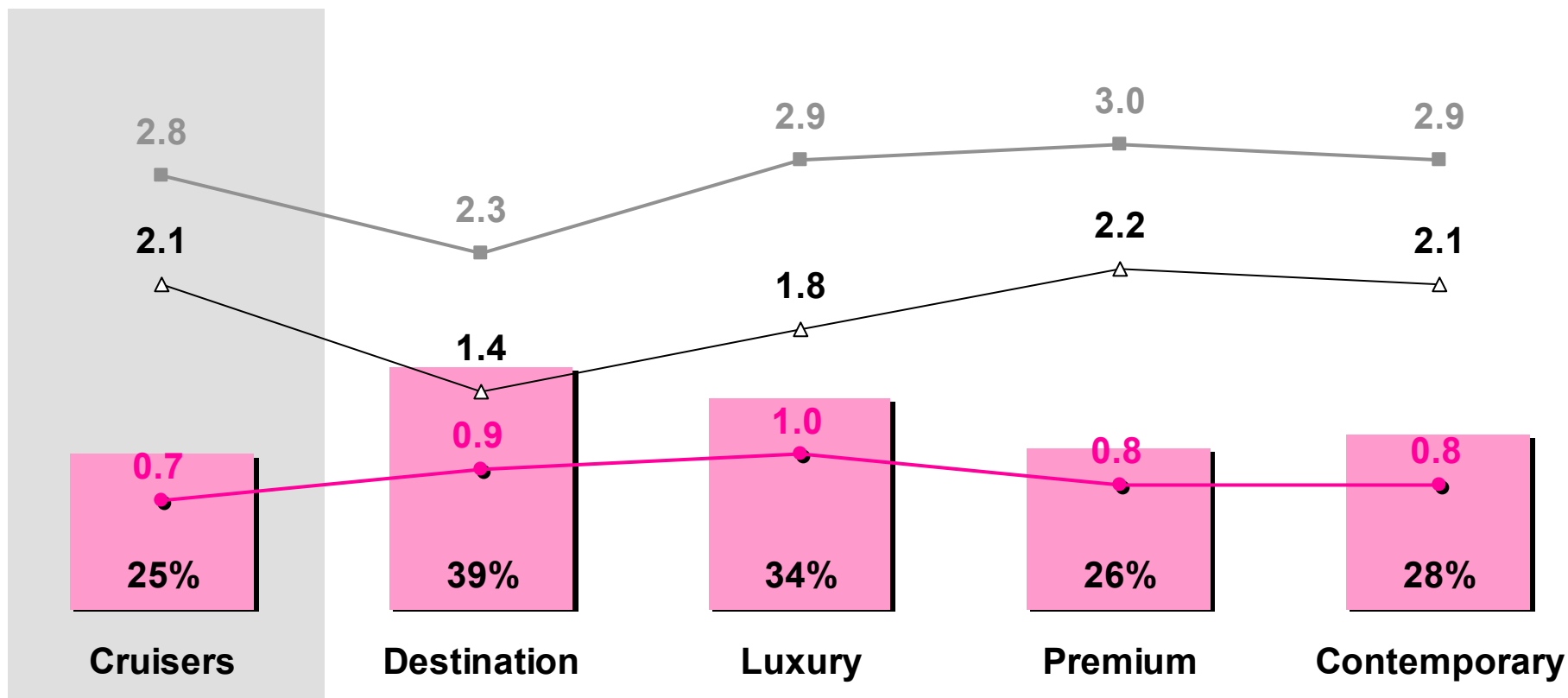
- Approximately 51 million people have cruised at least once; of these, nearly 29 million have cruised in the past three years



# Vacations in the Past that Totaled Three Days or More

- On average, one in every four trips (25%) that a cruiser takes is a cruise.

■ Percentage cruises —△— Non-cruise vacations (3+ days) —●— Cruise vacation (3+ days) —■— Total vacations



# Cruising in Comparison to Other Types of Vacations Taken in Past 3 Years

- Trips to visit friends and relatives and land-based trips that are not part of a package (FIT) dominate travel itineraries.

	Rep. Sample	Cruisers	Non-Cruise Vacationers
Visit to friends/relatives	77%	82%	85%
Land-based trip (not part of a package – not to a resort)	56	65	58
Camping trip	27	25	29
Resort vacation (own arrangements)	26	35	24
Vacation as part of business trip	23	28	23
Cruise vacation or ocean/sea voyage	22	55	--
Vacation house rental	21	21	21
Resort vacation as part of package	12	18	0
Land-based escorted tour	11	18	7
Vacation at all-inclusive resort	9	14	7
Land-based package (inclusive)	8	37	25

# IV. Market Projections

How many US travelers will cruise within the next three years?

- Our Approach

1. Best case
2. Most likely case

- We calculated projections on:

- Past cruisers
- Cruise intenders

- And provided market projections for:

- Total Target Market - Adults 25+ and HH income \$40k+
- Affluent Market - Adults 25+ and HH income \$60k+
- Very Affluent Market - Adults 25+ and HH income \$80k+
- Ultra Affluent – Adults 25+ and HH Income \$150k+

Note: Projections are based solely on stated intent by consumers.  
They do not take into consideration current or future cruise line capacity.

# Market Projections

- Estimates for market projections are based on the following weighting scheme. Those who indicate that they 'might' cruise were not considered in estimates.

## W e i g h t s U s e d

	D e f i n i t e l y W i l l C r u i s e	P r o b a b l y W i l l C r u i s e
B e s t c a s e	1 . 0 0	1 . 0 0
M o s t l i k e l y	0 . 7 5	0 . 5 0

# Summary of Market Projections

- Based on consumer responses the most likely number of cruisers over the next three years is 31,028,000.
- These projections understate future cruise passenger volumes.
  - Non-US residents represent a substantial fraction of total passengers but are not in the survey, and...
  - Some of our survey respondents will take multiple trips.

## Number of US Travelers Likely to Cruise within Next Three Years

	Target Cruise Market \$40k+ HHI	Affluent Cruise Market \$60K+ HHI	Very Affluent Cruise Market \$80K+ HHI	Ultra Affluent Cruise Market \$150K+ HHI
Best Case	50,396,000	36,766,000	24,552,000	2,254,000
Most Likely	31,028,000	23,028,000	15,444,000	1,453,000

# Cruising Vacations in Comparison to Resort Vacations

- Four out of five (79%) cruisers indicate that they are interested in taking a future cruise. Nearly three quarters of them (71%) expect to do so in the next three years. Non-cruise vacationers also express interest in cruising as well as other travel options. More than half (56%) non-cruisers are interested in taking a cruise, 53 percent of who ext to do so in the next three years.

	Cruisers	Non-Cruise Vacationers
<b>Interested in taking a cruise vacation</b>	<b>79%</b>	<b>56%</b>
Definitely/probably will take a cruise vacation within next 3 years	71	53
<b>Interested in taking a resort vacation package</b>	<b>66%</b>	<b>60%</b>
Definitely/probably will take resort vacation package within next 3 years	56	48
<b>Interested in taking a resort vacation not part of a package</b>	<b>73%</b>	<b>73%</b>
Definitely/probably will take resort vacation not part of a package within the next 3 years	72	65

# V. Cruiser Profile - Summary

## Who They Are

- Cruisers average 49 years of age, with above average incomes (\$104,000 HH per year). They are typically married (83%), have college educations (57%) and are commonly employed full time (57%).
- On their last cruise they typically sailed with their spouse (79%) for about 6.2 days and spent approximately \$1,690 per person for their cruise and onboard expenses (not including airfare).
- More than half (56%) took their first cruise in or after 1999.
- Cruising is a very satisfying experience. A higher percentage of cruisers are “extremely satisfied (45%)” than participants in any other vacation type.

# V. Cruiser Profile - Summary (cont.)

## Sources Used by Cruisers

- When choosing vacations, they are influenced by multiple sources, especially word of mouth referrals (38%), spouses (35%), cruise websites (30%) and travel agents (12%).
- The Internet is an important information tool for cruisers, but is not yet considered an attractive booking tool. While 86 percent of cruisers indicate that they would consider using the Internet for planning purposes less than half (49%) would be very comfortable booking a cruise through the Internet. The vast majority still books cruises through travel agents.
- Cruisers are satisfied (95%) with the level of service they receive from their travel agents and generally give high marks to them for their knowledge and expertise.

# Demographic Profile of Cruisers and Non-Cruisers

	Rep. Sample	Cruisers	Non-Cruise Vacationers
Average Age (mean years)	47	49	45
Average income in (1,000s)	\$94	\$104	\$90
<b>Gender</b>			
Male	46%	49%	49%
Female	54	51	51
<b>Marital Status</b>			
Married	80%	83%	79%
Divorced/separated	10	10	9
Single	10	7	12
<b>Employment Status</b>			
Full-time	56%	57%	56%
Retired	13	16	11
<b>Educational Attainment</b>			
College grad or higher	52%	57%	50%
Post graduate	20	23	20

# First Cruise

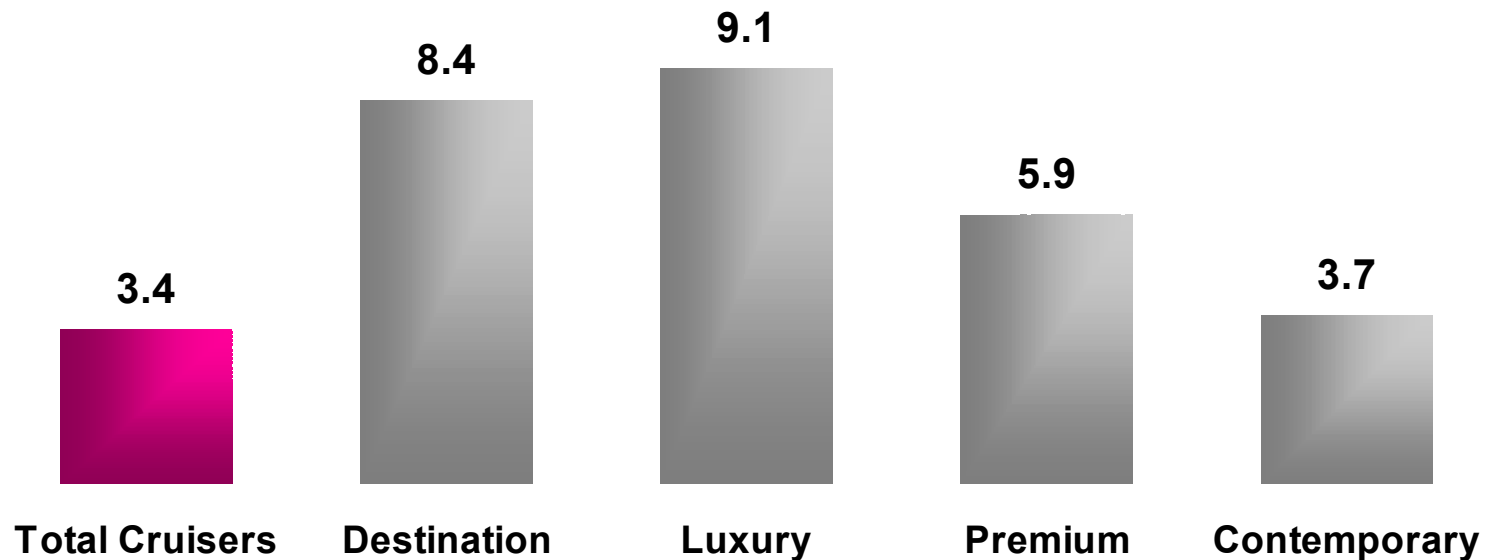
- The first cruise for most was in the 1990's or more recently

Year of First Cruise	Total Cruisers
2002 – 2005	28%
1999-2001	28
1990-1998	19
1980's	13
1970's	4
Prior to 1970	6
<b>Total</b>	<b>100%</b>

# Number of Cruises Ever Taken

- The average cruiser has taken 3.4 cruises. Luxury cruise line passengers tend to be the most seasoned cruisers (9.1), followed by destination (8.4), premium (5.9), and contemporary (3.7)

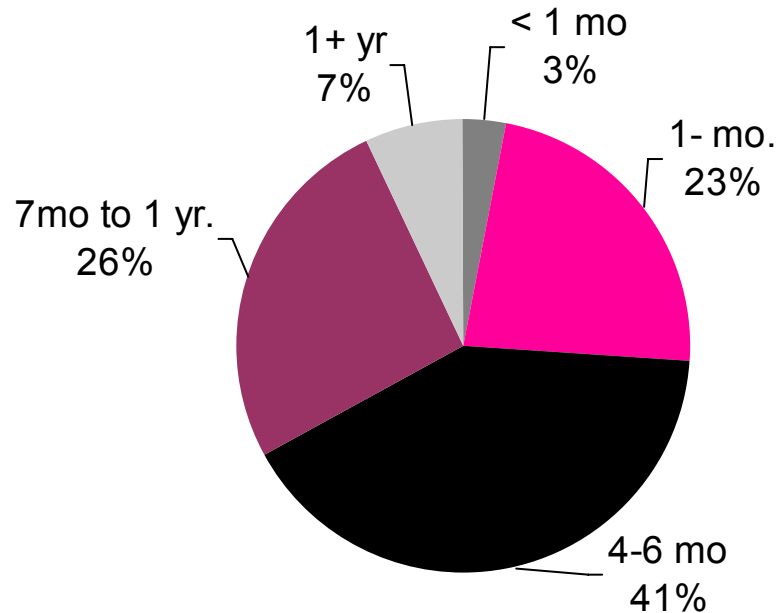
**Total Cruise Vacations Taken (Mean)**



# Advance Planning Time

- Most cruisers (67%) plan their cruises between four months and one year before sailing.

**Average Length of Time Decision is Made  
in Advance of Actual Vacation**



# Cruiser Satisfaction

- Cruising has the highest satisfaction rate (45% extremely satisfied) followed closely by vacations at all-inclusive resorts (42%).

## Percent Extremely Satisfied

	Rep. Sample	Cruisers	Non-Cruise Vacationers
Cruise vacation or ocean/sea voyage	45%	45%	--
Vacation at all-inclusive resort	42	40	44%
Visit to friends/relatives	40	41	40
Resort vacation (own arrangements)	38	36	40
Vacation house rental	34	33	36
Resort vacation (package)	34	32	34
Trip (non-package)	33	32	34
Land-based escorted tour	31	30	31
Camping Trip	31	27	32
Land-based package (other than resort)	29	30	29
Vacation as part of business trip	28	27	29

# Cruise Vacations Compared to Other Vacation Types (Slide 1 of 2)

- As expected, cruisers rate the advantages of cruising more favorably than people who have not experienced cruising.

	Cruisers	Non-Cruise Vacationers
Chance to Visit Several Locations	76%	53%
Being Pampered	68	49
Fine Dining	69	43
Luxurious	60	46
Unique & Different	60	41
Relax/Get Away from It All	62	37
Easy to Plan and Arrange	61	37
Hassle-free	60	35
Variety of Activities	60	36
High Quality Entertainment	57	38

This question asks people how much *better* cruising is than other types of vacations. % much/somewhat better shown.

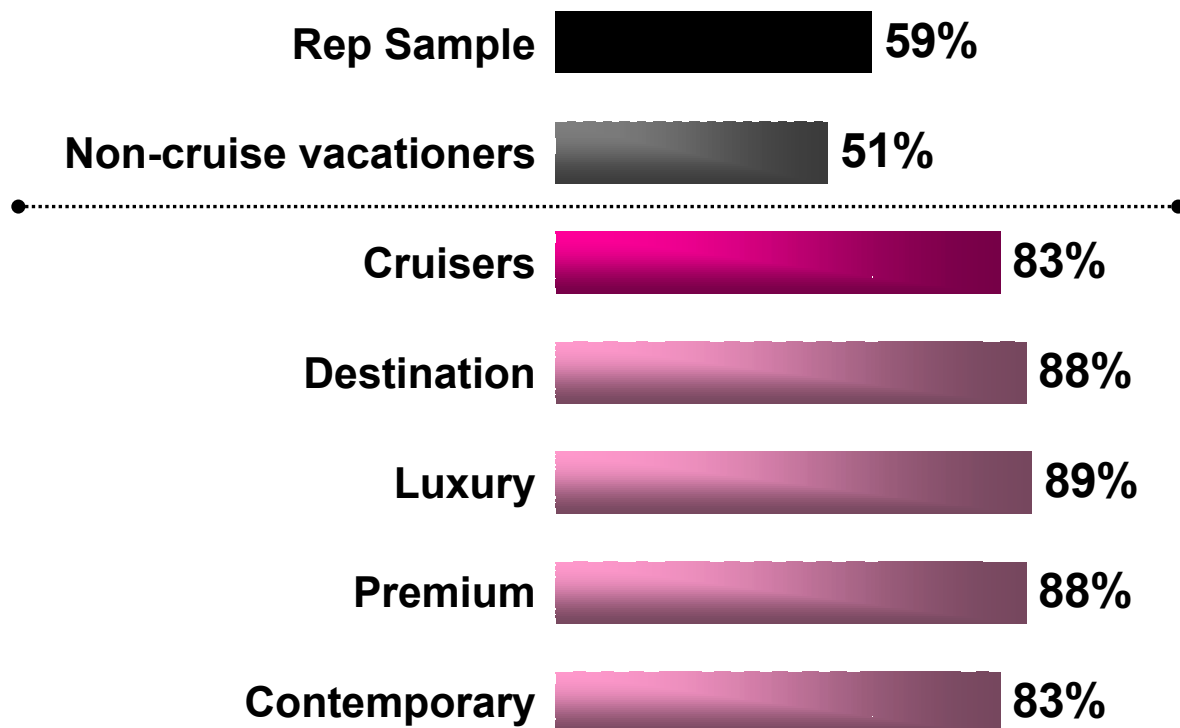
# Cruise Vacations Compared to Other Vacation Types (Slide 2 of 2)

	Cruisers	Non-Cruise Vacationer
Offers something for everyone	58%	35%
Explore Vacation Area/Return Later	59	31
Romantic Getaway	51	36
Exciting and Adventurous	54	33
Makes me feel special - rich and famous	50	34
Fun Vacation	55	28
Good Value for the Money	52	22
Reliable	48	21
Good vacation for entire family	44	23
Cultural Learning Experience	42	23
Comfortable Accommodations	37	21
Safe	40	14

# Use of Travel Agents by Cruisers

- Cruisers are far more likely to use travel agents than non-cruisers (83% vs. 51%). In comparison to non-cruisers, cruisers use travel agents more to book cruises (79% vs. never), purchase air tickets (53% vs. 44%), book hotels (57% vs. 41%), and cars (34% vs. 25%).

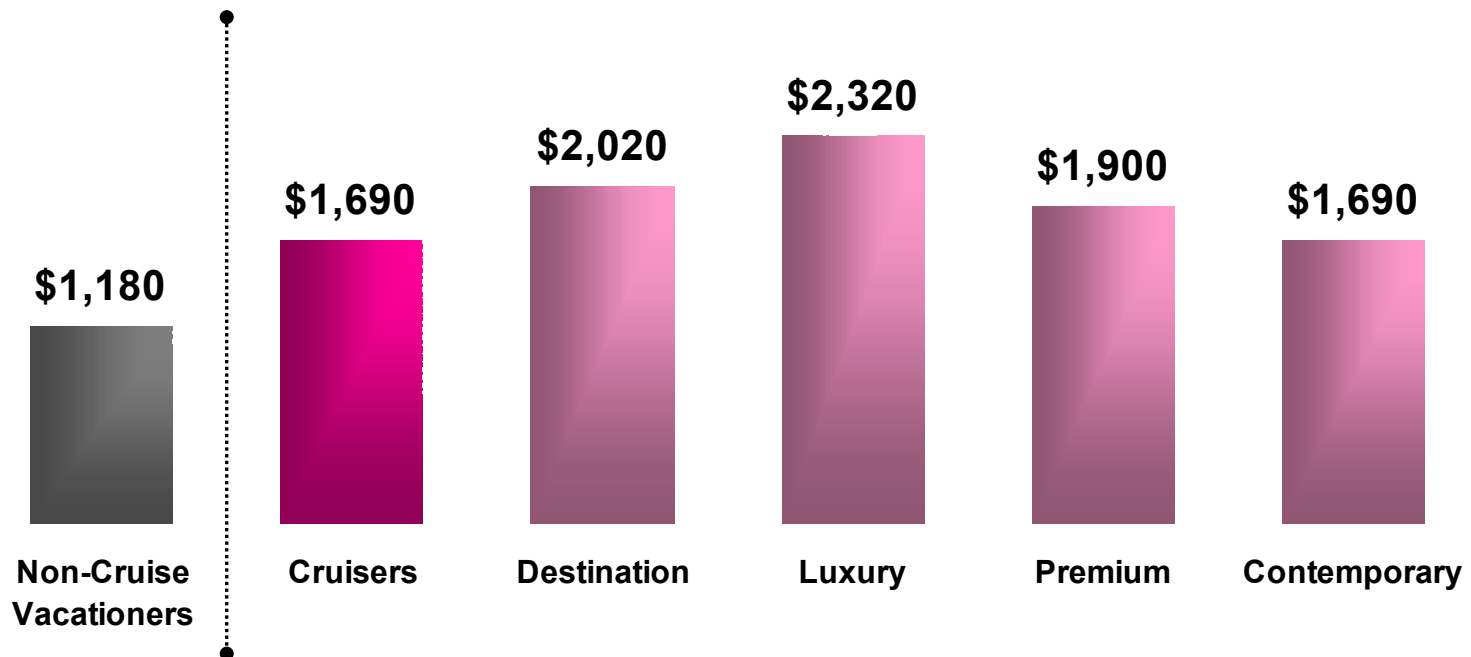
## Travel Agent Users



# Travel Spending

- Cruisers spend over 40 percent more than their non-cruising counterparts. Luxury cruisers typically spend the most, followed by, destination, premium, and contemporary.

**Average Amount Spent Per Person,  
Per Week on Their Last Trip Whether Sea or Land-Based**

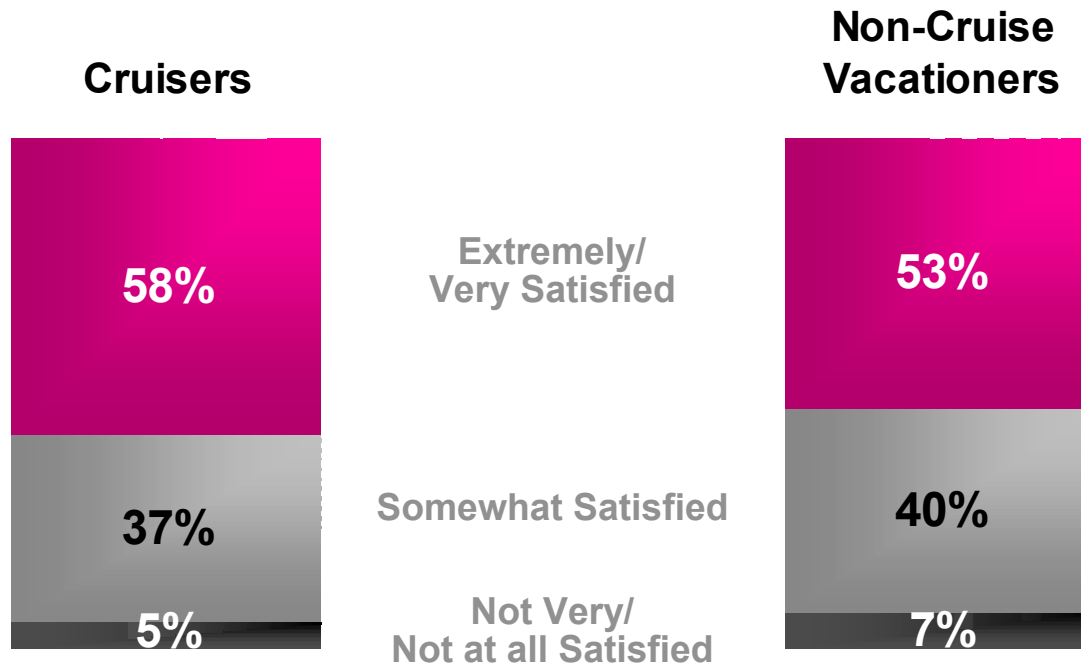


# Cruiser Satisfaction and Perceptions of Travel Agents

- Four out of five cruisers (79%) use travel agents to book at least some of their cruises. (Due to self-reporting, this may be understated due to confusion with 800 numbers and/or agency web sites.)
- Fifty-eight percent (58%) of cruisers and 53% of non-cruisers report high satisfaction levels with their travel agents.
- The majority of cruisers believe that travel agents are:
  - More knowledgeable about travel then they are (55%)
  - Knowledgeable about cruise lines and their unique differences (61%)
  - Knowledgeable about hotels/resorts and destinations and their unique differences (61%)
  - Remove the hassle out of travel planning (51%)
- But cruiser beliefs about travel agents present serious challenges:
  - Get the best deal on vacations – now only 28%
  - Provide good advice (42%)
  - More than half (56%) believe they get better rates when they book on their own.

# Level of Satisfaction with Travel Agent Used

- More than nine out of ten cruisers (95%) and non-cruise travelers are at least somewhat satisfied with their travel agents. Three out of five (58% and 53% respectively) are “very” or “extremely” satisfied.



# Typical Contact Method

- While local phone number and in-person visits are still preferred by the largest shares of travelers, there is increasing contact via email/websites and through an 800 number.

	Rep. Sample 2002	Rep. Sample 2004	Rep. Sample 2006	Cruisers	Non-Cruise Vacationers
Local Phone Number	57%	53%	49%	50%	48%
In-Person Visit	34	40	33	32	36
E-mail or website	9	23	30	29	31
800 Number	18	23	25	28	22

BASE: Cruisers/Vacationers who have contacted a travel agent, multiple methods allowed

# Cruise Distribution Channels Providing Best Prices

- There is an increasing *perception* that online travel retailers provide the best cruise prices -- +4 points non-cruise vacationers and +7 points for cruisers since 2004.
- Less than one in five cruisers and non-cruise vacationers now believe that the best price is available through a travel agency.

	Cruisers					
	Non-Cruise Vacationers	Cruisers	Destination	Luxury	Premium	Contemporary
Websites and Online Travel Retailers	60%	54%	41%	43%	51%	52%
The Cruise Line Directly	20	22	26	23	18	24
Travel Agents	14	18	21	25	23	18
Tour Operators	6	6	12	9	8	6

# Cruise Distribution Channels Providing Best Service

- Travel agents are still seen as the cruise distribution channel that provides the best service.

	Cruisers					
	Non-Cruise Vacationers	Cruisers	Destination	Luxury	Premium	Contemporary
Travel agents	33%	43%	46%	55%	46%	45%
Cruise line directly	25	27	31	18	25	27
Websites and online travel retailers	17	15	11	11	10	15
Tour operators	25	16	12	17	18	14

# Degree to Which Attributes Influenced Last Vacation

- Destination is paramount in a vacation decision, followed by price.

			Cruisers			
	Non-Cruise Vacationers	Cruisers	Destination	Luxury	Premium	Contemporary
The destination	8.3	8.1	7.5	7.6	8.1	8.1
The price	6.6	6.8	6.1	6.7	6.8	6.9
Best opportunity to relax and unwind	6.2	6.4	6.6	6.4	6.3	6.5
Fit my vacation schedule/ days available	5.9	5.8	6.3	6.6	5.3	5.9
Offered a unique experience	5.6	6.1	6.6	5.8	6.4	6.2
The convenience	5.8	6.0	6.2	6.3	6.0	6.1
The particular hotel/resort property or cruise ship	4.6	5.9	6.3	6.6	6.1	6.1
Good programs for children and family	4.1	4.0	4.6	3.6	3.7	4.1

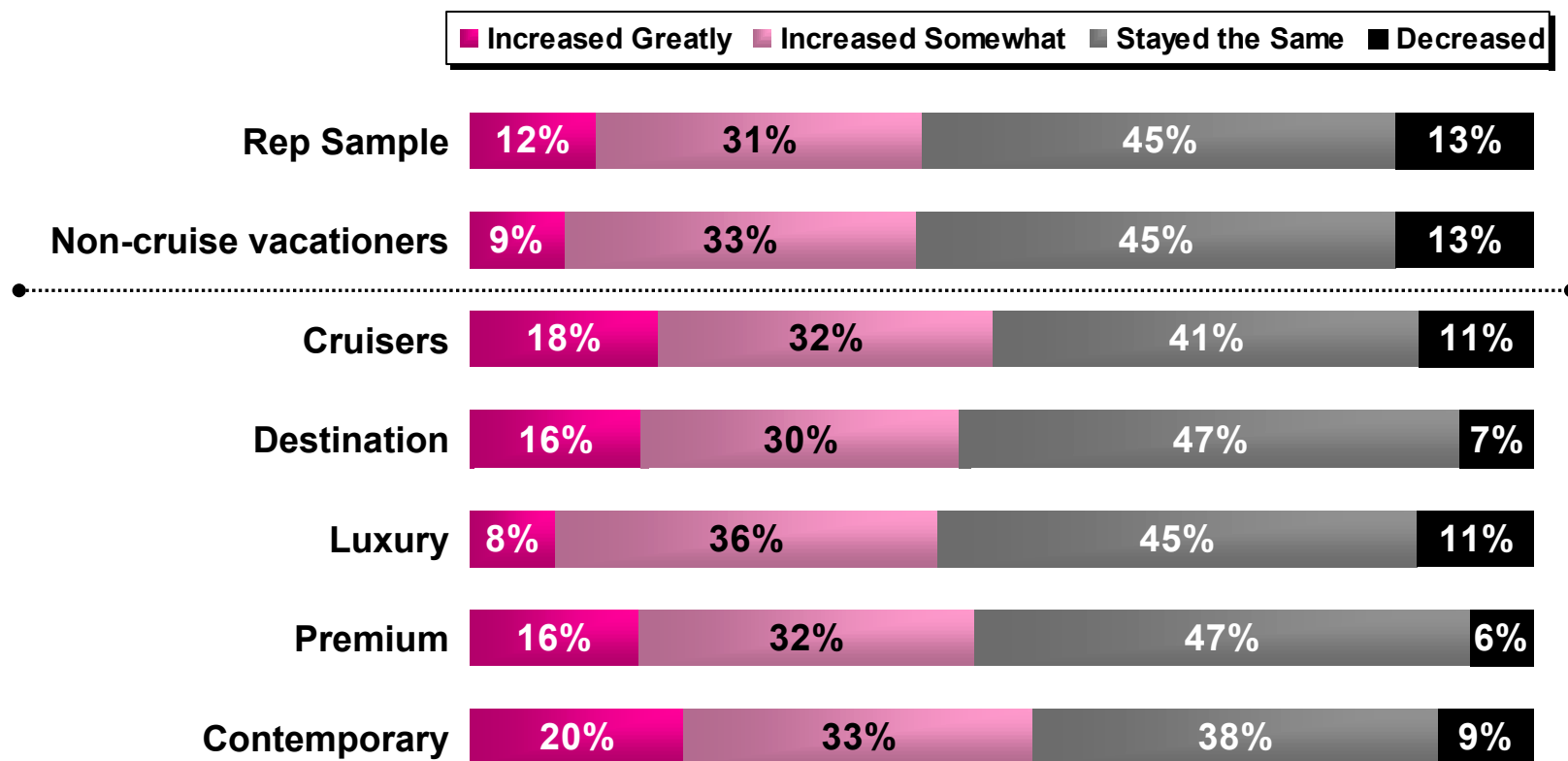
**Note: Data is based on a 10-point scale where “10” is “most influence” and “1” is “did not influence at all”.**

# Top 12 Most Appealing Places for Next Cruise

	Non-Cruise Vacationers/ Cruise Intenders	Cruisers				
		Cruisers	Destination	Luxury	Premium	Contemporary
Caribbean/Eastern Mexico	47%	47%	27%	16%	42%	48%
Alaska	29	28	34	26	23	26
Bahamas	36	22	14	14	13	22
Bermuda	19	16	6	7	14	17
Hawaii	16	16	16	12	16	16
Mediterranean/Greek Islands/Turkey	14	13	17	23	12	13
West Coast of Mexico	10	9	5	7	6	10
Europe	8	10	19	12	12	10
Panama Canal	3	9	16	16	13	9
Coastal U.S.	4	5	9	2	5	6
Canada/New England Area	3	6	5	6	7	6
South America	5	4	3	4	5	3

# Interest in Cruising

- The overall interest in cruising has increased in the past two years. Significant proportions indicate that their interest has increased somewhat (31%) or greatly (12%).



# Travel Plan Changes in Past Year and Future Travel Plans

- For the next 12 months, more travelers (71%) believe their travel will remain about the same in comparison to the prior year at 60%; however, among those indicating a change, twice as many say that their travel will increase than indicate that it will decrease.
- Those who reduced their travel in the past year cite personal economic factors as the #1 reason. There were slight reductions since 2004 in mentions for travel hassles (from 25% to 21%), terrorist attacks to (from 22% to 15%), destination safety (from 19% to 15%), and cruise safety (from 15% to 13%),

Will Travel ...	Rep. Sample	Cruisers	Non-Cruise Vacationers
More	19%	18%	21%
Less	10	11	11
About the same	71	71	68
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Information Sources that Influenced Last Vacation Choice

- The most influential sources for travelers' last vacation are word-of-mouth, always wanted to go, spouses, and destination websites. Cruise websites gained 4 points among cruisers.

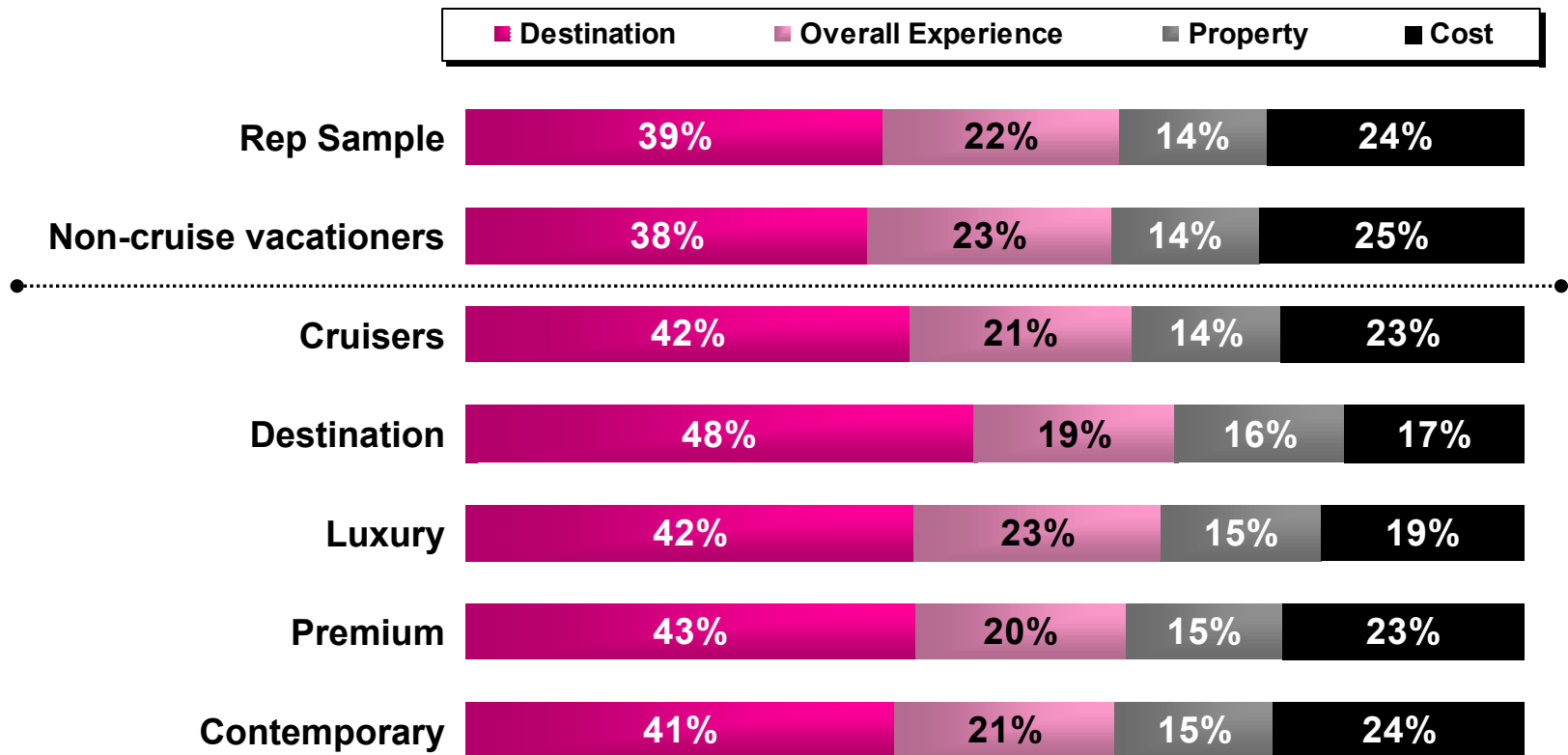
	Rep. Sample	Cruisers	Non-Cruise Vacationers
Word of mouth	41%	38%	43%
Always wanted to go	40	38	42
Destination website	38	37	39
Spouse/Travel companion	38	35	40
Cruise website	14	30	2
Travel magazine	10	12	9
Travel agent recommendation	8	12	5
Internet advertisement	10	11	10
Travel guide	9	9	9
Magazine advertisement	7	8	6
Television/Radio commercial	5	5	5
Direct mail	3	4	2

**Base: Cruisers/Vacationers**

# Factors Influencing Vacation Selection

(Not Including a Cruise)

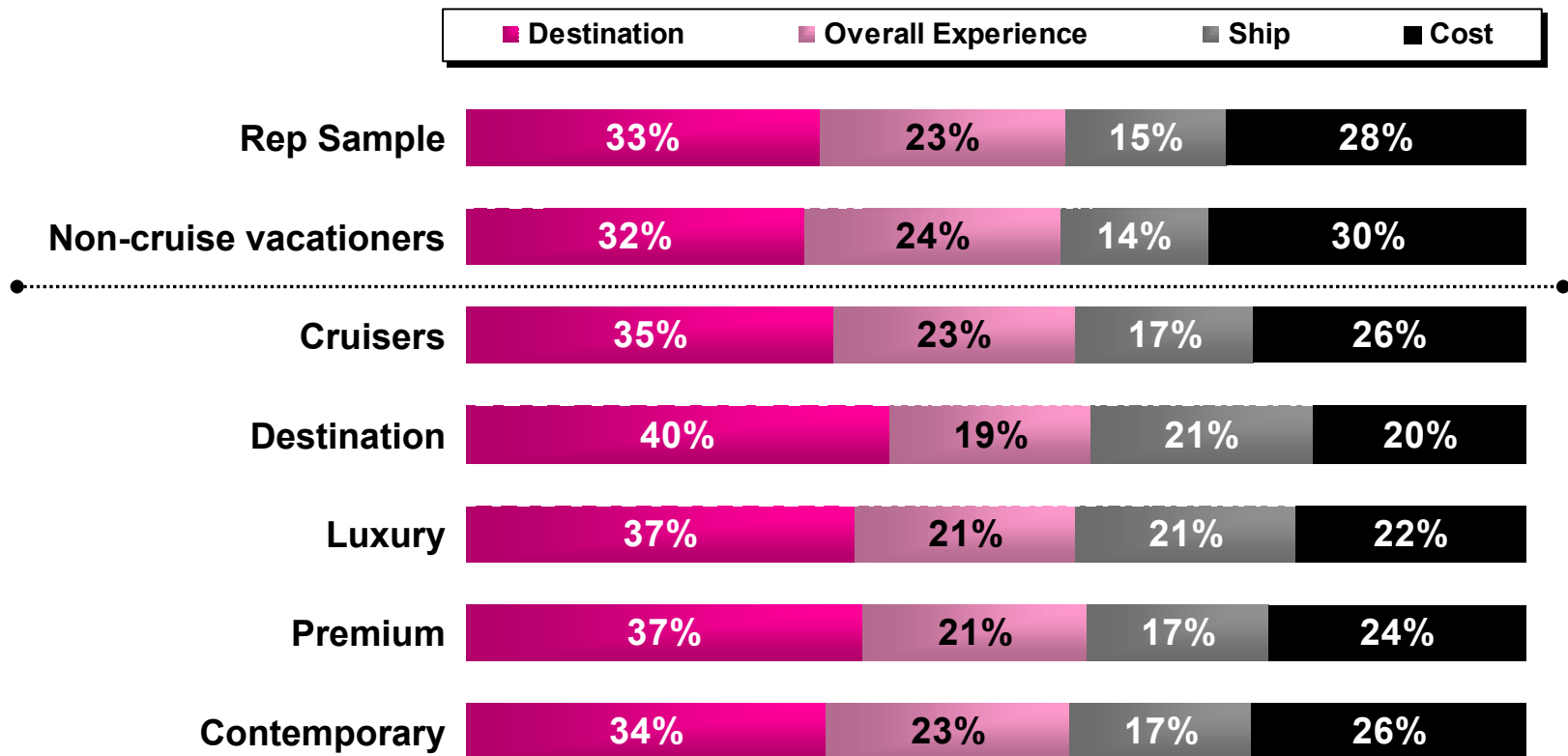
- Destination is the most influential factor in determining non-cruise vacation selection. Cost is the second most critical factor.



Base: Cruisers/Vacationers

# Distribution of Factors Influencing Cruise Selection

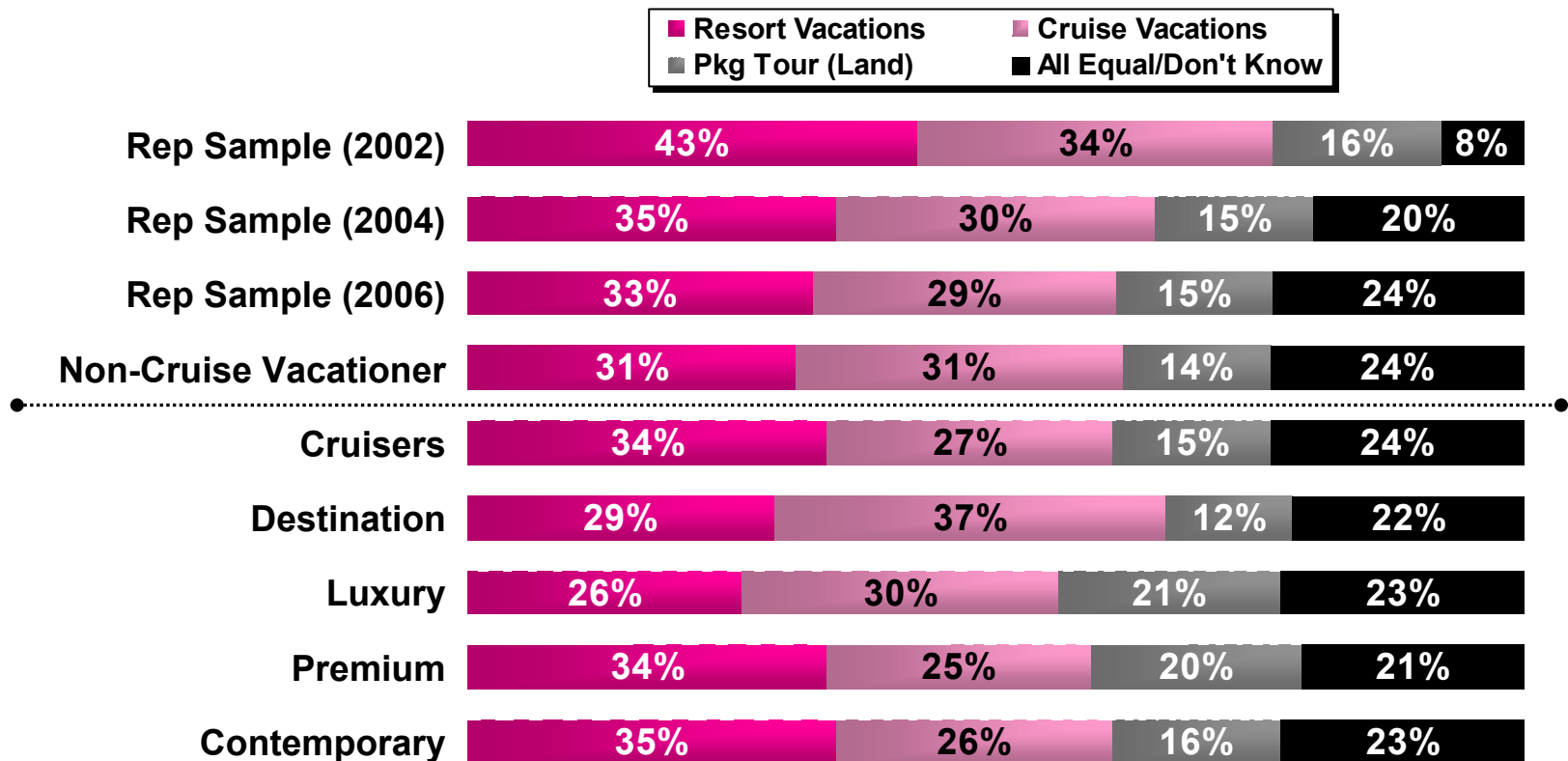
- As it was in 2004, destination is still the factor with the greatest impact on cruise selection.



Base: Cruisers/Vacationers

# Vacation Types that Cost the Most

- Non-Cruise Vacationers believe that resort vacations are just as expensive as cruises (both 31%); Cruisers disagree - (34% vs. 27%).



# Cost of Cruise vs. Land-Based Vacation

- Although the cost of cruising is considered expensive by many cruisers and non-cruise intenders, the value is considered higher by most.

	Cruisers		Non-Cruise Vacationers	
	Cruise	Other Vacation	Cruise	Other Vacation
<b>Cost</b>				
Very expensive	12	4	27	3
Somewhat expensive	51	48	54	44
Moderate	37	48	19	53
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Value for Money Spent</b>				
Very high value	22	9	11	10
Somewhat high value	50	43	51	51
Moderate value	24	46	31	38
Low value	4	2	7	1
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Base: Cruisers/Vacationers

# Cruising Costs

- Compared to 2004, cruisers report a slightly higher cruise cost per person (up \$39), with fewer discounts noted – 52% from 58%.

	Cruisers				
	Cruisers	Destination	Luxury	Premium	Contemporary
% Receiving discount or promotional offer	52%	40%	49%	59%	54%
Mean Cruise + Onboard/Shore	\$1,690	\$2,240	\$2,580	\$2,020	\$1,640
Cruise	\$1,255	\$1,653	\$1,948	\$1,559	\$1,213
Onboard and shore side expenses	\$435	\$587	\$632	\$461	\$427
% Who flew to cruise	64%	72%	63%	68%	64%
Airfare	\$359	\$428	\$614	\$384	\$328

# Primary Benefits of Having More Cruise Embarkation Options Available In North America

- Perceived benefits at high levels, yet Non-Cruise Vacationers lag in awareness of home cruise embarkation ports.

	Cruisers					
	Cruisers	Non-Cruise Vacationers	Destination	Luxury	Premium	Contemporary
Aware of close to home cruise embarkation points	65%	42%	68%	54%	73%	66%
Average number of ports available	4.6	3.4	5.1	4.1	5.3	4.6
Cost savings – not having to fly reduces the overall cost of your vacation	73	70	60	74	72	76
Convenience – can drive to cruise ship	73	74	68	68	73	74
Convenience – reduces need and hassle of flying to the port of embarkation or provides alternative markets to fly into	69	64	69	73	72	70
Added vacation value – money saved on not needing to fly can be applied towards better/bigger cruise cabin/accommodations	61	70	50	58	61	59

# Interest in Cruising with More Embarkation Points

- Cruising likelihood increases dramatically with increases in close-to-home embarkation points

## Whether Greater Number of Cruise Embarkation Options Available In North America Increases Likelihood of Cruising

