



# Chapter 10

# Floating Resorts: The Cruise Line Business

*Introduction to the World of Hospitality*

# After Reading and Studying This Chapter, You Should Be Able to:



- Briefly describe the historical development of the cruise line industry.
- Explain how a cruise ship is organized and managed.





# History

- Development of the steam engine (1712)
- Steam boats on Trans-Atlantic lines (1800s)
- Immigration to the US early 20<sup>th</sup> century
- Tourists after WWI, Prohibition
- Great Depression of 1930s – shorter trips
- Cruise line industry boom after WWII

*(Briggs, n.d.)*



# Modern Cruise Line Giants

*What are the largest cruise line corporation in the world?*

- 1. Carnival Corporation:** Carnival Cruise Line, P&O Cruises, Princess Cruises, Holland America Line, Cunard, and others
- 2. Royal Caribbean:** Royal Caribbean Cruises, Celebrity Cruises, Azamara Club Cruises
- 3. Genting Hong Kong:** Star Cruises, Norwegian Cruise Line

# Forecast of Number of Passengers Taking a Cruise Longer Than 2 Days



Year	Passengers
1970	500,000
1980	1.4 million
1990	3.6 million
2005	9 million
2010	11 million

Source: Personal communication, The Cruise Line Industry Association, January 2004.

# Cruise Line Facts

- 13 million passengers vacationed on a ship in 2010 alone
- Most cruise ships sail under foreign flags (so called flags of convenience):
  - Lower labor cost
  - US ships are not permitted to operate casino-style gambling
  - Lower construction costs



# Cruise Market Segments



1. **Contemporary/value segment:** mass-market cruise lines
2. **Premium segment:** less passengers per ton
3. **Luxury segment:** the least number of passengers per ton
4. **'Specialty' lines:** niche destinations, e.g. river cruises



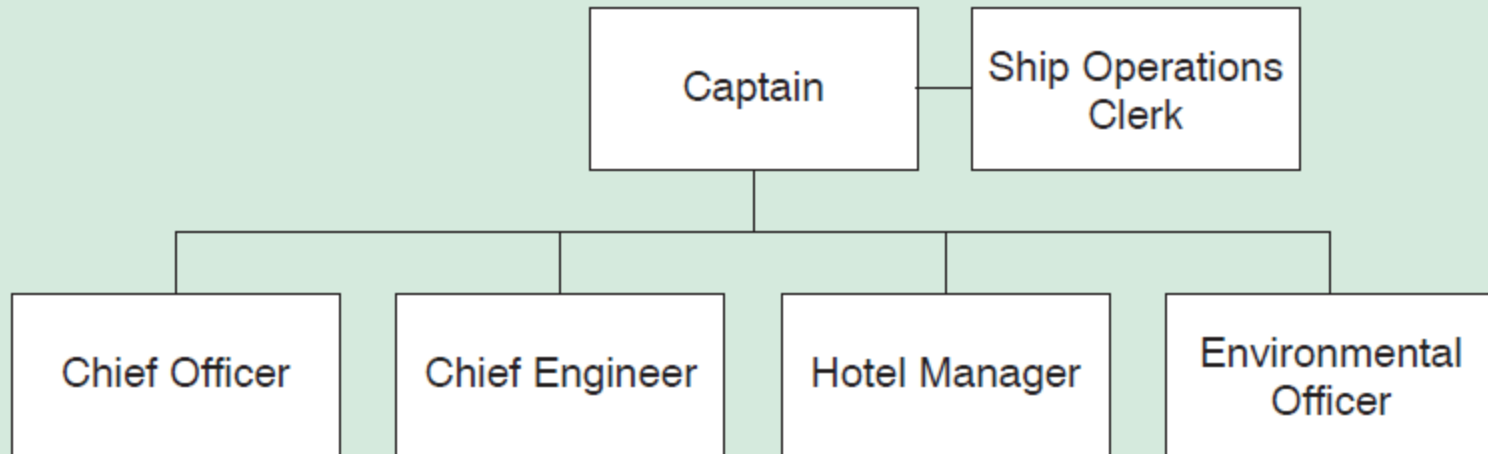
# Cruise Market Segments

- **Mass-market lines:** Carnival, Royal Caribbean, Norwegian
- **Premium lines:** Princess, Celebrity, Holland America
- **Luxury lines:** Seabourn, Crystal, Cunard
- **‘Specialty’ lines:** Sea Dream Yacht Club, Windstar



# Cruise Ship Organization Chart

Exhibit 1 Sample Cruise Ship Organization Chart for Top Positions



Source: Holland America Line.

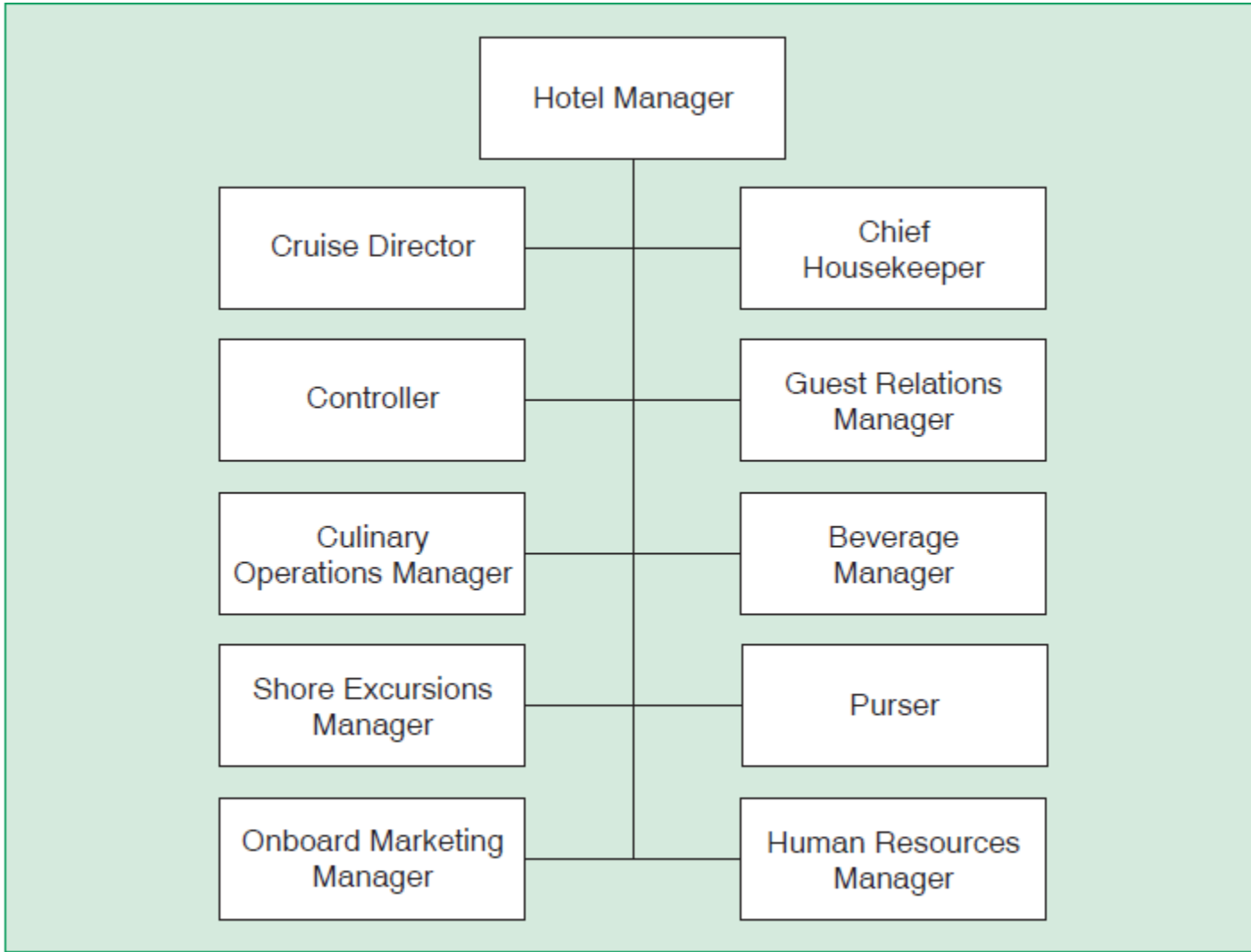


# Group Exercise

Find out (pp. 303-316), list on the paper and present to the class the responsibilities of the following cruise line positions:

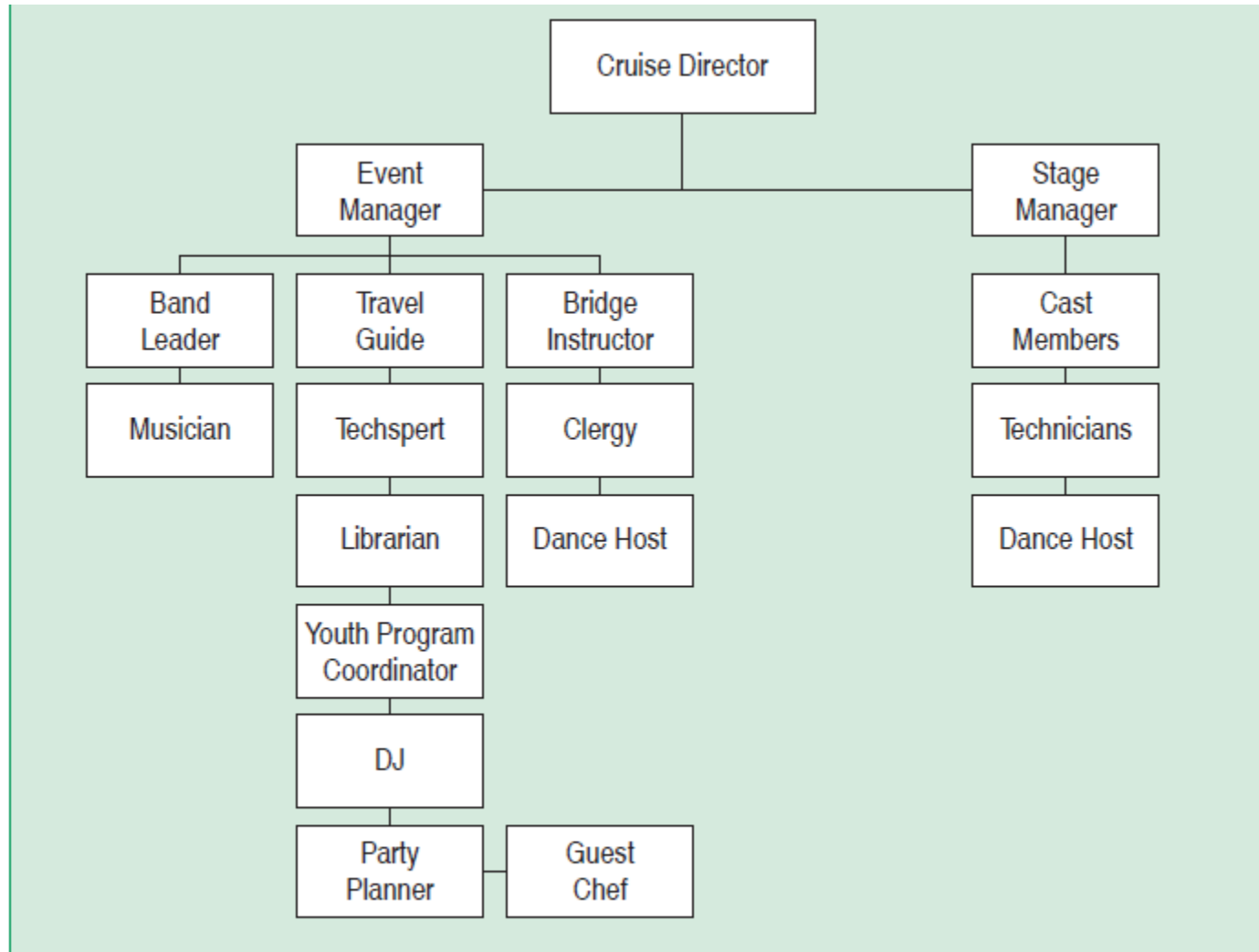
1. Captain & Chief Officer
2. Hotel Manager
3. Purser
4. Chief Housekeeper
5. Cruise Director
6. The Physician
7. Food and Beverage Manager

# Hotel Department Organization Chart



Source: Holland America Line.

# Cruise Director – Activities and Recreation



Source: Holland America Line.

# Food & Beverage Department



- Check Exhibit 3 on p.308
- Main differences from hotel F&B:
  - All meals included, beverages not included
  - Standardized menu/numbers – easy to forecast
  - Cost control done on-shore
  - Health& hygiene issues are of major concern



# Homework

- Read Chapter 10
- Learn about responsibilities of different departments of a cruise
- Visit Disney Cruise Line website and check their activities (check the link in references)



# Recommended Reading

- Briggs, J. *How cruise ship work*. Retrieved from <http://adventure.howstuffworks.com/cruise-ship1.htm>
- *Disney Cruise Line*. Retrieved from <http://disneycruise.disney.go.com/>