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 cruiseline 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 20th 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>500,000</td>
</tr>
<tr>
<td>1980</td>
<td>1.4 million</td>
</tr>
<tr>
<td>1990</td>
<td>3.6 million</td>
</tr>
<tr>
<td>2005</td>
<td>9 million</td>
</tr>
<tr>
<td>2010</td>
<td>11 million</td>
</tr>
</tbody>
</table>

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
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