



Cruise Industry

Operational Issues

A manager's view

Captain Richard Meikle

MORE SHIPS, MORE OPTIONS

448

Cruise Ships
in 2016

26

New Ocean, River
and Specialty Ships
Scheduled to Debut in 2017



2017 PASSENGER CAPACITY SNAPSHOT

2017 = 25.3 Million Passengers Expected to Cruise

CLIA Global Ocean Cruise Passengers (In Millions)



p = projected

2017 NEW SHIPS

26 New Ships on Order (as of December 2016)

Total Investment of More than \$6.8 Billion
in New Ocean Vessels in 2017

Year	Ocean	River	Ships Ordered	New Capacity
2017	13	13	26	30,006
2018	15	2	17	29,448
2019	20	2	22	51,824
2020 – 2026	32	0	32	119,510
Total	80	17	97	230,788

CRUISE PASSENGERS COME FROM AROUND THE WORLD*



Demand for Cruising has **Increased 62%**
in the Last Ten Years (2005-2015)

*Represents 2015 total ocean cruise passengers

Operational Issues - Cruise

- Two Aspects
 - Ship
 - What is my product
 - Bigger (resort) Luxury / boutique / mass market
 - New build / Older tonnage...
 - Average new ship will have 3000 passengers
 - Port Destinations
 - What is the itinerary
 - U.S . Ships operators pulling tonnage out of Europe

Itinerary Planning

- The Cruise Itinerary is “Truly Critical”
- Passengers determine what a cruise sells for
- Profitability is determined on Itinerary
- A summer Cruise in the Caribbean - (U.S guests) can yield half a Baltic Itinerary (for example
 - Challenges of Baltic Cruises / Antarctica / Adventure
 - Emissions
 - Sewage retention
 - Gas oil costs
 - LPG

Destinations limitations – Security / Safety

- Cruise ship operators are risk averse
- Assets are mobile
- Reputational impact of incidents
- Europe / Eastern and Southern Mediterranean
 - Terrorism
 - Passenger safety
- Middle East

Operational Challenges - Ships

- Mechanical failure
- Major accident
 - Fire
 - Grounding
- Public health
- Company response
- Realistic drills/ exercises
- Protection of reputation

Management Issues in Cruise

- Company Culture – what is actually happening?
- Compliance
- Senior Managers - Ashore
- Senior Officers on board -
 - Large and complex vessels
 - Number of Passengers
 - Numbers of:
 - Officers
 - Crew
- Where are the weaknesses?



Public Health

- Norovirus outbreak
 - Management
 - Prevention
 - Fogging
 - External causes -
Terminals
- Food related outbreak
 - Temperature control
 - Food management



Heavy rolling incidents – personal injury

- Ship's roll heavily due to:
 - Heavy weather – Pacific Sun 2008
 - Heavy use of rudder / power – Crown Princess
 - Mechanical failure
- Serious injuries – potential mass casualties
- Securing of heavy equipment –
- Ships get larger – numbers increase
- Design v seamanship..



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Any Questions?

Captain Richard Meikle