Europe as a source market for the Cruise Industry
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Cruise industry is the fast growing industry with the average annual growth of 7% (CruiseMarketWatch, 2012). North America remains the largest source market for the cruising (60.5%), however, Europe has a great potential and it is continuously developing as a source market and destination. Growth opportunities for the cruise companies operating in North America are becoming limited due to the high market saturation. Therefore to continue growth the companies have to diversify passengers sourcing by entering and positioning ships in the new markets.

Presently with the highest number of passengers originated from the UK and Germany, followed by Italy, Spain and France, what accounted for 87% of the total European market share (CruiseMarketWatch, 2012). These markets are of significant importance for the European cruise industry because of the high generated revenues (figure 1) and well maintained logistics; port operations with the direct exposure to open waters, shipbuilding and repairing services. Moreover interesting to note that the main countries of origin have a long history of cruising and operating world well-known cruise lines; for example established in the UK Princess and P&O cruises, German cruise line AIDA, and Italian - Costa. There are several countries in Europe which have not yet been introduced to the cruise industry, and have a great potential as a source market for further developing of the industry.

In order to succeed and achieve optimum results by increasing the number of the passengers by converting resort vacationers to cruisers and first time cruisers to loyal guests, it is crucial to understand and identify potential customer needs.

![Worldwide Cruise Revenues by Source](image)

Europe is the second largest market (27%)

**Figure 1: Cruise Revenues by Source Region** (CruiseMarketWatch, 2012)
The decision for people to book a cruise depends on personal factors which are likely to include the opportunity to relax and escape routines, and the requirement to experience a different climate (Gibson, 2012). Moreover a survey done by the Cruise Lines International Association (CLIA) in 2004 implies that passengers are becoming more youthful and are demanding more active itineraries. Also the number of full-time retirees is declining and family cruisers are increasing. It can be said that the existing or potential cruise passengers nowadays seek for more active and adventurous holidays. Thus in comparison to a resort based vacation, cruise ship has an advantage of the ability to visit various destinations and fulfill a range of activities in a short period of time.

Needless to say that discussed above influences choice of the geographic destination for cruising. When looking at the European source market, Klein (2003) argues that there is a division between passengers who cruise in Europe with European carriers and those who cruise in the Caribbean and other ‘far’ destinations with carriers who dominate in the North American market. However, Europe provides more diverse type of vacations, what is aligned with the emerging need for active holidays. There are 4 main regions: Eastern and Western Mediterranean, Baltic Sea located between Germany/Poland to the South and Scandinavia to the North. Within these regions there is a big variety of cities with different cultural and historical background. Thus European destinations are much likely to be more adventurous and exciting compared to traditional cruise destinations such as the Caribbean.

The trend of the cruise average length decrease is consistent and lasting (Peisley, 2003). Europeans tend to go for vacations twice a year for 3 to 12 days. The length of vacation often depends on the character; city getaway 3-4 days, relaxing beach vacations 9-10 days. On average, a European cruise is 12 days long. It can be a barrier for the first time cruisers and potential repeat customers as the costs are higher and require longer vacation time. By introducing shorter cruises or dividing them into segments, cruise companies could benefit and attract more guests. Due to Europe’s close geographical locations there is a possibility to reduce the length of the cruise and still plan a sufficient number of port-of-calls.

Moreover Lobo (2008) has identified that the demands and expectations of cruise passengers might be influenced by misconceptions about cruises such as a belief that cruises are only for senior citizens and rich people. For emerging markets where cruise industry has not been developed and to convert land vacationers to a first time cruisers a special approach is needed. For example, the world well known operator Carnival Cruise Line, by offering shorter cruises was able to reduce the risk in order to attract first timers (Kwortnik, 2006). As a suggestion 4-5 days getaway to the major cities can be fun and relaxing educating program.

On the other hand, potential passengers do tend to see benefits of choosing a cruise vacation over a land-based resort or tour because of the fact that a cruise includes almost all of the costs involved in travelling. The cruise ships provide you with the accommodation, food, entertainment, various facilities and transfers to and from the airport which often are included in the price. In addition it offer more convenient services due to the absence of worrying about hotels,
transportation and the hassle of constantly packing and unpacking of suitcases.

All-in-all Europe as a cruise destination is an important argument for potential European passengers, since it offers a large variety of cultures, climates, and possibilities for active and adventurous itineraries, where the majority of the European ports are within driving distance. The cruise can be rather short city get away which does not require possession of extensive free time or financial funds. Thus by taking into consideration preferences and needs of potential cruisers and European life style the additional value can be added which fit vacationers’ expectations.

References


