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Student name:	Chiang Chun Wah	Student ID number:	2119645
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Analytical Report – Strategies for sustainable development of a Business Enterprises in the Hong Kong Tourism Industry during Corona Virus outbreak

Student Name (ID): Chiang Chun Wah (2119645)

University of Wales Trinity Saint David – MBA

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Lecturer: Dr. Che Cheong Poon

Abstract

The COVID-19 outbreak has infected over 380 million people worldwide and has had an unprecedented impact on global business, especially tourism and travel. This report aims to develop the strategies for sustainable business of cruiser “Genting Hong Kong Ltd.” According to determine the outbreak’s impact on their business and analyzed the business environment, the recommendations were proposed to Genting Hong Kong Ltd for sustainable business in this challenging time.

Table of Contents

1. Introduction.....	4
1.1 Research Objective	4
1.2 Research Framework.....	4
2. Company Background.....	5
2.1 Company Profile	5
2.2 The Cost Structure.....	6
2.3 The Revenue Structure	7
3. The Genting Group Business Performance	9
3.1 External Business Environment	9
3.2 Internal Business Environment	9
3.3 Summary of the Impact on the Profitability of Genting Group	10
4. Analysis and Discussion.....	12
4.1 Identification of the Major Challenges	12
4.2 Strategies for Sustainable Development	13
4.2.1 The Strategies of Genting Group.....	13
4.2.2 The Recommendation for Genting Group.....	14
4.2.3 Business Plan	15
4.2.3.1 Business Description	15
4.2.3.2 Product & Services.....	16
4.2.3.3 Marketing Plan.....	16
4.2.3.4 Implementation Plan.....	17
4.2.3.5 Financial Plan.....	17
5. Conclusion	18
Reference List.....	19

1. Introduction

1.1 Research Objective

The COVID-19 outbreak has been declared a global pandemic since 2020. The countries began border closure to restrict global travel and have banned non-essential travel to prevent the spread of the virus. These actions have had the unprecedented impact on the tourism industry and travel. This analytical report aims to develop the strategies for sustainable development of Genting Hong Kong Ltd (Genting Group) in the Hong Kong Tourism Industry during the Corona Virus outbreak. There were two directions to meet the objective: increasing the revenue and earning consumer confidence under the COVID-19 outbreak (Genting Hong Kong Ltd, 2020). The report included five sections that introduced the objective and framework. The second section described the Genting Group's cost and revenue structure. The third section explored the business environment, challenges, and impact on their business from a global and internal point of view. The fourth section analyzed the actions that Genting Group had taken for mitigating the impact, and the recommendations were proposed to Group for sustaining the business during the COVID-19. Finally, there was a summary for the analysis and a prediction for the suggestions.

1.2 Research Framework

The framework was comprised of identification, analysis, findings, and mitigation. The identification was to understand the background and business of Genting Hong Kong Ltd, internal, and external environment. The information was collected in the identification section that was used for analyzing and finding out the impact on its business and challenges. Finally, the recommendations were proposed to the Group for mitigating the impact and achieving the aim of sustainable development.

For identification, the several information sources were used in the report. The annual reports of Genting Hong Kong Ltd were studied to understand the business nature and vision, positioning, cost structure, and revenue structure. The statistics from public organizations (e.g., Hong Kong Tourism Board, etc.) were identified environment of the tourism. The global news, journals, and articles for the cruise industry were studied for determining the global environment.

Based on the data was collected in the identification section and interpreted local and global business environment, the impacts and challenges were determined after analyzing data and factors by their correlation and causation. The solution was advised to the company to mitigate the impacts and overcomes the challenges for retaining the business.

2. Company Background

2.1 Company Profile

Genting Hong Kong Ltd ("Genting Group") is an international cruiser, and major land and sea-based businesses are entertainment, hospitality, and leisure. The Genting Cruise Lines is a primary sea-based business that includes Crystal Cruises, Star Cruises, and Dream Cruises. In Germany, the land-based business has Resorts World Manila ("RWM") and shipyards MV Werften and Lloyd Werft. The largest owner of the Company is Golden Hope Limited, is a trustee of Golden Hope Unit Trust, and is trusted owned by chairman Lim Kok Thay and his family, currently owns around 64% of Genting Group. The stock code of Genting Hong Kong Ltd is "678" on the Main Board of the Hong Kong Stock Exchange Limited (Genting Hong Kong Ltd, 2020, p.2).

The Genting Group is headquartered in Hong Kong and has branch offices in Malaysia, Germany, Singapore, China, Japan, Philippines, Indonesia, India, Australia, United States, Netherlands, and Sweden. The Genting Hong Kong Ltd was founded in November 1993 with the goal of expansion as an international cruiser in the Asia Pacific region. Its fleet has been operated by Star Cruises. Throughout its fleet, which includes the Star Pisces, SuperStar Aquarius, SuperStar Gemini, Star Cruises, and Taipan. The Star Cruises has earned a reputation for providing excellent Asian hospitality. The fleet has been expanded that Genting Dream was opened in 2016, World Dream and Explorer Dream were launched in 2017 and 2019, respectively. The fleet of Crystal was another cruises line in luxury that includes Crystal River Cruises, Crystal Luxury Air, Crystal Expedition Cruises, Crystal AirCruises, and Crystal Yacht Cruises have all been added to the company's portfolio in recent years. Each Crystal ship has its own set of destinations, onboard amenities, and shore excursions worldwide (Genting Hong Kong Ltd, 2020, p.2).

The Genting Group purchased Lloyd Werft shipyard in 2015 that not only can build up its cruise ships but also control the cost further. The MV Werften was built in Wismar, Rostock, and Stralsund, Germany, in 2016 to satisfy the growing demand for new cruise ships and achieved the company's expansion goals. MV Werften is capable of manufacturing mega-ships because of the shipyards' combined expertise and infrastructure, which included around 1,800 experienced management and personnel (Genting Hong Kong Ltd, 2020, p.2).

In August 2009, Travellers International Hotel Group, Inc. ("Travellers"), a Genting Group subsidiary, launched Resorts World Manila (RWM), its first land-based attraction in the Philippines. RWM included an iconic shopping mall, seven hotels, a multi-purpose performing arts theatre, and four high-end cinemas. It was the first one-stop holiday destination (Genting Hong Kong Ltd, 2020, p.2).

The Genting Group has operated Dream cruises, Crystal cruises, and Star cruises brands that have occupied around 3% market share. The cruise's business needs high entry requirements, and regarding the business nature and characteristics, the Genting Group has had a high market share in Hong Kong, and their major competitor is RCI. Table-1 showed the market share of the global cruise industry in 2021. Carnival Cruise Lines is the largest operator, with 42 percent of the market

share, followed by Royal Caribbean International (RCI) with 23 percent. Both businesses have operated under a variety of brand names (Cruise Market Watch, 2015).

Table-1: 2021 Worldwide Cruiser Market Share.

Parent	Brand	Total Passengers	% of Passenger
Carnival	Carnival's lines	5,842,600	42.0%
RCI	RCI's lines	3,278,500	23.6%
Norwegian	Norwegian's lines	1,319,900	9.5%
All Other	Star Cruises	80,200	0.6%
	Crystal	40,800	0.3%
	Dream Cruises	264,100	1.9%
	Others Parent's Lines	3,079,700	22.1%
Grand Total		13,905,800	100.0%

Sources: Extracted from <https://cruisemarketwatch.com/market-share/>

The Group has developed its business around 30 years and has built up the relation of community. The company donated and supported different activities for community care, including charity cruises for students, families were affected by typhoon Haiyan in the Philippines, and donated new buildings to two public primary schools in Manila. As a result, the company was recognized best corporate social responsibility in Asia.

2.2 The Cost Structure

The cruise industry is a high-fixed-cost enterprise that relies on getting as many passengers as possible on the ship to make a profit. When there was a rapid reduction in business, the company may not be sustained the business, and this was one reason why the operators may go out of business. The Genting Hong Kong is a typical cruiser, and the cost structure included agent commission, transportation, food, onboard expenses, labor expenses, Fuel, depreciation, maintenance expense, interest expenses, others, etc. Table-2 lists the high-level cost breakdown of typical cruisers worldwide.

Table-2: Cost Breakdown of Cruiser.

Cost	Type of Cost	% of Cost
Commission and transportation Expenses	Variable Cost	18%
Food Expenses	Variable Cost	7%
Onboard and other Expenses	Fixed Cost	5%
Payroll Expenses	Fixed Cost	13%
Corporate Operating Expenses	Fixed Cost	13%
Ship Fuel Expenses	Fixed Cost	12%
Depreciation/Amortization	Fixed Cost	11%
Interest Expenses	Fixed Cost	4%
Other Operating Expenses	Fixed Cost	17%
Total:		100%

Sources: Extracted from <https://cruisemarketwatch.com/financial-breakdown-of-typical-cruiser/>

Refer to Table-2, the commission and transportation expenses: These expenses related to the sale of passenger tickets that included travel agent commissions, transportation expenses (e.g., plane and shuttle bus, etc.), changeable port rates, and credit card charge. The costs were account for 18% of overall operational expenses. Commission and transportation, and food expenses were variable costs and comprised 26% of the cost structure. The Corporate operating expenses included 13% of the total cruise ship operating costs that related to marketing, administration, and back-office support. The other operating expenses were 17%, including lease costs, fixed-port costs, ship repair and maintenance, and costs related to insurance and entertainment (Cruise Market Watch, no date).

2.3 The Revenue Structure

The company's primary business was the operation of passenger cruise ships. The Genting Group's operations have grouped into three categories: cruises, shipyards, and non-cruise operations. As a result, three reportable segments have been identified: cruise revenue, non-cruise revenue, and shipyard revenue.

"Passenger ticket" and "onboard" revenue were two channels for making up revenue from cruise-related activities. The sale of passenger tickets and transportation to and from the cruise ships makes up the majority of passenger ticket revenue. The onboard revenue included food and beverage sales, shore excursions, casino gambling, spa treatments, art auctions, third-party concessionaires, entertainment, and other onboard services. The non-cruise revenue included onshore hotels, entertainment, airlines, travel agents, and residential property unit sales. The shipbuilding, maintenance, and conversion activities have generated most of the shipyard's revenue (Genting Hong Kong Ltd, 2020, p.110-111).

Table-3 has listed the revenue structure between the years 2016 and 2020. The Cruise revenue included "Passenger ticket" and "onboard" revenue. The Shipyard business had a sizable portion of company revenue in 2020.

Table-3: Revenue Breakdown by Business from 2016 to 2020.

Revenue by Business	Year 2020 (% of Revenue)	Year 2019 (% of Revenue)	Year 2018 (% of Revenue)	Year 2017 (% of Revenue)	Year 2016 (% of Revenue)
Cruise and Cruise-related Activities	50.33%	88.65%	84.27%	85.35%	89.32%
Shipyard	41.39%	7.84%	11.20%	4.41%	0.00%
Non-cruise Activities	8.28%	3.51%	4.53%	10.24%	10.68%
Total:	100%	100%	100%	100%	100%

Source: Authors' calculation based on Genting Hong Kong Ltd annual report 2016-2020.

(<http://www.gentinghk.com/en/home/investor-relations/corporate-releases/ia-reports/2021.aspx>)

Referring to Table-3, the major revenue of the company was "Cruise and Cruise-related Activities" that have occupied around 76% - 88% of revenue in their business. However, the revenue has

dropped about 30% in “Cruise and Cruise-related Activities” in 2020. It was the greatest impact on the company’s profit and business continuity.

3. The Genting Group Business Performance

3.1 External Business Environment

COVID-19 had thrown the whole cruise industry, as well as the rest of the world, into chaos. The latest pandemic began in December 2019, and the new virus was discovered and named “COVID-19” in January 2020 (WHO, 2020). Since that time, the COVID-19 has been quickly spread to multiple countries. Globalization and worldwide travel habits have been cited as significant factors for rapidly spreading COVID-19. The cruise industry played a dangerous role in tourism because it has operated many ships with passengers and various locations worldwide. The crew members frequently shifted between the ships and passengers onboard from all over the world (İlhan, 2020). 54 ships were infected with COVID-19 in various parts of the world from January to April 2020, accounting for one-fifth of the entire ocean cruise fleet. The Diamond Princess was the first and most famous case that was quarantined off the coast of Japan. The ship has had 1100 crew members and 2670 passengers. The COVID-19 was discovered in the ship in February 2020, infecting almost 700 passengers and crew members, with nine individuals dying (Silva, 2021).

The global impact of the COVID-19 outbreak has been severe, but it has been particularly severe in tourist destinations. The Diamond Princess case has made consumers' bad impression that cruise ships were dangerous transportation. The consumers have stopped to join the cruise ship's journey or entertainment. COVID-19, on the other hand, spread more quickly in countries that continued to welcome cruise ships until April 2020 than in countries that barred cruise ships from accessing their ports (Silva, 2021). The countries in the world have implemented different controls on cruise ships to prevent the COVID-19 from spreading into their countries. Canada has only allowed ships that carry less than 500 passengers to dock their ports. The Newland, Australia, and United States have closed the border for responding to the COVID-19. The ships came to a halt in various parts of the world, and cruise lines have had surplus crew members while the borders were blocked (Giese, 2020).

3.2 Internal Business Environment

Many countries have restricted their immigration policy to control inbound tourism to prevent COVID-19 from spreading into their country. Hong Kong was one out of the strictest of control city that had undergone compulsory quarantine for 21 days in a designated quarantine hotel. The tourism intention for visiting Hong Kong has decreased due to government policy, and the visitor arrivals have dropped during the COVID-19. Table-4 has listed the statistic (year 2016 – 2020) of visitor arrivals in Hong Kong.

Table-4: Visitor Arrivals Statistics of Hong Kong from 2016 to 2020.

	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
Total Visitor Arrivals	3,568,875	55,912,609	65,147,555	58,472,157	56,654,903
% Growth	-93.62%	-14.18%	11.42%	3.21%	4.50%

Source: Extracted from Visitor Arrivals Statistics of PertnerNet

(https://partnetnet.hkbt.com/en/research_statistics/research_publications/index.html?id=3631)

Referring to Table-4, The visitor arrivals in Hong Kong have grown every year before COVID-19 (year 2016 - 2018), and visitor arrivals have dropped around 93% during COVID-19 (year 2019 - 2020). Thus, the demand from the tourism industry has dropped during the COVID-19 and has engendered a great economic crisis impact.

The cruise industry in Hong Kong has been impacted during the COVID-19. The visitor arrivals have dropped, so the number of cruise passengers also decreased in this challenging moment. Table-5 has listed the statistic (year 2016 – 2020) of cruise passengers in Hong Kong.

Table-5: Cruise Passenger Statistics of Hong Kong from 2016 to 2020.

	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
Total Passenger	135,763	1,585,929	1,732,800	1,677,095	1,605,737
% Growth	-91.44%	-8.48%	3.32%	4.44%	4.10%

Source: Extracted from Cruise Passenger Statistics of PertnerNet

(https://partnetnet.hkbt.com/en/research_statistics/research_publications/index.html?id=5217)

Refer to Table-5, The cruise passengers have increased every year from 2016 to 2018, but total passengers have dropped since COVID-19 began in 2019. In 2020, the total passengers saw a “cliff-like” drop of around 91%, and the business almost has been frozen. However, the company cannot increase the price of ticket to compensate the reduction of passenger. It is because the cruise ships supplied the elastic goods and services. The consumers could find the substitutions of the facilities and services such as food and beverage sales spa treatments that were provided by cruise ships.

Visitor’s demand decreased in tourism industry in Hong Kong due to inbound visitors’ policy. The company has changed its business strategies to overcome the challenges from COVID-19. The external customers’ demand has decreased. At the same time, local customers’ demand increased because the travel was stopped and only have had a consumption of market in Hong Kong. The tourism industry companies in Hong Kong have changed the target customers from tourists to local customers. The productions, goods, and services have been created and focused on local customers (e.g., local tours, staycation, etc.) to sustain their business during COVID-19.

3.3 Summary of the Impact on the Profitability of Genting Group

The government has restricted visitors’ coming to Hong Kong to prevent COVID-19, so the number of visitors has dropped during COVID-19. The revenue of Genting Hong Kong has mainly relied on two channels: passenger ticket and onboard consumption. The demand has decreased,

but supply has a surplus and high fixed cost of cruise ship operations. The total profit has reduced because the number of visitor passengers has dropped in this situation.

Table-6: Revenue of Genting Group from External Customers from 2016 to 2020.

	Year 2020 US\$'000	Year 2019 US\$'000	Year 2018 US\$'000	Year 2017 US\$'000	Year 2016 US\$'000
Total Revenue	\$366,822	\$1,560,921	\$1,600,101	\$1,190,415	\$1,016,668
% Growth	-76.50%	-2.45%	34.42%	17.09%	47.35%

Source: Authors' calculation based on Genting Hong Kong Ltd annual report from 2016 to 2020.

(<http://www.gentinghk.com/en/home/investor-relations/corporate-releases/ia-reports/2021.aspx>)

Referring to Table-6, the revenue of Genting Group has been affected by COVID-19. The total revenue has decreased from 2019 and has expanded to 75% in 2020. It is a significant impact on the revenue, and Genting Group needs to mitigate it; otherwise, the business cannot be sustained for a long time.

4. Analysis and Discussion

4.1 Identification of the Major Challenges

During COVID-19, the world suffered a severe health crisis for humanity and the economy that was unprecedented and unforeseeable. The cruise industry has surely struggled due to the timing of border openings, worldwide economic recovery, differing rates of vaccination, and global geopolitical tensions.

As a result of the COVID-19 epidemic, almost every country on the planet has implemented some sort of travel restriction. Most of the restrictions remain in force, though some have been eased over time. The Genting Group also has faced different challenges that are:

1. To stop the virus from spreading, governments all around the world enacted lockdowns and travel restrictions. The demand has been decreased from visitors.
2. The reduction of cruise customers and occupancy rate of cruise ships.
3. The customers have lost the trust and confidence after having the case of Diamond Princess that was quarantined off the coast of Japan. These stories were causing severe damage to the cruise industry's reputation.

The consumer has reduced the demand for cruise ships due to countries' border closures, and the other competitors have shared the cruise market. The demand has been expanded reduction even the company has a high market share in the cruise industry. As mentioned in Table-2 in the previous section, cruise ships' fixed cost is around 75%. It was a necessary cost once the company has run its operations. The major revenue of cruise ships were passengers' tickets and onboard services, but the passenger occupancy percentage was lower than the years 2018 and 2019. Table-7 is Genting Group's Cruise Ship Occupancy Statistic from 2016 to 2020. The occupancy rate was the ratio of passenger cruise days to capacity days and had only 60% during COVID-19 compared to the last two years that have dropped 30%.

Table-7: Genting Group's Cruise Ship Occupancy Statistic from 2016 to 2020.

	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
Passenger Cruise Days	944,376	4,986,423	5,178,075	3,692,223	2,922,480
Capacity Days	1,602,991	5,345,827	5,667,420	4,781,990	3,576,660
Occupancy Percentage	59%	93%	91%	77%	82%

Source: Authors' calculation based on Genting Hong Kong Ltd annual report 2016-2020.

(<http://www.gentinghk.com/en/home/investor-relations/corporate-releases/ia-reports/2021.aspx>)

The occupancy rate has decreased, which is implicit in the total labor cost per output increase. The labor cost was one out of the biggest fixed cost in a normal situation, and this cost has been increased further in a lower occupancy rate. For cruise lines, fuel was also the bigger fixed cost, and because of the oil price slump during this downturn, cruise lines may benefit from cheaper prices. The other operating expenses such as lease costs, fixed-port costs, ship repair and

maintenance, and costs related to insurance and entertainment that the company must paid no matter how many of occupancy rate.

The other challenge for the company was to earn the trust and confidence of consumers. It was because of the case of the Diamond Princess cruise ship that the COVID-19 epidemic on the ship resulted in 712 people becoming infected, accounting for around 20% of the ship's passengers. The case has led the consumer to misunderstand that the cruise ship was an enclosed environment and easier spread once infected persons are on the ship. It has also affected the intention of consumers for joining cruise ship travel (Silva, 2021).

The company reviewed the business and developed a plan for mitigating the impact through cost optimization strategies to ensure business continuity. On the other hand, changed the positioning in the market to attract the customer for increasing occupancy rate of ship. Keeping in mind, the cruise's products and services tend to be relatively elastic because they were not unique and had substitutes in the market. If the price of a cruise ticket was increased, customers most likely changed to consume on another market or looked for substitutions. At the same time, the company should embark on various initiatives to earn the trust and confidence of consumers. It had necessary not only during COVID-19 but also post-COVID-19. The hygiene awareness of consumers has increased after COVID-19, and the health and safety protocols of the cruise ship are selection criteria when consumers choose the products in the market.

4.2 Strategies for Sustainable Development

4.2.1 The Strategies of Genting Group

The Group had already taken some actions to control the cost and ensure the business continuity in this difficult time.

1. The cruise operations had been suspended at the COVID-19 initial stage, so some bigger fixed costs such as fuel and maintenance were reduced to mitigate the impact on the profit. However, payroll expenses cannot be reduced even the cruise operations are suspended. Firstly, the Group had reduced the total number of employees to 7000 employees in 2020, COVID-19, and the cessation of cruise operations resulted in a significant decrease (57%) from the previous year (around 16,200 employees).

Table-8: Genting Group's Human Resources 2019 and 2020.

	Shipbased Officers and Crew		Staff in Office			
	No. of Staff	% Growth	No. of Staff	% Growth	Total Staff	% Growth
Year 2020	2,300	-78%	4,700	-18%	7,000	-57%
Year 2019	10,500	-13%	5,700	14%	16,200	n/a

Source: Authors' calculation based on Genting Hong Kong Ltd annual report 2019-2020.

(<http://www.gentinghk.com/en/home/investor-relations/corporate-releases/ia-reports/2021.aspx>)

In the year 2020, there were around 2,300 ship-based officers and crew, as well as 4,700 employees working in the Group's numerous offices and shipyards across the world. The objective of layoff had reduced the workers working on a cruise ship, and shipbased officers and crew had been reduced by 78%. The staff in office compared to staff on a cruise ship that had been reduced 18% only. The layoff was a difficult decision for the Group because this action affected the motivation of the rest of the staff. However, the cruise ship was a high fixed-cost business, and it was necessary to mitigate the cost loading to sustain the business.

2. The Group cooperated with the Singapore government to charter two cruise ships (Superstar Aquarius and Superstar Gemini) as accommodations that had provided temporary residence for migrant workers who recovered from COVID-19. The Group not only had revenue during border closure but also earned the trust and confidence of the Singapore government. It helped the Group to develop the health and safety protocols from this invaluable experience and prepared the preventive measures for the world open in the future.

4.2.2 The Recommendation for Genting Group

There have the recommendations for the Group to mitigate the occupancy rate and earn the trust and confidence of consumers.

1. The business of tourism has been affected after began COVID-19. The demand for planes, hotels, travel agencies, and cruise ships decreased because travel has been stopped by the immigration policy of the government. The visitors were not the target customers of the company in a short term. The company has changed the market positioning to the local customer because the people in Hong Kong has already changed their consumption to the local market and was looking for a staycation to replace the travel.

The demand of travel has increased because local people had no journey during the COVID-19, and the staycation was a form of alternative tourism. The company should prompt the staycation on a cruise ship (staycation cruise) to the market that supplies the products that local customer wants. The staycation cruise is more attractive than a staycation in a hotel (staycation hotel) because the cruise ship provides several types of facilities and services such as casino gambling, spa treatments, art auctions, third-party concessionaires, and entertainment. Moreover, the travelers were looking for trips closer to home to substitute travel. The staycation cruise provides more satisfaction than a staycation hotel. The business can be continuous before the world is opened again.

The passenger ticket price of a staycation cruise can be adjusted for the market. It is because cruise ship has no cross border, and the marginal cost is extremely low due to the cost structure of the cruise industry. Moreover, the objective is to improve the occupancy rate and mitigate the impact on profit. More passengers onboard have not affected the total cost too much, so the price tends to be lower than the original ticket price to attract consumers.

2. According to many accounts, the outbreak on Diamond Princess was due to quarantine protocols being insufficient to control a COVID-19 epidemic, allowing the virus to spread

further among passengers, crew, healthcare practitioners, and quarantine officers. The case does not relate the environment of a cruise ship. The Group should develop health and safety protocols not only to protect the crew members and passengers but also earn the confidence of passengers for a cruise ship. The protocols must meet the standard that the relevant health regulators have set. It should include all crew members and shore staff receiving the COVID-19 vaccine, increasing the frequency in sterilization for public areas, required the negative result of COVID-19 testing for crew and passengers before onboard, and setting up a guideline and procedure for responding to the case if any infection on a cruise ship, etc. To objectively certify the implementation of group health and safety protocols, the Group should be engaged in third-party assessment (e.g., DNV, ISO, SGS, etc.) to conduct the independent assessment for its operation.

4.2.3 Business Plan

4.2.3.1 Business Description

Company Mission Statement	Sustainable development of a Genting Group during a COVID-19 virus outbreak
Company Values	Provide excellent entertainment, leisure, and hospitality service
Company Vision	Short-term goal - Sustainable business in COVID-19. Long-term goal - To build up the world-class cruise crew and ships for the Group.
Goals & Milestones	1. Increase the occupancy rate for cruise ships to mitigate the impact of profit. 2. Earn the trust and confidence of consumers.
Target Market	Local consumers of countries
Competitors	Cruise Lines of Royal Caribbean International (RCI)

4.2.3.2 Product & Services

	Product & Service 1	Product & Service 2
Product Name	Staycation Cruise	International Standard Certification
Product Idea	Staycation on Cruise Ship to substitute travel during border closure.	Certify the Group's health and safety protocols that meet the international standard.
Special Benefits	The consumers not only treat it as travel but also enjoy the onboard service or entertainment.	Proven the Group's operations for health and safety protocols.
Limits	Cruise ships sail in the region of local countries	n/a
Production and Delivery	Staycation Cruise Package	Certificate of international classification society.
Suppliers	Genting Group	International Certification Organization (e.g., DNV, ISO, SGS, etc.)
Product Description	Staycation on Cruise Ship with onboard service and entertainment.	Assessment for operations of health and safety protocols.

4.2.3.3 Marketing Plan

Secondary Market Research	The "Staycation" keyword search in Hong Kong surged to a record high based on Google trends data, and hotels have captured the demand (Hong and Lam, 2020). The demand has been shifted to local market.
Barriers	There are no significant barriers because it is the same as cruise ship operations but has no cross border.
Threats and Opportunities	Threats: 1. The demand from visitors has reduced due to border closure by the government. 2. The cruise ships were only operated in local country.
	Opportunities: 1. New product is created, focuses on local customers, and can be sustainable post-COVID-19. 2. As border closure, the market share has increased in the local country without competitors of the foreign cruiser.
Product/Service Benefits	The sails are closer to home under no-fly flight.
Target Customer	Customer who was looking for substitution of travel in local country
Key Competitors	Royal Caribbean International (RCI)
Positioning	1. Provide excellent services with a middle range of ticket prices. 2. Provider for substitution of travel.
Pricing	Staycation cruise ticket prices are tended to be lower than cross-border tickets.

4.2.3.4 Implementation Plan

Production	The cruise operation has no change, and health and safety protocols can be developed based on international standards and the company's requirements.
Timeframe	1. The preparation for marketing and finance is around one month, and the Staycation cruise can be rolled out to market. 2. The process of international certificate is started with Staycation cruise and three-party assessor assess at least half year's health and safety operation data for issuing the certificate.
Evaluation of Plan Success	1. The occupancy rate increases 10-15% compared to 2020. 2. Certificate of health and safety protocols.

4.2.3.5 Financial Plan

3 Years Profit and Loss Projection	Projection
1 st Year	The loss will be expected in this period but will mitigate the income.
2 nd Year	As an assumption, the world will open step by step. The demand from foreign customer increase and expand to increase the occupancy rate. The loss will be significantly narrowed.
3 rd Year	The business resumes after COVID-19. Two cruise ship lines (cross-border and staycation lines) will be operated for the customers. There is profit will be projected at the end of the 3 rd year.

5. Conclusion

The COVID-19 outbreak has been declared a global pandemic since 2020. The countries began border closure to restrict worldwide travel and have banned non-essential travel to prevent the spread of the virus. These actions have had the unprecedented impact on the tourism industry and travel. As the Hong Kong tourism board statistic, the visitors have seen a “cliff-like” drop in 2020. The Genting Group has been impacted the operations and finances and has suffered the loss as a result. Unfortunately, the case of Diamond Princess has put a further blow to the cruise industry.

The Group has taken actions to reduce the impact on their business. Half of the employees have been laid off to reduce the operation cost and have rented the cruise ships to the Singapore government as floating accommodations for workers with zero re-infection record. It has gained the trust and confidence of the Singapore government and facilities to re-open their operation in the future.

The additional recommendations are proposed to Genting Group for sustaining the business during the COVID-19. The new product “Staycation Cruise” can be supplied for the satisfaction of customers who are looking for substitution of travel. Moreover, the local cruise passengers onboard increase the revenue to mitigate the impact on this high fixed-cost business. The certificate of international standard organization is more objective to prove the Group’s health and safety operations. So, a third-party assessment for the health and safety protocols is proposed and issue the certificate for passing the assessment. The recommendations are not only sustainable development of the business during COVID-19 but also the post-COVID-19. Moreover, the projection of 3 years business plan for these recommendations will have profit at the end of 3rd year.

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