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TRAVEL AGENT CRUISE INDUSTRY OUTLOOK

SEPTEMBER 2017

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CRUISE LINES INTERNATIONAL ASSOCIATION

INTRODUCTION

Travelers of all types increasingly see cruises as an optimal option for experiencing new and varied locations, fine dining, personalized service, entertainment… and adventure, according to the sixth edition of the Cruise Lines International Association's Travel Agent Cruise Outlook research.

The quarterly study surveys 1,000 North American travel agents to determine and forecast industry trends, spend and market outlook. And the news on cruise is—in research parlance—significantly positive.

More than **80%** of travel agents say their cruise volume has increased in 2017, and three quarters say their clients are spending more this year on water-based tourism. Those numbers have grown year-on-year to show a robust and healthy interest in, and spend on, cruise-based travel.

"I have noticed a significant increase in new cruise travelers, often booking multiple rooms for family or friends," says travel consultant Linda Allred, Thomas Hogan Travel. "We have had significant growth in the first six months of 2017, following a stellar 2016 with 216% growth."

Other notable trends include a rise in group travel, online booking, river cruising and a renewed interest in **Cuba** as an increasingly requested destination. Healthy competition is leading to better service, quality, technology and amenities, and customers are seeking the best return on their investments, at once seeking economy and luxury options, when available.

With several age groups traveling together, cruises often prove to be the best option for pleasing a variety of interests with their multitude of activities, excursions and services.

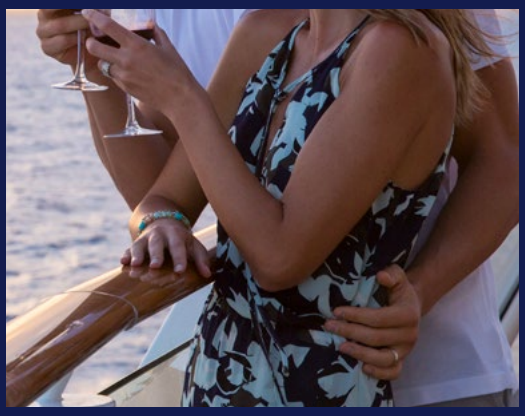
"My clientele has a need for multi-generational vacations," explains LaNeda Pitts, American Travel Bureau. "The cruise industry fulfills that need with many options available for all to enjoy activities that cater to their personal needs. I try to meet those needs by providing them with opportunities to do cruises to certain destinations that everyone will enjoy."

River cruises are evergreen in the market today, as evidenced by this report as well as the 5 previous. Satisfied cruise customers who have experience on the ocean are ripe targets for river options as upscale, all-inclusive alternatives.

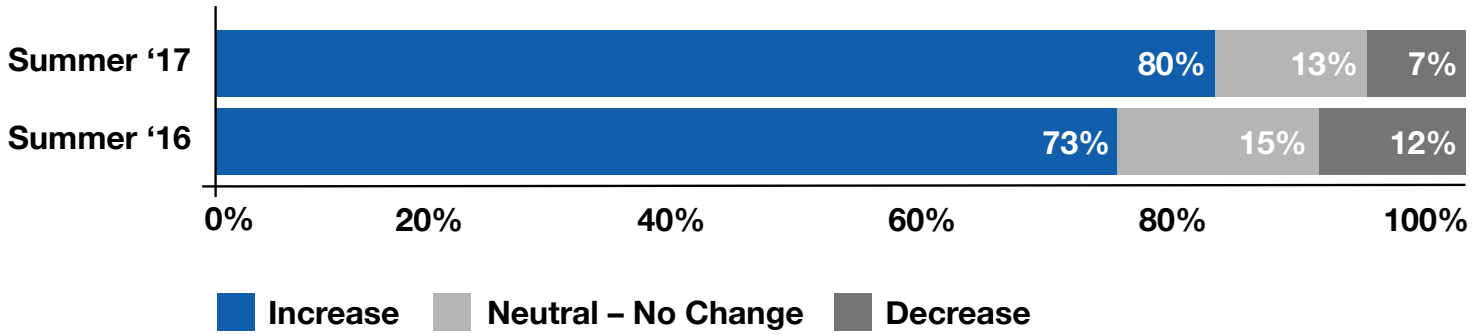
CRUISE MARKET OUTLOOK

A supermajority (81%) of travel agents say their cruise-based sales volume is up this year compared to 73% in 2016. That positive shift comes in the most part to those reporting a 10% or more increase in sales. Forty-four percent of travel agents say their cruising volume has increased more than 10% in 2017, versus 27 percent last year. The estimated weighted average shows 6.5% growth today against a 4.6% growth in 2016.

"I'm finding that more people are figuring out that cruising is a better value when vacationing," says Tara Hall, Travel Planners International. "Because of this, my cruise business is definitely improving."



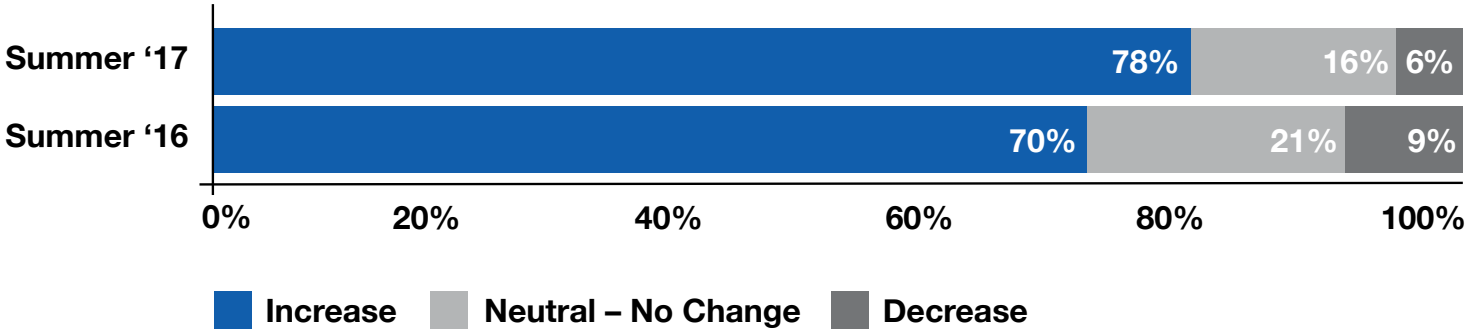
Describe Your Agency's Outlook Regarding Its Cruise Sales Volume In The Current Year Compared To That Of The Previous Year



Spend is up as well. The North American economy is strong, and travelers are considering luxury travel options, notes one agent. Some 78% of cruisers are spending more money on their travel compared with 70% last year, and the aggregate of negative responses declined from 9.1% to 5.4% during that window.

"The economy plays a large part in my client's cruise activity," says Faith Ann Liuzzo-Bartholomew, KHM Travel Group. "I watch and listen and that determines what level cabin and cruise line I look for.

How Would You Estimate The Cruise Spending Behavior Of Your Clients In The Current Year?



POPULAR DESTINATIONS

North American travelers tend to gravitate toward Western Hemisphere destinations. **Alaska** is currently seeing the most growth (51%), followed by Caribbean/Bermuda/Mexico (42%) and Canada/New England (31%).

Staying closer to home could offer some degree of comfort, according to several agents. “People are concerned about safety, but still want to explore new places,” says one travel professional, “so Alaska has become bigger overall. I am featuring Alaska more as a potential destination and making sure it is on my clients’ radar.”

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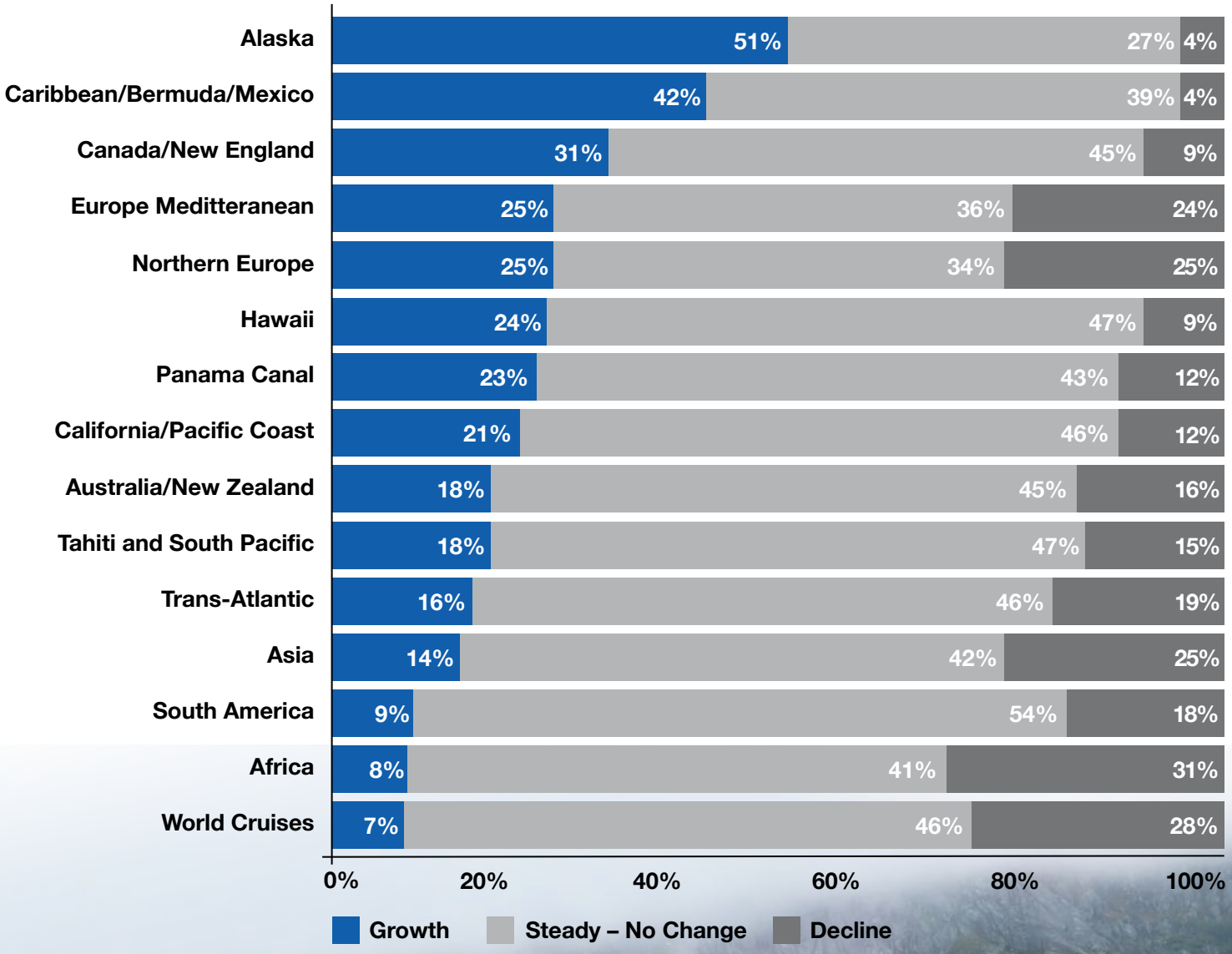
In Your View, Are The Following Cruise Destinations Experiencing Growth, Decline Or Remaining Steady In Your Bookings?



That said, the Eastern Hemisphere's top destinations, the **Mediterranean and Northern Europe**, have rebounded to fourth and fifth place, respectively (seventh and ninth last year), though they are seeing almost equal numbers in growth and decline.

"In Europe, clients are asking about safety and value of dollar," says Sandy Grady, Cruise Planners. "We respond to safety issues by saying it's an individual decision, but the cruise companies keep their finger on the pulse and will deviate the itinerary from a situation they deem dangerous. And we talk about how much press these incidents get, and how few and far between they are."

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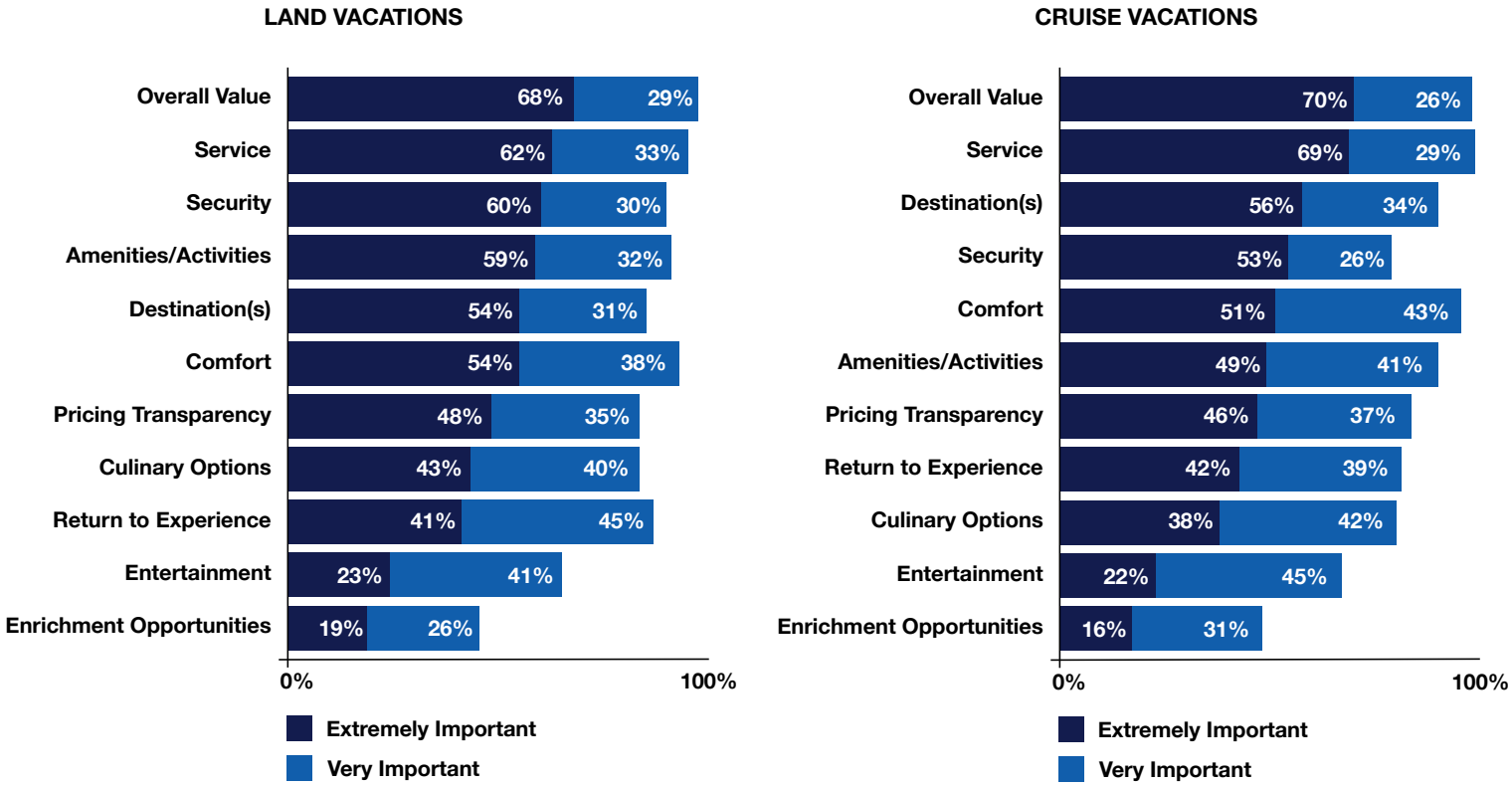
WHAT MATTERS?

Value and service are the most important factors in driving cruise guest satisfaction, according to travel agents. Almost all customers (98%) say service is “very” or “extremely” important to their guest satisfaction, and (96%) report the same about value.

These factors are followed by comfort (94%) and amenities/activities and destination (90%). Less important, but still essential, price transparency (83%), return on experience (81%), culinary options (80%) and security (79%). Entertainment (67%) and enrichment opportunities (47%) scored lowest, but still provide value for some travelers.

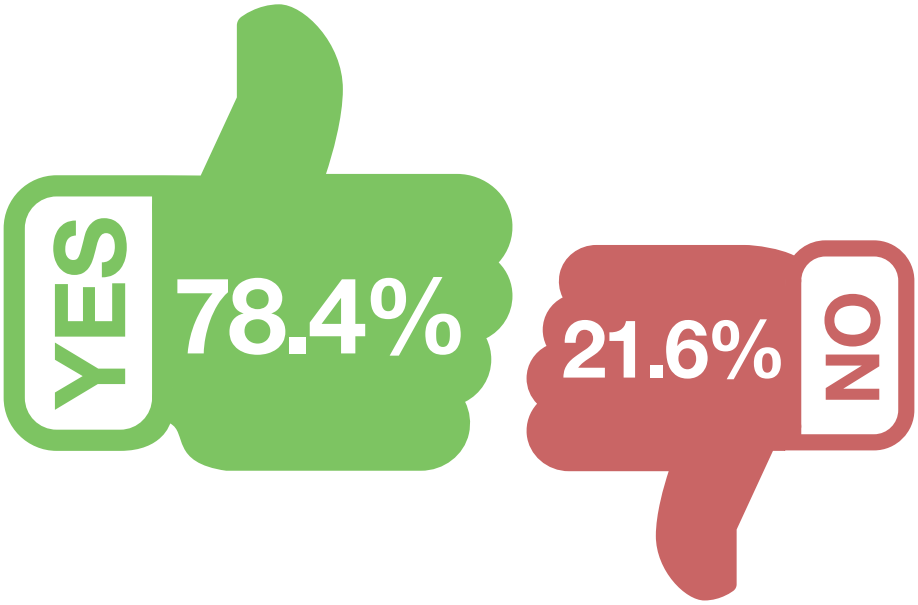
What Is The Importance Level Of The Following Factors As It Relates To Cruise Or Land Guest Satisfaction?



Overall value and service are key drivers for vacation satisfaction of all types. But, when comparing land and cruise vacations, security and amenities/activities rank higher in the terrestrial space, while **destination** outplays in the aquatic realm—a potential differentiator for the marketplace.

Due to this, and other factors, **78%** of travel professionals say they are trying to convince non-cruisers to dip their toes into the market and try it out. When identifying prospective converts, travel agents say they look for customers who ask about multiple destinations, budget and value.

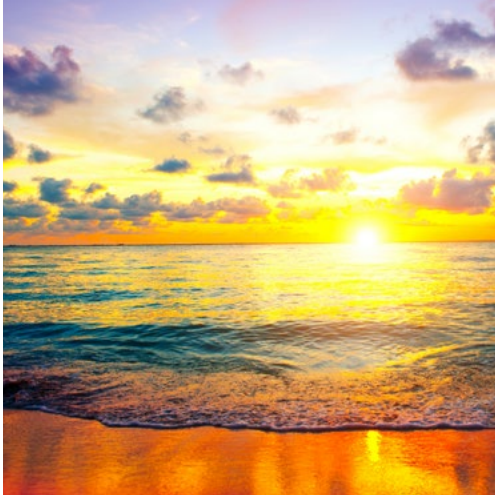
Are You Trying To Convince Non-Cruisers To Cruise Instead Of Another Vacation Type?



Some say it is simply a matter of educating their clients on the types and varieties of cruise options in the marketplace itself. Eleven percent say they mention cruise opportunities to all of their customers.

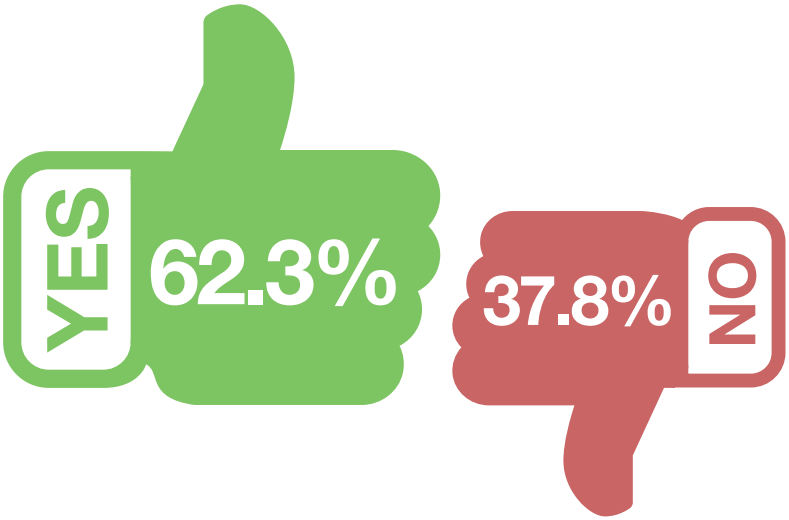
"Almost every non-cruiser can be identified as a cruising customer," says travel professional Annie Stimmel, CruiseOne/Dream Vacations, "especially those who like the idea of seeing many different cities/islands in one trip. They can then go back to their favorite and stay in a resort."

Craig Satterfield, Cruise Travel Outlet, Inc. says he always offers a cruise to a customer who is looking to travel. "I remind them of the ease and comfort level of cruising and that there are very few places you cannot see."



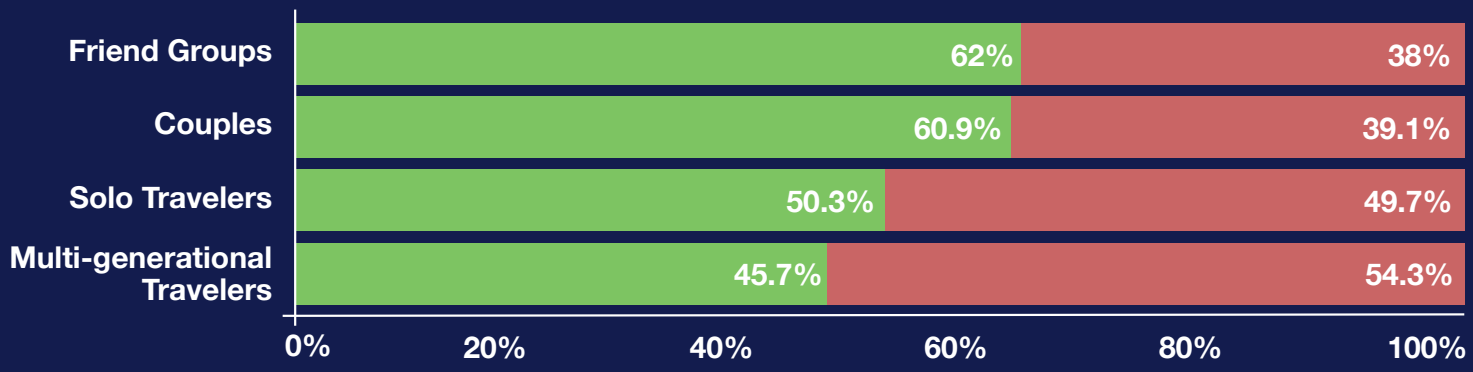
Meanwhile, "adventure" increasingly joins the conversation. Sixty-two percent of travel agents say their clients are becoming more interested in **expedition or adventure travel** than in years past. Travelers are looking for exploration, "something new and out of the box," says Eva Armstrong, Travel Planners International, and the cruise industry offers many choices—from luxury to adventure boat experiences.

Are Travel Clients More Interested In Expedition Or Adventure Travel Today Than In The Past?



That interest isn't coming from just one type of traveler. It comes from friend groups (62%), couples (61%), solo travelers (50%) and multi-gen groups (46%)—and it finds advantage in a multitude of destinations. Agents in adventure report 76% "more" or "some" interest in Alaska, 49% in the Galapagos Islands and 33% in the South Pacific.

Have You Seen An Increase In Adventure Travel Requests In The Past Two Years Among The Following Types Of Clients?



YES NO

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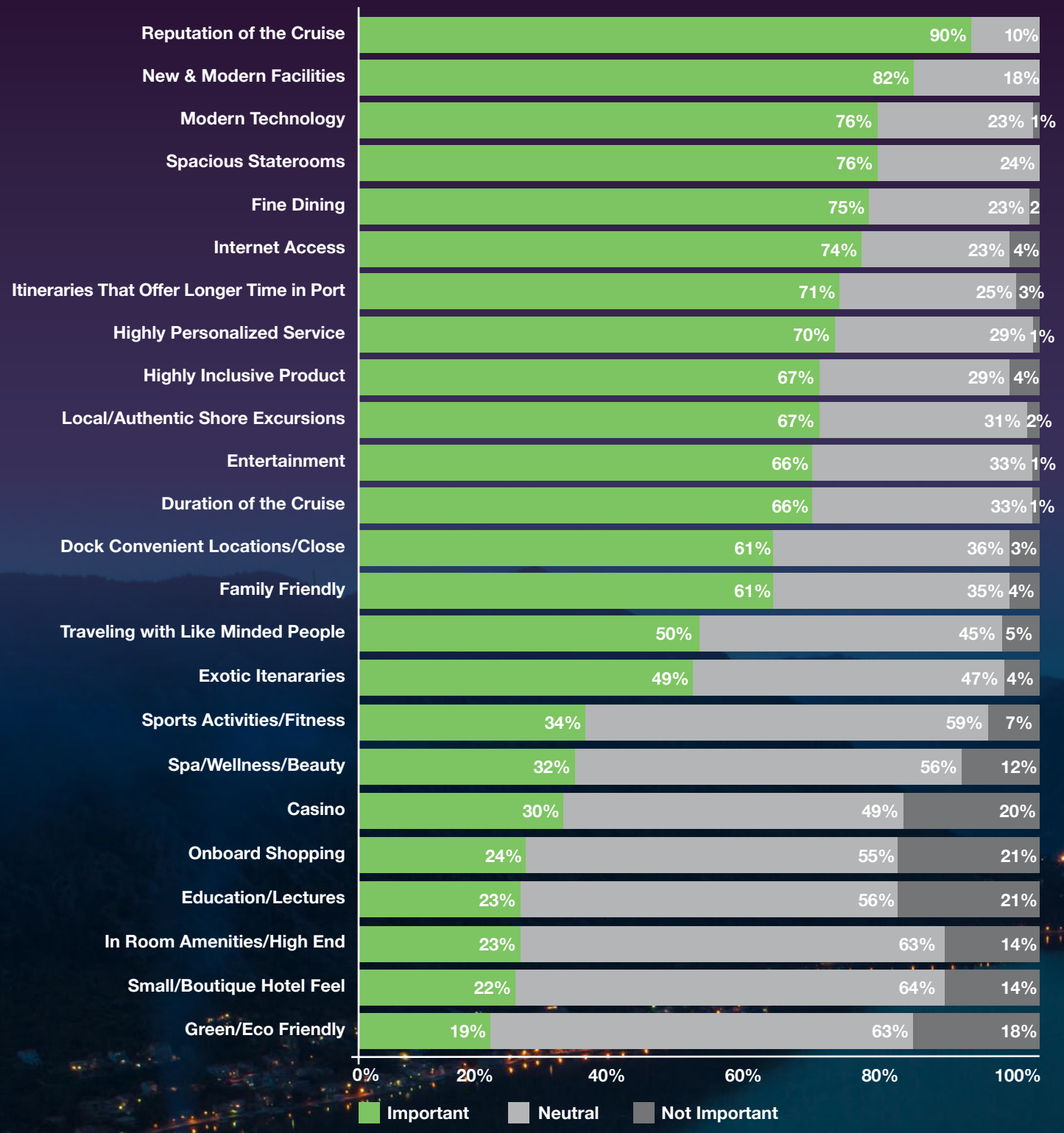
FEATURES & REASONS FOR CRUISING

A cruise's **reputation** is the most important feature for travel agents planning a vacation for their customers. Ninety percent of travel professionals say they rely on the repute and character of the vessel and brand they recommend. It's imperative that they trust the company when booking travel.

Other important features include new and modern facilities (82%), up-to-date technology and spacious staterooms (76%), free dining (75%) and internet access (74%).

Also central are longer port times, personalized service, inclusivity, authenticity, entertainment, duration, convenience and family friendliness.

Please Rate The Importance Of Each Of The Following Features When Planning A Cruise Vacation For Your Customers?



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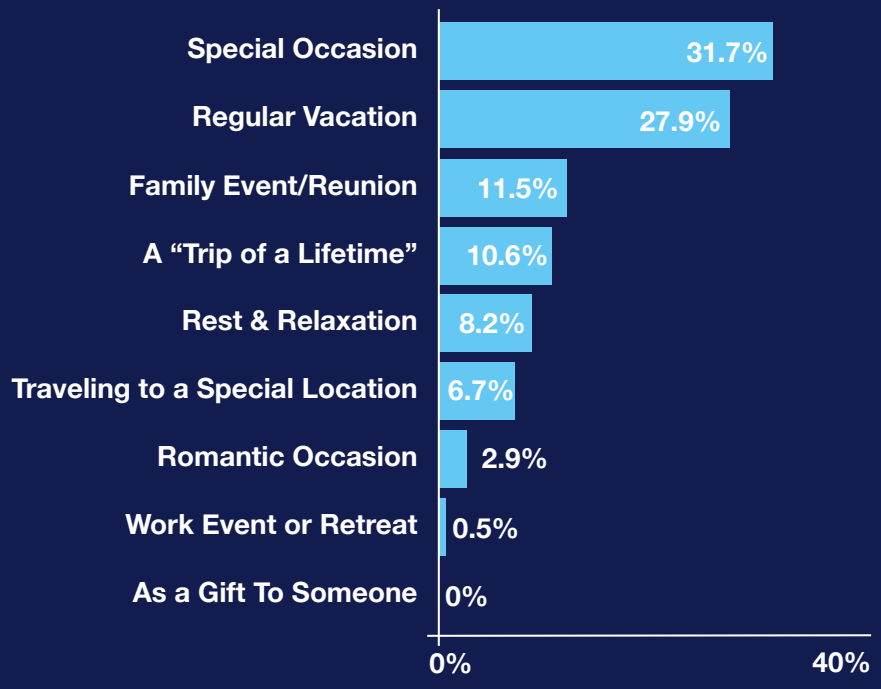
What Was The Main Reason You Booked Your Most Recent Cruise For A Customer?



When asked why clients are seeking out cruise options, 32% of travel agents say it was for some kind of **special occasion**—a birthday, an anniversary or a graduation, for example. But an additional 28% say it was just for a regular vacation with family or friends, apart from any kind of distinct event.

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Nicole Holder, Xstream Travel says she is marketing to more **families**. “Families are now being defined beyond the traditional core of mom/dad/children to include grandparents/uncles with families/aunts with families/friends with families. This has led to an increase in group sales inquiries and marketing activities targeting these dynamic relationships.”

Other reasons include family events or reunions (12%), “the trip of a lifetime” (11%), a little R&R (8%) and travel to a unique locale (7%).

CONCLUSIONS

Cruises are popular, and becoming more so, as travel agents educate the marketplace about overall worth when it comes to vacation money spent. Cruises capitalize on the two factors travelers of all types find most important—value and service. And for those looking for multiple destinations and diverse itineraries, travel professionals know they can rely on cruises to get the job done, and done well.

A robust North American economy, among other factors, has helped burgeon the industry, as 80% of travel agents say that they have seen increases in the volume of cruise-based sales, with a weighted average of 6.5% growth in 2017—an increase of 1.9% over last year's growth.

Those who are cruising are spending more, as well. Nearly 80% of travel agents say their cruise clients are spending more as they sail to such popular destinations as **Alaska** (51% growth), the Caribbean/Bermuda/Mexico (42%) and Canada/New England (31%).

FOR QUESTIONS ABOUT THIS REPORT, PLEASE EMAIL SARAH KENNEDY AT SKENNEDY@CRUISING.ORG

ABOUT THE TRAVEL AGENT CRUISE INDUSTRY OUTLOOK

The CLIA Travel Agent Cruise Industry Outlook report is a quarterly study conducted by CLIA. The data and research are compiled based on on-line survey responses from the CLIA Travel Agent Research Panel, which consists of 700 travel agents from North America.

Travel professionals in the cruise industry, can have their voice heard by joining the CLIA Travel Agent Research Panel. Simply email cliaresearchpanel@cruising.org.

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