



# TRAVEL AGENT CRUISE INDUSTRY OUTLOOK

NINTH EDITION | DECEMBER 2018

The background of the cover is a wide-angle photograph of a river cruise ship navigating a winding river through a lush, green landscape. The river is flanked by steep hills and mountains covered in dense vegetation, likely vineyards. The sky is clear and blue. The ship is a multi-decked white vessel, and a small town is visible on the far bank.

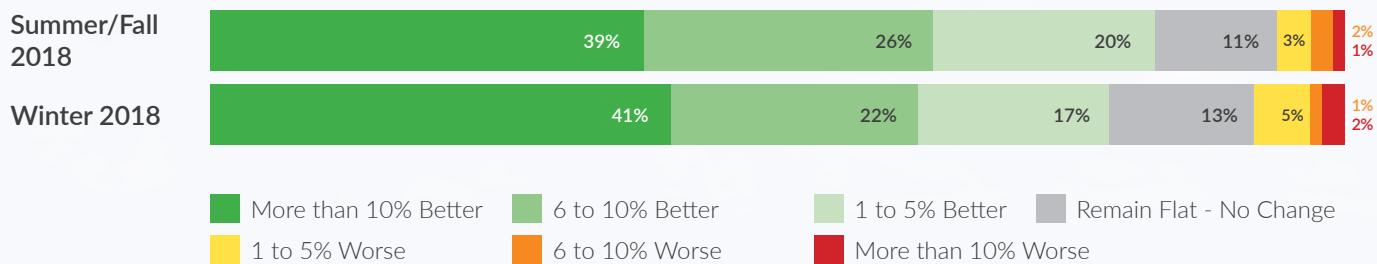
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Positive trends are dominating cruise industry buzz, for good reason. Travel agents and their customers are dishing on group and multigenerational travel, river cruising, value, luxury, the introduction of new ships and destinations. Aside from these dominant areas, no one theme stands out among the large swath of “significant trends” reported by agents. From a focus on experience and celebration to small ships to adventure, travelers are taking advantage of everything that cruises have to offer.

Meanwhile and pursuant to these positive vibes, travel agents are confident in their views of favorable market conditions moving into 2019—four of five (83.5%) indicate improvement in booking volume over last year, and a similar number (83.2%) anticipate higher spending from clients. Of those who say bookings are down, most (3.7%) say their business has declined just 1%-5%. Indeed, less than 1% say their cruise sales have decreased more than 10% over the last year.

### Describe your agency's outlook regarding its cruise sales volume in the current year compared to that of the previous year.



**“** My cruise business has doubled this year,” reports Tobi Tuttobene of TAW Travel LLC. More and more people are wanting to travel, and cruising gives them the best opportunity to see more than one location. I feel that people are no longer looking for the best deals. When thinking of a cruise, my clients want a unique experience in ports they’ve never been to.



This positive business outlook has become a consistent trend since the inception of this quarterly report. Travel agents have seen increases in business compared to the previous 52 weeks dependably for the last several years. This quarter's results indicate an improvement of 4 percentage points over just one year ago: 79.7% in Summer 2017 compared to 83.6% in Summer 2018, and most of the movement comes from those who report that sales are 6% to 10% better, from 13.5% to 25.5% (admittedly at the expense to some in the greater than 10% range).

**“** We are seeing more cruising business come into our agency than ever before,” concurs Laurie Shuss of Dream Vacations. “There are so many promos right now from all the cruise lines, that it is easy to find the right product for our clients. There has been more emphasis on river cruising recently which brings more business to us than ever before.

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## INVESTING IN EXPERIENCES

Travel agents report a greater degree of increased cruise spending since last year—from 77.9% in Summer 2017 to 83.2% in Summer 2018, a growth of 3.3 percentage points. Interestingly, this report has seen positive cruise spending since its inception—but the current rate is the highest it has ever been, from a low of 67.2% in Spring 2016.

More than a quarter of agents (27.6%) say that their clients are spending greater than 10% more than one year ago, and an additional 31% say that spend is 6% to 10% better. Another quarter (24.6%) say their cruisers are spending just a little bit more with 1% to 5% increases.

As one travel agent reports: “People seem more inclined to spend the extra money to travel to exotic places.” Another corroborates: “We are seeing clients willing to spend more to go to new and interesting ports. They also like the idea of spending the night at a port, allowing them to attend special activities.”

# FAVORITE DESTINATIONS

Alaska has been consistently the No. 1 growth destination for the last 3 years, and this latest edition is no exception. More than two-thirds of travel agents (67%) say they are seeing increased interest in the Northern-most U.S. state. Indeed, Alaska has gained an even wider margin than in the past.

"Alaska is selling like crazy right now," reports Amy Madson of Cruise Inc. "Families are liking the big ships in Alaska—Norwegian Bliss and Joy are bringing strong yields."

But an interesting story is developing for those destinations that follow. While interest in the Caribbean remains consistent (up just 1 percentage point to 43% compared to one year ago), other regions are seeing a greater uptick in the amount of increased interest. Consider Mediterranean Europe, where increased interest has jumped from 25% to 42% (up 17 points) over the past year. South America has seen growth in increased interest from just 9% last year to 20% today.

"More clients are requesting bucket list trips to Europe and Africa," says one respondent. "We have partnered with vendors that specialize in this area and I am completing more training on these destinations."

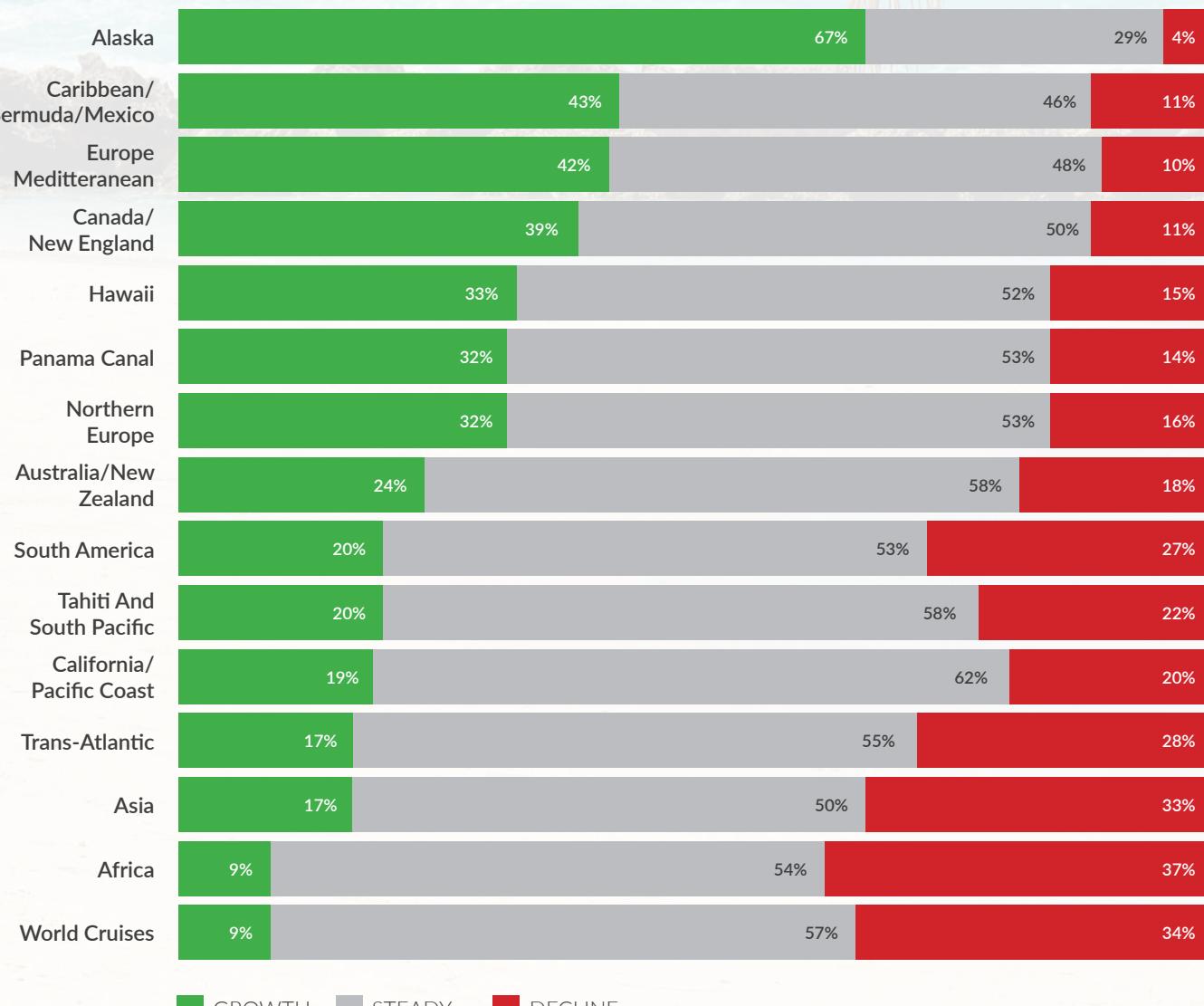
Similarly, growing interest in Hawaii is up 9 percentage points (24% to 33%), Panama Canal up 9 points (23% to 32%), Canada / New England up 8 points (31% to 39%) and Northern Europe up 7 points (25% to 32%).

Other, more distant, destinations are also seeing growth in the increases of interest. Australia / New Zealand marks a growth in increased interest of 6 percentage points compared to one year ago (18% to 24%). In fact, one travel agent says this region has become the majority of business: "It seems lately almost all of the cruises that I have reserved are for Australia and New Zealand."

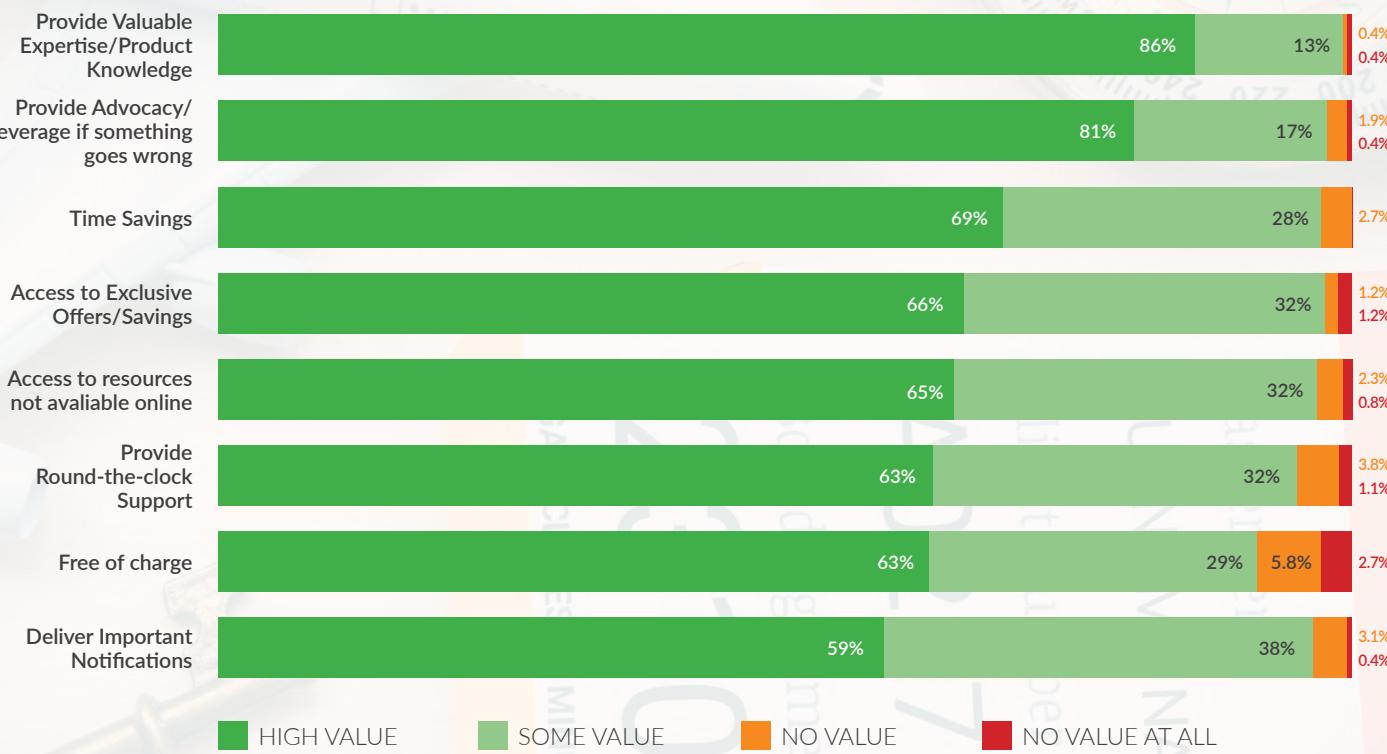




## In your view, are the following cruise destinations experiencing growth, decline or remaining steady in your bookings?



From the options below, where do you feel you bring the highest amount of value?



## THE VALUE OF THE TRAVEL AGENT

Travel agents say their most beneficial asset (86.2%) is providing valuable experience and product knowledge to their clients. They also enjoy being able to advocate for their clients and leverage relationships and expertise if something goes wrong (80.7%).

"For any professional, education and training is key to their success. The same is true for travel agents and these survey results prove it." says Stephani McDow, MCC, Director Membership & Professional Development at CLIA, "Those who invest in themselves through professional development will not only provide their clients, customers and partners with the best service and collaborations; but will earn more. CLIA's Career Seascape is a one-stop shop for professional development designed to grow cruise sales business, while CLIA's Global Cruise Lines offer top-notch product training."

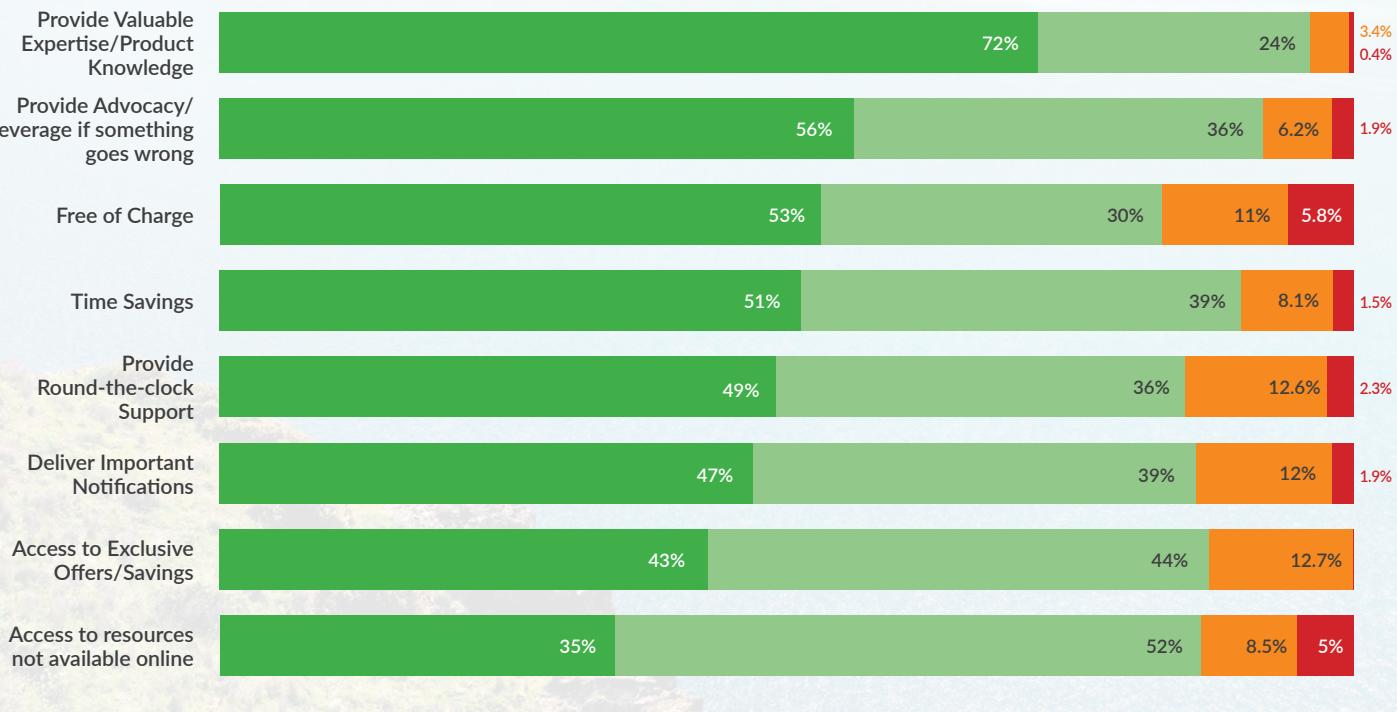
Other values come from the time they save their customers (69.4%), access to exclusive offers (66%), resources not available online (65.3%) and round-the-clock support (63.2%). Two-thirds of agents (62.6%) say the fact that all of this comes free of charge continues to bring client value, as well as the delivery of travel and other notifications (59.0%).

"I educate the consumer that their price is no different if they use me, but the value and quality of their vacation will be better," says one agent.

The good news is that current clients seem fairly well educated in the power of using a travel agent over self-booking, though further edification of the general public could benefit all travelers. Overall, there is at least some positive awareness among clients around agent expertise / knowledge (96%), advocacy (92%) and time savings (90%).

To a lesser extent, clients know about agents' access to exclusive offers and resources (87%), notifications (86%) and round-the-clock support (85%). Free services at 83% are the least known asset that travel agents offer.

### From the options below, to what extent do you feel your clients are aware of the following services you provide?



To what extent do you think river cruising is a great way to introduce customers to cruising?



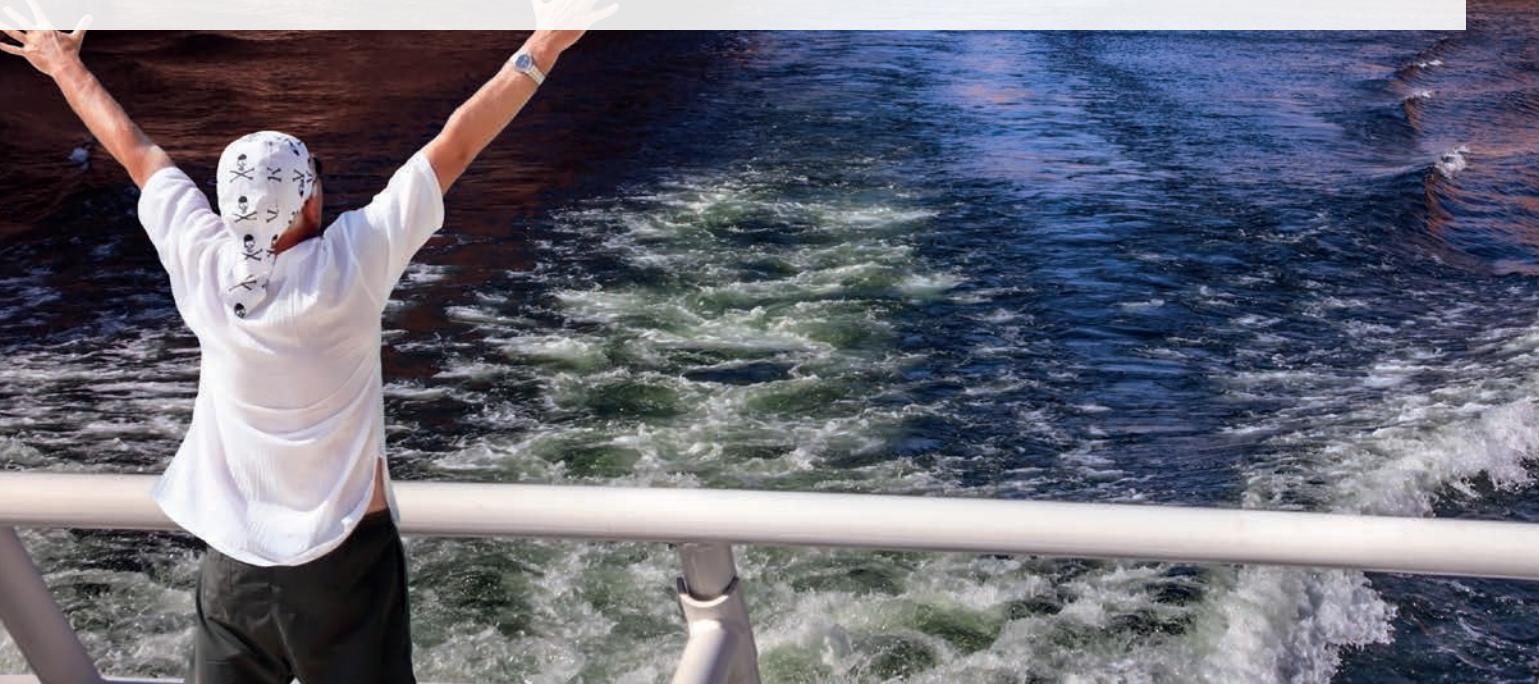
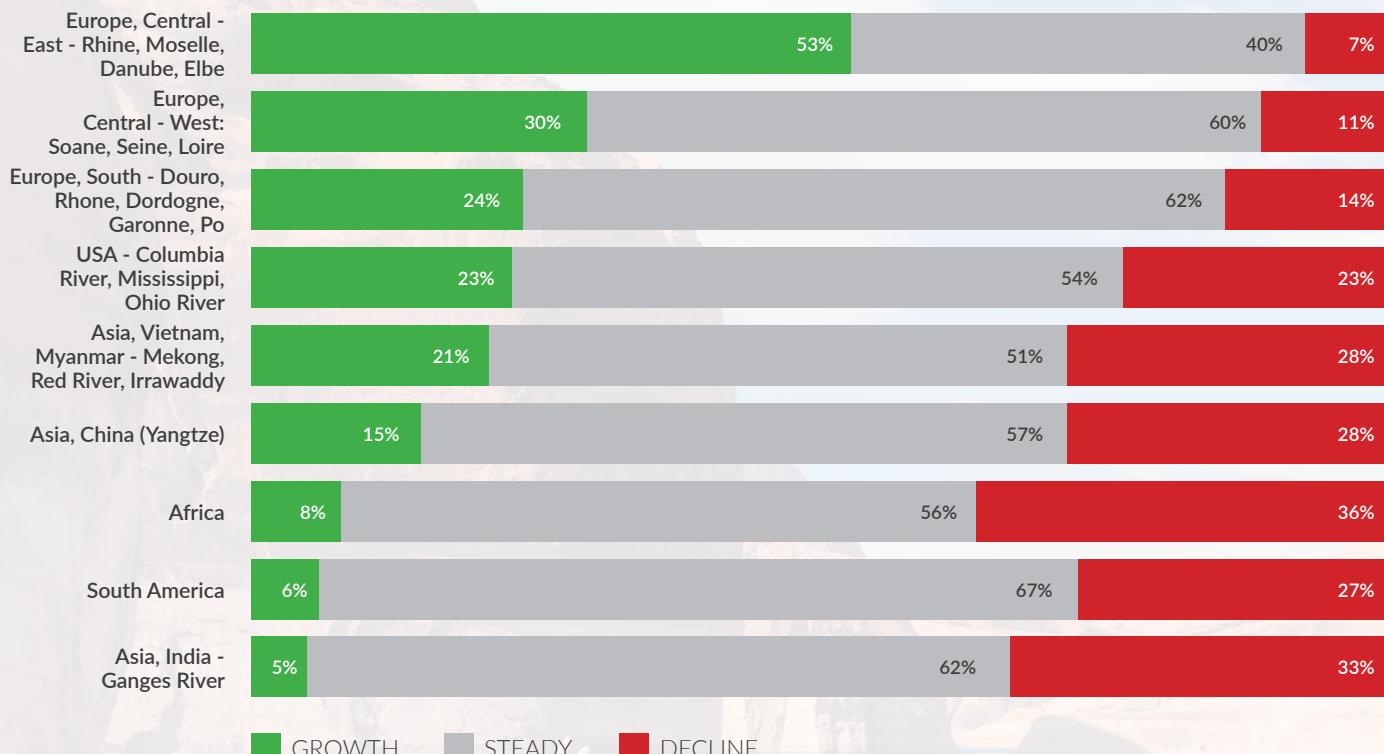
## THE RIVER CRUISE

The second-highest trend impacting the cruise marketplace is the river cruise, behind only group and multigenerational travel. Nearly four in five travel agents (79%) say that river cruising is, to some or great extent, a good way to introduce customers to cruising. Only 17% indicate that it isn't.

The question is why. Travel agents most frequently and overwhelmingly say their clients' interest in river cruises comes from a desire to experience something new or different. Trailing this substantially are requests for smaller ships, destination immersion, relaxed entrée to Europe, less unpacking, more destinations and reduced seasickness. Other motivations for river cruisers include educational experiences, slower pace, intimate settings, luxury and trendiness.

The most popular river cruises showcase Europe, including 53% growth to eastern waterways (Rhine, Moselle, Danube, Elbe), 30% growth to western channels (Soane, Seine, Loire) and 24% growth to the south (Douro, Rhone, Dordogne, Garonne, Po).

In your view, are the following cruise destinations experiencing growth, decline or remaining steady in your river cruise bookings?



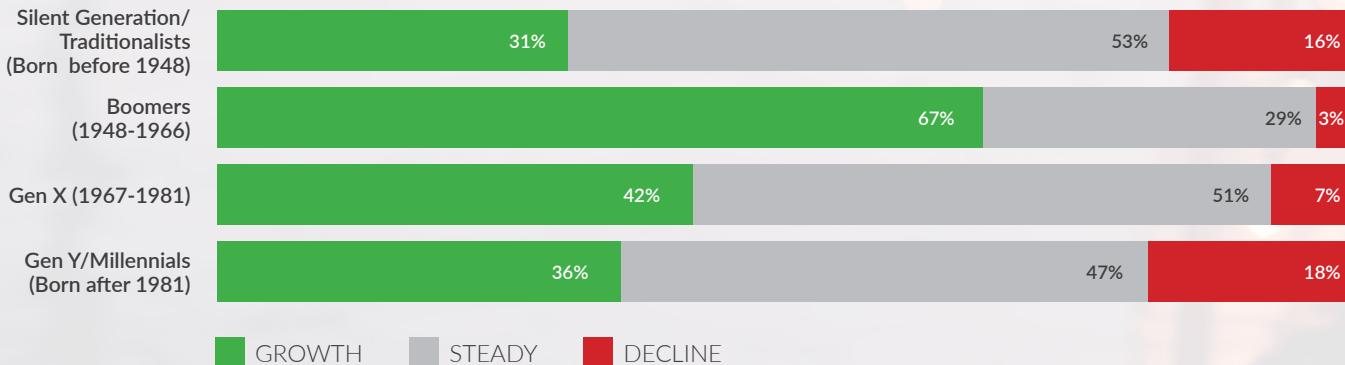
Nearly a quarter of agents (23%) see growth in U.S. river cruises, as well, particularly on the Columbia, Mississippi and Ohio rivers. Topping off river cruise destinations with at least 20% growth is Asia at 21%, particularly Vietnam and Myanmar (Mekong, Red, Irrawaddy and Chindwin rivers).

**“** The results of last quarter's survey were no surprise,” reports Rob Huffman, Vice President Sales, USA, Scenic Group. “We've seen tremendous growth for both of our river cruise brands – Scenic and Emerald Waterways – on the traditional European routes like the Danube, as well as on newer routes like the Douro. And it was because of our growth predictions in Asia that we're launching the new Emerald Harmony this spring. I was also very happy to see the high awareness consumers have of the knowledge and expertise travel agents can provide. It points to the importance of making sure that all of us in the industry make sure our education programs are updated regularly. I remain confident that in the coming year we will continue to see even greater awareness of the tremendous value travel agents have to offer.



This increase in interest comes from all ages and generational cohorts—though the greatest increase in demand constitutes Baby Boomers (67%). But Generations X and Y aren't to be trifled with. Gen X has the second greatest growth in cruise bookings (42%), followed by their immediate predecessors, Millennials, at 36%. Even the Silent Generation is upping its cruise ante, but to a lesser extent (31%).

### In your view which of the following generational cohorts are experiencing growth, decline or remaining steady in your river cruise bookings



# CONCLUSIONS

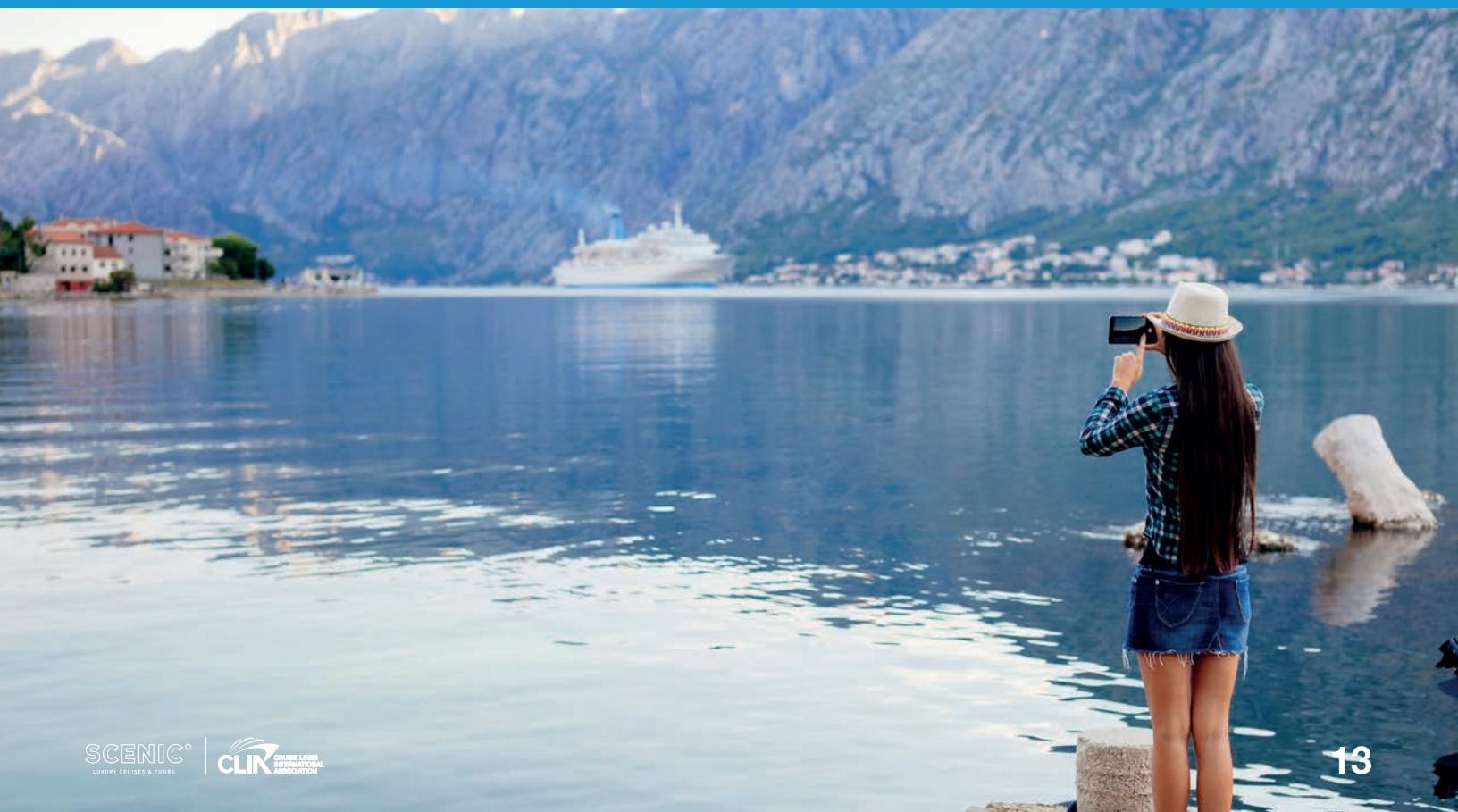
To say the cruise marketplace is flourishing may be an understatement. Positive trends in multigenerational travel, river cruising, value and luxury and new ships and destinations are pushing more and more travelers into the cruise marketplace, and those travelers are spending more than they have in the past. Four of five travel agents (83.5%) say their bookings are up since last year, and another 83.2% say spending is up, as well.

Alaska continues to be the destination with the greatest amount of growth in interest. But other regions are seeing higher percentage increases in this area. Europe and South America are seeing double-digit increases in interest over just one year ago. Hawaii, Panama Canal, Canada / New England, Northern Europe and Australia / New Zealand are all experiencing growth in interest from cruise clients.

The benefits that travel agents bring to their clients, and the value of using a professional to help book travel, are well known to cruisers. Clients understand that agents provide valuable experience and product knowledge, advocacy and leverage, time savings, exclusive offers and resources—all free of cost to the end consumer.

After group and multigenerational travel, river cruises are the hottest trend in the marketplace. Nearly four in five travel agents (79%) say that it's a great way to introduce customers to cruising. It's ideal for clients who desire new or different experiences, smaller ships, destination immersion and relaxed entrée to Europe.

It's a great time to be cruising.





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