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Globalization of the Cruise Industry: A Tale of Ships Part II - Asia Post 1994

Andrew O. Coggins

Abstract

Cruising has grown over 7% a year since 1980. Sustained rapid expansion in North America, followed by local expansion in Europe and Asia, has made cruising a global industry, with 365 ships and estimated sales of \$37.8 US billion (CIN, 2017). This global development has been fueled by innovation and introduction of market changing resident ships appealing to the mass traveler which were quickly matched by competitors, establishment of industry and port marketing organizations, awareness of cruising as a vacation option, and availability of suitable port and berthing facilities. When these four conditions coexisted the industry experienced rapid growth. Since 1966, the cruise industry has developed from a Miami-centered industry to a global industry centered in North America, Europe, Asia, and Australia/New Zealand. Given the high cost of state-of-the-art ships, their deployment is a good indication of industry's confidence in market growth. This chapter chronicles the development of the Asian cruise industry from 1994 through 2017. Data from *Cruise Industry News Annual Reports* (CIN) and *Berlitz Complete Guide to Cruising and Cruise Ships* (Ward) are examined and conclusions are drawn.

Keywords: innovation, cruising, Asia, tourism, globalization

1. Introduction

Shipping by its nature has always been global. With the development of alternative means of transporting passengers and mail and the subsequent demise of national fleets (ships built in the owner's country, registered in that country, crewed by citizens of that country, and in some cases constructed in that country), shipping has become even more global. Owners (cruise companies) are incorporated in and ships registered in the best countries from taxation purposes. Ships are constructed on a worldwide basis based on which shipyard offers the best deal. Crews are sourced on a worldwide basis according to who is willing to work for the salaries and under the conditions offered by the owners. Specific to the cruise industry, Oivind Mathisen, Editor of *Cruise Industry News Annual Report 2017–2018* (CIN 2017–2018) [1] writes:

“Despite a variety of geopolitical events and incidents, the industry has prospered and grown with a nearly unbroken record of profitable years for the publicly traded companies.

The business model is unique. The cruise companies incorporate overseas as shipping companies to avoid U.S. corporate income tax; build ships in countries that have experienced shipyards and offer export financing; hire officers and crews from maritime nations and from an international labor pool; source passengers from different markets based on demand and ability to pay the highest rates; and deploy ships that generally follow the sun, all while delivering an exceptional product.

It is a formula that has worked successfully for 50 years, going on 51 (p. 6)."

Cruising, unlike most shipping, including passenger shipping for transportation, is supply led versus demand led. In most shipping, demand grows and ship owners build new ships to meet that demand. In cruise shipping, the owners build new and innovative ships and then market them to create demand. Wood [2] writes "Definitions of globalization are legion and reflect the particular orientations and interests of researchers, as well as the complex and multidimensional nature of the phenomenon itself (p. 397)." He views the cruise industry from the perspective of deterritorialization in which "culture, social life and economic activity is no longer rooted primarily in the immediate physical geography of place (p. 398)." He sees cruise ships representing "a unique level of deterritorialization. Huge floating chunks of capital, they are intrinsically mobile and capable of being repositioned at a moment's notice. Unlike land resorts, cruise ships can change their locations to escape bad weather, political instability, or other things their owners may not like. Major events like September 11 can elicit massive redeployments of whole fleets (p. 398)." His article concentrates on the legal and regulatory aspects of this deterritorialization. Marti [3] also discusses globalization in the cruise industry. He writes, "Globalization is occurring due to a rising acceptance of the cruise product around the world as a tourism option. Cruise line strategies that promote globalization include: organic expansion, operating alliances, and mergers/takeovers. Organic expansion results when an established line places a vessel in a new regional market (other than North America) on a seasonal or permanent basis, while supporting the venture with its existing infrastructure. Operating alliances happen when two or more operators combine elements (usually marketing and sales) of their business with the joint aim of expanding into new regional markets. Mergers/takeovers occur when one company either takes a stake in another or assumes control, sometimes in stages and sometimes in one go [4]. According to Wood (2000), further evidence of globalization includes the following: an increasing internationalization of cruise company ownership, the use of flags of convenience (FOCs), registries that have no genuine link to the nationality of ownership, to circumvent home country labor laws, taxes, and maritime regulations and extremely heavy reliance on a global crew population, coming from 100 countries or more (p. 25)." Luthans and Doh [5] write "Globalization can be defined as the process of social, political, economic, cultural, and technological integration among countries around the world. Globalization is distinct from internationalization in that internationalization is the process of a business crossing national and cultural borders, while globalization is the vision of creating one world unit, a single market entity (p. 6)." "The vision of creating one world unit, a single market entity" is reflected in Cruise Lines International Association's (CLIA) [6] mission to "foster their members' success by advocating, educating and promoting the common interests of the cruise community." The community comprises cruise lines with over 95% of global capacity, key suppliers, ports, destinations, travel agencies, and travel agents. Initially focused on North America, CLIA has absorbed the regional cruise community organizations over the past

10 years. CLIA's regions are Australasia, Brazil, Europe, North America, the UK, Ireland, Asia, and Canada. Working together with the Seatrade Organisation out of the UK, CLIA has been spreading the gospel of cruising as a vacation form since 1975.

The Cruise Industry can be likened to a three-legged stool. One leg is hospitality, another is shipping, and the third is tourism. According to Cruise Industry News (2017–2018) [1], the industry had estimated sales of \$37.8 billion US in 2017 and capacity for 25.2 million passengers on 365 ships. In comparison, the UNWTO [7] estimated that tourism represents 5% of global GDP, approximately \$3.2 trillion US in 2010. According to Stopford [8], there were 74,000+ ships in 20,007 including 3600+ ferries. Thus, while large in absolute terms, the cruise industry is relatively small.

The industry is dominated by 5 international corporations, Carnival Corporation with 10 brands, Royal Caribbean Cruises Limited with 6 brands, Norwegian Cruise Line with 3 brands, MSC Cruises with 1 brand, and Genting Hong Kong with 3 brands. The relationship between the five companies, based on CIN (2017–2018) (p. 6) [1], is shown in **Table 1**.

The geographical extent of the current cruise industry is illustrated in **Figure 1**.

According to *Cruise Industry News Annual Report 2017–2018* [1], p. 8 there were 365 cruise ships with a capacity of 25.2 million passengers and an estimated sales revenue of \$37.8 billion US worldwide. **Figures 2–5** show the distribution in 2017 in comparison with 2004 and 1998. 1998 is chosen for comparison since it is the first year that CIN Annual recognized the importance of the Asian market by including Asia in their statistics.

The trend has been a substantial growth in the European and Asian market shares and a corresponding decline in the North American market share. Coggins [9] chronicled the development of the modern cruise industry from a secondhand fleet in a tertiary port into a global industry centered in North America and the growth of Europe into the industry's second global center.

Company	Ships	Berths	Capacity	Market Share
Carnival Corporation	106	234,208	11,104,117	44.1%
Royal Caribbean Cruises Limited	50	123,792	6,021,020	23.9%
Norwegian Cruise Line	25	50,646	2,213,796	8.8%
MSC Cruises	14	40,500	1,759,140	7.0%
Genting Hong Kong	9	15,409	1,022,419	4.1%
Total 5 Companies	204	464,555	22,120,492	87.9%

Table 1.
Top five cruise companies.

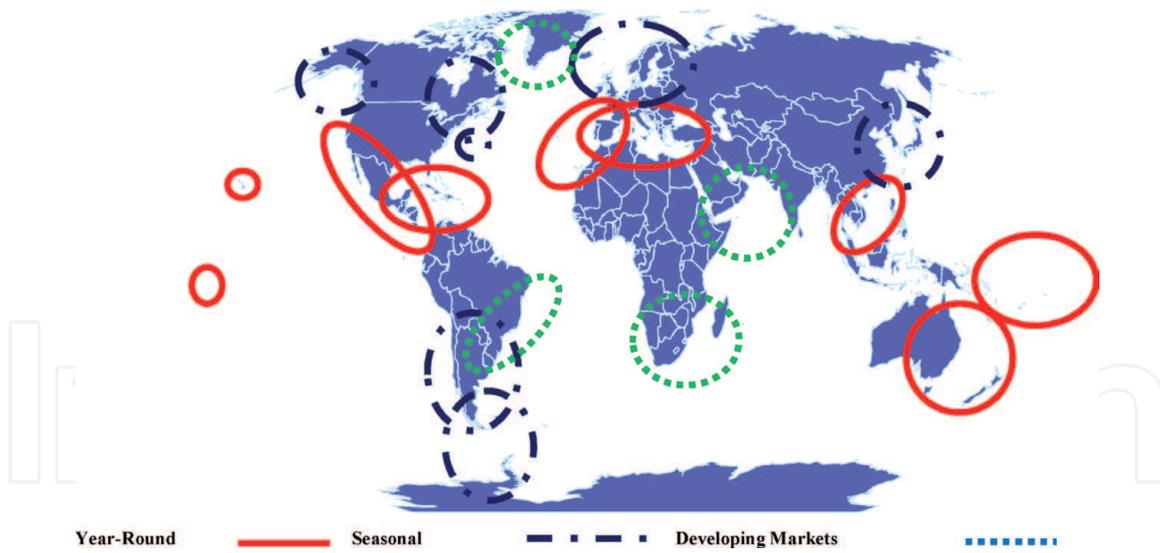


Figure 1.
World cruising regions 2017.

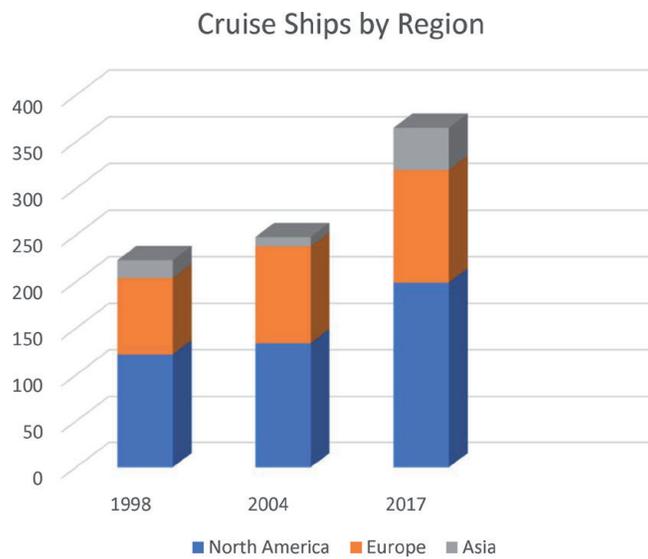


Figure 2.
Cruise ships by region 1998, 2004, and 2017.

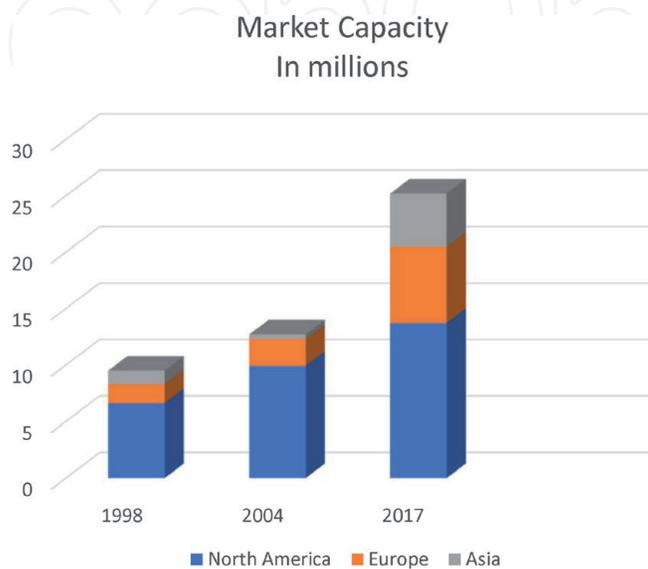


Figure 3.
Market capacity by region 1998, 2004, and 2017.

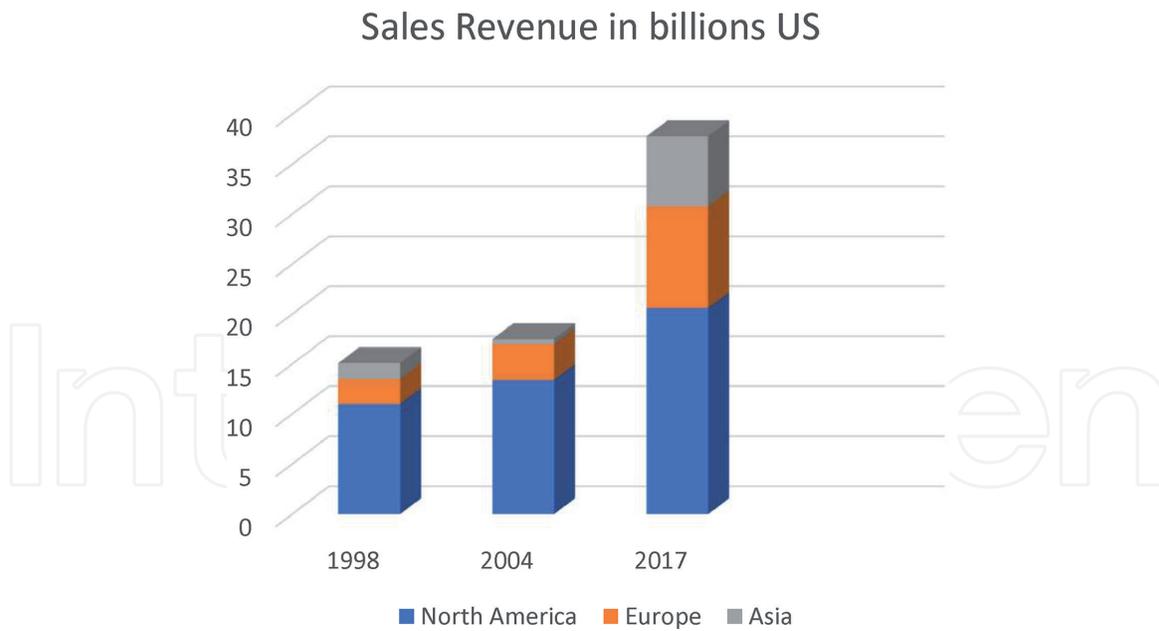


Figure 4.
Sales revenue by region 1998, 2004, and 2017.



Figure 5.
Market share by region 1998, 2004, and 2017.

2. Development of the North American and European cruise industries

The modern cruise industry can be said to have begun with the sailing of the *Sunward* in 1966. Seeing her alongside the quay in Nassau late December 1966, her crisp modern lines and large windows accented with potted plants stood in sharp contrast to the aged former coastal liners that were characteristic of the Miami cruise trade. The modern cruise industry was concentrated in North America though the early 1990s. The geographical distribution of the industry in 1966 is illustrated in **Figure 6**.

Most of North America's growth followed Marti's [3] definition of organic expansion throughout the Caribbean and then to Alaska and the Mexican Riviera and eventually to Europe. The major exception was Princess Cruises. Their 1974 acquisition by London-based P&O Lines provided an infusion of capital leading

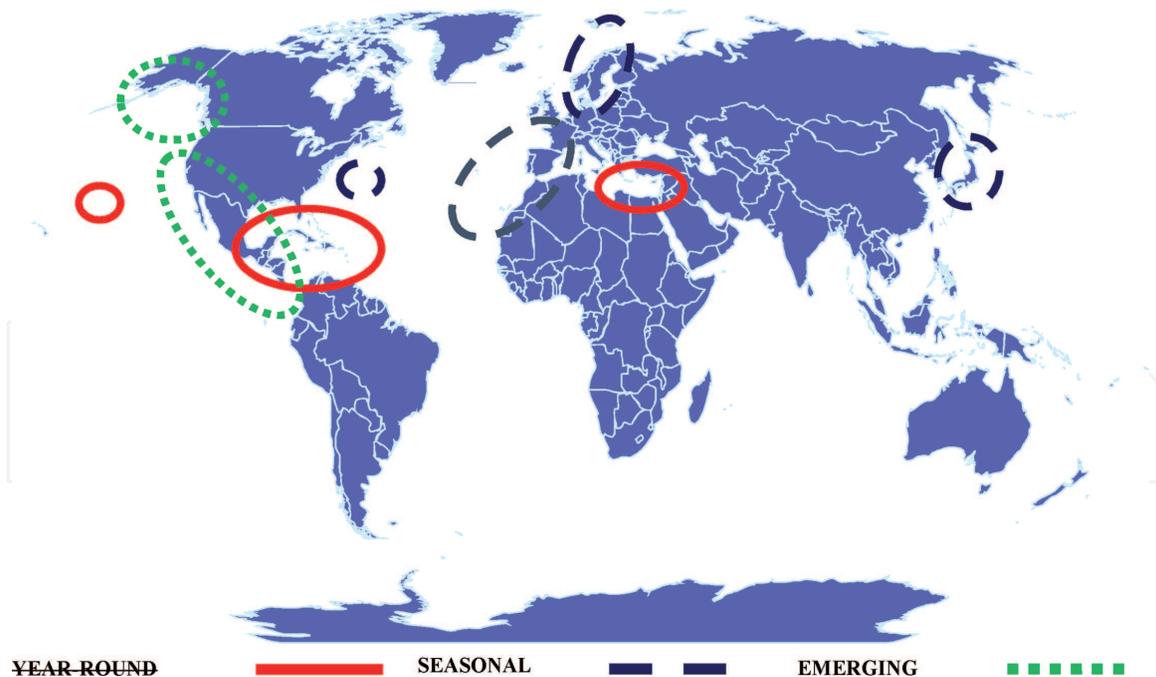


Figure 6.
Major world cruise areas 1966.

to a major upgrade of their fleet by the year's end. This pattern would be repeated between North America and Europe in the 1990s and between Asia and North America in 2000. In 1970, the industry carried 500,000 passengers. The major lines were Home Lines, Sitmar Cruises, Norwegian Caribbean Line (NCL), Cunard Line, Holland America Line (HAL), and Princess Cruises. In 1975, the TV series "Love Boat" started a 10+ year run that brought cruising into the living rooms of millions of Americans who had never seen the ocean. Royal Caribbean Cruises Limited started in 1971 with two new ships. Royal Viking Line (RVL) started with three new ships in the luxury segment and Carnival Cruise Line with the 1960-built *ex-Empress of Canada* as *Mardi Gras*. By 1980, the industry carried 1.4 million passengers, Carnival had three secondhand ships, Royal Viking and Royal Caribbean lengthen their ships to meet demand, and NCL proved the concept that a 2000-passenger ship could be successful in 1-week cruises with the converted *ex-France* operating in *Norway*. The early 1980s saw the advent of second-generation cruise ships with Carnival, Royal Caribbean, and HAL newbuilds. These were followed in quick succession by third-generation newbuilds from Carnival, Sitmar, and Princess in the mid-1980s. Ward [10] described the industry with this inflection point, "The first edition of this book, reviewing, testing, and evaluating 120 ships was published in 1985, when cruising was viewed as an expensive, rarefied experience." At the same time boutique cruise ships the size of large yachts appeared. In 1984, Seatrade held their first cruise shipping conference in New York City. In 1985, the industry carried 2.2 million passengers. In 1988, 3.2 million passengers were carried and the industry began to consolidate. HAL brought Home Lines and Carnival brought HAL. Princess brought Sitmar and Admiral Cruises was acquired by Royal Caribbean. NCL had brought RVL in 1984 but continued to operate it as a separate brand. That same year, fourth-generation cruise ships made their debut with Royal Caribbean's *Sovereign of the Seas*. Sporting multi-deck atriums and Broadway-sized show theaters, these were the largest ships built since the 1930s. In 1990, there was a boutique ship proliferation and the industry carried 3.6 million passengers. By 1992, this was 4.1 and by 1994 the numbers were 4.5 million. Up to this point, the focus of statistics was North America. However, in 1995, North American passenger numbers declined to 4.1 million, the first decline since the start of record keeping.

A key factor in this growth was cruising's high customer satisfaction resulting in repeat cruisers. The industry continues to attract new cruisers but repeat passengers are important. Miller and Grazer [11] write, "Cruise lines have long recognized the importance of repeat passengers. According to ship personnel, many sailings have at least forty percent repeat customers. Cruise lines often sail with passengers who have 700 or more days with that particular line (p. 78)." In order to retain these passengers, cruise lines need to offer new experiences in terms of ships and ports. Gibson [12] writes "The success of a cruise business, in terms of securing repeat customers and capturing new business, is directly related to reputation. In turn, past and present customers and their perception of service and product quality directly inform that reputation (p. 169)." As mentioned earlier the cruise industry is supply led. A new ship rewards repeaters something different and entices new-to-cruising passengers with, what Richard Fain, Chairman of Royal Caribbean, calls the latest "Wow!" factor. According to the 1998 CLIA Industry report [13], 24% of perspective cruise passengers were repeat passengers. In surveys taken between 1990 and 1996, 59–70% of these passengers intended to definitely/probably take another cruise. This makes these passengers particularly important to a cruise line's profitability. In spite of all the bells and whistles added over the past 30 years, executives at cruise conferences often remark that passengers pick their cruise because of the destination. Newness in both destinations and hardware remains important in attracting and retaining passengers. Josiam et al. [14] discuss the pull factors in attracting passengers. They write "Prior research identifies five pull factors with respect to cruise travel motivation (Lu, 2001). These five pull factors are national environment and safety, entertainment and sports recreation, nature and wilderness, learning opportunity, and modernity and facilities. Lu also points out that 'nature & wilderness' is the main reason pulling travelers to take cruise ship tours (85)." These factors are all inherent characteristics of a destination. The need to offer new destinations in order to retain repeat passengers is another factor driving fleet expansion.

The stagnation of 1994/1995 led to an attention shift outside of North America to Europe and Asia. Globalization in Europe would be led by newbuildings in the UK and German markets, followed by an attempt at pan-European cruising by Festival Cruises. Festival was eventually forced into bankruptcy by the owner's financial problems with his tanker fleet. This globalization was characterized initially by Marti's [3] organic expansion which was followed by mergers and acquisitions as North America-based lines brought or merged with Europe-based lines. The major exception was MSC Cruises. Backed by the world's second largest container shipping company MSC, MSC Cruises was able to take advantage of Festival's demise and modernize their fleet overnight. Since then they have expanded into the Caribbean, South America, and Asia as well as being a dominant player in Europe. They are well along the way to overtaking Norwegian Cruise Line as the third largest cruise company.

3. Literature review

Josiam et al. [14] write, "There are only a few research studies on travelers' motivation to experience a cruise vacation and their subsequent satisfaction with that experience. Because Asian travelers are an emerging segment of the cruise industry, there is need for cruise operators to better understand the needs of the ethnic Chinese segment and the Taiwanese traveler in particular. The purpose of this article is to address this gap in the literature (p. 77)." In the years since this was written, Carnival, Royal Caribbean, and NCL have put major ships in Asia targeting the Chinese market. They've overcome cultural issues by recruiting their management teams from Asian hospitality, consumer goods, and marketing industries.

The cruise industry in general has not been the subject of many academic articles. A search of the topics cruise industry and repeat passengers, cruise industry and globalization, and cruise industry and repeat purchase behavior of the Academic Search Premier, Business Source Premier, and ABI Inform databases resulted in only 18 academic articles since 1997. Of these only four were relevant to this chapter. This is probably due to cruising's relative position in the hospitality, tourism, and shipping industries. There are two good resources from the textbook perspective. Mancini [15] approaches the industry from the view of the travel agency professional and is excellent for achieving CLIA certification. Gibson [12] gives a detailed comprehensive analysis of the industry from the operational perspective. In 2011 the Shanghai International Cruise Economy Research Center was established. Located in Shanghai's Baoshan District, the center has produced a body of work on the Chinese cruise industry. Since 2014, they have published an annual report on China's cruise industry. Titled *The Green Book of the Cruise Industry, Annual Report on China's Cruise Industry* [16], the collection of academic articles is published in both Chinese and English.

4. Methodology

Using a grounded theory approach, this chapter looks at changes in the quality, not necessarily the quantity of the supply (ships) as a leading indicator of an inflection point in demand and the emergence of a port or region as a major cruise center serving a largely indigenous market. This chapter covers the development of Asia into a global cruise center. The purpose of the research, initially conducted in 2013, was to examine the growth of the modern cruise industry from the viewpoint of the quality of the hardware, the ships, and to identify any patterns that could be applied to the rapidly evolving Asian market. Specifically, Asia had reached the inflection point similar to the late 1980s and early 1990s in North America when the industry moved rapidly through several generations and the late 1990s and early 2000s in Europe when the industry jumped from first- and second-generation ships to fifth and sixth generation and beyond. This development is described in depth in Coggins [9]. Data from *Cruise Industry News Annual 1995–2017* [1, 17, 18] and *Berlitz Guides to Cruising 1983–2017* [19–23] was examined to develop a chronicle of the industry's growth. Daymon and Holloway [24] quoting Pettigrew (1997) (p. 338) wrote "A grounded theory approach enables you to undertake processual research, that is, research that focuses on 'a sequence of individual and collective events, actions and activities unfolding over time in context.' For example, grounded theory studies have the potential to offer original insights into how things happen,..." (p. 118). In summary, they conclude, "Grounded theory is an under-utilized but potentially important research approach for public relations and marketing communications. It holds great potential for tracing social processes in their context. It begins without hypothesis and allows both the data and theoretical sampling to guide the choice of conceptual framework and emerging theory. Researchers follow a systematic, structured process of data collection and analysis" (p. 128).

5. Asia through 1995: green shoots

In regard to early growth in Asia, Coggins [9] writes:

"The mid-1990s were times of surprise developments in the Asian market. Through Western eyes this region is often seen as a homogeneous market. However, it is

diverse, both geographically and market-wise. Stretching from Tasmania in the south to the Kamchatka Peninsula in the north and the International Dateline in the east to the Irrawaddy River in the west, the Greater Asian cruise region can be divided along the Sunda Straight Line into the Asia and South Pacific regions. Both of which followed different paths of development. The Asia region can be further divided into Southeast Asia with Singapore as the dominant homeport and hub of developments in the early 1990s. Destinations in this region are in Thailand, Malaysia, Vietnam, Cambodia, and Indonesia. Hong Kong serves as the major homeport for the Central Asia region. Destinations are Northern and Central Vietnam; Coastal China, north to Shanghai and south to Hainan Island; Taiwan; and the Philippines. Shanghai and the Beijing port cities serve as hubs for the China region. Destination ports are found in Southern Japan, South Korea, and Vladivostok in Far Eastern Russia. The final region, Japan, consists mainly of the Japanese Islands and their many ports.

Market-wise the region is multi-tiered. The South Pacific region's growth has been driven by locally sourced passengers in Australia and New Zealand. Markets for the other regions can be divided into Western sourced and local sourced passengers. Traditionally, Western sourced passengers usually visited the region between January and early May as part of World and Circle-the-Pacific Grand cruises. These passengers tended to be affluent and travelled on premium and luxury lines such as Princess, HAL, Cunard, SilverSea, Seabourn, HAPAG, and P&O Cruises. However, all Western cruise lines now operating year-round in Asia also market those cruises to Western audiences. Prior to globalization of the industry in the Asian region, the local sourced cruise market was concentrated in Japan. Many of these passengers were part of corporate charters. The rest were those wanting to travel in a Japanese culture cocoon provided by the market's ships. Geography and ships spending more than 4 months a year in the region are the determinants for which ships are included in this study.

Fueled by an increase in Japanese cruisers, industry expectations prior to 1994 were that Japan would lead Asia's breakout as the third global cruise region. This was encouraged by the 1989 maiden voyages of the boutique sized Oceanic Grace and the medium sized Fuji Maru. These were joined by similarly sized Orient Venus and Nippon Maru the following year. The world class Asuka debuted in 1991. The excitement generated by these five ships in a market known for its older and smaller ships convinced The Seatrade organisation to hold Cruise Forums in Yokohama in 1990 and 1993. In 1992, the Asian fleet consisted of 24 ships over 20 lines. These ships sailed out of Japan, Tahiti, Australia, and a number of Asian ports for both local and Western sourced markets. That year the 1961-built Shangri-La World and 1965-built Royal Pacific inaugurated short cruises out of Singapore. In 1994 short cruises started out of Bali. Details on ships' age, size, and passenger capacity can be found in Appendix A. **Table 2** contains the ship and company distribution across various Asian cruising regions 1990 through 1996. The volatility of the Asian Market 1990 through 1995 is shown in **Figures 7–9**.

By 1995 Singapore had become the epicenter of the growth in Southeast Asia. Walking onboard Star Cruises Langkapuri Star Aquarius in late 1994 as part of Seatrade's Asia Pacific 94 Cruise Shipping Convention's ship visit program, I instantly felt that cruising in Asia had changed forever. The result of this impression was a May 1995 presentation on the Asian Cruise Market at Cruise and Ferry 95 [25]. Aquarius was the equivalent of any contemporary North American cruise ship of equal size. Star's competitiveness was reconfirmed by a one-night cruise out

Homeport/Source Market	Year	Lines	Ships	Berths
Tahiti	1990	1	1	160
	1991	1	1	160
	1992	1	1	160
	1993	2	2	585
	1994	1	1	160
	1995	2	2	310
Australia	1990	2	2	1,600
	1991	3	5	3,694
	1992	2	3	2,150
	1993	2	2	1,500
	1994	5	5	3,084
	1995	4	9	4,940
Japan	1990	6	9	3,982
	1991	7	9	5,536
	1992	7	10	5,536
	1993	6	9	4,930
	1994	6	9	4,930
	1995	9	9	4,940
China, Philippines. Thailand Local Market	1990	5	5	2,148
	1991	5	5	2,148
	1992	6	7	3,663
	1993	6	6	3,048
	1994	6	6	3,048
	1995	8	13	8,815
Western/Worldwide	1990	5	5	1,758
	1991	5	6	1,942
	1992	3	3	1,808
	1993	8	9	1,797
	1994	8	8	2,303
	1995	9	11	3,655
Total by Year	1990	18	22	9,648
	1991	20	27	13,480
	1992	20	24	13,317
	1993	22	28	11,860
	1994	25	29	13,525
	1995	30	39	20,245

Table 2.
Cruise lines and ships operating in Asian cruise regions 1990–1995.

of Singapore on SuperStar Gemini in 1995. Star Cruises was founded in 1993. In 1994 they started operations with two 1989 and 1990-built state of the art Baltic Sea ferries, Athena and Kalypso. Employed on the highly competitive Sweden-Finland run these ships were the equivalent of the latest cruise ships. An unexpected devaluation of the Swedish Krone created a financial crisis for their original owner, Rederi AB Slite. Unable to pay for new ships under construction in Germany, the line was forced into bankruptcy and their ships became available at an attractive price. Converted for cruise service in Asia they were renamed Langkapuri Star Aquarius and Langkapuri Star Pisces. Star Aquarius was assigned to Singapore and Star Pisces to Hong Kong. They signaled a marked departure from the obsolete ferries and aging ocean liners usually deployed in emerging markets. Star operated short 2–3 day cruises that appealed to the Asian cruise passenger. The ships were equipped with multiple dining venues, a large casino, and top local entertainment. The cruises were priced so that they could be enjoyed by the average citizen, even taxi drivers. This was made possible by unbundling the cruise offering into a basic fare based on accommodations that included a basic dining package, Other

Asia Pacific Cruise Lines 1990-1995

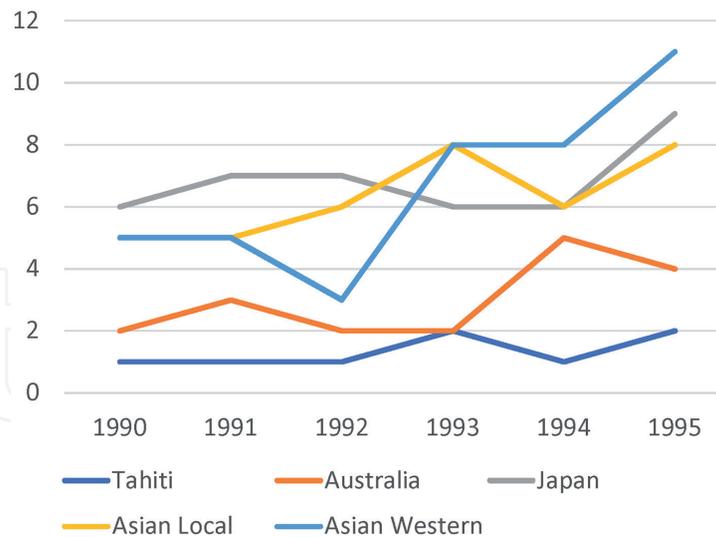


Figure 7.
 Asia/Pacific cruise lines by region 1990–1995.

Asia Pacific Cruise Ships 1990-1995

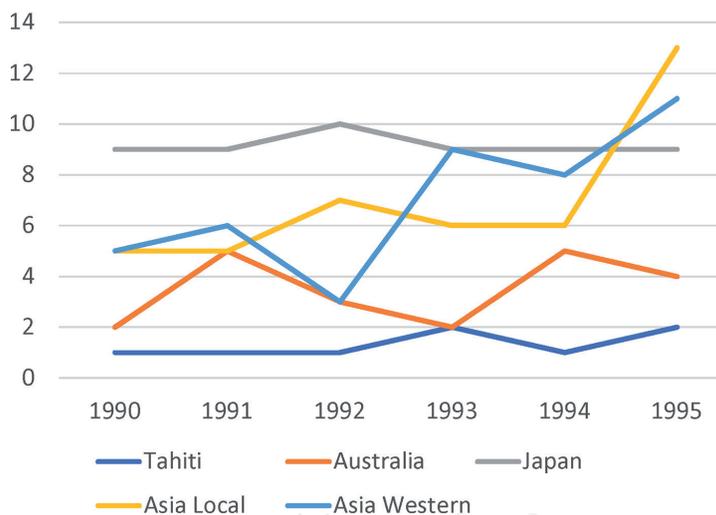


Figure 8.
 Asia/Pacific cruise ships by region 1990–1995.

dining venues required extra payment. The Langkapuri prefix was later dropped. Star Aquarius was joined by competitors, cruise ships the 1990-built Nautican, ex-Crown Monarch, and the 1969-built Leisure World, ex-Skyward. By 1996 Star Cruises was leading the expansion in Asia adding 1988-built cruise yacht sisters MegaStar Aries and MegaStar Taurus and the 1992-built SuperStar Gemini ex-Crown Jewel. U.S.-based Renaissance Cruises was also operating 1989-built boutique sisters Renaissance I and Renaissance II. These cruise yachts targeted a North American and worldwide fly-cruise passenger base. The same year P&O Spice Island Cruises started with 3–5 day cruises out of Bali with the 1962-built Bali Sea Dancer, ex-Illiria, and Klub Awani started short cruises out of Jarkarta with the 1966-built Awani Dream-I ex-World Renaissance. Two ships under Malaysian ownership, Empress Cruise Lines’ 1966-built The Empress ex-Sunward, and Berjaya Holiday Cruise’s 1962-built Coral Princess also entered service. By 1996 Star was fully established with a fleet of 5 ships.”

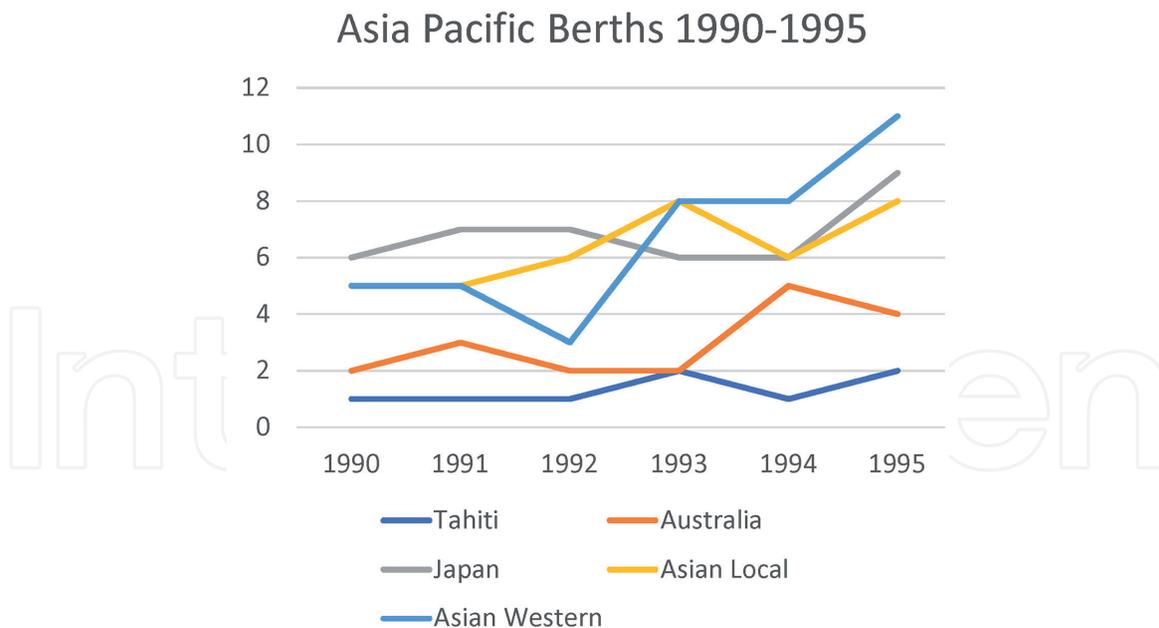


Figure 9.
Asia/Pacific cruise berths by region 1990–1995.

6. Asia: post 1995—blossoms and an early winter

In 1996, the principal indigenous Asia fleet consisted of 26 ships with 16,204 berths. The Japan-based fleet included seven ships in four lines. Two of these were built in the early to mid-1970s, the rest between 1989 and 1991. These ships were Japan Cruise Line's 1975-built *New Utopia* and 1990-built *Orient Venus*, Mitsui OSK's 1972-built *Shin Sakura Maru* and 1989-built *Nippon Maru*, NYK Cruises' 1991-built *Asuka*, and Showa Lines' 1989-built *Oceanic Grace*. K-Line's 1974-built *Song of Flower* is not included since she was marketed and deployed worldwide. In 1997 she was transferred to Radisson Seven Seas Cruises. The fleet stayed stable until 1998. That year Showa sold *Oceanic Grace* to P&O Spice Island Cruises and left the cruise business, and *New Utopia* was retired. Meanwhile, Japan Cruise Line's *Pacific Venus* entered service. In September of the following year, *Shin Sakura Maru* left service leaving the fleet at five ships over three lines with 3056 berths. The fleet remained unchanged until 2002 when *Orient Venus* was withdrawn along with *Fuji Maru*. The fleet stabilized at three ships, three lines, and 1904 berths until 2006. That year *Asuka* was sold and *Asuka II*, NYK's subsidiary Crystal Cruises' 1990-built *Crystal Harmony*, replaced her. This raised the number of berths to 2280. As of mid-2013 the Japan-based and -oriented fleet remained at three lines with three ships and 2280 berths. In a March 2012 press release, Princess Cruises announced the deployment of the 1995-built *Sun Princess* to Japan from April to July 2013. The deployment and itineraries were specifically targeted at the local market. This marked the largest deployment by a Western brand since the *Queen Elizabeth 2* operated out of Japan in the late 1980s. This will be discussed further under the pan-Pacific category.

In 1996, Windstar Cruises' 1987-built *Wind Song* and Club Mediterranée's 1992-built *Club Med II* sail-assisted cruise yachts operated out of Papeete, Tahiti. In 1998 these were redeployed and the luxury cruise ship 1998-built *Paul Gauguin* took up residence. *Paul Gauguin* was designed and built for Tahiti service and was still there in 2017. The passenger cargo ship *Aranu* began service between Tahiti and the Marquesas in 2000. *Aranu* is not included in the statistics since her primary purpose is transportation. In 2013 Windstar's 1988-built *Wind Spirit* resumed their Tahiti service.

Indonesia saw a number of cruise ventures in the late 1990s. P&O Spice Island Cruises operated the 1962-built former Mediterranean cruise liner *Illiria* as *Bali Sea Dancer* from 1995 to 1997. In 1998 she was replaced by the *Oceanic Grace* operating as *Oceanic Odyssey*. In 1999 P&O Spice Island Cruises fell victim to the Asian financial crisis and was shut down. There was another start-up attempt out of Jakarta in 1996 and 1997. Klub Awani started short cruises with the 1966-built *Awani Dream I*, the former *World Renaissance*. She was joined a year later by the former 1976-built *Cunard Countess* as *Awani Dream II*. In 1998 Klub Awani succumbed to the Asian financial crisis and left the industry.

There was a brief attempt at cruising out of the Philippines by Mabuhay Holiday Cruises. They operated the converted 1983-built Japanese ferry, *Fuji Sunshine*, as *Mabuhay Sunshine* on short cruises out of Manila. Operations ceased after 1 year, another victim of the financial crisis.

Siam Cruise Company operated the converted Stockholm-Helsinki ferry, 1962-built *Svea Jarl*, as *Andaman Princess* out of Pattaya, Thailand, since the early 1980s. The December 2004 Indian Ocean Earthquake and Tsunami was disastrous for the company as many of its ports were severely impacted. Even though *Andaman Princess* was unscathed, the company went out of business in 2005.

The atmosphere in Asia 1996–1998 was one of optimism and expansion. Royal Caribbean operated *Sun Viking* out of Singapore for North American cruisers. Carnival was in discussions with Hyundai regarding a cruise joint venture, and Star was busy buying up high-quality secondhand cruise ships and introducing cruising throughout the region. All this changed as the Asian financial crisis, which began in 1997, caused a shakeout in the market. In 1997, Royal Caribbean sold *Sun Viking* to Star Cruises and left the market. Carnival's brief joint venture with Hyundai also ended that year before a ship could be put in operation. By 1998, *Nautican* had moved to one-night gaming cruises, and *Renaissance* had ceased Singapore operations. However, Metro Holdings Ltd. Sun Cruises started up with 1963-built *Sun Vista*, Celebrity Cruises' ex-*Meridian*, and *Sun Viva 1*, a former *Renaissance* cruise yacht. Another former *Renaissance* cruise yacht, *Sun Viva 2*, was added the following year. Unfortunately, *Sun Vista* was lost to an engine room fire that May. Sun Cruises ceased operations in 2000. New Century Cruise Line added converted ferry, *Amusement World*, in 1998. They would cease operations by 2001. In 1998 two Malaysian-owned lines were in operation. The following year Berjaya Holiday Cruise would withdraw their 1962-built *Coral Princess* to concentrate on their core resort business. Empress Cruise Lines would continue to operate *The Empress* for 4 more years before leaving the market in 2004. In 1998, Star Cruises' fleet consisted of *Star Aquarius*, *MegaStar Aries*, *MegaStar Taurus*, *SuperStar Gemini* in Singapore, *Star Pisces* in Hong Kong, and *SuperStar Capricorn* deployed to New York and Australia. Later that year, Star introduced the brand-new *SuperStar Leo*. Designed by Tillberg Design, *Leo* raised the bar for the Asian market as the first newbuild, aside from the Japanese market, on a par with the industry's state-of-the-art ships. In 1999 *Leo* was joined by *SuperStar Virgo* who took over the Singapore cruises as *Leo* joined *Pisces* in Hong Kong.

The year 1999 also saw the start-up of Hyundai Cruises. Operating three ships, 1973-built *Kumgang* ex-*Capricorn*, 1972-built *Pongnae* ex-*Sagittarius*, and 1972-built *Pungnar-Ho* ex-*Island Princess* on short cruises to North Korea, the company lasted 3 years until 2001 before withdrawing as a result of changes in the political situation. As 1999 progressed Star sold *Capricorn* and *Sagittarius* to Hyundai, while *Aries* and *Taurus* were assigned to the charter market. In 2000, Star acquired the 1980-built *SuperStar Taurus* ex-*Leeward* and 1982-built *SuperStar Aries* ex-*Europa*. The industry was anticipating the arrival of Star's Libra class newbuilds. The first was due in 2001 and the second in 2002. Late in 1999 Star acquired Norwegian Cruise Line and the Libra class ships debuted as NCL's *Norwegian Star* and *Norwegian Dawn*.

in 2001 and 2002, respectively. In 2001, Star sold *SuperStar Taurus* and *SuperStar Aries*. By 2002 Star's Asian fleet had settled into its basic configuration for the next 5 years as the company's attention was focused on growing its NCL fleet. *Virgo* and *Gemini* were in Singapore, and *Pisces* and *Leo* were in Hong Kong. *Gemini*'s size also made her an excellent market opener as Star tried various new markets around Asia. In 2003, the SARS epidemic struck Hong Kong and effectively shut down the tourism industry throughout Asia for the next several months. *Leo* was sent to Australia in early spring to ride out the downturn. Her southbound transit was used to thoroughly disinfect the ship and effectively quarantine the crew.

7. The Australian market: a long growing season

The development of the Australia/New Zealand/South Pacific cruise market goes back a long time. P&O Cruises and Sitmar Cruises had been sailing out of Sydney since the 1970s. In the 1980s, P&O Cruises operated the 1959-built *Oriana* and the smaller 1966-built *Sea Princess* out of Sydney. Sitmar competed with the 1957-built converted troopship *Fairstar*. In 1986 *Oriana* was retired, leaving *Sea Princess* to maintain the P&O presence. In 1988, Princess Cruises purchased Sitmar Cruises. *Fairstar* continued to sail under the P&O banner; however, the name was not changed in deference to *Fairstar*'s many years of Australian service and reputation as "The Fun Ship." The following year, *Sea Princess* returned to Princess Cruises. In 1998 Australia relaxed its cabotage regulations, and Cruising Down Under, a port cooperative marketing association, was more than 2 years into its concerted effort to attract more cruise lines to the region. Given Australia's long coastline, this relaxation allowed non-Australian cruise lines to offer shorter cruises calling at Australian ports. That same year *Fairstar* was replaced by the 1956-built *Fair Princess*, Sitmar's former *Fairsea*. In the mid-1990s P&O Cruises had occasional competition for the lower end of the market from CTC Cruise Lines' 1976-built *Karelyya* with seasonal augmentation from their 1972-built *Southern Cross*, ex-*Spirit of London*. Star Cruises based their 1973-built *Norwegian Capricorn*, ex-*Royal Viking Sea*, in the region in 1999 and 2000. In 2000, the 1984-built *Pacific Sky*, ex-*Fair Sky*, replaced *Fair Princess*. In 2003, she was joined by the 1998-built *Pacific Princess*, ex-*R Three*, which brought year-round big ship total berths to 1888. Adding the 1986-built *Pacific Sun*, ex-*Jubilee*, increased this to 3274 in 2004. Two years later the three ships were joined by 1982-built *Pacific Star*, ex-*Tropicale*, bringing the total to 4396 berths. This number dropped to 4098 in 2007 as *Pacific Sky* and *Pacific Princess* withdrew and the 1991-built *Pacific Dawn*, ex-*Regal Princess*, was added. In 2008 *Pacific Star* left Australia bringing the total down to 3076 berths. In 2010, the two ships were joined by the 1990-built *Pacific Jewel*, ex-*Ocean Village 2*, raising the total to 4666 berths. The following year they were joined by the 1989-built *Pacific Pearl* for a total of 6136 berths. The addition of the 2001-built *Carnival Spirit* in 2012 added a new brand and brought the total to 8236 year-round berths. In 2013 *Pacific Sun* was sold which brought the total down to 6750. Between 2002 and 2013, P&O Cruises went from one ship with 1200 berths to three ships with 4650 berths plus one state-of-the-art ship with 2100 berths from sister-brand, Carnival Cruise Line. Since 1998, Captain Cook Cruises has operated small, 1800–3100 grt, 120–175 passenger cruise ships along the Great Barrier Reef and out of Fiji. Captain Cook also operates two river boats on the Murray River but the river numbers are not included in the statistics. Orion Expedition Cruises sailed the 2003-built *Orion* from 2005 through 2013 on expedition cruises out of Australia. From 2011 to 2012, they chartered the former 1991-built *Renaissance Four* as *Orion II*. These numbers are included in the statistics. In 2013 Orion Expedition Cruises was acquired by

Lindblad Expeditions National Geographic, and *Orion* was renamed *National Geographic Orion*.

8. The Asian market post-2005: rejuvenation and growth

In 2004 *Leo* returned to Hong Kong for a short period of time before being transferred to NCL as *Norwegian Legend*. Star's fleet remained steady until 2006 when NCL's 1988-built *Norwegian Sea* arrived in Asia as *SuperStar Libra*. At the same time, Costa Crociere positioned the mid-sized 1992-built *Costa Allegra* in Shanghai and Hong Kong on a year-round basis. Their target market was Mainland China. This was in contrast to *Sun Viking* who targeted Royal Caribbean's traditional customers. In 2007 Star introduced NCL's 1993-built *Norwegian Wind* as *SuperStar Aquarius* on short multi-night cruises out of Hong Kong. *Pisces* was primarily used in one-night cruises to nowhere. *Libra* was used to test new markets in Asia and the Mediterranean. The next change was the lay-up of *Gemini* in 2009. *Costa Allegra* operated through 2010; however, after her first season she was also marketed in Europe. In 2011 she was replaced by the larger 1992-built *Costa Classica*. *Classica* remained in Asia through 2012. That year she was joined by the still larger 1996-built *Costa Victoria*. In 2013 *Classica* returned to Europe and was replaced by the 2000-built *Costa Atlantica*. In 2012 Star added NCL's 1992-built *Norwegian Dream* as *SuperStar Gemini*. *Libra*, *Aquarius*, and *Gemini* were deployed throughout Asia in 2013.

As previously mentioned Costa upped the ante by increasing their ship numbers and size 2010 through 2013. Having seasonally deployed the 1995-built *Legend of the Seas* in Asia since 2008, Royal Caribbean International (RCI) assigned her to Asia year-round in 2010. Post-Panamax¹ 1999-built *Voyager of the Seas* joined *Legend of the Seas* in 2012. This was a bold move and a strong statement of RCI's confidence in the Asian market as she was the largest ship in Asia. In 2013, *Legend of the Seas* was replaced by *Voyager's* larger near-sister the 2004-built *Mariner of the Seas*. RCI deployed their ships out of Shanghai spring through fall and out of Hong Kong and Singapore in the winter. However, they advertised that worldwide RCI's primary target market was the local Asian population. With these two ships, RCI had the newest and largest ships in the Asian market, a generation ahead of the competition. Historically, this has been a winning combination in passenger shipping. Star's response was refurbishment and opening new homeports and markets by deploying their ships throughout Asia. They homeported a ship in Kota Kinabalu, Malaysia, and Xiamen, China, and made maiden calls in Yangon, Myanmar. Indigenous cruise lines also started in China and Korea in 2012, though they would be gone in several years. China Cruise started operations out of Hong Kong with the 1992-built ex-*Radisson Diamond* as *China Star*. As the first SWATH² cruise ship, *China Star* holds a special place in cruise ship history. HNA Tourism brought the 1986-built ex-*Jubilee* and is operating her as *Henna* out of Hainan Island. In Korea, Harmony Cruise started operations with the 1990-built ex-*Costa Marina* as *Harmony Princess*. In 2013, Oriental Dragon entered the cruise field with the 1982-built ex-*Sun Viking* as *Oriental Dragon*.

After 2008, a new category of Asian Market ships has been developed, ships that seasonally migrated throughout the Pacific. Spending the northern winter in Australia or Asia and the summer in Alaska, US West Coast, or Northern Asia, these ships can be called pan-Pacific ships. They include some of the lines' most modern and cutting-edge ships. Examples are: Princess Cruises' 1995-built *Sun Princess*, 2004-built *Diamond Princess* and *Sapphire Princess* rotating between Australia

¹ Post-Panamax: A ship too large to fit through the Panama Canal, generally a ship exceeding 100,000 grt.

² SWATH: Small water plane area twin hull.

and Japan; RCI's 1997-built *Rhapsody of the Seas* and 2001-built *Radiance of the Seas* rotating between Alaska and Asia and Australia, respectively; and Celebrity Cruises' 1995-built *Celebrity Century* and 2008-built *Celebrity Solstice* following a similar pattern as the RCI ships. The migration patterns are shown in **Figure 10**.

2013 was an important year for the question, "Is Asia the next global cruise center?" What was different from the mid to late 1990s, the last period of rapid growth? In the mid to late 1990s, Star Cruises was the only company introducing relatively new ships on a regular basis. Seasonal deployments by major cruise ships were pass-throughs as part of world or circle Pacific long cruises. The major cruise terminals were Singapore's Cruise Centre, Yokohama Cruise terminal, Hong Kong's Ocean Terminal, and Langkawi, Malaysia. While both Singapore and Hong Kong promoted their cruise facilities and location as cruise hubs, there were no regional cruise port organizations. Cruising Down Under was just getting started and writing the book on regional cruise port promotion. The Seatrade Organisation held a cruise tourism forum in Yokohama in 1993; cruise conferences in Singapore in 1994, 1996, and 1998; and cruise conferences in Cairns, Australia, in 1995 and 1997. These conferences/conventions provided an opportunity for cruise industry executives, tourism officials, and port authorities to get together. They also served to raise the industry's awareness as a vacation option through accompanying travel agent training sessions. The budding industry was hard hit by the Asian financial crisis toward the end of the decade and then again by the SARS epidemic in 2003. Star Cruises, with parent company Genting, was able to rationalize their fleet and persist.

While most of Asian tourism was suffering from the impact of the SARS crisis, Chinese tourism made a quick rebound in the second half of 2003 and into 2004.

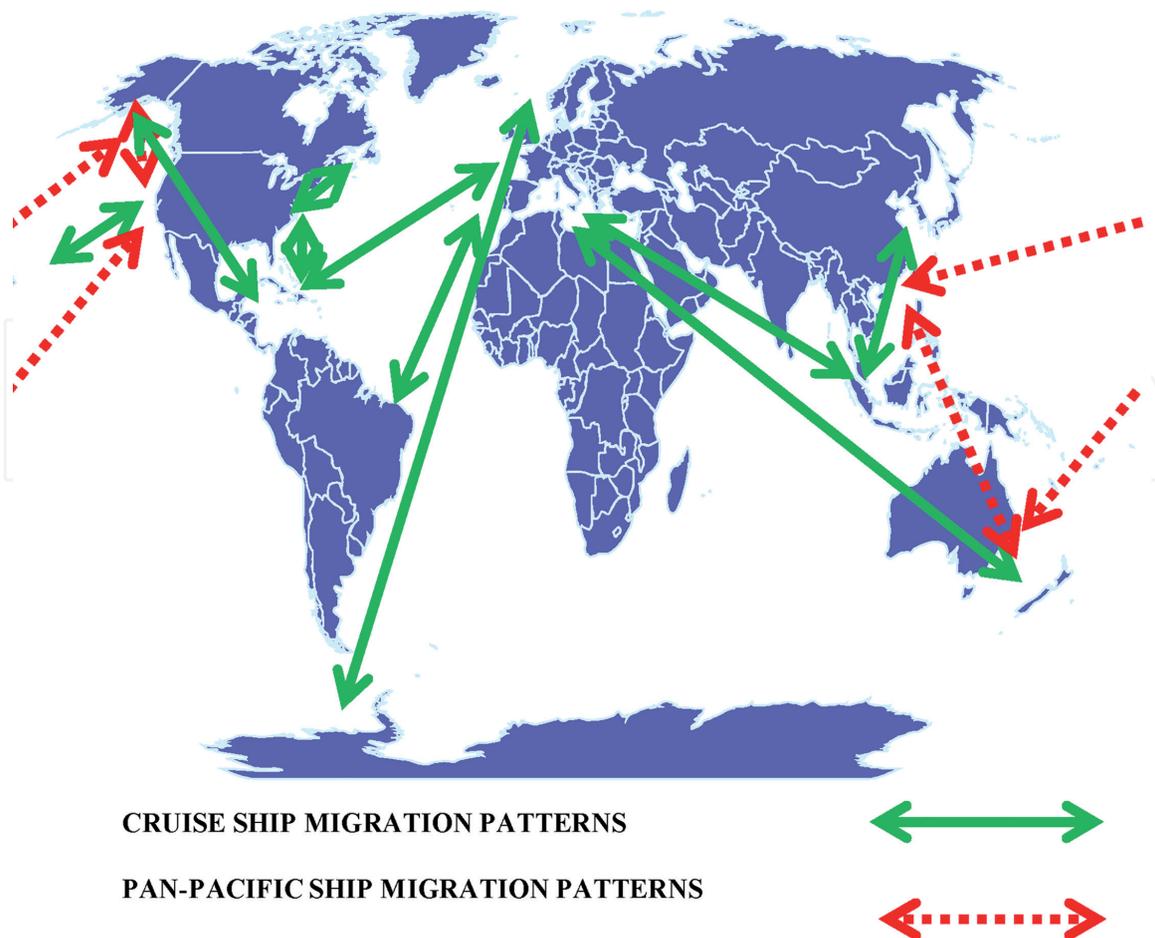


Figure 10.
Cruise ship migration patterns 2017.

China Today [26] wrote “The ‘Analysis of Functioning Characteristics of the 2003 Consumer Products Market and Prices and 2004 Development Trends’ published by the China National Commercial information Center isolates five characteristics. The first is the rapid growth in commodity housing and tourism that kept the retail volume of consumer products at a stable rate of increase as hot consumer products like cars and IT electronic products continued to increase. The second is unbalanced development of urban and rural areas and of different regions. Third is the contribution of hot consumer products to the increase in the total retail volume of social consumer products. Fourth is substantial growth in the catering industry, and fifth, that the middle class is a main force in hiking up consumption growth.” This was the same year that Costa Crociere opened its office in Hong Kong to prepare for *Costa Allegra*’s China Debut in 2006. As the world’s economies slipped into the Great Recession, China’s continued with relatively robust growth. By 2008, Royal Caribbean was back in Asia on a seasonal basis. Saporito and Ramzy wrote “The world’s largest multinational companies, many of them headquartered in the U.S., have been betting on the rise of the Chinese consumer for many years now. But as the economies in the U.S. and Europe have struggled to revive in the past few years, firms in nearly every sector, from automobiles to consumer goods to telecommunications, have placed a larger share of their chips on the Middle Kingdom. It is simply a matter of numbers: China’s economy grew 9.1% in the last quarter, compared with <2% in most of the West. While incomes in the West are stagnant, individual Chinese are expected to get a lot richer [27].”

The situation in 2013 was much different from in 1998. Instead of Star being the only major year-round cruise line, Costa Crociere and RCI were also operating frontline ships on a year-round basis. Seeking to take advantage of what Saporito and Ramzy (2011) termed China’s shift toward consumerism “As for China, the numbers behind any big shift toward consumerism there are potentially world altering. China’s 2011 GDP is roughly \$6 trillion. If consumer spending goes up from the current 36% to reach 45% of GDP-the government’s stated goal-\$540 billion in spending would flow into consumer goods and services...” With regard to travel potential, they wrote “Boston consulting Group estimates there are 1 million millionaire households in China, When those folks start hitting the road, Bridle (Hong Kong-based luxury-hotel company New World Hospitality’s Chief Operating Officer) wants to be ready, and so New World recently spent \$230 million to acquire Rosewood hotels and resorts, to lure travelers...The exodus is already under way. There are an estimated 54 million outbound trips from China, a number that quadrupled in the past 10 years. By the end of the decade, the figure could easily reach 100 million... [27].”

By 2013, there were also a number of pan-Pacific ships seasonally rotating through the region. The world cruise and circle Pacific ships still passed through, but the pan-Pacific ships made concerted efforts to target the local source passenger. More importantly, the infrastructure for growth was in place. New dedicated cruise terminals had been constructed or were under construction in Singapore, Hong Kong, Shanghai, Xiamen, Sanya, Qingdao, Dalian, Tianjin, Busan, Keelung, and Kaohsiung, to name a few. Ports had formed alliances to promote cruise calls such as Japan-Korea Strait Coastal Region Tourism Promotion Network, Kyushu District Transport Bureau, Taiwan Strait Tourism Association, and Micronesian Cruise Association. In 2008, the Hong Kong Tourism Board (HKTb), in cooperation with CLIA, set up a program to train travel agents in selling cruises. The Chinese Government included cruise industry development in its Fifth Five-Year Plan (2011–2015) and declared 2013 as marine tourism year [28]. Among measures to increase cruise tourism, China’s Ministry of Transport and Communications has streamlined customs’ procedures, permitted Chinese companies to form cruise lines, and eased

cabotage³ regulations so that foreign flag cruise ships can call at multiple Chinese ports on a single itinerary [29]. The cabotage issue was critical in the development of the China source market. China's long coastline makes short cruises, 3–5 days popular in the Asian market, difficult to operate without calls at Chinese ports. For example, Shanghai to Hong Kong is 824 nautical miles.⁴ In addition, there's the political situation which can change itineraries overnight as in 2017 with South Korea. The other major factor was the relaxation of restrictions on overseas travel in the early 2000s. In side conversations with China Overseas Shipping Company (OSCO) executives at Seatrade's 1998 Asia/Pacific Cruise Conference, they mentioned the issue with cruise development in China wasn't money/affordability but travel restrictions. In 2006, the China Cruise and Yacht Industry Association (CCYIA) was formed. CCYIA is a nonprofit organization dedicated to the development of the cruise industry in China. It conducts research and serves as a forum for discussions between key stakeholders. The Asia Cruise Association was formed in 2009 and serves as the cruise industry's association in Asia. It recently joined CLIA's global organization and performs the same functions but in Asia. The Asia Cruise Terminal Association (ACTA) was formed in 2010. Led by the Singapore Cruise Centre, it is mandated to promote cooperation among terminal developers and operators, increase awareness of existing facilities, and promote the region's development as a primary cruise destination. UBM's Seatrade returned to the region with a "House Party" conference to promote cruising in 2005 in Singapore. In 2008 they held their first All Asia Cruise Convention at the North Bund Cruise Terminal in Shanghai. The second convention was held in Suzhou in 2010. For the third they returned to Shanghai in 2012. Cruise Shipping held their first Cruise Shipping Asia/Pacific conference in Singapore in 2011. The second was held in 2012 and the third in 2013. Like the conferences in the 1990s, these five were accompanied by travel agent training sessions. In 2014 Cruise Shipping and UBM combined efforts under the Seatrade Asia/Pacific brand. Cruise Shipping Conferences were held in Hong Kong in 2014, Busan Korea in 2016, and Baoshan Shanghai in 2016 and 2017. One can conclude that the hardware is in place, but the modern cruise operations are extremely complicated. With the average cruise ship carrying close to or more than 2000 passengers, and newbuildings (new ships) carrying 4000 plus, the software has become increasingly more important. Rapid clearance of customs, quarantine, and immigration (CQI) is important, as are sufficient tour options and language capable guides. Yap [30] questions the return on investment from the new terminals. It's very difficult for a cruise terminal to make money unless it's a mixed-use facility with multiple revenue generators. The value of a cruise terminal is its ability to increase the number of cruise calls. Using a conservative estimate of \$100.00 US spent per passenger or crewmember, each call can be worth between \$200,000 and \$300,000 US. If the terminal can take yearly calls from 10 to 50, it may well be worth the cost. The number of ships trading in Asian waters has been rising steadily over the last few years.

When the bulk of this chapter was written, the question was "Is Asia the next global cruise hot spot?" By 2017 the answer was a firm "Yes!" From 2013 through 2017, major developments had taken place in the Asian operations of Star Cruises/Genting Hong Kong, Costa Crociere, Royal Caribbean International (RCI), and Princess Cruises. Post 2017 these are being joined by global brands Norwegian Cruise Line, MSC Cruises, AIDA Cruises, and Carnival Cruise Line. Corben wrote

³ Cabotage: The right to transport passengers and goods directly between two ports in the same country. Usually restricted to national/domestic flag carriers and can be a detriment to foreign flag cruise operations.

⁴ 1 nautical mile = 2000 yards.

“Asia’s tourism industry is booming, buoyed by rising incomes, low-cost air transport, and China’s growing outbound market....The World Travel and Tourism Council said dependence on tourism has been growing, especially with the ‘spectacular growth’ in China’s outbound market.

‘China expanded its ‘approved destination status’ scheme from 14 countries to 113 by 2012, leading to a 700 per cent increase in outward visits by Chinese tourists, from 10 million in 2000 to 78 million by 2015,’ the Council said.” Corben goes on to quote Oliver Lamb, of Sydney-based Pacific Aviation Consulting, “regional economic progress has driven tourism growth. The middle class is forecast to grow from 190 million to 400 million in the coming decade.”

“The growth of the middle class—the strength of the Asian middle class, the emergence of [air] carriers that are specifically targeted in wealth and well within the Asian middle classes’ needs and low fuel prices—you are getting a perfect storm of positive dynamics for leisure travel in the Asia Pacific,” Lamb told VOA [31].

The growth of the low-cost carriers has been a boon to the pan-Asia ships by greatly reducing the cost of the air portion of a cruise.

In 2015, RCI placed their lead ship of the *Quantum Class*, *Quantum of the Seas*, into service in Shanghai. She was the first newbuilding since *SuperStar Virgo* to enter the Asian Market. The same year, RCI started a joint venture, SeaSky Cruises, with Ctrip.com, exclusively for the Chinese market. Celebrity Cruises 1995-built *Celebrity Century* was renamed *Golden Era* and modified for the Chinese passenger. Costa also augmented their Asian fleet with the 2003-built *Costa Fortuna* and the 2007-built *Costa Serena*. Meanwhile, Princess Cruises made a concerted effort to develop their Japan market and establish a strong presence in China by deploying their 2015 Mitsubishi Heavy Industries-built sisters, *Sapphire Princess* and *Diamond Princess*.

In 2016, Genting Hong Kong, parent company of Star Cruises and Crystal Cruises, introduced the first ship of their Chinese market luxury brand, Dream Cruises. *Genting Dream* rotates between Guangzhou (Nansha Port), Hong Kong, and Sanya. In 2017 she was joined by sister ship *Genting World*.

In 2017, Princess Cruises introduced their purpose-built *Majestic Princess* into the Chinese market. She was joined by another purpose-built ship, Norwegian Cruise Line’s *Norwegian Joy*. AIDA Cruises joined the list of Western cruise lines operating year-round in Asia with the 2008-built *AIDAbella*. Not to be outdone, Costa added the extensively rejuvenated 1993-built *neoRomantica* to their Asian fleet. In 2019, Costa will add the purpose-built *Costa Venezia*. In 2020, she will be joined by a yet unnamed sister. 2017 was a landmark year as *Cruise Industry News Annual 2017–2018* [1] designated Asia/Pacific as the number 2 cruise region with a 15.7% market share, 59 ships, and a capacity of 3,972,701 passengers. In 2018, MSC Cruises will dedicate the 2009-built *MSC Splendida* to Asia and China. While seemingly late to the game, MSC Cruises had maintained a sales office in Hong Kong targeting the Asian and Chinese source markets since 2004.

Of the 84 cruise ships on order as *Cruise Industry News Annual 2017–2018* [1] went to press, seven were dedicated to the Asian (1) and Chinese (6) markets. Maybe more important than the number of ships being dedicated to the Asian market was the 2017 agreement, announced by Carnival Corporation press release on February 22, 2017 [32], between Carnival Corporation, Fincantieri S.p.A., and the China State Shipbuilding Corporation (CSSC). This brings together the world’s largest cruise corporation, one of the world’s most prolific cruise ship building yards and China’s major shipbuilding corporation. The binding agreement called for the building of two 135,000 grt/4200-passenger cruise ships, with an option

for 4 more, for the new Carnival China brand. The first ship is to be delivered in 2023. These will be the first major cruise ships constructed in China and may mark the emergence of China as a major player in cruise ship construction. Mitsubishi Heavy Industries is the only other Asian shipyard with major cruise ship construction experience. Their ships include Crystal Cruises' 1990-built *Crystal Harmony*, NYK Cruises' 1991-built *Asuka*, and Princess Cruises' 2004-built sisters, *Diamond Princess* and *Sapphire Princess*. However, they have been unsuccessful in obtaining continuous orders. The Carnival China ships may mark the emergence of China as a major player in cruise ship construction. Given the size of China's coastal middle class, the growth of cruising as a vacation option, and the low market penetration, the potential exists for China to be not just a major source of cruise passengers but a new major center for cruise ship construction. True globalization will be achieved when these yards are constructing ships for non-Asian brands for non-Asian deployment.

Meanwhile, the Australian-South Pacific market continued to grow. By 2017, P&O Australia's fleet consisted of 5 secondhand ships: ex-Holland America ships, 1993-built ex-*Ryndam*, *Pacific Aria*, and 1994-built ex-*Statendam*, *Pacific Eden* and ex-Princess' ships, 1991-built ex-*Regal Princess Pacific Dawn*; 1997-built ex-*Dawn Princess*, *Pacific Explorer*; and 1990-built ex-*Crown Princess*, *Pacific Jewel*. In 2019, they'll be joined by the rebranded 2008-built ex-*Carnival Splendor*. P&O Australia is augmented by Carnival Corporation sister brands, Princess Cruises and Carnival Cruise Lines. Princess is represented by formerly North America, and Europe deployed 1998-built *Sea Princess*, 1995-built *Sun Princess*, and 2001-built *Golden Princess*. Carnival is represented by the 2001-built *Carnival Spirit*.

Royal Caribbean International (RCI) and Celebrity Cruises represent Royal Caribbean Cruises Limited. RCI's fleet includes 2000-built *Explorer of the Seas*, 2001-built *Radiance of the Seas*, and 2016-built *Ovation of the Seas*. *Ovation of the*

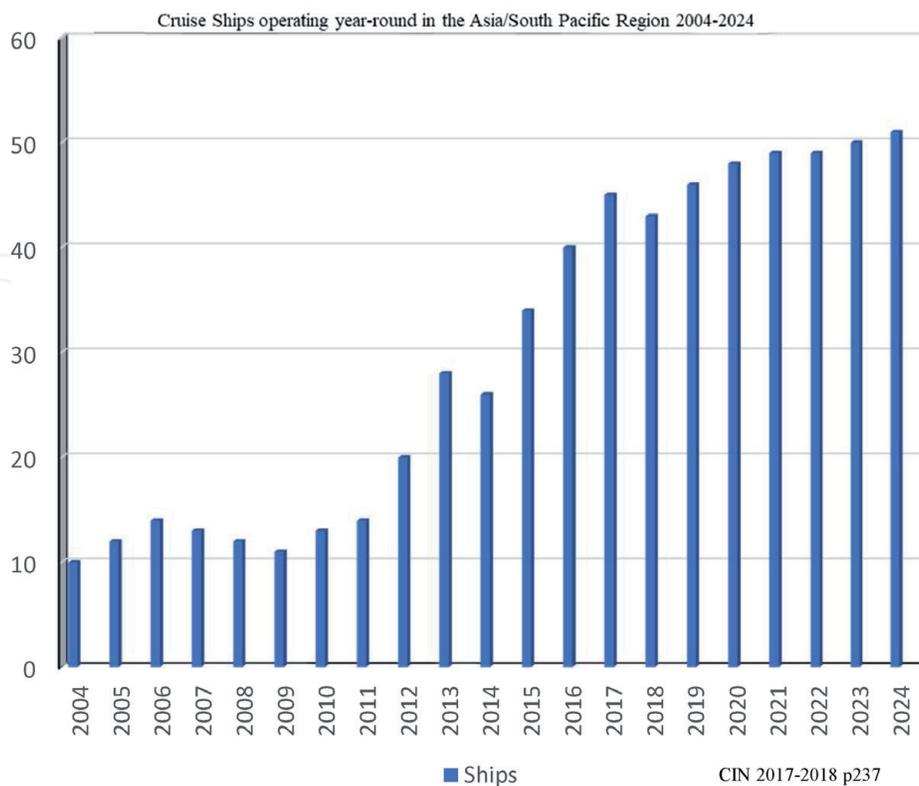


Figure 11. Cruise ships operating year-round in the Asia/South Pacific region 2004–2024.

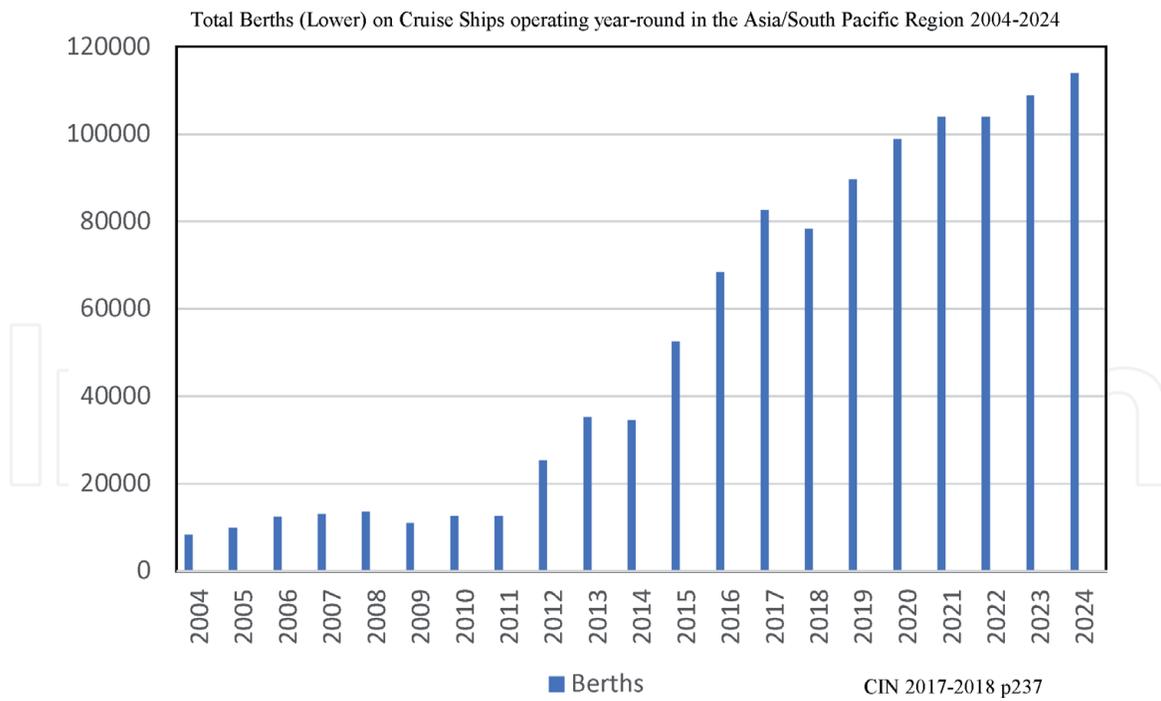


Figure 12.
 Total berths (lower) on cruise ships operating year-round in the Asia/South Pacific region 2004–2024.

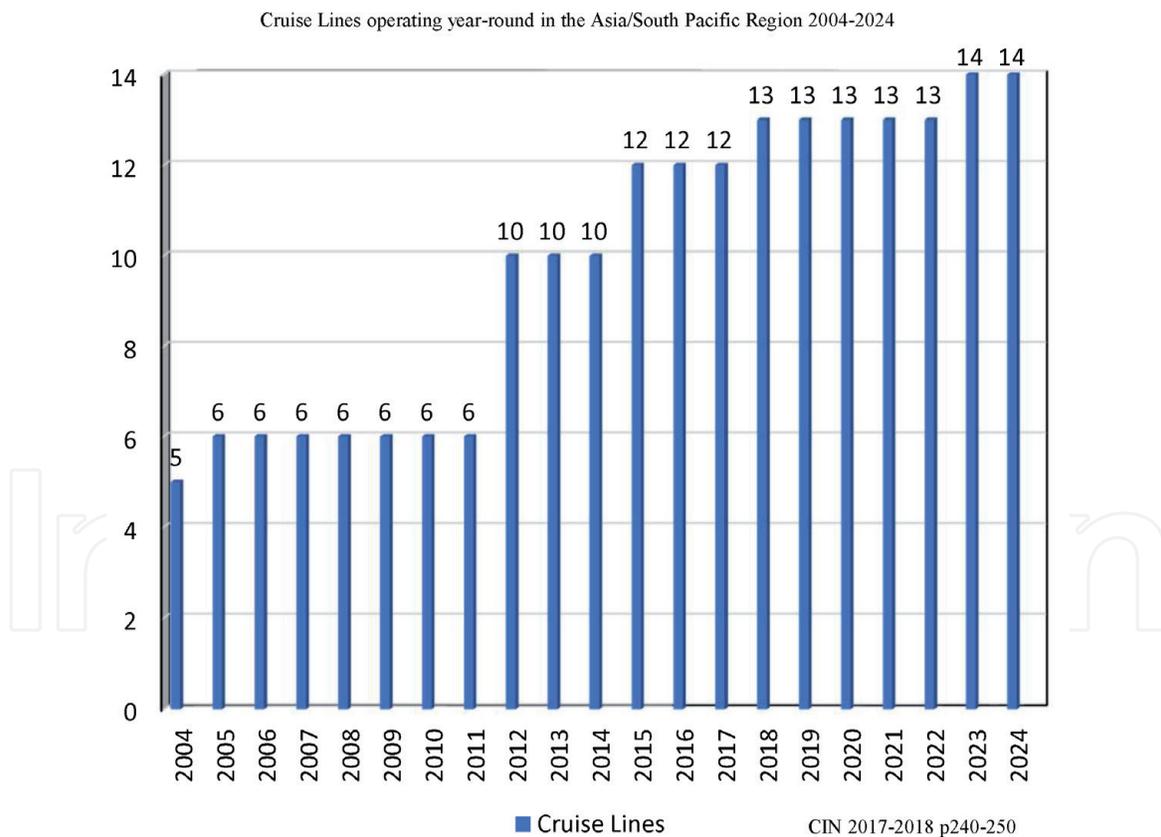


Figure 13.
 Cruise lines operating year-round in the Asia/South Pacific region 2004–2024.

Seas rotates between seasonal homeports of Sydney and Shanghai. 2010-built *Celebrity Solstice* flies the flag for Celebrity.

Figures 11–13 show the growth in Asia/South Pacific cruise ships, berths, and number of cruise lines operating year-round, respectively.

9. Conclusions

Asia has long played a role in worldwide passenger shipping. Prior to the 1980s, Asia was part of international line voyages and seasonal world cruises and circles Asia/Pacific cruises for mostly North American and European sourced passengers. The cruises within the Japanese Islands were mostly corporate charters or targeted to national passengers. International cruise operations can be said to have begun in 1982 when the converted cruise ship ex-*Finnstar* began operations as *Pearl of Scandinavia* (12,456 grt/515 pax). Taking advantage of improvements in the US/China relations, the ship offered a way for Americans to visit several ports in China in comfort during the ship's 4-week round trip itinerary from Japan to Singapore. In 1988, following extensive renovations at Singapore's Sembawang Shipyard, she was renamed *Ocean Pearl*. Sold to Croisieres Paquet in 1994, she ceased Asian operations in 1995.

However, globalization, in terms of the modern cruise industry and transformation of Asia into the industry's third global center, reached Asia in 1993/1994 with the start of Star Cruises. A Malaysian leisure/gaming company, Genting Group, took a North American business model and adapted it to Asian tastes. This was the first indigenous cruise line in Asia with state-of-the-art ships. Marketing itself to the local population in Singapore and Hong Kong with short 2–4-day cruises, Star provided numerous dining venues with a pricing model that unbundled the cruise fare into included and extra-cost specialty dining. As chronicled in this chapter, Star Cruises rapidly expanded through the mid-1990s until the 1998 Asia financial crisis. Star persevered through the downturn maintaining a presence in Hong Kong and Singapore. With the Chinese Government's attention to the cruise industry in the mid-2000s, the industry resumed growth. Meanwhile, to the south, the Australia-South Pacific market continued slow but steady growth. In 2004, Italian cruise company, Costa Crociere, establish an office in Hong Kong and in 2006 began operations out of Hong Kong and Shanghai targeting the mainland China market. Growth continued with both Star and Costa increasing their fleets and Royal Caribbean International returning to Asia. The period from 2013 through 2015 marked a turning point in the rate of growth. With the development of cruise ship construction capabilities in China, Asia is poised to move from the cruise industry's third global center to a possible rival for second place or even eventually first place!

A. Asia cruise ship age, size, and capacity data 1990–2020

Ship	Year built	Entry	GRT	PAX	Market
AIDAbella	2008	2017	68,203	2050	Asia
Amusement World ex-ferry Patricia	1967	1998	16,254	1200	Singapore
Andaman Princess ex-ferry Svea Jarl	1962	1989	4898	276	Thailand
Aruna	2000	2000	3800 dwt*	200	Tahiti/local passenger & freight
Asuka	1990	1990	28,717	390	Japan
Awani Dream 1 ex-Renaissance	1966	1996	8630	587	Indonesia
Awani Dream II ex-Cunard Countess	1976	1997	17,593	750	Indonesia

Ship	Year built	Entry	GRT	PAX	Market
Bali Sea Dancer ex-Illiria	1962	1996	3852	143	Indonesia ex-UK/EU/AU
Carnival Spirit	2001	2012	84,000	2100	Australia
Carnival Splendor	2008	2019	113,323	2974	Australia
Celebrity century <i>Golden Era</i>	1995 2015	2008	71,545	1814	Asia, Alaska, Australia China
Celebrity Solstice	2008	2008	121,878	2852	Asia, Alaska, Australia
China Star ex-Radisson Diamond	1992	2012	19,800	354	China
Club Med II	1992	1992	10,000	450	Tahiti/Western sourced
Coral Princess ex-Princesa Leopoldina	1962	1996	9842	399	Malaysia
Costa Allegra	1992	2006	28,430	820	Hong Kong/China
Costa Atlantica	2000	2013	85,700	2112	
Costa Classica	1992	2011	52,950	1928	Asia
Costa Fortuna	2003	2015	102,587	2716	Asia, China
Costa NeoRomantica	1993	2017	57,150	1578	Asia
Costa Serena	2007	2015	114,147	3000	Asia, China
Costa Venezia	2019	2019	132,500	3700	China
Costa Venezia sister	2020	2020	132,500	3700	China
Crystal Harmony <i>Asuka II</i>	1990 2006	2006	49,900	960	Worldwide Japan
Diamond Princess	2004	2008	115,875	2674	Japan
Explorer of the Seas	2000	2015	137,308	3114	Australia
Fair Princess ex-Fairsea	1956	1989	24,724	890	Australia
Fairstar	1957	1986	23,764	976	Australia
Fuji Maru	1989	1989	23,340	328	Japan
Genting Dream	2016	2016	151,300	3360	China
Genting World	2017	2017	151,300	3360	China
Golden Princess	2001	2016	108,865	2624	Australia
Harmony Princess ex-Costa Marina	1990	2012	25,441	772	Korea
Henna ex-Jubilee	1986	2012	47,262	1486	China
Karellya	1976	1994	15,065	472	Australia
Legend of the Seas	1995	2008	69,130	1800	Asia
Leisure World ex-Skyward	1969	1994	16,254	1071	Singapore
Mabuhay Sunshine ex- Fuji Sunshine	1983	1997	7200	400	Philippines
Majestic Princess	2017	2017	141,000	3600	China
Mariner of the Seas	2004	2013	137,276	3114	Asia, China
MegaStar Aries	1988	1996	2928	100	Singapore
MegaStar Taurus	1988	1996	2928	100	Singapore
MSC Splendida	2009	2018	137,936	3274	Asia, China

Ship	Year built	Entry	GRT	PAX	Market
Nautican ex-Crown Monarch	1990	1994	15,271	560	Singapore
New Utopia	1975	1975	13,789	650	Japan
Nippon Maru	1990	1990	21,903	408	Japan
Norwegian Joy	2017	2017	164,600	4200	China
Oceanic Grace Oceanic Odyssey	1989 1998	1989	5218	120	Japan Indonesia ex-Au, NZ, UK, US
Oriana	1959	1981	41,910	1750	Australia
Orient Venus	1990	1990	21,884	390	Japan
Oriental Dragon ex-Sun Viking	1982	2013	18,556	714	China
Orion National Geographic Orion 2013	2003	2005	4000	106	Australia Worldwide
Orion II ex-Renaissance Four	1991	2011	3990	120	Australia
Ovation of the Seas	2016	2016	168,666	4180	China, Australia
Pacific Aria ex-Ryndam	1993	2015	55,819	1260	Australia
Pacific Dawn ex-Regal Princess	1991	2006	69,845	1590	Australia
Pacific Eden ex-Statendam	1994	2015	55,819	1260	Australia
Pacific Explorer ex-Dawn Princess	1997	2017	77,499	1950	Australia
Pacific Jewel ex-Ocean Village 2	1990	2010	70,000	1590	Australia
Pacific Pearl ex-Ocean Village	1989	2011	63,564	1470	Australia
Pacific Princess ex-R Three	1998	2003	30,277	688	Australia
Pacific Sky	1984	2000	46,392	1200	Australia
Pacific Star ex-Tropicale	1982	2005	36,674	1022	Australia
Pacific Sun ex-Jubilee	1986	2003	47,262	1486	Australia
Pacific Venus	1998	1998	26,000	720	Japan
Paul Gauguin	1998	1998	18,800	320	Tahiti/Western sourced
Pearl of Scandinavia ex-Finnstar		1982	12,456	515	Asia
Quantum of the Seas	2015	2015	168,166	4180	China
Radiance of the Seas	2001	2008	90,090	2146	Asia, Alaska, Australia
Renaissance I	1989	1996	3990	110	North America ex-SIN
Renaissance II	1989	1996	3990	110	North America ex-SIN
Rhapsody of the Seas	1997	2008	78,491	2000	Asia, Alaska, Australia
Royal Pacific	1965	1992	13,176	615	Singapore
Sapphire Princess	2004	2008	115,875	2674	Japan
Sea Princess ex-Kungsholm	1966	1981	27,670	714	Australia
Sea Princess	1998	2012	77,690	2016	Australia

Ship	Year built	Entry	GRT	PAX	Market
Shangri-La World	1961	1992	16,254	900	Singapore
Shin Sakura Maru	1972	1972	19,811	552	Japan
Song of Flower	1974	1990	8282	214	Japan/Western
Southern Cross ex-Spirit of London	1972	1994	17,042	798	Australia
Star Aquarius ex-Athena	1989	1994	40,000	1900	Singapore
Star Pisces ex-Kalypso	1990	1994	40,012	2192	Hong Kong
Sun Princess	1995	2013	77,499	2100	Japan
Sun Viking	1972	1994	18,556	714	Asia/Western sourced
Sun Vista ex-Meridian	1963	1998	30,440	1106	Singapore
Sun Viva I ex-Renaissance V	1990	1997	4077	100	Singapore
Sun Viva II ex-Renaissance VI	1990	1997	4077	100	Singapore
SuperStar Aquarius ex-Norwegian Wind	1993	2007	50,760	1529	Hong Kong
SuperStar Aries ex-Europa	1980	2000	37,301	678	Asia
SuperStar Capricorn ex-Royal Viking Sea Kungang 1999	1973	1997	28,078	850	Asia Korea
SuperStar Gemini ex-Crown Jewel	1992	1995	19,046	820	Singapore
SuperStar Gemini ex-Norwegian Dream	1992	2012	50,760	1732	Asia
SuperStar Leo Norwegian Legend 2004	1998	1998	75,000	1974	Hong Kong North America
SuperStar Libra ex-Norwegian Sea	1988	2006	42,276	1472	Asia
SuperStar Sagittarius Pungnar-Ho	1972	1998	25,000	610	Asia Korea
SuperStar Taurus ex-Leeward	1980	2000	25,000	950	Asia
SuperStar Virgo	1999	1999	75,338	1974	Singapore
The Empress ex-Sunward	1966	1994	10,558	410	Malaysia
Voyager of the Seas	1999	2012	137,280	3114	Asia/China
Wind Song	1987	1990	5307	160	Tahiti/Western sourced
Wind Spirit	1988	1990s	5350	148	Tahiti/Western sourced

PAX: number of passengers in lower beds. Space is sold by cabins. Once the lower beds are sold, the cabin is essentially sold. When all lower beds are filled, the ship is at 100% occupancy.

**DWT: measure of amount of cargo a ship may carry. Aruna is a passenger/cargo vessel. Therefore, her size is measured in DWT.*

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