

---

# JOINT INTERNATIONAL CONFERENCES

**10<sup>TH</sup> EDITION**  
EUROPEAN INTEGRATION  
REALITIES AND PERSPECTIVES

**5<sup>TH</sup> EDITION**  
THE GLOBAL ADVANCEMENT  
OF UNIVERSITIES AND COLLEGES

## **Management and Marketing Elements in Maritime Cruises Industry. European Cruise Market**

**Romeo Boşneagu<sup>1</sup>, Carmen Elena Coca<sup>2</sup>, Florin Sorescu<sup>3</sup>**

**Abstract:** European cruises market has a major impact on all aspects of maritime industry: boarding ports, ports of call, shipbuilding, ship maintenance, supplies, sales and marketing, ship crews and administrative facilities. While in 2013, fiscal and economic conditions in Europe have continued to have a constraint to increasing demand for cruises, the number of passengers, Europeans or visitors of European ports, has grown moderately. For the next years, a higher growth of European market cruises is expected.

**Keywords:** management; cruise; passengers; European ports; cruise market

**JEL Classification:** H12; R 41; N70; A12

### **1. Brief Introduction in the World Seaborne Trade**

In the world economy history, the economic, political and social, and also military and geopolitical importance of the international seaborne trade has been proven. Today, shipping has the lead role in the international transport, an efficient way for economic exchange of material goods.

Shipping carries out about 75 ... 80% of world merchandise traffic and ever-increasing share of passenger traffic, being far the main form of transport.

The world seaborne trade interdependently grew with the World Economy, with the development of the design and construction of specialized vessels by type of goods transported, and also multifunctional vessels, more efficient and higher rates of exploitation which are operated in new generation ports, provided with specialized terminals equipped with advanced facilities for loading and unloading.

The maritime transport has three basic components: the commercial ship, the port, the cargo or passengers, but also the usages, “common law” or maritime trade regulations, including relevant international agreements.

---

<sup>1</sup> Associate Professor, PhD, Mircea cel Bătrân Naval Academy, Romania, Address: 1 Fulgerului Str., 900218 Constanta, Romania, Tel.: +40341427503, E-mail: romeo\_bosneagu@yahoo.com.

<sup>2</sup> Associate Assistant Professor, Danubius” University of Galati, Romania, Address: 3 Galati Boulevard, 800654 Galati, Romania, Tel.: +40.372.361.102, fax: +40.372.361.290, Corresponding author: zelesneacarmen@yahoo.com.

<sup>3</sup> Senior Lecturer, Tomis University of Constanta, 100 Vulcan Petru Str., Constanta 900628, Romania, Tel.: +40241 558 700, E-mail: flosorescu@yahoo.com.

The worldwide shipping performs its economic crucial role by involvement in the national and international circuit of goods. This role is exerted by low price, large amount of freight per mile, into contracting time and safe of navigation, ship, crew, cargo and marine and port environment protection.

The world maritime transport is strictly regulated by law, based on international conventions accepted and used by all shipping companies, and any dispute shall be arbitrated or judged in specialized tribunals vested with power of decision (Bosneagu, R., 2011).

Maritime transport is a catalyst for economic development, being a source of cheap transportation, cost-effective even for the normal products transport, due to the much lower prices than those of others transport modes.

The economic development of the human society has imposed transport development, and of course by sea, between the development of economic relations and international transport being a strong interdependence: firstly, increasing of the international economic exchanges default state leads to increased needs for transport of goods, with direct investment implications in the transport growth; development of transport which is the appearance of transportation improved, efficient and competitive ports, modern airports and railways, new transport routes lead to simplification and efficiency of the international trade.

## **2. Elements of Management and Marketing In Shipping**

General management principles are applied with specific features in the maritime transport field. The main goal is that of achieving organizational structures (companies, ships) capable of providing the optimum combination of human, material, financial, informational resources for the profit maximization.

Regarding to the capital management, great importance is rendered for: the financing resources; types of capital invested; the analysis of financial markets and identification of the advantages and disadvantages offered by international and national financial resources; risk analysis. Regarding freight management, the analyzed factors are: freights practiced situation; ways of saving and cost optimization.

General marketing has direct application in shipping. Any successful business in the shipping industry (where the amounts invested are usually very large) is based on a thorough analysis and forecast based on feasible figures, developments in economic, political, social (including consumer behavior).

## **3. European Cruises Market**

The most important functions of management applied in the international shipping - analysis and synthesis - briefly shows the following situation of the international and European cruises markets:

- first transatlantic merchant ships were aimed at goods transportation and less the passengers one; first shipping company which has established a passenger line-Europe America was the American company *Black Ball Line* in 1818; the voyage, especially in the Atlantic and adjacent seas, was promoted by the *British Medical Journal*, which, in 1880, advised the British to travel at sea for great curative purposes (Kresl, 2005), early transport of passengers by sea in the modern era has its beginning in the 60s, when shipping companies start passenger cruise campaigns in attractive exotic areas, using luxurious ships, for new categories of customers who were able to afford the cost of

such vacations at sea. New cruise ships were designed, offering a relaxed atmosphere and multiple entertainment opportunities on board. Unlike the classic passengers transportation, now ships no longer travelled to specific destinations, the purpose of those on board being the the trip itself, like visiting the attractive port cities. Today, cruises are still popular with the established routes, usually in the Caribbean, Mediterranean and Alaska. Since not all ports offer identical tourist conditions, “their ability to win in the cruise business depends on several important factors of geographic location” (Brown, 2009).

- cruises are a very popular choice for holiday, since they offer a wide range of products and services tailored to each passenger tastes, regardless of age, knowledge or interest. Since 1980, going on a cruise has been one of the segments which grew the fastest in the tourism market in North America. According to *Cruise Lines International Association* CLIA (Cruise Lines International Association), in 2012 approximately 17.2 million cruise passengers were in one of the member companies, compared with 7.2 million passengers in 2000, meaning an annual increase of 7.2%.

Based on CLIA studies, the cruise industry is estimated as still untapped and represents approximately 12% of the tourism market in North America. According to the number of berths for passenger ships or the number of cabins for passengers, the cruise industry is relatively in its infancy, compared to the wide variety of tourist destinations on land along North America. In addition, according to marketing research of maritime tourism industry, only 24% of the US population has ever taken a cruise, but that percentage will increase. European tourism market, the fastest growing market worldwide, is very low for cruise industry, about 1% of Europe's population reserving a cruise in a year, compared with 3% of the population of the United States and Canada.

- European shipping situation analysis shows that the network ports in Europe has known a lively port activities even since antiquity (especially in the Mediterranean basin), continued in the Middle Ages and amplified with great geographical discoveries. Ports are essential for European trade and transportation, with direct effects on the competitiveness of Europe, with a huge potential for creating jobs and attracting new investments. The ports of Europe are the main transit points throught inland. Over 100,000 kilometers of European coastlines there are over 1,200 commercial ports. Ports are key points of modal transfer and handling a total of more than 90% of all international trade in Europe and over 40% of total intra-community trade. Also, over 74% of all goods are transported via ports. European ports are equally important for intra-European trade: every year 37% of freight traffic pass through these ports within the EU and 385 million passengers.

- the passenger transport industry has had a large dynamic development for over 30 years. Cruise industry has its beginnings in North America, then more and more requests came from Europe and other parts of the world. Analysis of the international statistics on international cruise industry shows an increase in international cruise industry sector in the period 2003 - 2013 (Table 1).

**Table 1. The evolution of international carriage of passengers by sea in the period 2003-2013**

million passengers / year							
Region	2003	2008	2009	2010	2011	2012	2013
North America	8.23	10.29	10.40	11.00	11.44	11.64	11.82
Europe*	2.71	4.47	5.04	5.67	6.15	6.23	6.40
Subtotal	10.94	14.76	15.44	16.67	17.58	17.87	18.22
Rest of the world**	1.08	1.54	2.15	2.40	2.91	3.03	3.09
Total	12.02	16.29	17.59	19.07	20.49	20.90	21.31
% Not applicable	68.5	63.2	59.1	57.7	55.8	55.7	55.5

\*including Russia and the Central and Eastern countries non EU

\*\* rest of the world: most data is estimated and adjusted in 2009 to take account of the dynamic growth in the southern hemisphere

\*\*\* G.P. Wild (International), CLIA, IRN and other sources

- during the 10 years analyzed, the demand for cruises worldwide increased from 12.0 million to 21.3 million passengers (+77%), with an increase of 2.0%, achieved only in 2013. In the same period the global tourism increased by 57% to an estimated 1.087 billion tourists in 2013 (figure 1).
- although the number of passengers in North America increased by 44%, the relative share of the total market in the region declined from 70% in 2004 to 55% in 2013.
- the overall share of the North American market in recent years has stabilized around 55% share, while market expansion in Europe cruises moderated compared with the previous period (table 2). In 2003, 2.6 million Europeans were cruising, but by 2013 this number increased by 6.4 million, representing an increase of 146% (figure .2). At the same time, onshore tourism market expanded by 38% reaching a total of 563 million tourists.

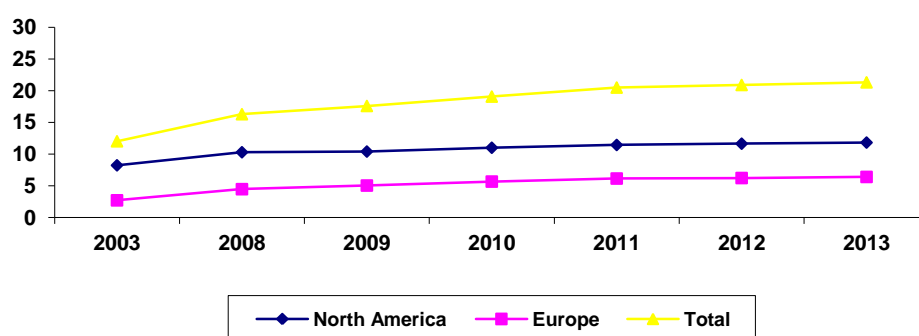


Figure 1. The evolution of the international carriage of passengers by sea in the period 2003-2013

Table 2. Evolution of the Europe cruises market in 2011-2013

Market	2011		2012		2013		2011 – 2013 %
	total	market share	total	market share	total	market share	
	thousand passengers	%	thousand passengers	%	thousand passengers	%	
UK	1.700	28.0	1.701	27.7	1.726	27.2	+2
Germany	1.388	22.9	1.544	25.2	1.687	26.5	+22
Italy	923	15.2	835	13.6	869	13.7	-6
France	441	7.3	481	7.8	522	8.2	+18
Spain	703	11.6	576	9.4	475	7.5	-32
Others	913	15.0	1.002	16.3	1.078	17.0	+18
Total	6.068	100	6.139	100	6.357	100	+5

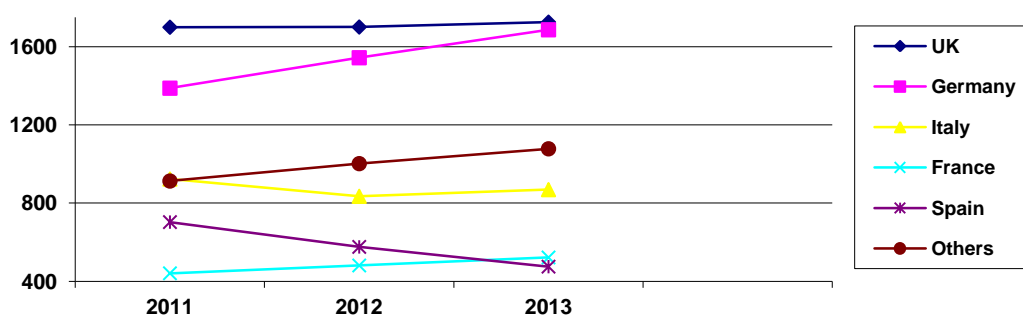


Figure 2. Europe cruises market evolution in 2011-2013

#### 4. European Fleet of Cruise Ships Evolution

Cruises market developments is closely related by precise knowledge of the trend of the European fleet of passengers ships. In 2013, there worked 43 passengers companies (line passengers companies) having their headquarter in Europe and 125 cruise ships operated, with a capacity of 144,717 passenger seats (in cabins with twin beds). In addition, there were 24 companies headquartered outside Europe line, but participating in the cruise market in Europe. These companies, mostly North American, 73 ships were distributed in Europe with a capacity of 104,497 passenger (in cabins with twin beds). In 2013 there were at least 166 active ships in the Mediterranean and 108 ships in the Northern Europe. These ships varied as transport capacity: from 4,200 passengers *Norwegian Epic*, to ships with less than 100 passengers. *Norwegian Epic* was the largest cruise ship in European waters until 2014, when that honor went to the ship *Oasis of the Seas*, with a capacity of 5,400 passengers.

#### 5. Conclusions on the Future of the International Carriage of Passengers by Sea

The report published in 2013 by *Cruise Lines International Association (CLIA)*<sup>1</sup> shows that the turnover of the international cruise industry reached 91,000 million. Euro/year, with a total of 891,009 full-time employees; amount of wages paid was 30,000 million. Also, the same report shows that in the last decade the demand for cruises worldwide increased by 77%, from 12 million passengers to 21.3 million passengers.

Cruise industry has become truly global. It allows bringing together people of different nationalities, ages, backgrounds and life experiences professions (passengers and crew), the great experience at sea and on land, in all parts of the world, unattainable in other times and other means, rate so high. The attractiveness of holidays at sea is increasing due to management and marketing applied in this very complex and dynamic, which offers its customers great fun at sea. The increasing of the international cruises industry lead to the increasing of employment and income for companies and the general tourism industry located to the seaside.

The 2013 CLIA report shows that almost 45% of the total cruise industry this year was generated in Europe. So we can say that sea passenger transport can contribute in a significant proportion of Europe's economic recovery, generating economic growth, new jobs, in a post-crisis period still

<sup>1</sup> [http://www.cliaeuropa.eu/images/downloads/reports/CLIA\\_2014.pdf](http://www.cliaeuropa.eu/images/downloads/reports/CLIA_2014.pdf)-CLIA's Cruise Industry Magazine – Annual Economic Contribution Report.

unclear economically. Attracting as many Europeans as possible on holidays at sea, on European waters, with stops in as many European ports and as many passenger ship built in Europe, is an ongoing objective, perfectly feasible for economic growth in the European Union.

According to the Global Report on the global economic contribution of cruise tourism in 2013, conducted by CLIA for *Business Research & Economic Advisors* (BREA), the main conclusions are<sup>1</sup>:

- the total number of passengers boarding in ports worldwide was 21.31 million people;
- geographical origin of the passengers was as it follows: North America 55% (11.82 million), of which 10.92 million passengers residing in the United States; Europe 30% (6.4 million), of which 1.73 million British, German and 1.69 million; Australians (833,000 passengers); Brazil (723,000) and China (727,000);
- an average cruise was 7 days with 3 or 4 stops;
- daily expenses of passengers and crew members were on average of 100 euro / day <sup>2</sup>;
- statistically, it has been established that less than 3% of Europeans have done a cruise and less than 1% of Asians.

The main conclusion taken by the meeting of cruise industry, from *Seatrade Med Congress Barcelona 2012*: there is a great opportunity for future growth in turnover in the field. However, the lack of specialized port infrastructure, passenger complaints and geopolitical tensions in some destinations are factors which must be taken into account in developing the economic efficiency of the sector.

It should be noted that ports in the Mediterranean region, members of the association of ports *MedCruise*, received in 2013 a total of 2.7 million passengers, 4% more than in 2012, a record number of passengers increased by 23, 6% compared to the worst - 2009, the year when the global financial crisis started.

In addition, the stop cruise ports of call in the Mediterranean increased by 6.28% in 2009-2013, reaching 14,628 port calls.

Corroborating data of the moderate economic growth forecasts of the European Union can be said that there are opportunities to prolong growth in passenger transport for the next generation in Europe, despite the economic downturn still faced some countries (table 2, figure 2).

It remains that to the government understands the correct value of the cruises industry, reflected in: jobs embarked personnel (given that the number of passengers aboard a ship crew members is almost identical to that of passengers), new jobs in shipyards, positively economic and social impact on shore destinations etc.

Another big problem of the cruises industry (especially in some areas of the Mediterranean and Black Sea) is the lack of modern port infrastructure, appropriate new passenger ships (larger, faster, more luxurious, etc.) in several ports, and the existence of different national regulations on environmental protection, safety of the ship, navigation and passengers etc.

So, it is necessary that contractual and economic relations between ports and cruise companies are developed as long-term projects. This cooperation should not be just a business relationship but a complex “contract” for cooperation between companies - local and central authorities, ensuring sustainable development of tourism areas, directly related to economic efficiency, environmental

---

<sup>1</sup> Ibidem.

<sup>2</sup> <http://evisionturism.ro/>

marine and terrestrial protection. A good example would be that of cooperation between airlines and airports in many parts of the world, even if they are different realities.

Another concern is the uncertainty of political, social and military field in some destinations in North Africa, Eastern Mediterranean and Black Sea. Political and economic stability are critical factors on business and management and marketing of passenger companies. The Arab Spring, instability that was installed in the area, the war in Syria, piracy, terrorist threats, the crisis in Ukraine have forced companies to rethink their strategy quickly and suddenly change their itineraries planned, with serious economic repercussions on the profitability of companies, and the planned tourist destinations, now avoided due to high degree of risk.

The European cruise industry is a dynamic source of activities that provides economic benefits to all industries and European countries.

European cruise tourism has an impact on the maritime industry: boarding ports, ports of call, shipbuilding, ship maintenance, purchasing, sales and marketing teams and administrative facilities. While the 2013 fiscal and economic conditions in Europe have continued to constrain the growing demand for cruises, number of passengers, or come to visit European ports, has grown into a moderate pace.

An estimated number of 6.4 million European residents have booked cruises in 2013, which is an increase of 3.6% compared to 2012. In 2013, Europeans accounted for 30% of the world's cruise passengers, compared with a rate of 21.7%, 10 years earlier.

With just over 6.0 million passengers were embarked in an European passenger port, remarking an increase of 5.2% over 2012. Nearly 5 million (83%) were Europeans.

The great majority of tourists visited ports in the Mediterranean, the Baltic Sea and other parts of Europe and 31.2 million passenger visits were generated in 2013, registering an increase of 8.7% compared to 2012. Cruise lines covered a total of about 250 European ports, including the Black Sea and in the British Isles. In addition, in 2013, an estimated 15.2 million members of crew were embarked on board passenger ships during stopovers in European ports. Direct expenditures made by the cruises industry, passengers and crews passenger ships throughout Europe grew by 4.7% in 2013, 16.2 billion, after rising 3.4% in 2012 and 3.3% in 2011.

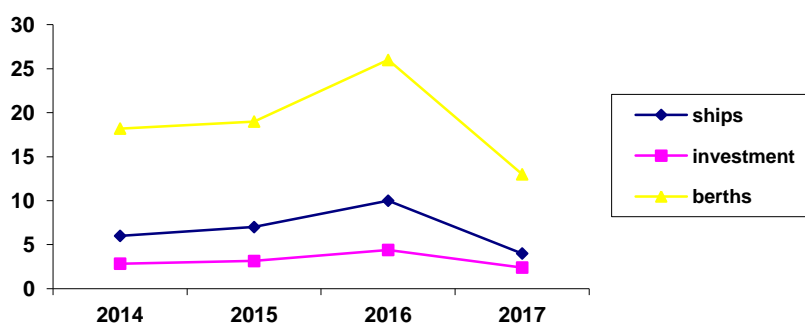
The estimate is a moderate grow up of the European cruises industry, with outstanding growth, according to the general development of the economy increasing States of the EU and non EU states.

## **6. New Cruise Ships Evolution in the Next Years**

In the next period, from now until 2017, several cruise ships have been ordered for delivery all over the world (27 ships with over 76,000 passengers capacity. 24 cruise ships will be built in European shipyards, one in USA and two in Japan. Ten of these ships with over 21,000 berths (about 28%) will serve the European cruise market, that is an investment of about 3.8 billion euros (table 3, figure 3). It is most probably that many of the others cruise ships will visit European ports and countries. These data show that with a total investment of 12.8 billion euros will be built 27 cruise ships, with 76,000 passengers berths. This means an average of 420 million euros for a cruise ship, and approximately 175 000 euros per each passenger embarked.

**Table 3. Worldwide New Cruise Ships 2014 - 2017**

No.	Year	Ships	Investment bil. EUROS	Passengers berths thousand
1	2014	6	2,840	18,200
2	2015	7	3,140	19,000
3	2016	10	4,400	26,000
4	2017	4	2,400	13,000
5	Total	27	12,800	76,000

**Figure 3. Worldwide Investments in New Cruise Ships 2014 - 2017**

## References

- Berman., R. (2006). *Assessing Urban Design: Historical Ambience on the Waterfront*. Lanham: Lexington Books.
- Bosneagu, R. (2011). *Maritime Navigation*. Constanta:DHM Publising.
- Bosneagu, R. (2012). *Navigation and Marine Equipments*. Course. Constanta: ANMB Publising.
- Brown., P. (2009). *America's Waterfront Revival - Port Authorities and Urban Redevelopment*. Philadelphia: University of Pennsylvania Press,
- Condurache, Gh. (2003). *Management*, course, Iasi: Centrul de Consultanță și Management pentru I.M.M.
- Kresl., P. (2005). *The Urban Response To Internationalization*. Cheltenham: Edward Elgar Publishing.

## Online Sources

- <http://www.uuoidata.org/course/bna/bna10002/ETM-presentations.pdf>
- <http://www.imo.org/OurWork/Safety/Regulations/Pages/PassengerShips.aspx>
- <http://www.sec.gov/Archives/edgar/data/884887/000104746913001567/a2213132z10-k.htm>
- <http://quicktake.morningstar.com/stocknet/secdocuments.aspx?symbol=rcl>
- <http://www.ashcroftandassociates.com/downloads/ECC-Report-2012-2013.pdf-European Cruise Council 2012-2013 Report>
- [http://www.cliaeuropa.eu/images/downloads/reports/CLIA\\_2014.pdf-CLIA's Cruise Industry Magazine - Annual Economic Contribution Report](http://www.cliaeuropa.eu/images/downloads/reports/CLIA_2014.pdf-CLIA's Cruise Industry Magazine - Annual Economic Contribution Report)
- <http://evisiionturism.ro>
- <http://www.celebritycruises.com/>
- <http://en.wikipedia.org/wiki/CelebrityCruises>
- <http://www.celebritycruises.com/about-celebrity/company-profile-history>
- <http://www.cruising.org/>
- <http://www.portdebarcelona.cat/en/web/el-port/informacion-general>



<http://www.civitavecchiaport.org>  
<http://www.vtp.it/azienda/mappa.jsp>  
<http://europeforvisitors.com/venice/articles/venice-cruise-terminal.htm>  
<http://www.olp.gr/en/cruise-greece/cruise-info>  
<http://www.portdemallorca.com/instalaciones.php?lang=en>  
[http://www.southamptonvts.co.uk/Port\\_Information/Port\\_Information/](http://www.southamptonvts.co.uk/Port_Information/Port_Information/)  
<http://www.meridian-ebooks.com/ABP-Southampton/files/assets/common/downloads/publication.pdf>  
<http://www.cmport.com/business/cruise-ships>  
[http://www.portodelisboa.pt/portal/page/portal/portal\\_porto\\_lisboa\\_ing/cruzeiros/cruise\\_terminals](http://www.portodelisboa.pt/portal/page/portal/portal_porto_lisboa_ing/cruzeiros/cruise_terminals)  
<http://www.hafen-hamburg.de/en/article/HCC-Altona>  
<http://www.hafen-hamburg.de/en/article/HCC-HafenCity>  
<http://www.portspb.ru/en/port-facilities/location-and-description>  
<http://www.aida.de/>  
<http://www.azamarclubcruises.com/>  
[www.carnivalcruise.co.uk](http://www.carnivalcruise.co.uk)  
[www.carnival.com](http://www.carnival.com)  
[www.celebritycruises.com](http://www.celebritycruises.com)  
[www.ponant.com](http://www.ponant.com)  
[www.costacruises.com](http://www.costacruises.com)  
[www.cunard.com](http://www.cunard.com)  
<http://disneycruise.disney.go.com/>  
[www.fredolsencruises.com](http://www.fredolsencruises.com)  
[www.hl-cruises.com](http://www.hl-cruises.com)  
[www.hollandamerica.com](http://www.hollandamerica.com)  
[www.hurtigruten.com](http://www.hurtigruten.com)  
[www.iberocruceros.es](http://www.iberocruceros.es)  
[www.louisicruises.com](http://www.louisicruises.com)  
[www.msccruises.com](http://www.msccruises.com)  
[www.ncl.com](http://www.ncl.com)  
[www.oceaniacruises.com](http://www.oceaniacruises.com)  
[www.pocruises.co.uk](http://www.pocruises.co.uk)  
[www.PhoenixReisen.com](http://www.PhoenixReisen.com)  
[www.princess.com](http://www.princess.com)  
[www.pullmantur.es](http://www.pullmantur.es)  
[www.rssc.com](http://www.rssc.com)  
[www.royalcaribbean.com](http://www.royalcaribbean.com)  
[www.saga.co.uk/cruises](http://www.saga.co.uk/cruises)