

# Ferry Shipping Conference 2008

**A view from the Cruise industry**

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## The “Cruise Boom”

- Volume up 8% worldwide annually
- European Sales up 15%
- but at what price?
- only the “big two” can demonstrate a genuine profitable business model



## The “Ferry Boom”

- High volume sales in the early 1980’s
- but off-season incomes failed to pay for lavish newbuildings
- then low cost air and duty-free withdrawal hit passenger traffic



# The Ferry Industry Equation

## Transportation v Leisure

### Key survival strategies

- Ropax newbuildings
- Routes with sound economic sense
- City to city products



# Cruise Industry Success

- new features to tempt consumers
- new itinerary concepts
- targeting new demographics
- identifying special interests



## Cruise Distribution Model

- We can't change our dependency on the retail agent system
- The internet booking model is taking far longer than expected...



## Cruising set to grow further

- at more affordable prices
- could this help to promote sea travel overall?
- but we must present a strong “green” story together



To summarise...

- Economies of scale are inevitable
- like supermarketing, downward price pressure means costs must also be driven down
- Innovative product development will be essential, particularly in order for smaller operators to survive
- Ships must be built ready for varied dispositions and year-round earning potential

