

# TRAVEL

## CRUISE INDUSTRY IS BULLISH ABOUT PROSPECTS FOR GROWTH IN 1991

MIAMI -- While other sectors of the economy are girding for economic downturn in 1991, the cruise industry is optimistic that next year will bring its traditional double-digit growth.

The member companies of Cruise Lines International Association (CLIA), which estimate that they will carry nearly four million passengers this year, predict a 10 to 22 percent increase in cruise vacationers in the coming year.

According to Bob Dickinson, chairman of CLIA, "Cruising has enjoyed double-digit growth of the past decade. But North America -- and, perhaps, the world -- is entering a period of slowed economic conditions, and the question legitimately raised is whether the industry can sustain its substantial increases. We believe the answer is yes."

There are many factors that contribute to this optimistic outlook, Dickinson, who is senior vice president of sales and marketing for Carnival Cruise Lines, feels.

The cruise industry traditionally has been capacity and demand driven. In the 1980s, the industry introduced 40 new or substantially refurbished ships, and in 1990 alone, another 17 have begun service. In 1991, at least nine new or substantially refurbished cruise ships are scheduled for service, with nearly 8,000 new berths being added that will generate almost a half million more passengers.

"This alone potentially creates more than a 10 percent increase in passenger carryings for the year," Dickinson points out.

Dickinson is joined in his outlook by other cruise industry executives.

According to the Bill Smith, president of Commodore Cruise Line and chairman of the association's marketing committee, "To capitalize on the known demand for the new berths and to spur continued interest in ships that already are operating in some of the most desirable destination areas of the world, the cruise industry already has been spending aggressively in anticipation of a possibly recessionary year."

Industry executives note that at least five major cruise lines are investing more than \$100 million in mass media television advertising, supplementing their traditional trade and consumer magazine campaigns and their heavy newspaper exposure.

Many other lines are considering television, and in the meantime, are increasing their consumer print budgets.

"The cruise lines also are depending on the evolving perception of the public cruises provide the best value and the best vacation alternative," said James G. Godsmann, president of CLIA. "This will fuel continued interest in and acceptance of cruise vacations," he added.

According to Paul Duynhouwer, president of Clipper Cruise Line and a member of the association's managing committee, "The consumer has come to look upon his vacation

as a necessity, not a frill. In tough economic times, consumers will choose the best value for the money, and the cruise industry has successfully positioned itself at the top of the value vacation category."

In the view of Tim Harris, president of Princess Cruises, the cruise industry has a compelling story to tell when it comes to vacation value. "The all-inclusivity of the cruise vacation product means that cruise passengers know in advance what their vacation will cost and can plan accordingly." In addition, there is a wide variety of cruise product to

choose from -- from ultra-luxury to economy-priced, from long duration (cruises of up to 101 days) to short weekend jaunts of two, three or four days.

There also is a historical perspective that gives the cruise lines reason to be positive, points out Rod McLeod, executive vice president of Royal Caribbean Cruise Line and deputy chairman of CLIA.

"If history repeats itself, the optimism of the cruise industry is justified simply by looking at the previous recession of the early 1980s,"

McLeod said. "During the period, the cruise industry maintained growth, even though travel in general experienced a downturn and other sectors of the economy felt serious dislocation. "Since that time, the cruise industry has gone out of its way to create a product that fits consumer preferences exactly," McLeod added. "Innovations are evident in design, in facilities on board, in activities and amenities offered and in the marketing of cruises."

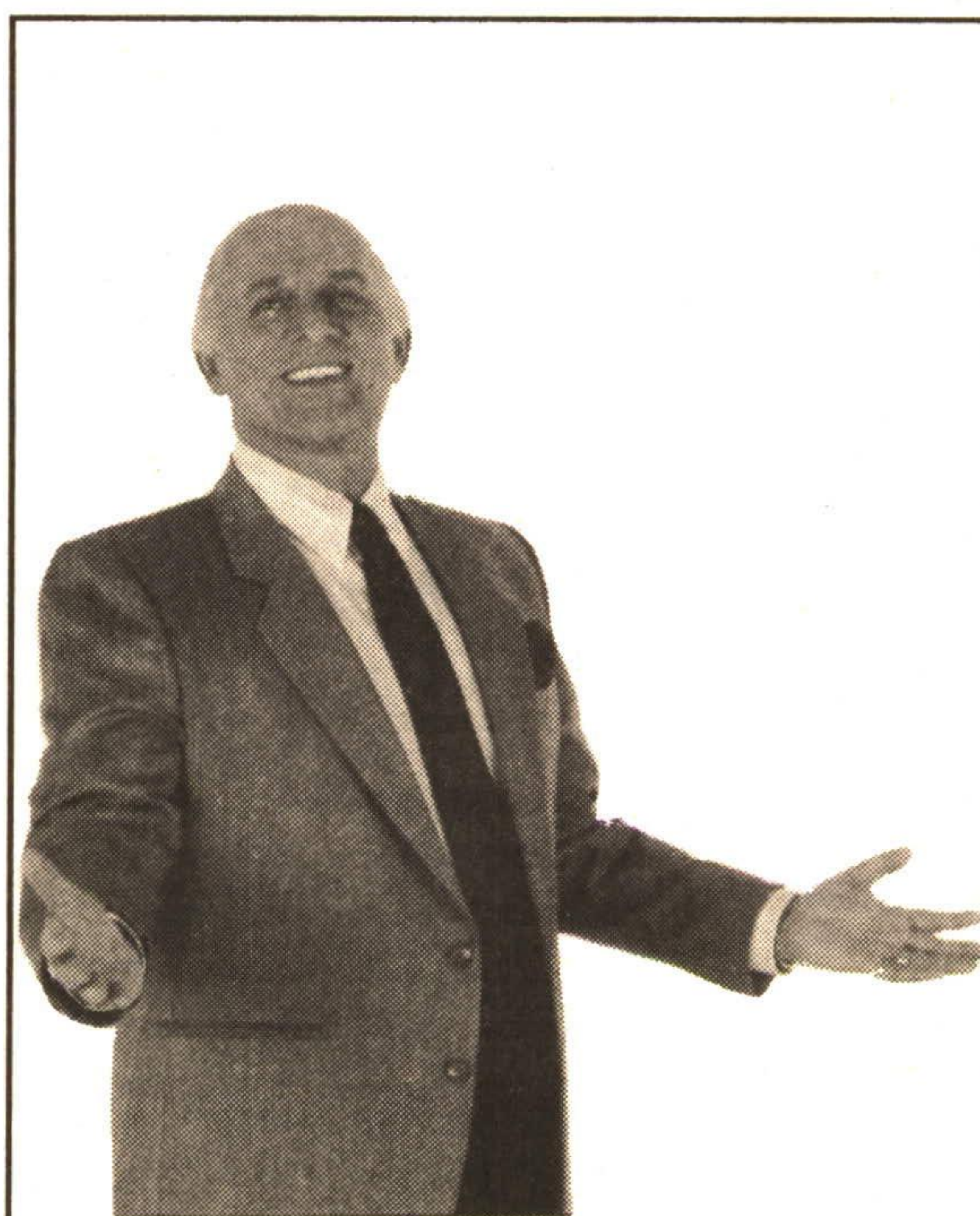
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